



(Incorporated in Malaysia)

Interim Report for the  
Second Quarter Ended  
30 September 2009

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**GENETEC TECHNOLOGY BERHAD (445537-W)**  
**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2009 RM'000	Preceding Year Corresponding Quarter 30/09/2008 RM'000	Current Year To-date 30/09/2009 RM'000	Preceding Year Corresponding Period 30/09/2008 RM'000
Revenue		18,491	14,198	24,563	27,360
Operating expenses		(16,563)	(12,363)	(23,607)	(23,896)
Share based-payment under ESOS		-	-	-	-
Other operating income		96	156	195	2,949
Profit from operations		2,024	1,991	1,151	6,413
Finance costs		(131)	(55)	(244)	(97)
Profit before taxation		1,893	1,936	907	6,316
Taxation	18	(50)	(50)	(100)	(100)
Net profit for the financial period		<u>1,843</u>	<u>1,886</u>	<u>807</u>	<u>6,216</u>
Attributable to:					
Equity holders of the parent		1,843	1,886	807	6,216
Minority shareholders' interests		-	-	-	-
		<u>1,843</u>	<u>1,886</u>	<u>807</u>	<u>6,216</u>
Earning per share (sen) :-	26				
(a) Basic		<u>1.53</u>	<u>1.56</u>	<u>0.67</u>	<u>5.15</u>
(b) Fully diluted		<u>1.51</u>	<u>1.54</u>	<u>0.66</u>	<u>5.06</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 2009 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 2009

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 30/09/2009 RM'000	(Audited) As at preceding financial year ended 31/03/2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,906	16,764
Prepaid lease payments	2,722	2,751
Deferred taxation asset	50	50
<b>Current assets</b>		
Inventories	10,477	3,163
Trade receivables	21,303	5,102
Other receivables	321	491
Current tax asset	-	22
Cash and cash equivalents	2,984	12,979
	35,085	21,757
<b>TOTAL ASSETS</b>	54,763	41,322
<b>EQUITY AND LIABILITIES</b>		
Share capital	12,081	12,081
Reserves	17,378	16,571
<b>Equity attributable to equity holders of the parent</b>	29,459	28,652
Minority shareholder's interest	-	-
<b>Total equity</b>	29,459	28,652
<b>Non-current liabilities</b>		
Hire purchase liabilities	22 154	224
Borrowings	22 7,288	7,466
<b>Current liabilities</b>		
Trade payables	15,222	3,878
Other payables	1,192	240
Current tax liability	138	-
Amount due to an associate	36	-
Borrowings	22 1,121	440
Hire purchase liabilities	22 153	422
	17,862	4,980
	54,763	41,322
<b>Net assets per share (RM)*</b>	0.24	0.24

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 2009 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 2009**

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>6 months ended 30 September 2008</u></b>					
Balance at 1 April 2008	12,081	4,498	1,458	4,573	22,610
Net profit for the financial period	-	-	-	6,216	6,216
Dividends	-	-	-	(2,416)	(2,416)
<b>Balance at 30 September 2008</b>	<b>12,081</b>	<b>4,498</b>	<b>1,458</b>	<b>8,373</b>	<b>26,410</b>
<b><u>6 months ended 30 September 2009</u></b>					
Balance at 1 April 2009	12,081	4,498	1,424	10,649	28,652
Net profit for the financial period	-	-	-	807	807
Dividends	-	-	-	-	-
<b>Balance at 30 September 2009</b>	<b>12,081</b>	<b>4,498</b>	<b>1,424</b>	<b>11,456</b>	<b>29,459</b>

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 2009 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 2009**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>(Unaudited) 6 months ended 30/09/2009 RM'000</b>	<b>(Unaudited) 6 months ended 30/09/2008 RM'000</b>
<b>Operating Activities</b>		
Net profit before tax	907	6,316
<b>Adjustment for :-</b>		
Depreciation and amortisation	673	534
Other non-cash items	50	2
Non-operating items	225	141
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	1,855	6,993
<b>Changes in working capital</b>		
Net change in current assets	(23,372)	(8,397)
Net change in current liabilities	12,359	227
	<hr/>	<hr/>
<b>Net cash generated used in operating activities</b>	(9,158)	(1,177)
	<hr/>	<hr/>
<b>Investing Activities</b>		
Interest received	44	17
Dividend paid	-	(1,208)
Proceeds from disposal of property, plant and equipment	53	1
Purchase of property, plant and equipment	(890)	(207)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(793)	(1,397)
	<hr/>	<hr/>
<b>Financing Activities</b>		
Net drawdown of bank borrowings	706	4,119
Repayment of bank borrowings	(203)	(934)
Repayment of hire purchase liabilities	(340)	(279)
Interest paid	(207)	(82)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	(44)	2,824
	<hr/>	<hr/>
Net change in cash and cash equivalents	(9,995)	250
Cash and cash equivalents at beginning of year	12,979	2,847
	<hr/>	<hr/>
Cash and cash equivalents at end of period	2,984	3,097
	<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 2009 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 ACE 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 2009.

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 2009.

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 2009.

### **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 2009.

### **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 2009, 3,763,000 options had lapsed, 808,000 options were exercised and 7,082,000 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 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 2009 and up to the date of this report.

**13. CAPITAL COMMITMENTS**

There was no capital commitment for the purchase of property, plant and equipment that was not provided for in the interim financial statements as at 30 September 2009.

**14. REVIEW OF PERFORMANCE**

For the current quarter ended 30 September 2009, the Group achieved revenue of approximately RM18.4 million, an increase of 30.2% as compared to approximately RM14.2 million recorded for the corresponding quarter of the preceding year. Despite the increase in revenue, profit before taxation has maintained with approximately RM1.9 million as compared to corresponding quarter of the preceding year. This was mainly due to a decrease in profit before tax margin for the current quarter under review with undertaking of projects with lower margin.

For the six (6)-months period ended 30 September 2009, the Group registered revenue of approximately RM24.5 million, a 10.2% decrease from the preceding year's corresponding period of approximately RM27.3 million. For the same six (6)-months period, the Group recorded a profit before taxation of approximately RM0.9 million as compared to approximately RM3.6 million (exclusive 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) in the preceding year's corresponding period. This was mainly attributable to the lower revenue generated by the Group in the immediate preceding quarter and undertaking of projects with lower margin.

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

The Group achieved higher revenue of approximately RM18.4 million for the current quarter under review as compared to approximately RM6.1 million recorded in the immediate preceding quarter ended 30 June 2009. This increased of 204.5% was due to a pick-up in demand from some of our customers. In tandem with the higher revenue, the Group registered a pretax profit position of approximately RM1.9 million as compared with a pretax loss position of approximately RM1.0 million for the immediate preceding quarter.

**16. PROSPECTS**

Global demand for hard disk drives has improved over the last couple of quarters. With the current book order and indications of a further pick-up in demand from the industries that we operate in, the Directors of Genetec is cautiously positive that the Group's performance for the remaining second half of year should be satisfactory in nature.

**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 30.09.2009 RM'000	Preceding Year Corresponding Quarter 30.09.2008 RM'000	Current Period To- Date 30.09.2009 RM'000	Preceding Year Corresponding Period 30.09.2008 RM'000
Malaysia income tax: - current taxation	(50)	(50)	(100)	(100)

The effective tax rate of the Group for the financial period ended 30 September 2009 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

**19. PROFIT OR LOSS 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. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

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

**21. STATUS OF CORPORATE PROPOSAL**

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

**22. BORROWINGS**

Details of the Group's borrowings as at 30 September 2009 are as follows:

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	153
Secured: Term loan	415
Trade bills	706
	<u>1,274</u>
 <b>Non-current</b>	 <b>RM'000</b>
Unsecured: Hire purchase	154
Secured: Term loan	7,288
	<u>7,442</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 5 November 2009 (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:

<b>Contract amount in USD'000</b>	<b>Date of contract</b>	<b>Value date of contract</b>	<b>Equivalent amount in RM'000</b>
7,550	03.06.2009	30.07.2010	26,575

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.

**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.

GENETEC TECHNOLOGY BERHAD  
 Company No. 445537-W  
 Interim report for the second quarter ended 30 September 2009

**26. EARNINGS PER SHARE**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 30.09.09 RM' 000	Preceding Year Corresponding Quarter 30.09.08 RM' 000	Current Year To-date 30.09.09 RM' 000	Preceding Year Corresponding Period 30.09.08 RM' 000
<b>Basic earnings per share EPS</b>				
Net profit attributable to shareholders	1,843	1,886	807	6,216
Weighted average number of ordinary shares in issue	120,808	120,808	120,808	120,808
Basic EPS (sen)	1.53	1.56	0.67	5.15
<b>Diluted earnings per share EPS</b>				
Net profit attributable to shareholders	1,843	1,886	807	6,216
Weighted average number of ordinary shares in issue	122,096	122,784	121,961	122,784
Diluted EPS (sen)	1.51	1.54	0.66	5.06