



(incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2008

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

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2008 RM'000	Preceding Year Corresponding Quarter 30/09/2007 RM'000	Current Year To-date 30/09/2008 RM'000	Preceding Year Corresponding Period 30/09/2007 RM'000
Revenue		14,198	16,104	27,360	30,693
Operating expenses		(12,363)	(14,338)	(23,896)	(27,834)
Share based-payment under ESOS		-	-	-	-
Other operating income		156	23	2,949	53
Profit from operations		1,991	1,789	6,413	2,912
Finance costs		(55)	(109)	(97)	(181)
Profit before taxation		1,936	1,680	6,316	2,731
Taxation	18	(50)	(50)	(100)	(100)
Net profit for the financial period		<u>1,886</u>	<u>1,630</u>	<u>6,216</u>	<u>2,631</u>
Attributable to:					
Equity holders of the parent		1,886	1,630	6,216	2,631
Minority shareholders' interests		-	-	-	-
		<u>1,886</u>	<u>1,630</u>	<u>6,216</u>	<u>2,631</u>
Earnings/(loss) per share (sen) :-	27				
(a) Basic		<u>1.56</u>	<u>1.36</u>	<u>5.15</u>	<u>2.19</u>
(b) Fully diluted		<u>1.54</u>	<u>1.33</u>	<u>5.06</u>	<u>2.15</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 SECOND QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 30/09/2008 RM'000	(Audited) As at preceding financial year ended 31/03/2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,450	6,827
Prepaid lease payments	2,779	2,808
Deferred taxation asset	-	-
Current assets		
Inventories	6,530	7,460
Trade receivables	15,567	10,349
Other receivables	555	719
Other receivables - Construction work-in-progress	6,195	1,843
Current tax asset	152	201
Amount due from an associate	199	278
Assets classified as held for sale	-	-
Cash and cash equivalents	3,097	2,847
	32,295	23,697
TOTAL ASSETS	41,524	33,332
EQUITY AND LIABILITIES		
Share capital	12,081	12,081
Reserves	14,329	10,529
Equity attributable to equity holders of the parent	26,410	22,610
Minority shareholder's interest	-	-
Total equity	26,410	22,610
Non-current liabilities		
Hire purchase liabilities	22 40	297
Borrowings	22 5,591	1,472
Deferred tax liability	18	18
Current liabilities		
Trade payables	5,043	5,927
Other payables	2,595	1,432
Dividend payable	1,208	-
Borrowings	22 75	1,009
Hire purchase liabilities	22 544	567
	9,465	8,935
	41,524	33,332
Net assets per share (RM)*	0.22	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)
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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	
<u>3 months ended 30 September 2007</u>					
Balance at 1 April 2007	12,014	4,244	1,776	104	18,138
Net profit for the financial period	-	-	-	2,631	2,631
Balance at 30 September 2007	12,014	4,244	1,776	2,735	20,769
<u>3 months ended 30 September 2008</u>					
Balance at 1 April 2008	12,081	4,498	1,459	4,572	22,610
Net profit for the financial period	-	-	-	6,216	6,216
Dividends	-	-	-	(2,416)	(2,416)
Balance at 30 September 2008	12,081	4,498	1,459	8,372	26,410

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 SECOND QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited) 6 months ended 30/09/2008 RM'000	(Unaudited) 6 months ended 30/09/2007 RM'000
Operating Activities		
Net profit before tax	6,316	2,731
Adjustment for :-		
Depreciation and amortisation	534	498
Other non-cash items	2	(11)
Non-operating items	141	384
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	6,993	3,602
Changes in working capital		
Net change in current assets	(8,397)	(416)
Net change in current liabilities	227	(1,527)
	<hr/>	<hr/>
Net cash generated (used in)/from operating activities	(1,177)	1,659
	<hr/>	<hr/>
Investing Activities		
Interest received	17	97
Dividend paid	(1,208)	-
Proceeds from disposal of property, plant and equipment	1	-
Purchase of property, plant and equipment	(207)	(343)
	<hr/>	<hr/>
Net cash used in investing activities	(1,397)	(246)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issue of shares	-	121
Net drawdown of bank borrowings	(934)	4,632
Net drawdown of term loan	4,119	-
Repayment of hire purchase liabilities	(279)	(513)
Interest paid	(82)	-
	<hr/>	<hr/>
Net cash generated/(used in) from financing activities	2,824	4,240
	<hr/>	<hr/>
Net change in cash and cash equivalents	250	5,653
Cash and cash equivalents at beginning of year	2,847	3,428
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	3,097	9,081
	<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 September 2008, 2,940,000 options had lapsed, 808,000 options were exercised and 7,905,000 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

The Board of Directors had declared and proposed an interim tax exempt dividend of 1 sen per ordinary share totaling RM1.208 million in respect of the financial year ended 31 March 2009 on 22 July 2008, which was subsequently paid on 18 August 2008.

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 under review.

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 September 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 September 2008 are as follows:

	RM'000
Property, plant and equipment Approved and contracted for	<u>1,426</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 approximately RM27.3 million and RM6.3 million respectively for the six (6)-month period ended 30 September 2008. The revenue for the half year period under review of approximately RM27.3 million was 10.8% lower than revenue of approximately RM30.7 million for the corresponding period of the preceding year. This was due to the timing of delivery of equipment required by the customers.

The Group's pretax profit of approximately RM6.3 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, the Group recorded higher pretax profit of approximately RM3.6 million (without the grant income) as against RM2.7 million for the corresponding period of the preceding year. The Group's pretax profit margin improved to 13.2% from 8.8% due to project mix of higher margin.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter under review was approximately RM14.2 million, an increase of 7.6% as compared to RM13.2 million recorded in the immediate preceding quarter ended 30 June 2008. The Group achieved a pretax profit of approximately RM1.9 million in the current quarter under review as compared to approximately RM1.7 million (before taking into consideration the RM2.7 million grant income effect) achieved for the immediate preceding quarter ended 30 June 2008.

GENETEC TECHNOLOGY BERHAD

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16. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The ongoing crisis on the financial markets during the last few months has left its negative impact on the economic environment. In Genetec's context, potential effects of this crisis have yet to be strongly felt except for a more reserved and prudent approach being adopted by customers towards investments of capital expenditure. Against the backdrop of this ongoing global crisis (but barring effects from further deepening of the crisis), the Directors of the Group is cautiously positive that Genetec's current year's profitability trend is still likely to continue into the second half of the year.

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 30.09.2008 RM'000	Preceding Year Corresponding Quarter 30.09.2007 RM'000	Current Period To- Date 30.09.2008 RM'000	Preceding Year Corresponding Period 30.09.2007 RM'000
Malaysian income tax:				
- current taxation	(50)	(50)	(100)	(100)

The effective tax rate of the Group for the financial period ended 30 September 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 under review and up to the date of this report.

21. STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at the date of this report.

22. BORROWINGS

Details of the Group's borrowings as at 30 September 2008 are as follows:

Current	RM'000
Unsecured: Hire purchase	544
Secured: Term loan	75
	<u>619</u>

Non-current	RM'000
Unsecured: Hire purchase	40
Secured: Term loan	5,591
	<u>5,631</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 was 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 4 November 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
4,400	30.04.2008	14.08.2009	14,572

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 are 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.

GENETEC TECHNOLOGY BERHAD

Company No. 445537-W

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25. MATERIAL LITIGATIONS

As at the date of this report 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 11 November 2008 declared a second 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
 Interim report for the second quarter ended 30 September 2008

27. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.08 RM' 000	Preceding Year Corresponding Quarter 30.09.07 RM' 000	Current Year To-date 30.09.08 RM' 000	Preceding Year Corresponding Period 30.09.07 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	1,886	1,630	6,216	2,631
Weighted average number of ordinary shares in issue	120,808	120,184	120,808	120,163
Basic EPS/(LPS) (sen)	1.56	1.36	5.15	2.19
Diluted earnings per share EPS				
Net profit attributable to shareholders	1,886	1,630	6,216	2,631
Weighted average number of ordinary shares in issue	122,784	122,417	122,784	122,397
Diluted EPS (sen)	1.54	1.33	5.06	2.15

By Order of the Board

Genetec Technology Berhad

Tan Kon Hoan
 Finance Manager
 Selangor Darul Ehsan
 11 November 2008