



(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2010

Contents

Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4 - 5
Notes to the Interim Financial Statements	6 - 12

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2010 RM'000	Preceding Year Corresponding Quarter 30/09/2009 RM'000	Current Year To-date 30/09/2010 RM'000	Preceding Year Corresponding Period 30/09/2009 RM'000
Revenue		33,140	18,491	59,271	24,563
Operating expenses		(25,473)	(16,563)	(49,001)	(23,607)
Share based-payment under ESOS		-	-	-	-
Other operating income		221	96	275	195
Profit from operations		7,888	2,024	10,545	1,151
Finance costs		(199)	(131)	(375)	(244)
Net gain/(loss) on financial assets and financial liabilities at fair value		241	-	1,860	-
Share of profit in associate		-	-	40	-
Profit before taxation		7,930	1,893	12,070	907
Taxation	18	(1,073)	(50)	(1,199)	(100)
Net profit for the financial period		6,857	1,843	10,871	807
Other comprehensive income		-	-	-	-
Total comprehensive income		6,857	1,843	10,871	807
Attributable to:					
Equity holders of the parent		5,464	1,843	9,478	807
Minority shareholders' interests		1,393	-	1,393	-
		6,857	1,843	10,871	807
Earning per share (sen) :-	25				
(a) Basic		1.90	0.76*	3.19	0.33*
(b) Fully diluted		N/A	0.76*	N/A	0.33*

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 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.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/09/2010 RM'000	(Audited) As at preceding financial year ended 31/03/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,767	20,347
Investment in associate company	46	6
Intangible assets	20,323	-
	46,136	20,353
Current assets		
Inventories	21,439	13,916
Trade receivables	55,342	12,851
Derivative assets	3,131	1,396
Other receivables	1,697	2,079
Current tax asset	-	27
Cash and cash equivalents	11,256	3,259
	92,865	33,528
TOTAL ASSETS	139,001	53,881
EQUITY AND LIABILITIES		
Share capital	35,173	12,131
Reserves	34,804	20,481
Equity attributable to equity holders of the parent	69,977	32,612
Non-controlling interest	7,351	-
Total equity	77,328	32,612
Non-current liabilities		
Hire purchase liabilities	92	84
Borrowings	6,945	7,112
Deferred tax liability	645	189
Current liabilities		
Trade payables	28,919	11,379
Other payables	2,745	1,186
Current tax liability	2,244	-
Amount due to an associate	9	-
Borrowings	19,825	1,182
Hire purchase liabilities	249	137
	53,991	13,884
	139,001	53,881
Net assets per share (RM)*	0.20	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.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non Distributable		Retained Profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Share Premium RM'000	Other Reserve RM'000				
6 months ended 30 September 2009							
Balance at 1 April 2009	12,081	4,498	1,424	10,649	28,652	-	28,652
Net profit for the financial period	-	-	-	807	807	-	807
Dividends to owners	-	-	-	-	-	-	-
Balance at 30 September 2009	12,081	4,498	1,424	11,456	29,459	-	29,459
6 months ended 30 September 2010							
Balance at 1 April 2010	12,131	4,690	1,185	14,606	32,612	-	32,612
Net profit for the financial period	-	-	-	9,478	9,478	1,394	10,872
Issuance of shares from exercise of share option	10,881	17,006	-	-	27,887	-	27,887
Issuance of shares from bonus issue	12,161	(4,498)	-	(7,663)	-	-	-
Transfer to share premium for share option exercised	-	1,181	(1,181)	-	-	-	-
Transfer to retained earnings for share option lapsed	-	-	(4)	4	-	-	-
Dilution of interests in a subsidiary	-	-	-	-	-	100	100
Acquisition of subsidiary	-	-	-	-	-	5,857	5,857
Dividends to owners	-	-	-	-	-	-	-
Balance at 30 September 2010	35,173	18,379	-	16,425	69,977	7,351	77,328

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.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	(Unaudited) 6 months ended 30/09/2010 RM'000	(Unaudited) 6 months ended 30/09/2009 RM'000
Operating Activities			
Net profit before tax		12,070	907
Adjustment for :-			
Depreciation and amortisation		734	673
Other non-cash items		-	50
Non-operating items		(1,055)	225
Operating profit before changes in working capital		11,749	1,855
Changes in working capital			
Net change in current assets		(8,425)	(23,372)
Net change in current liabilities		(9,157)	12,359
Net cash used in operating activities		(5,833)	(9,158)
Investing Activities			
Acquisition of subsidiary, net of cash acquired	1	8,764	-
Interest received		27	44
Proceeds from disposal of property, plant and equipment		284	53
Purchase of property, plant and equipment		(754)	(890)
Net cash generated from/(used in) investing activities		8,321	(793)
Financing Activities			
Proceeds from issue of shares		1,967	-
Proceeds from dilution of shares in subsidiary		100	-
Net drawdown of bank borrowings		6,799	706
Repayment of bank borrowings		(2,941)	(203)
Repayment of hire purchase liabilities		(77)	(340)
Interest paid		(339)	(207)
Net cash generated from/(used in) financing activities		5,509	(44)
Net change in cash and cash equivalents		7,997	(9,995)
Cash and cash equivalents at beginning of year		3,259	12,979
Cash and cash equivalents at end of period/year		11,256	2,984

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The figures have not been audited

Note 1

In August 2010, Genetec had acquired 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.

The fair value of the net assets acquired and cash flow arising from the acquisition is as follows:-

	RM'000
Property, plant and equipment	5,684
Inventories	14,964
Trade and other receivables	26,644
Cash and cash equivalent	9,264
Trade and other payables	(28,136)
Bank borrowings	(14,619)
Hire purchase liabilities	(197)
Tax payable	(1,650)
	<hr/> 11,954
Non-controlling interest	(5,857)
Net assets	<hr/> 6,097
Goodwill	20,323
Purchase consideration	<hr/> 26,420
Less: Purchase consideration satisfied by issuance of shares	(25,920)
Purchase consideration satisfied by cash	500
Cash and cash equivalent of a subsidiary acquired	<hr/> (9,264)
Net cash inflow for acquisition in a subsidiary company	<hr/> <hr/> <u>(8,764)</u>

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 September 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)
FRS 132, *Financial Instruments: Presentation* (revised)
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

GENETEC TECHNOLOGY BERHAD
 Company No. 445537-W
 Interim report for the second quarter ended 30 September 2010

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 September 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.

GENETEC TECHNOLOGY BERHAD

Company No. 445537-W

Interim report for the second quarter ended 30 September 2010

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 September 2010, 3,802,000 options had lapsed and 14,126,000 options were exercised and the ESOS Scheme has expired on 20 September 2010.

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

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

Genetec has acquired 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 price of RM0.27 per share.

Following the acquisition, CLT became a 51%-owned subsidiary of Genetec and is consolidated as part of the Group effective from 25 August 2010.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 September 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 September 2010.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2010, the Group achieved revenue of approximately RM33.1 million, an increase of 79.2% as compared to approximately RM18.4 million for the corresponding quarter of the preceding year which was mainly due to strongly sales and revenue contribution from newly acquired subsidiary, namely CLT Engineering Sdn Bhd ("**CLT**"). In tandem with higher revenue, the profit before taxation has increased from approximately RM1.9 million for the quarter ended 30 September 2009 to approximately RM7.9 million for the current quarter under review.

For the six (6)-months period ended 30 September 2010, the Group registered revenue of approximately RM59.3 million, a 141.3% increase from the preceding year's corresponding period of approximately RM24.5 million. For the six (6)-months period, the Group recorded a profit before taxation of approximately RM12.0 million, which represents a significant increase of approximately 1,200% over the preceding year corresponding period of approximately RM0.9 million. This was mainly attributable to the higher revenue generated by the Group and revenue contribution from CLT.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter under review was approximately RM33.1 million, an increase of 26.8% as compared to approximately RM26.1 million recorded in the immediate preceding quarter ended 30 June 2010 which was mainly due to revenue contribution from CLT. In tandem with higher revenue, the Group achieved a profit before tax of RM7.9 million in this quarter as compared to RM4.1 million in the immediate preceding quarter ended 30 June 2010.

16. PROSPECTS

With the strong year-to-date performance and projects secured in hand, the Directors of the Group (barring unforeseen circumstances) anticipate this positive performance 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 30.06.2010 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	(1,073)	(50)	(1,199)	(100)

The effective tax rate of the Group for the financial period ended 30 September 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 13 November 2010 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements):-

On 13 October 2010, the Company announced a 51%-owned subsidiary, namely CLT Engineering Sdn Bhd ("CLT") had entered into a conditional sale and purchase agreement ("SPA") with Mr. Yap Keong Wah ("Vendor") for the proposed acquisition of a piece of leasehold industrial land measuring approximately 8,094 square meters and held under H.S.(M) 5505, Lot No. PT 11734, Tempat Sungai Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor, together with the building erected thereon ("Property"), from the Vendor for a total cash consideration of RM11.5 million ("Proposed Acquisition").

22. BORROWINGS

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

Current	RM'000
Unsecured: Hire purchase	249
Secured: Term loan	375
Trade bills	19,450
	<u>20,074</u>

Non-current	RM'000
Unsecured: Hire purchase	92
Secured: Term loan	6,945
	<u>7,037</u>

23. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 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	43,520	40,389	3,131

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.

GENETEC TECHNOLOGY BERHAD
 Company No. 445537-W
 Interim report for the second quarter ended 30 September 2010

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.10 RM' 000	Preceding Year Corresponding Quarter 30.09.09 RM' 000	Current Year To-date 30.09.10 RM' 000	Preceding Year Corresponding Period 30.09.09 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	5,464	1,843	9,478	807
Weighted average number of ordinary shares in issue	287,395	120,808	297,550	120,808
Basic EPS (sen)	1.90	0.76*	3.19	0.33*
Diluted earnings per share EPS				
Net profit attributable to shareholders	5,464	1,843	9,478	807
Weighted average number of ordinary shares in issue	N/A	122,096	N/A	121,961
Diluted EPS (sen)	N/A	0.76*	N/A	0.33*

The diluted earnings per share are not applicable during the current year quarter and current year to-date as the ESOS Scheme has expired on 20 September 2010.

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