



(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2008

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**GENETEC TECHNOLOGY BERHAD (445537-W)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2008 RM'000	Preceding Year Corresponding Quarter 30/06/2007 RM'000	Current Year To-date 30/06/2008 RM'000	Preceding Year Corresponding Period 30/06/2007 RM'000
Revenue		13,162	14,589	13,162	14,589
Operating expenses		(11,532)	(13,496)	(11,532)	(13,496)
Other operating income		2,793	30	2,793	30
Profit from operations		4,423	1,123	4,423	1,123
Finance costs		(41)	(72)	(41)	(72)
Profit before taxation		4,382	1,051	4,382	1,051
Taxation	18	(50)	(50)	(50)	(50)
Net profit for the financial period		<u>4,332</u>	<u>1,001</u>	<u>4,332</u>	<u>1,001</u>
Attributable to:					
Equity holders of the parent		4,332	1,001	4,332	1,001
Minority shareholders' interests		-	-	-	-
		<u>4,332</u>	<u>1,001</u>	<u>4,332</u>	<u>1,001</u>
Earnings/(loss) per share (sen) :-	27				
(a) Basic		<u>3.59</u>	<u>0.83</u>	<u>3.59</u>	<u>0.83</u>
(b) Fully diluted		<u>3.52</u>	<u>0.82</u>	<u>3.52</u>	<u>0.82</u>

Note N/A : Not Applicable

**The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.**

GENETEC TECHNOLOGY BERHAD (445537-W)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 30/06/2008 RM'000	(Audited) As at preceding financial year ended 31/03/2008 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,617	6,827
Prepaid lease payments	2,794	2,808
<b>Current assets</b>		
Inventories	9,528	7,460
Trade receivables	13,140	10,349
Other receivables	336	719
Other receivables - Construction work-in-progress	3,469	1,843
Current tax asset	177	201
Amount due from an associate	225	278
Assets classified as held for sale	-	-
Cash and cash equivalents	6,242	2,847
	33,117	23,697
<b>TOTAL ASSETS</b>	42,528	33,332
<b>EQUITY AND LIABILITIES</b>		
Share capital	12,081	12,081
Reserves	13,653	10,529
<b>Equity attributable to equity holders of the parent</b>	25,734	22,610
Minority shareholder's interest	-	-
<b>Total equity</b>	25,734	22,610
<b>Non-current liabilities</b>		
Hire purchase liabilities	153	297
Borrowings	22 4,455	1,472
Deferred tax liability	18	18
<b>Current liabilities</b>		
Trade payables	8,369	5,927
Other payables	1,941	1,432
Dividend payable	1,208	-
Borrowings	22 77	1,009
Hire purchase liabilities	573	567
	12,168	8,935
	42,528	33,332
<b>Net assets per share (RM)*</b>	0.21	0.19

Note:

\* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent /Number of issued and paid-up ordinary shares

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

**GENETEC TECHNOLOGY BERHAD (445537-W)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital RM'000	Non Distributable		Distributable	Total RM'000
		Share Premium RM'000	Other Reserve RM'000	Retained Profits RM'000	
<b><u>3 months ended 30 June 2007</u></b>					
Balance at 1 April 2007	12,014	4,244	1,776	104	18,138
Net profit for the financial period	-	-	-	1,001	1,001
<b>Balance at 30 June 2007</b>	<u>12,014</u>	<u>4,244</u>	<u>1,776</u>	<u>1,105</u>	<u>19,139</u>
<b><u>3 months ended 30 June 2008</u></b>					
Balance at 1 April 2008	12,081	4,498	1,459	4,572	22,610
Net profit for the financial period	-	-	-	4,332	4,332
Dividend	-	-	-	(1,208)	(1,208)
<b>Balance at 30 June 2008</b>	<u>12,081</u>	<u>4,498</u>	<u>1,459</u>	<u>7,696</u>	<u>25,734</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

**GENETEC TECHNOLOGY BERHAD (445537-W)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	(Unaudited) 3 months ended 30/06/2008 RM'000	(Unaudited) 3 months ended 30/06/2007 RM'000
<b>Operating Activities</b>		
Net profit before tax	4,382	1,051
<b>Adjustment for :-</b>		
Depreciation and amortisation	266	248
Other non-cash items	2	(13)
Non-operating items	25	374
	<hr/>	<hr/>
<b>Operating profit/(loss) before changes in working capital</b>	4,675	1,660
<b>Changes in working capital</b>		
Net change in current assets	(6,050)	(4,154)
Net change in current liabilities	2,925	(721)
	<hr/>	<hr/>
<b>Net cash generated (used in)/from operating activities</b>	1,550	(3,215)
	<hr/>	<hr/>
<b>Investing Activities</b>		
Interest received	8	-
Proceeds from disposal of property, plant and equipment	1	-
Purchase of property, plant and equipment	(43)	(103)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(34)	(103)
	<hr/>	<hr/>
<b>Financing Activities</b>		
Net drawdown of bank borrowings	(932)	2,548
Net drawdown of term loan	2,983	-
Repayment of hire purchase liabilities	(139)	(170)
Interest paid	(33)	(62)
	<hr/>	<hr/>
<b>Net cash generated/(used in) from financing activities</b>	1,879	2,316
	<hr/>	<hr/>
Net change in cash and cash equivalents	3,395	(1,002)
Cash and cash equivalents at beginning of year	2,847	3,428
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	6,242	2,426
	<hr/> <hr/>	<hr/> <hr/>

**The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.**

## **NOTES TO THE INTERIM FINANCIAL REPORT**

The figures have not been audited

### **1. BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with the requirements of the Financial Reporting Standard ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The same accounting policies and methods of computation adopted by Genetec and its subsidiary companies ("Genetec Group" or "the Group") in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 March 2008.

The interim financial report should be read in conjunction with the audited financial statements of Genetec Technology Berhad ("Genetec" or "the Company") for the financial year ended 31 March 2008.

These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2008.

### **2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 March 2008.

### **3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

The business of the Group is not affected by any significant seasonal or cyclical factors for the current quarter under review.

### **4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

During the current quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

**5. MATERIAL CHANGE IN ESTIMATES**

There were no material changes in the nature and amount of estimates reported that have had a material effect on the results for the current quarter under review.

**6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

On 19 October 2005, the Company offered 11,653,000 ESOS option at an exercise price of RM0.30 to eligible employees of the Group, being the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer with a discount of not more than 10%. All the employees accepted the offer.

As at 30 June 2008, 2,872,000 options had lapsed, 808,000 options were exercised and 7,973,000 options remained unexercised.

There were no cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

**7. DIVIDEND PAID**

There was no dividend paid during the current quarter under review.

**8. SEGMENT INFORMATION**

Business segment information is not presented as the Group is primarily engaged in one business segment which is designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment.

**9. PROPERTY, PLANT AND EQUIPMENT**

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD**

There is no material event affecting the Group subsequent to the current quarter ended 30 June 2008.

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

There was no change in the composition of the Group for the current quarter under review.

**12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 30 June 2008 and up to the date of this report.

**13. CAPITAL COMMITMENTS**

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2008 are as follows:

	RM'000
Property, plant and equipment Approved and contracted for	<u>4,152</u>
Leasing commitments	
Due within 12 months	309
Between 1 and 5 years	-
	<u>309</u>

**14. REVIEW OF PERFORMANCE**

The Group achieved revenue and pretax profit of RM13.2 million and RM4.4 million respectively for the financial period ended 30 June 2008. The revenue for the quarter under review of RM13.2 million was 9.6% lower than the preceding year's corresponding period of RM14.6 million. This was attributable to the timing of delivery of equipment required by the customers.

The Group's pretax profit position of RM4.4 million is inclusive of RM2.7 million government grant income received as reimbursement of research & development of projects in the automotive and hard disk drive industries and training activities. For comparison purposes with the preceding year's corresponding period, the Group recorded higher pretax profit of RM1.7 million this quarter (without the grant income) as against RM1.0 million. A higher pretax profit margin of 12.9% was achieved despite lower revenue with project mix of higher margin.

**15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group's revenue for the financial quarter under review was RM13.2 million, an increase of 28.2% as compared to RM10.3 million in the immediate preceding quarter ended 31 March 2008. With the RM2.7 million grant income, the Group achieved a pretax profit of RM4.4 million in this quarter as compared to RM1.5 million in the immediate preceding quarter ended 31 March 2008.



**16. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD**

The Directors of the Group (barring unforeseen circumstances) anticipate the good performance achieved for the financial year ended 31 March 2008 to continue into the coming financial year with the current book order of projects secured in hand and good outlook prospects for the hard disk drive industry.

**17. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE**

Not applicable as Genetec has not issued any profit forecast or profit guarantee in a public document.

**18. TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter 30.06.2008 RM'000	Preceding Year Corresponding Quarter 30.06.2007 RM'000	Current Period To- Date 30.06.2008 RM'000	Preceding Year Corresponding Period 30.06.2007 RM'000
Malaysian income tax:				
- current taxation	(50)	(50)	(50)	(50)

The effective tax rate of the Group for the financial period ended 30 June 2008 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

**19. PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There was no sale of unquoted investment and/or properties during the current financial period under review.

**20. QUOTED SECURITIES**

There were no purchases or disposals of quoted securities during the current quarter and financial period to date under review.

**21. STATUS OF CORPORATE PROPOSAL**

There are no outstanding corporate proposals as at the date of this report.

**22. BORROWINGS**

Details of the Group's short-term borrowings as at 30 June 2008 are as follows:

<b>Current – Unsecured</b>	<b>RM'000</b>
Term loan	<u>77</u>
<b>Non-current – Unsecured</b>	<b>RM'000</b>
Term loan	<u>4,455</u>

**23. UTILISATION OF PROCEEDS**

As per Genetec's prospectus dated 29 September 2005, the gross proceeds raised from the Initial Public Offering (IPO) amounted to RM11.06 million.

The proceeds had fully utilised by the third quarter of the financial year ended 31 March 2008.

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risk as at 15 July 2008 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report) except for the following:

Contract amount in USD'000	Date of contract	Value date of contract	Equivalent amount in RM'000
4,650	05.02.2008	30.01.2009	14,929

As the above foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licensed banks.

The Company does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is no cash requirement as the Company uses fixed forward foreign exchange contracts as its hedging instrument.

The accounting policies for the off balance sheet financial instruments is as follows:-

The Group enters into foreign currency forward contracts as a hedge against foreign trade receivable. Market value gains and losses are recognised and the resulting credit or debit offsets foreign exchange gains or losses on those receivables.

**25. MATERIAL LITIGATIONS**

Neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

**26. DIVIDENDS**

The Directors on 22 July 2008 declared a tax-exempt interim dividend of 1.0 sen per share in respect of the financial year ending 31 March 2009 amounting to RM1.208 million

GENETEC TECHNOLOGY BERHAD  
 Company No. 445537-W  
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**27. EARNINGS PER SHARE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.08 RM' 000	Preceding Year Corresponding Quarter 30.06.07 RM' 000	Current Year To-date 30.06.08 RM' 000	Preceding Year Corresponding Period 30.06.07 RM' 000
<b>Basic earnings per share EPS</b>				
Net profit attributable to shareholders	4,332	1,001	4,332	1,001
Weighted average number of ordinary shares in issue	120,808	120,140	120,808	120,140
Basic EPS/(LPS) (sen)	3.59	0.83	3.59	0.83
<b>Diluted earnings per share EPS</b>				
Net profit attributable to shareholders	4,332	1,001	4,332	1,001
Weighted average number of ordinary shares in issue	122,925	122,405	122,925	122,405
Diluted EPS (sen)	3.52	0.82	3.52	0.82

By Order of the Board  
**Genetec Technology Berhad**

Tan Kon Hoan  
 Finance Manager  
 Selangor Darul Ehsan  
 22 July 2008