



(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2010

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2010 RM'000	Preceding Year Corresponding Quarter 31/12/2009 RM'000	Current Year To-date 31/12/2010 RM'000	Preceding Year Corresponding Period 31/12/2009 RM'000
Revenue		36,324	15,967	95,595	40,530
Operating expenses		(30,914)	(14,794)	(79,914)	(38,401)
Share based-payment under ESOS		-	-	-	-
Other operating income		42	24	317	219
Profit from operations		5,452	1,197	15,998	2,348
Finance costs		(318)	(179)	(694)	(423)
Net gain/(loss) on financial assets and financial liabilities at fair value		(159)	-	1,701	-
Share of profit in associate		-	-	40	-
Profit before taxation		4,975	1,018	17,045	1,925
Taxation	18	(1,769)	(50)	(2,967)	(150)
Net profit for the financial period		3,206	968	14,078	1,775
Other comprehensive income		-	-	-	-
Total comprehensive income		3,206	968	14,078	1,775
Attributable to:					
Equity holders of the parent		1,835	968	11,314	1,775
Non-controlling interest		1,371	-	2,764	-
		3,206	968	14,078	1,775
Earning per share (sen) :-	26				
(a) Basic		0.52	0.40 *	3.80	0.73 *
(b) Fully diluted		N/A	0.40 *	N/A	0.73 *

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.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter	(Audited) As at preceding financial year ended
Note	31/12/2010 RM'000	31/03/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,138	20,347
Investment in associate company	46	6
Intangible assets	20,560	-
	47,744	20,353
Current assets		
Inventories	19,345	13,916
Trade receivables	30,270	12,851
Derivative assets	954	1,396
Other receivables	6,370	2,079
Current tax asset	-	27
Cash and cash equivalents	17,007	3,259
	73,946	33,528
TOTAL ASSETS	121,690	53,881
EQUITY AND LIABILITIES		
Share capital	35,174	12,131
Reserves	36,640	20,481
Equity attributable to equity holders of the parent	71,814	32,612
Non-controlling interest	8,721	-
Total equity	80,535	32,612
Non-current liabilities		
Hire purchase liabilities	57	84
Borrowings	6,905	7,112
Deferred tax liability	645	189
Current liabilities		
Trade payables	18,172	11,379
Other payables	2,680	1,186
Current tax liability	2,363	-
Borrowings	10,113	1,182
Hire purchase liabilities	220	137
	33,548	13,884
	121,690	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 THIRD QUARTER ENDED 31 DECEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non		Other Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000					
9 months ended 31 December 2009							
Balance at 1 April 2009	12,081	4,498	1,424	10,649	28,652	-	28,652
Net profit for the financial period	-	-	-	1,775	1,775	-	1,775
Dividends	-	-	-	(604)	(604)	-	(604)
Balance at 31 December 2009	12,081	4,498	1,424	11,820	29,823	-	29,823
9 months ended 31 December 2010							
Balance at 1 April 2010	12,131	4,690	1,185	14,606	32,612	-	32,612
Net profit for the financial period	-	-	-	11,314	11,314	2,764	14,078
Issuance of shares from exercise of share option	10,882	17,006	-	-	27,888	-	27,888
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	-	-	-	-	-	-	-
Balance at 31 December 2010	35,174	18,379	-	18,261	71,814	8,721	80,535

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 THIRD QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 9 months ended 31/12/2010 RM'000	(Unaudited) 9 months ended 31/12/2009 RM'000
Operating Activities		
Net profit before tax	17,045	1,925
Adjustment for :-		
Depreciation and amortisation	1,239	1,013
Other non-cash items	-	(33)
Non-operating items	(1,205)	290
	<hr/>	<hr/>
Operating profit before changes in working capital	17,079	3,195
Changes in working capital		
Net change in current assets	16,612	(9,008)
Net change in current liabilities	(21,618)	1,253
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	12,073	(4,560)
	<hr/>	<hr/>
Investing Activities		
Acquisition of subsidiary, net of cash acquired	1 8,527	-
Interest received	54	54
Proceeds from disposal of property, plant and equipment	284	196
Purchase of property, plant and equipment	(2,630)	(1,298)
	<hr/>	<hr/>
Net cash generated from/ (used in) investing activities	6,235	(1,048)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issue of shares	1,967	-
Proceeds from dilution of shares in subsidiary	100	-
Net drawdown of bank borrowings	23,106	7,569
Repayment of bank borrowings	(29,001)	(306)
Repayment of hire purchase liabilities	(142)	(392)
Interest paid	(590)	(366)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(4,560)	6,505
	<hr/>	<hr/>
Net change in cash and cash equivalents	13,748	897
Cash and cash equivalents at beginning of year	3,259	12,979
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	17,007	13,876
	<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.

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 RM26.66 million to be satisfied via RM0.7 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)
	<hr/>
Net assets	6,097
Goodwill	20,560
	<hr/>
Purchase consideration	26,657
Less: Purchase consideration satisfied by issuance of shares	(25,920)
	<hr/>
Purchase consideration satisfied by cash	737
Cash and cash equivalent of a subsidiary acquired	(9,264)
	<hr/>
Net cash inflow for acquisition in a subsidiary company	<u>(8,527)</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 31 December 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

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. In the previous year, the Group has elected to recognize gain on derivative in the income statement even prior to the adoption of FRS139.

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 31 December 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 except for the impact of acquiring CLT as disclosed in note 11.

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 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, for a total consideration of RM26.66 million to be satisfied via RM0.7 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.

On 21 December 2010, Genetec's wholly-owned subsidiary, Genetec Global Technologies, Inc. ("**GT Global Tech**") has incorporated and subscribed 100 shares of common stock of USD0.01 each at a premium of USD0.99 fully paid-up, representing 100% of the total issued

and paid up share capital of GT Global Tech, a newly incorporated private company limited by shares in United States of America.

On 31 December 2010, GT Global Tech had acquired 80 shares in the common stock in Systems South Inc. ("Systems South"), representing 80% of the equity interest in Systems South.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 December 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 31 December 2010.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 December 2010, the Group achieved revenue of approximately RM36.3 million, an increase of 127.5% as compared to approximately RM16.0 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. In tandem with higher revenue, the profit before taxation has increased from approximately RM1.0 million for the quarter ended 31 December 2009 to approximately RM5.0 million for the current quarter under review.

For the nine (9)-months period ended 31 December 2010, the Group registered revenue of approximately RM95.6 million, a 135.9% increase from the preceding year's corresponding period of approximately RM40.5 million. For the nine (9)-months period, the Group recorded a profit before taxation of approximately RM17.0 million, which represents a significant increase of approximately 785% over the preceding year corresponding period of approximately RM1.9 million. This was mainly attributable to strong demand for machines from customers in the hard disk drive segment and revenue contribution from CLT, the newly acquired subsidiary.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter under review was approximately RM36.3 million, an increase of 9.6% as compared to approximately RM33.1 million recorded in the immediate preceding quarter ended 30 September 2010 which was mainly due to revenue contribution from CLT. However, the Group achieved a profit before tax of RM5.0 million in this quarter, which represents a decrease of approximately 37.3% over the immediate preceding quarter ended 30 September 2010 of approximately RM7.9 million. This is mainly due to project mix of lower margin and higher operational cost.

16. PROSPECTS

With the strong year-to-date performance and projects secured in hand, the Directors of the Group (barring unforeseen circumstances) anticipate this satisfactory performance to continue into the remaining quarter of this financial 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 31.12.2010 RM'000	Preceding Year Corresponding Quarter 31.12.2009 RM'000	Current Period To- Date 31.12.2010 RM'000	Preceding Year Corresponding Period 31.12.2009 RM'000
Malaysia income tax:				
- current taxation	(1,769)	(50)	(2,967)	(150)

The effective tax rate of the Group for the financial period ended 31 December 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 14 February 2011 (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 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").

The approval of the Proposed Acquisition has been obtained from the shareholders of the Company at the Extraordinary General Meeting held on 21 February 2011.

22. BORROWINGS

Details of the Group's borrowings as at 31 December 2010 are as follows:

Current	RM'000
Unsecured: Hire purchase	220
Secured: Term loan	375
Trade bills	9,738
	<u>10,333</u>
 Non-current	 RM'000
Unsecured: Hire purchase	57
Secured: Term loan	6,905
	<u>6,962</u>

23. FINANCIAL INSTRUMENTS

Derivatives

As at 31 December 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	19,930	18,976	954

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.

25. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Securities issued a directive to all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses at end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 30 September 2010 and 31 December 2010, into realised and unrealised profits, pursuant to the directive is as follows:

	As at 30.09.2010 RM'000	As at 31.12.2010 RM'000
Total retained profits of the Group:		
- Realised	14,519	16,514
- Unrealised	1,860	1,701
	<hr/> 16,379	<hr/> 18,215
 Total share of retained profits from an associate		
- Realised	46	46
- Unrealised	-	-
	<hr/> 16,425	<hr/> 18,261
 Less: Consolidation adjustments	 -	 -
	<hr/>	<hr/>
Total retained profits as per statement of financial position	16,425	18,261
	<hr/>	<hr/>

GENETEC TECHNOLOGY BERHAD
 Company No. 445537-W
 Interim report for the third quarter ended 31 December 2010

26. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.10 RM' 000	Preceding Year Corresponding Quarter 31.12.09 RM' 000	Current Year To-date 31.12.10 RM' 000	Preceding Year Corresponding Period 31.12.09 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	1,835	968	11,314	1,775
Weighted average number of ordinary shares in issue	351,738	120,808	297,550	120,808
Basic EPS (sen)	0.52	0.40*	3.80	0.73*
Diluted earnings per share EPS				
Net profit attributable to shareholders	1,835	968	11,314	1,775
Weighted average number of ordinary shares in issue	N/A	120,302	N/A	121,495
Diluted EPS (sen)	N/A	0.40*	N/A	0.73*

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.