



(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2011

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2011 RM'000	Preceding Year Corresponding Quarter 30/06/2010 RM'000	Current Year To-date 30/06/2011 RM'000	Preceding Year Corresponding Period 30/06/2010 RM'000
Revenue		39,520	26,132	39,520	26,132
Operating expenses		(37,380)	(22,768)	(37,380)	(22,768)
Other operating income		219	54	219	54
Profit from operations		2,359	3,418	2,359	3,418
Finance costs		(544)	(176)	(544)	(176)
Net gain/(loss) on financial assets and financial liabilities at fair value		188	859	188	859
Share of profit in associate		-	40	-	40
Profit before taxation		2,003	4,141	2,003	4,141
Taxation	18	(573)	(126)	(573)	(126)
Profit for the financial period		1,430	4,015	1,430	4,015
Other comprehensive income, net of tax					
Foreign currency translation differences of foreign operations		10	-	10	-
Total comprehensive income for the financial period		1,440	4,015	1,440	4,015
Profit attributable to:					
Equity holders of the parent		1,617	4,015	1,617	4,015
Non-controlling interest		(187)	-	(187)	-
		1,430	4,015	1,430	4,015
Total comprehensive income attributable to:					
Equity holders of the parent		1,627	4,015	1,627	4,015
Non-controlling interest		(187)	-	(187)	-
		1,440	4,015	1,440	4,015
Earning per share (sen) :-	26				
(a) Basic		0.46	2.01	0.46	1.72
(b) Fully diluted		N/A	1.97	N/A	1.69

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/06/2011 RM'000	(Audited) As at preceding financial year ended 31/03/2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,757	28,352
Investment in associate company	21	21
Intangible assets	38,839	26,015
	69,617	54,388
Current assets		
Inventories	17,356	16,163
Trade receivables	39,307	34,645
Derivative assets	23 188	798
Other receivables	14,170	5,911
Cash and cash equivalents	16,457	15,005
	87,478	72,522
TOTAL ASSETS	157,095	126,910
EQUITY AND LIABILITIES		
Share capital	35,174	35,174
Reserves	39,370	37,743
Equity attributable to equity holders of the parent	74,544	72,917
Non-controlling interest	7,326	8,626
Total equity	81,870	81,543
Non-current liabilities		
Hire purchase liabilities	22 1,847	1,956
Borrowings	22 19,543	6,763
Deferred tax liability	586	586
Current liabilities		
Trade payables	15,697	11,369
Other payables	7,889	4,512
Current tax liability	1,499	1,528
Borrowings	22 27,539	18,001
Hire purchase liabilities	22 625	652
	53,249	36,062
	157,095	126,910
Net assets per share (RM)*	0.21	0.21

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non Distributable				Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000		
<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
Balance at 30 June 2010	24,487	537	981	-	10,959	36,964	100	37,064
<u>3 months ended 30 June 2011</u>								
Balance at 1 April 2011	35,174	18,379	-	(3)	19,367	72,917	8,626	81,543
Total comprehensive income for the period	-	-	-	10	1,617	1,627	(187)	1,440
Acquisition of subsidiary	-	-	-	-	-	-	(1,113)	(1,113)
Balance at 30 June 2011	35,174	18,379	-	7	20,984	74,544	7,326	81,870

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2011 RM'000	(Unaudited) 3 months ended 30/06/2010 RM'000
Operating Activities		
Net profit before tax	2,003	4,141
Adjustment for :-		
Depreciation and amortisation	739	341
Other non-cash items	6	-
Non-operating items	255	(1,590)
	<hr/>	<hr/>
Operating profit before changes in working capital	3,003	2,892
Changes in working capital		
Net change in current assets	(12,343)	(11,219)
Net change in current liabilities	3,504	4,692
	<hr/>	<hr/>
Net cash generated used in operating activities	(5,836)	(3,635)
	<hr/>	<hr/>
Investing Activities		
Acquisition of subsidiary, net of cash acquired	(7,999)	-
Interest received	77	8
Proceeds from disposal of property, plant and equipment	38	-
Purchase of property, plant and equipment	(1,605)	(111)
	<hr/>	<hr/>
Net cash used in investing activities	(9,489)	(103)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issue of shares	-	337
Net drawdown of bank borrowings	8,657	4,115
Net drawdown/(repayment) of term loan	8,693	(92)
Repayment of hire purchase liabilities	(136)	(33)
Interest paid	(447)	(170)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	16,767	4,157
	<hr/>	<hr/>
Net change in cash and cash equivalents	1,442	419
Effect of exchange rate fluctuation on cash held	10	-
Cash and cash equivalents at beginning of year	15,005	3,259
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	16,457	3,678
	<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 2011 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 April 2011, Genetec Global Technologies, Inc. ("**GT Global Tech**"), a wholly-owned subsidiary of Genetec had acquired 10,071.99 shares of Class A Common Stock, representing of 60% equity interest in IP Systems, Inc ("**IPS**") for a total cash consideration of RM7.05 million.

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

	RM'000
Property, plant and equipment	388
Intangible assets	2,699
Trade and other receivables	854
Cash and cash equivalent	416
Trade and other payables	(2,422)
Bank borrowings	(4,968)
	<hr/>
	(3,033)
Non-controlling interest	1,213
	<hr/>
Net assets	(1,820)
Goodwill	8,867
	<hr/>
Purchase consideration	7,047
Cash and cash equivalent of a subsidiary acquired	(416)
Net cash outflow for acquisition in a subsidiary company	<hr/> <hr/> 6,631

In April 2011, CLT Engineering Sdn Bhd ("**CLT**"), a 51%-owned subsidiary of Genetec had acquired 100% equity interest in CLT Engineering (Thailand) Co. Ltd ("**CLT Thai**") for a total consideration of RM1.45 million to be fully satisfied in cash.

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

	RM'000
Property, plant and equipment	1,108
Trade and other receivables	8
Cash and cash equivalent	82
Trade and other payables	(993)
	<hr/>
	205
Non-controlling interest	(100)
	<hr/>
Net assets	105
Goodwill	1,345
	<hr/>
Purchase consideration, satisfied by cash	1,450
Cash and cash equivalent of a subsidiary acquired	(82)
Net cash outflow for acquisition in a subsidiary company	<hr/> <hr/> 1,368

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 2011.

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 2011.

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 2011.

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 2011.

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 IPS and CLT Thai 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

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

GT Global Tech had acquired 10,071.99 shares of Class A Common Stock, representing 60% equity interest in IPS.

Following the acquisition, IPS became a 60%-owned subsidiary of GT Global Tech and is consolidated as part of Group effective from April 2011.

In April 2011, CLT, a 51%-owned subsidiary of Genetec had acquired 100% equity interest in CLT Thai for a total consideration of RM1.45 million to be fully satisfied in cash.

Following the acquisition, CLT Thai became a 100%-owned subsidiary of CLT and is consolidated as part of Group effective from April 2011.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2011 and up to the date of this report.

13. CAPITAL COMMITMENTS

There was no capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2011.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2011, the Group achieved revenue of approximately RM39.5 million, an increase of 51.2% as compared to approximately RM26.1 million for the corresponding quarter of the preceding year. This was mainly attributable to the revenue contribution from our newly acquired subsidiaries. Despite an increase in revenue, profit before taxation has decreased from approximately RM4.1 million for the quarter ended 30 June 2010 to approximately RM2.0 for the current quarter under review. This was mainly due to higher operating costs resulting from the consolidation of Genetec's newly acquired subsidiaries.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter under review was approximately RM39.5 million, an increase of 44.0% as compared to approximately RM27.4 million recorded in the immediate preceding quarter ended 31 March 2011. In tandem with higher revenue, the Group achieved a profit before tax of RM2.0 million in this quarter as compared to RM1.3 million in the immediate preceding quarter ended 31 March 2011.

16. PROSPECTS

The Directors of the Group (barring unforeseen circumstances) anticipate good performance achieved for the financial year ended 31 March 2011 to continue into the coming financial year as supported by the current strong secured book order.

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 30.06.2011 RM'000	Preceding Year Corresponding Quarter 30.06.2010 RM'000	Current Period To-Date 30.06.2011 RM'000	Preceding Year Corresponding Period 30.06.2010 RM'000
In respect of current year:				
- income tax	(573)	(126)	(573)	(126)

The effective tax rate of the Group for the financial period ended 30 June 2011 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 June 2011 are as follows:

Current	RM'000
Unsecured: Hire purchase	625
Secured: Term loan	1,161
Trade bills	26,378
	<u>28,164</u>
 Non-current	 RM'000
Unsecured: Hire purchase	1,847
Secured: Term loan	19,543
	<u>21,390</u>

23. FINANCIAL INSTRUMENTS

Derivatives

As at 30 June 2011, 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	14,684	14,496	188

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.

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 31 December 2010 and 31 March 2011, into realised and unrealised profits, pursuant to the directive is as follows:

	As at 30.06.2011 RM'000	As at 31.03.2011 RM'000
Total retained profits of the Group:		
- Realised	31,203	30,112
- Unrealised	(471)	(259)
	<hr/> 30,732	<hr/> 29,853
Total share of retained profits from an associate		
- Realised	(28)	(28)
- Unrealised	-	-
	<hr/> 30,704	<hr/> 29,825
Less: Consolidation adjustments	<hr/> (9,720)	<hr/> (10,458)
Total retained profits as per statement of financial position	<hr/> <hr/> 20,984	<hr/> <hr/> 19,367

GENETEC TECHNOLOGY BERHAD
 Company No. 445537-W
 Interim report for the first quarter ended 30 June 2011

26. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.11 RM' 000	Preceding Year Corresponding Quarter 30.06.10 RM' 000	Current Year To-date 30.06.11 RM' 000	Preceding Year Corresponding Period 30.06.10 RM' 000
Basic earnings per share EPS				
Net profit attributable to equity holders of the parent	1,617	4,015	1,617	4,015
Weighted average number of ordinary shares in issue	351,738	199,434	351,738	233,545
Basic EPS (sen)	0.46	2.01	0.46	1.72
Diluted earnings per share EPS				
Net profit attributable to equity holders of the parent	1,617	4,015	1,617	4,015
Weighted average number of ordinary shares in issue	N/A	204,041	N/A	238,152
Diluted EPS (sen)	N/A	1.97	N/A	1.69