



(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2010

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2010 RM'000	Preceding Year Corresponding Quarter 30/06/2009 RM'000	Current Year To-date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
Revenue		26,132	6,072	26,132	6,072
Operating expenses		(22,768)	(7,045)	(22,768)	(7,045)
Share based-payment under ESOS		-	-	-	-
Other operating income		54	99	54	99
Profit/(loss) from operations		3,418	(874)	3,418	(874)
Finance costs		(176)	(113)	(176)	(113)
Net gain/(loss) on financial assets and financial liabilities at fair value		859	-	859	-
Share of profit in associate		40	-	40	-
Profit/(loss) before taxation		4,141	(987)	4,141	(987)
Taxation	18	(126)	(50)	(126)	(50)
Net profit/(loss) for the financial period		4,015	(1,037)	4,015	(1,037)
Other Comprehensive income		-	-	-	-
Total comprehensive income		4,015	(1,037)	4,015	(1,037)
Profit attributable to:					
Owner of the parent		4,015	(1,037)	4,015	(1,037)
Non-controlling interest		-	-	-	-
		4,015	(1,037)	4,015	(1,037)
Earning per share (sen) :-	25				
(a) Basic		2.01	(0.43)*	1.72	(0.43)*
(b) Fully diluted		1.97	(0.43)*	1.69	(0.43)*

Note N/A : Not Applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

* Restated based on issuance of new shares pursuant to the current year's bonus issue.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter	(Audited) As at preceding financial year ended (restated) 30/03/2010 RM'000
Note	30/06/2010 RM'000	30/03/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,117	20,347
Investment in associate company	46	6
Current assets		
Inventories	14,724	13,916
Trade receivables	26,021	12,851
Derivative Assets	1,619	1,396
Other receivables	847	2,079
Current tax asset	-	27
Cash and cash equivalents	3,678	3,259
	46,889	33,528
TOTAL ASSETS	67,052	53,881
EQUITY AND LIABILITIES		
Share capital	24,487	12,131
Reserves	12,477	20,481
Equity attributable to equity holders of the parent	36,964	32,612
Minority shareholder's interest	100	-
Total equity	37,064	32,612
Non-current liabilities		
Hire purchase liabilities	22 48	84
Borrowings	22 7,032	7,112
Deferred tax liability	189	189
Current liabilities		
Trade payables	15,123	11,379
Other payables	2,123	1,186
Current tax liability	48	-
Borrowings	22 5,285	1,182
Hire purchase liabilities	22 140	137
	22,719	13,884
	67,052	53,881
Net assets per share (RM)*	0.15	0.27

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 Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non Distributable		Distributable	Total RM'000	Minority interest RM'000	Total equity RM'000
		Share Premium RM'000	Other Reserve RM'000	Retained Profits RM'000			
<u>3 months ended 30 June 2009</u>							
Balance at 1 April 2009	12,081	4,498	1,424	10,649	28,652	-	-
Total comprehensive income for the period	-	-	-	(1,037)	(1,037)	-	-
Dividends to owners	-	-	-	-	-	-	-
Balance at 30 June 2009	12,081	4,498	1,424	9,612	27,615	-	-
<u>3 months ended 30 June 2010</u>							
Balance at 1 April 2010	12,131	4,690	1,185	14,606	32,612	-	32,612
Total comprehensive income for the period	-	-	-	4,015	4,015	-	4,015
Issuance of shares from exercise of share option	195	142	-	-	337	-	337
Issuance of shares from bonus issue	12,161	(4,498)	-	(7,663)	-	-	-
Transfer to share premium for share option exercised	-	203	(203)	-	-	-	-
Transfer to retained earnings for share option lapsed	-	-	(1)	1	-	-	-
Dilution of interests in a subsidiary	-	-	-	-	-	100	100
Dividends to owners	-	-	-	-	-	-	-
Balance at 30 June 2010	24,487	537	981	10,959	36,964	100	37,064

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2010 RM'000	(Unaudited) 3 months ended 30/06/2009 RM'000
Operating Activities		
Net profit/(loss) before tax	4,141	(987)
Adjustment for :-		
Depreciation and amortisation	341	332
Other non-cash items	-	52
Non-operating items	(1,590)	75
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	2,892	(528)
Changes in working capital		
Net change in current assets	(11,219)	(1,721)
Net change in current liabilities	4,692	(885)
	<hr/>	<hr/>
Net cash used in operating activities	(3,635)	(3,134)
	<hr/>	<hr/>
Investing Activities		
Interest received	8	24
Proceeds from disposal of property, plant and equipment	-	44
Purchase of property, plant and equipment	(111)	(427)
	<hr/>	<hr/>
Net cash used in investing activities	(103)	(359)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issue of shares	337	-
Net drawdown of bank borrowings	4,115	-
Repayment of term loan	(92)	(103)
Repayment of hire purchase liabilities	(33)	(175)
Interest paid	(170)	(99)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	4,157	(377)
	<hr/>	<hr/>
Net change in cash and cash equivalents	419	(3,870)
Cash and cash equivalents at beginning of year	3,259	12,979
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	3,678	9,109
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2010 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 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 2010.

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 2010.

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 2010, except for the following:

Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 30 June 2010, the Group adopted the following new and revised FRSs and IC Interpretations (including their consequential amendments) which are applicable to its financial statements and are relevant to its operations:

FRS 7, *Financial Instrument: Disclosures*
FRS 8, *Operating Segments*
FRS 101, *Presentation of Financial Statements* (revised)
FRS 123, *Borrowing Costs* (revised)
Amendments to FRS 132, *Financial Instruments: Presentation*
Amendment to FRS 139, *Financial Instruments: Recognition and Measurement*
IC Interpretation 9, *Reassessment of Embedded Derivatives*
IC Interpretation 10, *Interim Financial Reporting and Impairment*

FRS 101, Presentation of Financial Statements (revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statement. With the adoption of the revised FRS 101, the components of the interim financial statements presented consisted of a statement of financial position, a statement of comprehensive income (presented in either one statement of comprehensive income or two statements of a separate income statement and a statement of comprehensive income), a statement of changes in equity, a statement of cash flows and notes to the financial statements.

FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognized on their settlement dates. Outstanding derivatives at the balance sheet date were not recognized. With the adoption of FRS 139, all derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheets, and will be classified as financial assets or financial liabilities at fair value through profit and loss. When derivative financial instruments

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are recognised initially, they are measured at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Any gains or losses from changes in fair value of the derivatives financial instruments will be recognized in profit and loss.

Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie.

The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification has no effect to the profit and loss of the current period ended 30 June 2010 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

As at 1 April 2010	As previously stated RM'000	Effect of Amendments of FRS 117 RM'000	As stated RM'000
Non-current assets			
Property, plant and equipment	17,653	2,694	20,347
Prepaid lease payments	2,694	(2,694)	-

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 2010.

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.

On 4 May 2010, upon the Bonus Issue, the number of the unexercised share option was adjusted on the basis of one (1) new ordinary share for every one (1) existing unexercised share option. Therefore, additional number of 6,278,000 share option was adjusted.

As at 30 June 2010, 3,779,000 options had lapsed, 3,262,000 options were exercised and 10,890,000 options remained unexercised.

There were no cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review except the following:-

On 4 May 2010, the Company issue 121,612,000 new ordinary shares of RM0.10 each pursuant to a Bonus Issue on the basis of one (1) bonus share for every one (1) existing Genetec shares.

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 June 2010 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 June 2010.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2010, the Group achieved revenue of approximately RM26.1 million, which represents a significant increase of 4.28 times over the corresponding quarter of preceding year's revenue of RM6.1 million. The strong performance was driven by the robust demand from our existing customers from core industry segment of hard disk drive ("HDD") industry.

On the back of this revenue record, the Group registered pretax position of approximately RM4.1 million for the current quarter under review compared with a pretax loss position of approximately RM1.0 million in the preceding year corresponding quarter.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter under review was approximately RM26.1 million, an increase of 117.8% as compared to approximately RM12.0 million recorded in the immediate preceding quarter ended 31 March 2010. In tandem with higher revenue, the Group achieved a profit before tax of RM4.1million in this quarter as compared to RM2.9 million in the immediate preceding quarter ended 31 March 2010.

16. PROSPECTS

The Directors of the Group (barring unforeseen circumstances) anticipate the good performance achieved for the financial year ended 31 March 2010 to continue into the coming financial year with strong secured book order in hand and indication of good demand from our customers in hard disk drive and semi conductor industries.

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 30.06.2010 RM'000	Preceding Year Corresponding Quarter 30.06.2009 RM'000	Current Period To-Date 30.06.2010 RM'000	Preceding Year Corresponding Period 30.06.2009 RM'000
Malaysia income tax:				
- current taxation	(126)	(50)	(126)	(50)

The effective tax rate of the Group for the financial period ended 30 June 2010 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

The following corporate proposals announced by the Company have not been completed as at 30 July 2010 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements):-

On 5 July 2010, the Company announced to undertake the following:-

- (a) Proposed acquisition of 51% equity interest on CLT Engineering Sdn Bhd ("CLT"), for a total consideration of RM26.42 million to be satisfied via RM0.5 million in cash and the issuance of 96.0 million new ordinary shares of RM0.10 each in Genetec at an indicative issue price of RM0.27 per share ("Proposed Acquisition"); and
- (b) Proposed establishment of a new employees' share option scheme involving the issuance of new ordinary shares of RM0.10 each in Genetec ("Genetec Shares" or "Shares"), representing up to fifteen per centum (15%) of the issued and paid-up share capital of Genetec to eligible Directors and employees of Genetec and its subsidiaries ("Proposed New ESOS").

The approval of the Proposed Acquisition and Proposed New ESOS have been obtained from the shareholders of the Company at the Extraordinary General Meeting held on 5 August 2010.

22. BORROWINGS

Details of the Group's borrowings as at 30 June 2010 are as follows:

Current	RM'000
Unsecured: Hire purchase	140
Secured: Term loan	377
Trade bills	4,908
	<u>5,425</u>
Non-current	RM'000
Unsecured: Hire purchase	48
Secured: Term loan	7,032
	<u>7,070</u>

23. FINANCIAL INSTRUMENTS

Derivatives

As at 30 June 2010, the foreign currency forward contracts which have been entered into by the Group to hedge against foreign trade receivable are as follows:-

Forward Foreign Currency Contracts	Contract Value (RM'000)	Fair Value (RM'000)	Difference (RM'000)
US Dollar - Less than 1 year	41,104	39,485	1,619

All derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheets, and will be classified as financial assets or financial liabilities at fair value through profit and loss. When derivative financial instruments are recognised initially, they are measured at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Any gains or losses from changes in fair value of the derivatives financial instruments will be recognized in profit and loss.

No restatement of previous year figures is required as the Group has previously recognised the gain or loss arising from forward contracts under the provisions of FRS 139.

24. 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.

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25. EARNINGS/(LOSS) PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.10 RM' 000	Preceding Year Corresponding Quarter 30.06.09 RM' 000	Current Year To-date 30.06.10 RM' 000	Preceding Year Corresponding Period 30.06.09 RM' 000
Basic earnings/(loss) per share EPS/(LPS)				
Net profit/(loss) attributable to shareholders	4,015	(1,037)	4,015	(1,037)
Weighted average number of ordinary shares in issue	199,434	120,808	233,545	120,808
Basic EPS/(LPS) (sen)	2.01	(0.43)*	1.72	(0.43)*
Diluted earnings/(loss) per share EPS/(LPS)				
Net profit/(loss) attributable to shareholders	4,055	(1,037)	4,055	(1,037)
Weighted average number of ordinary shares in issue	204,041	121,935	238,152	121,935
Diluted EPS/(LPS) (sen)	1.97	(0.43)*	1.69	(0.43)*

* Restated based on issuance of new shares pursuant to the current year's bonus issue.