2007
ANNUAL REPORT

GENETEC TECHNOLOGY BERHAD
(445537-W)

Contents

Corporate Information

BOARD OF DIRECTORS

CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR
Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain

MANAGING DIRECTOR
Chin Kem Weng

EXECUTIVE DIRECTOR
Tan Kok Ang

INDEPENDENT NON-EXECUTIVE DIRECTOR
Choong Khoong Liang

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS
Chen Khai Voon
Ong Phoe Be

AUDIT COMMITTEE

Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain (Chairman)
Choong Khoong Liang (Member)
Tan Kok Ang (Member)

NOMINATION COMMITTEE

Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain (Chairman)
Choong Khoong Liang (Member)
Ong Phoe Be (Member)

COMPANY SECRETARIES

Leong Oi Wah (MAICSA 7023802)
Wong Chooi Fun (MAICSA 7027549)

REGISTERED OFFICE

Wisma KVC, Lot 3, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel No. : (603) – 8925 2828
Fax No.: (603) – 8926 8976

REGISTRAR

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (603) – 7718 6000
Fax No.: (603) - 7722 2311

SPONSOR

Kenanga Investment Bank Berhad
17th Floor, Suite 17.06
Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel No. : (603) – 2164 6689
Fax No.: (603) – 2164 6690

AUDITORS AND REPORTING ACCOUNTANTS

KPMG
Chartered Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel No. : (603) – 2095 3388
Fax No.: (603) – 2095 0971

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad

STOCK NAME

GENETEC

STOCK CODE

0104

Group Corporate Structure

GENETEC TECHNOLOGY BERHAD

- GENEVISION (M) SDN BHD
  100%
- FAS TECHNOLOGY SOLUTION SDN BHD
  100%
- TGT TECHNOLOGY LIMITED (INCORPORATED IN THAILAND)
  49%

Board of Directors

MEJ JEN (RTD) DATO' HAJI FAUZI BIN HUSSAIN

INDEPENDENT NON-EXECUTIVE DIRECTOR — Age 67 – Malaysian

- *Chairman of Board of Directors*
- *Chairman of Audit Committee*
- *Chairman of Nomination Committee*

Y. Bhg. Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain was appointed to the Board of Genetec Technology Berhad ("**GT**") on 3 August 2005. He is a graduate from the Command and Staff College of Indonesia and the Joint Services Staff College of Australia. He has also attended management training courses in South Korea and the United States of America. Dato' Haji Fauzi has since 1960, served in the Malaysian Army and the Royal Malaysian Air Force and held various positions in the command and staff appointments before retiring in November 1994 as Deputy Chief of Air Force. He was Joint-Chairman of the Planning and Execution Committee of air exercises with Thailand and Indonesia and was also involved in the training and operations along the border of Malaysia and Thailand. Besides GT, Dato' Haji Fauzi currently sits on the Board of MCM Technologies Berhad, RCE Capital Berhad and ATIS Corporation Berhad ("**ATIS**").

He has attended all of the six (6) Board Meetings held during the financial year ended 31 March 2007. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company or any conviction for any offence within the past 10 years.

CHIN KEM WENG

MANAGING DIRECTOR — Age 37 – Malaysian

Mr Chin Kem Weng was appointed as the Managing Director of GT on 27 October 1997. He has a Diploma in Mechanical Engineering from the Institute Technology of Butterworth and specialises in the area of design. Upon graduation in 1991, he joined Applied Magnetics Malaysia Sdn Bhd (Disc Drive Recording Heads Group) (Applied Magnetics) as a Technical Specialist. He was involved mainly in the design of mechanical tooling and maintenance of automation equipment. He then joined Quantum Peripheral Indonesia ("**QPI**") in Indonesia, as an expatriate engineer and managed the automation project at the plant. Subsequently, he was sent to the QPI office in the USA for a year where he undertook research and development work related to new technology. With his expertise and technical know-how, he then co-founded GT with Mr Chen Khai Voon which specialises in the design and building of customised automated and semi-automated machines.

He has attended all of the six (6) Board Meetings held during the financial year ended 31 March 2007. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company or any conviction for any offence within the past 10 years.

Board of Directors

TAN KOK ANG

EXECUTIVE DIRECTOR Age 50 - Malaysian

- *Member of Audit Committee*

Mr Tan Kok Ang was appointed to the Board of GT on 3 August 2005. Currently, he is the Head of Business Development Department. He obtained a Diploma in Mechanical Engineering from Bedford Institute of Technology in 1976 and has over 26 years of hands-on experience in areas of production and engineering such as mould fabrication, tool, die and equipment maintenance to equipment and tool design. Upon graduation in 1976, he joined Micro Machining Sdn Bhd as a machinist. He left to join Advance Micro Devices Sdn Bhd four years later and was working as a Senior Technician in the Tool, Die & Equipment Maintenance Department for 12 years. In 1991, he joined Applied Magnetics as a design engineer. Later in 1994, he moved on and joined QPI as an Equipment Engineering Manager. With his strong background in factory operations and production, he was selected by the management to set up a new plant in Batam, Indonesia. He then resigned from QPI in 1998 to join GT as Operational Director in October 1998. He left in April 2000 to join Genevision (M) Sdn Bhd. He has rejoined the Company on 1 June 2001.

He has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 March 2007. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company or any conviction for any offence within the past 10 years.

CHOONG KHOONG LIANG

INDEPENDENT NON-EXECUTIVE DIRECTOR Age 37 – Malaysian

- *Member of Audit Committee*
- *Member of Nomination Committee*

Mr Choong Khoong Liang was appointed to the Board of GT on 23 March 2006. He obtained his Master in Business Administration (Finance) with distinction from University of Hull, United Kingdom and is currently a Fellow member of the Association of Chartered Certified Accountants. An accountant by profession, he started his career with Messrs KPMG before joining Commerce International Merchant Bankers Berhad, where he gained substantial experience in the capital markets and debt restructuring. He was also the Planning Advisor for Cemex Asia in Singapore (strategic business development) responsible for Asia/Africa region and an Associate Director, Asian Fixed Income in Standard Chartered Bank Malaysia Berhad. Other than GT, he also sits on the Board of ATIS.

He has attended all of the six (6) Board Meetings held during the financial year ended 31 March 2007. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company or any conviction for any offence within the past 10 years.

CHEN KHAI VOON

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR — Age 47 – Malaysian

Mr Chen Khai Voon was appointed to the Board of GT on 3 November 1998. He completed his Diploma in Accounting in 1981 and for the next eight years, gained experience in both the financial and distribution industries. In 1989, he founded KVC Electric (M) Sdn Bhd (now known as KVC Industrial Supplies Sdn Bhd) (**"KVC Group"**). Since then, he changed the industrial supply landscape and spearhead the KVC Group to be the leading One-Stop Industrial Supply Provider in Malaysia. He is currently the Group Managing Director of ATIS.

He has attended all of the six (6) Board Meetings held during the financial year ended 31 March 2007. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company or any conviction for any offence within the past 10 years.

ONG PHOE BE

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR — Age 37 - Malaysian

- *Member of Nomination Committee*

Ms Ong Phoe Be was appointed to the Board of GT on 3 August 2005. She started her career with Messrs KPMG, an audit firm from December 1989 to September 1994. In 1994, she completed the Malaysian Institute of Certified Public Accountants professional course and joined Arab-Malaysian Merchant Bank Berhad (now known as AmMerchant Bank Berhad) (**"AMB"**) in the same year. She left AMB in 1996 and moved on to Tanco Holdings Berhad (**"Tanco"**). She was the head of Corporate Planning Department for Tanco for about four years. She then joined KVC Group in June 2000 as its Head of Corporate Finance. With her wide experience in finance related matters, she was promoted to the position as Chief Financial Officer of ATIS, a position that she occupied till 2006. Since 2007, she is engaged in the business of development and marketing of nutrition and health products whereby she is the Executive Director.

She has attended all of the six (6) Board Meetings held during the financial year ended 31 March 2007. She has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company or any conviction for any offence within the past 10 years.

Dear Valued Shareholders,

On behalf of the Board of Directors of Genetec Technology Berhad (**"GT"**), I am pleased to present the Annual Report and Financial Statements for the financial year ended 31 March 2007.

FINANCIAL RESULTS

The financial year ended 31 March 2007 has been a bitter-sweet year for GT as it dealt with the decline in revenue from its core segment, the hard disk drive industry and delay in award of projects by certain customers and having made a breakthrough in diversification into the automotive industry through its successful research and development efforts. GT recorded revenue of RM23.4 million as against RM38.3 million in the preceeding year. On the back of the decline in revenue, GT recorded a post-tax loss of RM5.2 million. The net loss for the financial year under review includes three one-off non-operational charge and provisions amounting to RM2.2 million.

REVIEW OF OPERATIONS

During the year under review, the contribution from its core segment, the Hard Disk Drive (**"HDD"**) industry remained strong, contributing about 70% to the Group's revenue. The remaining 30% is generated from industries such as automotive, pharmaceutical, semiconductor and electronics. However, the delay in the implementation program of the capital expenditure requirements of its customers in this industry has significantly affected the revenue of GT. With an annual revenue of RM23.4 million for the financial year ended 31 March 2007, GT incurred a post-tax loss of RM5.2 million. This net loss includes three one-off non-operational charge and provisions amounting to RM2.2 million. These items are RM1.2 million for the issuance of Options under the Employees' Share Option Scheme arising from the adoption of FRS 2: Share-based payments, closure of business of a subsidiary company (loss of RM0.7 million) and impairment of goodwill from investment in a dormant subsidiary that has yet to commence business (amounting to RM0.3 million).

No doubt, financial year ended 31 March 2007 has been a challenging year for GT but our years of experience in the demanding and competitive HDD landscape have honed our resilience and adaptability abilities to reinvent ourselves. At the on-set of the financial year, we made a strategic business move from the competitive customary lean automation projects to full turnkey automated assembly lines for multiple industries. In line with this strategic step, GT has reorganised its entire operational platform to that of an integrated project management system and established a separate dedicated fabrication plant. This facility with a build-up 12,000 square feet costing RM2.47 million is able to handle large volume and bigger size fabrication parts to support the design required by the large turnkey projects.

With this new manufacturing platform, it was also paramount for GT to put in place an efficient and effective project management tool. To this end, we have successfully implemented an Enterprise Resource Project (ERP) system that placed GT in a strong position to undertake large scale turnkey assembly lines for different industries. These re-organisation efforts have proven fruitful as GT secured a multi-million turnkey assembly line for a US-based multinational company in the automotive industry in January 2007.

Being a technology-driven company, GT continued to pour resources into research & development (R&D) and improvement of manufacturing capabilities as we keep ourselves abreast of the technological developments in the industries that we have interest in. We strengthened our engineering and technological capabilities by expanding the breadth and depth of engineering resources for multiple industries. All these efforts led to an increase in the operational cost during the year but were necessary steps in implementation of GT's strategic move to be a full turnkey automation provider in diverse industries.

To complete the implementation of this transformation into a turnkey automation player, GT acquired a piece of leasehold land measuring 61,450 square feet in Bandar Baru Bangi for a cash consideration of RM1,835,000 on 28 July 2006. This land will house GT's state-of-the-art manufacturing and assembly plant that will be fully equipped with facilities that will enable GT to undertake bigger scale projects and higher volume of orders in the future. The construction of this facility is targeted to commence before the end of the financial year ending 31 March 2008.

OUTLOOK

With the successful implementation of our re-organisation program in the financial year ended 31 March 2007, we are confident that the coming year will augur well for GT. Our diversification plan into new industries and customers during the last financial year started to show results towards the end of the year and we expect positive synergies into the future. For the hard disk drive industry in general, we foresee good business prospects as the HDD producers expand their capital expenditure requirements to cater for growing market demand.

Against this positive backdrop, we will not rest our laurels but will continue to strive to keep ourselves in line with the changes in industrial trends and customers' requirements. We will continue to maintain our technological edge and professionalism through R&D efforts in all major industries that we have interest in.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude and appreciation to Independent Non-Executive Director, Mr Lim Yong Jin for his guidance and counsel during his tenure with us. His presence in the Board will be missed by all of us and we wish him all the best in his endeavours.

I would like to extend my deepest appreciation to the management team and staff for their untiring efforts, commitment, passion and show of unity in carrying out their responsibilities and being an important part of ensuring the success of GT's re-organisation plan.

To our customers, business associates, regulatory authorities and most importantly, our shareholders for their continued support and confidence in the Group.

Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain
CHAIRMAN

Corporate Governance Statement

The Board of Directors (**"Board"**) is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of protecting and enhancing shareholder value and the financial performance of Genetec Technology Berhad (**"GT"**). To this end, the Board continues to support the recommendations of the Malaysian Code of Corporate Governance (the **"Code"**).

The Board is pleased to disclose below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code.

1. Directors

(a) The Board

The Board currently consists of six (6) members comprising two (2) Executive Directors and four (4) Non-Executive Directors, of whom two (2) are independent, including the Chairman. The Board structure ensures that no individual or group of individuals dominates the Board's decision making process. The Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) for the MESDAQ Market (**"Listing Requirements"**) that requires a minimum of one-third of the Board to be independent directors. The Board members are from various professions with a wide range of skills, knowledge, business and financial experience that are essential to direct and manage a dynamic and expanding Group. The profile of each Director is set out on pages 4 to 6 of the Annual Report.

The Board assumes the primary responsibility for leading and controlling the Group towards realising long term shareholders' values. The Board has the overall responsibility for reviewing and adopting strategic plans for the Group, ensuring the adequacy and integrity of the Company's system of internal control, succession planning for senior management, investor relations programme and shareholders' communication policy.

There is a clear division of responsibilities between the Chairman and the Managing Director (**"MD"**) to ensure that there is a balance of power and authority. The Chairman holds an independent non-executive position and is responsible for the orderly conduct of the Board and ensures that the Board receives sufficient information to enable them to participate actively in Board decision whilst the MD is responsible for the day-to-day management of the business as well as the implementation of policies and strategies adopted by the Board. The Executive Director has a primary responsibility to manage and monitor the Group's business and ensuring the effective allocation of resources.

The Independent Directors are independent of the management and majority shareholders. The Independent Directors have the necessary skill and experience to bring an independent judgement to bear on the decision-making process of the Group to ensure that a fully balanced and unbiased deliberation process is in place. They provide an unbiased and independent view, advice and judgement taking into account the interests of the Group, shareholders, employees, customers, business associates and other stakeholders.

All the Directors have given their undertaking to comply with the Listing Requirements and the Independent Directors have confirmed their independence in writing.

(b) Board Meetings

The Board meets on a quarterly basis, with additional meetings for particular matters convened as and when necessary. During the financial year ended 31 March 2007, six (6) Board meetings were held. The attendances of each individual Director at these meetings are set out on pages 4 to 6 of this Annual Report. Prior to each Board meeting, the Directors are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the agendas to be deliberated upon to enable them to arrive at an informed decision.

1. Directors (cont'd)

(b) Board Meetings (cont'd)

The Board has a formal schedule of matters specifically reserved to it for decision making to ensure that the direction and control of the Group is firmly in its hand. These involve significant areas of the Group's business including major investment decisions, approval of corporate plans, acquisition and disposal of business segments. Management and performance of the Group and other strategic issues that may affect the Group's business are also deliberated.

(c) Supply of Information

The members of the Board in their individual capacity have access to appropriate and timely information in the form and quality necessary for the discharge of their duties and responsibilities.

The Board has full access to the advice and services of Company Secretaries who are responsible to the Board for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with.

Besides having direct access to management staff, the Directors may also take independent professional advice at the Company's expense, if necessary, in furtherance of their duties.

(d) Directors' Remuneration

(i) Remuneration Procedure

The Board has decided not to set up a Remuneration Committee as recommended by the Code. As an alternative, the Board will deliberate on the remuneration of Directors during the normal proceedings of the meeting of Directors.

The remuneration of each Director, are determined by the Board, as a whole. The individual Directors do not participate in discussion and decision of their own remuneration.

(ii) Remuneration Package

The details of the remuneration of the Directors of the Company and Group in respect of the financial year ended 31 March 2007 are as follows:

	Salaries RM	Fees RM	Bonuses RM	Benefits-in-kind RM	Total RM
GROUP					
Executive Directors	427,532	-	23,210	13,600	464,342
Non-Executive Directors	67,200	30,000	-	-	97,200
COMPANY					
Executive Directors	314,856	-	23,210	13,600	351,666
Non-Executive Directors	67,200	30,000	-	-	97,200

The number of Directors whose remuneration fall within the following bands are as follows:

	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RANGE OF REMUNERATION				
Below RM50,000	-	4	-	4
RM50,001 - RM100,000	-	1	-	1
RM100,001 - RM150,000	1	-	-	-
RM150,001 – RM200,000	2	-	2	-

1. Directors (cont'd)

(e) Re-election of Directors

In accordance with the Company's Articles of Association, one third of the Board is required to retire at every Annual General Meeting (**"AGM"**) and be subject to re-election by shareholders. In addition, all Directors shall retire from office at least once in every three (3) years. A retiring Director is eligible for re-election. Newly appointed Directors shall hold office until the next AGM of the Company and shall be eligible for re-election.

(f) Directors' Training

All Directors have completed the Mandatory Accreditation Programme and Continuing Education Programme (**"CEP"**) prescribed and accredited by Bursa Securities.

Although CEP for Directors has been repealed by Bursa Securities with effect from 1 January 2005, the Board has decided that it shall, continually keep abreast of the new developments of the regulatory requirements and attend training courses that will aid them in the discharge of their duties. The Board had prescribed minimum trainings to be attained by each Director in every financial year.

For the financial year ended 31 March 2007, all the Directors have achieved the prescribed minimum trainings. The programs attended are seminars and conferences organised by relevant regulatory authorities, trainers and/or professional bodies on topics covering the areas such as the corporate governance issues, changes to statutory requirements & regulatory guidelines, personal developments and leaderships. From time to time, the Board also receives updates, particularly on regulatory and legal developments relevant to the Company and Directors.

(g) Nomination Committee

The Board has on 23 March 2006 established a Nomination Committee comprising three (3) Non-Executive Directors, majority of whom are independent.

The Nomination Committee is chaired by Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain and its members are Mr Choong Khoong Liang and Ms Ong Phoe Be. The Nomination Committee is responsible for identifying and making recommendations of new nominees to the Board for consideration, who shall then collectively decide on the candidates to be appointed. The Nomination Committee also reviews on an annual basis, the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board.

2. Relationship with Shareholders

The Group recognises the importance of accountability to its investors and shareholders and thus, has maintained an active communication policy to ensure that all shareholders are kept informed of significant company developments in accordance with the Listing Requirements. The Group communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:

(i) Timely quarterly results announcements, annual reports, press releases and various announcements made to Bursa Securities;

2. Relationship with Shareholders (cont'd)

(ii) AGM
The Group's AGM remains as the principal forum for dialogue with shareholders who are encouraged to participate in the question and answer session. Executive Directors and Chairman are available to respond to shareholders' questions raised during the meeting; and

(iii) As part of the Board's responsibility in developing and implementing an investor relations programme, regular discussions are held between the Company and analyst/investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes.

3. Accountability and Audit

The Board has established an Audit Committee to oversee the financial reporting and effectiveness of the internal control of the Group. The Audit Committee comprises three (3) Directors, the majority of whom are independent. The Board shall ensure the term of office and performance of the Audit Committee and each of its members are being reviewed at least once in every three (3) years to determine whether the members have carried out their duties in accordance with the Audit Committee's terms of reference. The terms of reference, responsibilities and activities of the Audit Committee are set out in the Audit Committee Report on pages 15 to 19 of this Annual Report.

3.1 Financial Reporting

The Board is mindful of its responsibility to present a balanced and fair assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the Bursa Securities. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy. The Directors are responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. A statement by the Directors on their responsibilities in preparing the financial statements is set out on page 74 of this Annual Report.

3.2 Internal Control

The Board acknowledges its overall responsibility for continuous maintenance of a sound system of internal control to safeguard shareholders' investment and the Group's assets. While every effort is made to manage the significant risks, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee and external auditors, to safeguard the Group's assets. The internal audit function has been outsourced to external consultants that were appointed towards the end of the financial year to carry out reviews on the Group's overall corporate governance and internal control processes. Please refer to the Statement of Internal Control as set out on page 14 of the Annual Report.

3.3 Relationship with the External Auditors

The external auditors, Messrs KPMG, have continued to report to shareholders of the Company on their opinion which are included as part of the Group's financial reports with respect to their audit on each year's statutory financial statements. The Company has always maintained a transparent, independent and formal relationship with the auditors to meet their professional requirements. The auditors also highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

Corporate Social Responsibility

At Genetec Technology Berhad (**"GT"**), Corporate Social Responsibility (**"CSR"**) means managing our business responsibly and sensitively for long term success. As a responsible corporate citizen, we have initiated, supported and successfully implemented various social, community and environmental projects.

Community

(a) Charities and Fund Raising

During the year, we have raised fund for the victims and families that were hit by the Tsunami disaster in order to help them through the emergency so that they can get on with their lives.

(b) Youth Development and Education

As one of the leading industrial automation manufacturers, we have a responsibility to contribute to the capabilities of tomorrow's workforce. Education is one of the key areas where we believe our support is important, and where we can make a real difference. We have launched the following programmes:

- Young Apprenticeships Scheme – A collaboration effort between GT and a pre-designated training centre to provide form five school leavers an employment opportunity upon graduation.

- Internship Program – work with various public and private higher education providers such as universities, colleges and polytechnic to provide practical training for their students.

Workplace

(a) Human Capital Development

We are committed to staff development by giving all employees both the skills to do their jobs and opportunities to develop their careers at GT. We provided financial assistance for those who wish to pursue for higher education. We have in place internal and external training programmes for all level of staff.

(b) Staff Welfare

Our people are our most important asset, and the key objective is to select and retain the best. We therefore offer our staff an attractive benefits package, including Personal Accident Insurance, Employees' Share Option Scheme (ESOS), in-house prayer room, festive dinner, annual dinner and company trip.

(c) Human Rights

GT is committed in upholding basic Human Rights. We abide by the non-discrimination laws. We do not discriminate unfairly on any basis. We treat all staff equally regardless of their religion, races, sex, age and nationality.

(d) Health and Safety

GT is committed to maintain a safe and healthy working environment for all our staff. We have taken the following positive steps:-

- Emphasise safety awareness on work place.
- Provide industrial safety mask, goggle, gloves and shoes for staff who need to work on machine.
- Staff is trained on how to use fire extinguisher during emergency.

Environment

(a) Energy Savings

GT is committed to the cause of energy savings by educating our staff on the importance of energy conservation such as instilling good habit of switching off the light and air-conditioning during lunch time or when they are out from the office. We have also installed auto-off time clock system on air-conditioning.

INTRODUCTION

The Board of Directors (**"Board"**) recognises the importance of maintaining a sound system of internal control. Hence, is pleased to present the Statement of Internal Control of the Group (which however does not deal with the Group's associate company as the Group does not have management control over their operations) pursuant to Rule 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

BOARD RESPONSIBILITY

The Board understands its responsibilities to maintain a sound system of internal control, covering not only financial, but also operational controls, and for reviewing the adequacy and integrity of those systems on an on-going basis.

The Board also recognises that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the internal control system can only provide reasonable but not absolute assurance against any material misstatement or loss.

CONTROL ENVIRONMENT

The Company's management system has been assessed and registered against the provision of ISO9001:2000. Organisational structure with defined lines of responsibilities and delegations of authority has been established which designates personnel responsible for ensuring that the business activities carried out are in accordance to the Group's objectives, policies and procedures.

Significant business risk affecting the Group are identified, monitored and managed, albeit on an informal basis, as part of the process to ensure that the Group's business objectives are achieved.

RISK ASSESSMENT

The Board has appointed an Audit Committee, which comprise two (2) Non-Executive Directors as members, to assist the Board in its fiduciary duties by carrying out independent review of the Group's financial, operational and administrative controls and procedures. The Audit Committee meets at least on a quarterly basis.

The outsourced internal auditor, who was appointed towards the end of the financial year, has proposed a 2-year service plan which includes performance of risk-based internal audit reviews and the establishment of a Group Risk Management Framework.

CONTROL ACTIVITIES

Policies and procedures are clearly documented as a guideline to mitigate control deficiencies. Corporate values, which emphasise on ethical behaviour, are set out in the Group's Employee Handbook whilst the training programmes necessary to maintain staff's competency and capability are guided by the ISO manual.

MONITORING PROCESS

During the year, the outsourced internal auditors were engaged to carry out a review on the Group's state of corporate governance. The report of the review which was presented to the Audit Committee subsequent to the year end, highlighted significant findings from the review and provided some recommendations for improvements. Action plans will then be formulated by the management to address the findings and recommendations made.

OTHER MEASURES OF INTERNAL CONTROL

- Group vision and mission which are communicated to employees of all levels.
- Quarterly performance reports are compared against the approved budget.
- Performances are monitored on a regular basis and a consolidated reporting of the Group's performance is submitted to the Board on a quarterly basis for deliberation.
- Clear definitions of limits of authority and responsibilities have been approved by the Board and subject to regular reviews and enhancements.

Audit Committee Report

Members of the Audit Committee shall not have a relationship which in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee. Members of the Audit Committee shall possess wisdom, sound judgement, objectivity, independent attitude, management experience and knowledge of the industry.

COMPOSITION OF THE AUDIT COMMITTEE

The present members of the Audit Committee of the Company are:

(i) Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain
(Independent Non-Executive Director) - Chairman

(ii) Choong Khoong Liang
(Independent Non-Executive Director) - Member

(iii) Tan Kok Ang
(Executive Director) – Member

TERMS OF REFERENCE

1. OBJECTIVES

1.1 To provide additional assurance to the Board of Directors (**"Board"**) by giving objective and independent review of the Group's financial, operational and administrative controls and procedures.

1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets within the Group.

1.3 To assess and supervise the quality of audits conducted by the Internal Auditors and External Auditors.

1.4 To reinforce the independence of the External Auditors and to ensure that the External Auditors will have free hand in the audit process.

1.5 To provide a forum for regular, informal and private discussion between the External Auditors and Directors who have no significant relationship with Management.

1.6 To reinforce the objectivity of the Internal Auditors.

2. MEMBERSHIP

2.1 Member of the Audit Committee shall be appointed by the Board pursuant to a Board Resolution.

2.2 It shall comprise at least three (3) Members of whom majority shall be independent non-executive Directors.

2.3 The Chairman of the Audit Committee shall be appointed by the Board, or failing which, amongst the Members of the Audit Committee themselves.

2.4 If the number of Members is reduced to below three (3) as a result of resignation or death of a Member, or for any other reason(s) the Member ceases to be a Member of the Audit Committee, the Board shall, within three (3) months of that event, appoint amongst such other non-executive Directors, a new Member to make up the minimum number required therein.

2.5 At least one (1) Member of the Audit Committee:-

2.5.1 must be a member of the Malaysian Institute of Accountants (**"MIA"**); or

2.5.2 if he/she is not a member of MIA, he/she must have at least three (3) year's of working experience and:-

(a) he/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(b) he/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

2.5.3 must fulfill such requirements as may from time to time be prescribed by the Bursa Malaysia Securities Berhad (**"Bursa Securities"**).

2.6 An alternate Director is not eligible for membership in the Audit Committee.

3. AUTHORITY

3.1 The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference.

3.2 It shall have unlimited access to both the Internal Auditors and External Auditors as well as all employees of the Group.

3.3 It shall also have the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

3.4 It shall also have the power to establish Sub-Audit Committee(s) and delegate its powers to such Sub-Audit Committee(s) for the purpose of carrying out certain investigations on its behalf in such manner as the Audit Committee deems fit and necessary, and to appoint such officers within the Group as members of the Sub-Audit Committee(s).

4. FUNCTIONS

4.1 To review with both the Internal Auditors and External Auditors their audit plans and reports.

4.2 To review the scope of the internal audit programme and procedures, consider the results of internal audit investigations and assess Management's response and actions to rectify any reported shortcoming.

4.3 To evaluate the adequacy and effectiveness of the internal control systems as well as the administrative, operating and accounting policies employed.

4.4 To review the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.

4.5 To review the Company's quarterly and annual consolidated financial statements and thereafter to submit them to the Board, focusing particularly on any changes in accounting policies and practices; significant adjustments arising from the audit; the going concern assumption; compliance with accounting standards and other legal requirements.

4.6 To review any related party transactions that may arise within the Company or Group.

4.7 To identify and direct any special projects or investigations it deems necessary.

4.8 To nominate a person or persons as the External Auditors. To consider the audit fee and any question of resignation or dismissal of the External Auditors.

4.9 To discuss with the External Auditors before the audit commences, the nature and scope of their audit and ensure co-ordination where more than one audit firm is involved.

4.10 To discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors may wish to discuss in the absence of Management, where necessary.

4.11 To review the External Auditors' management letter and Management's response.

4.12 To verify the allocation of options pursuant to the Employees' Share Option Scheme (**"ESOS"**) as being in compliance with the criteria set out in the ESOS and to make such statement to be included in the Annual Report of the Company in relation to a share scheme for employees.

4.13 To carry out such other functions and consider other topics as may be agreed upon from time to time with the Board.

4.14 To review reports and consider recommendations of the Sub-Audit Committee(s), if any.

5. MEETINGS

5.1 The Audit Committee will hold regular meetings as and when the need arises and any such additional meetings as the Chairman of the Audit Committee so decides to fulfill its duties.

5.2 A quorum shall consist of two (2) Members. The majority of Members present must be independent non-executive Directors.

5.3 Unless otherwise determined by the Members from time to time, seven (7) clear days' notice of all Audit Committee meetings shall be given except in the case of an emergency, where reasonable notice of every Audit Committee meeting shall be given in writing. Any Member may waive notice of any meeting and any such waiver may be retroactive.

5.4 Matters raised and tabled at all meetings shall be decided by a majority of votes of the Members.

5.5 A resolution in writing, signed by a majority of the Members for the time being who are sufficient to form a quorum shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee. The majority of Members signed must be independent non-executive Directors. Any such resolution may consist of several documents in like form, each signed by one (1) or more Members. The expression "in writing" and "signed" include approval by legible confirmed transmission by telefax, cable or telegram.

5.6 Proceedings of all meetings held and resolutions passed as referred to in Clause 5.5 above shall be recorded by the Secretary and kept at the Company's registered office.

5.7 Every Member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the Audit Committee and the reports submitted thereat.

5.8 The External Auditors shall have the right to appear and be heard at any meeting and shall appear before the Audit Committee when so required by the Audit Committee.

5.9 Upon the request of the External Auditors, the Chairman shall convene a meeting to consider any matters the External Auditors believe should be brought to the attention of the Directors or shareholders of the Company.

5.10 The executive Directors of any company within the Group, representatives of the Internal Auditors, the Management and any employee of the Group, as the case requires, may be requested to attend such meetings.

5.11 The Audit Committee shall meet with the External Auditors at least once in a financial year without the presence of the executive board members of the Company.

6. COMPLIANCE

6.1 The provisions of Articles 130, 131, 132 and 133 of the Company's Articles of Association except as otherwise expressly provided in these Terms of Reference shall apply to the Audit Committee.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 March 2007. The details of attendance of each Audit Committee member at the Audit Committee meetings are as follows:

Audit Committee Member	Total No. of Meetings Attended	% of Attendance
Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain	5/5	100
Choong Khoong Liang	5/5	100
Tan Kok Ang	4/5	80

Notes:
Meetings were held on 25 May 2006, 26 July 2006, 24 August 2006, 22 November 2006 and 27 February 2007.

ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee carried out the following activities in discharging their duties and responsibilities:

Financial Results

(i) Review of the Group's quarterly financial results and annual audited financial statements of the Group including the announcements pertaining thereto, before recommending to the Board for their consideration and approval prior to the release of Group's results to Bursa Securities.

(ii) Review of the Group's compliance on the following areas, where relevant:
- Listing Requirements of Bursa Securities for the MESDAQ Market;
- Provisions of the Companies Act, 1965 and other legal requirements; and
- Applicable approved accounting standards in Malaysia.

External Audit

(i) Review of external auditors' scope of work, their terms of engagement, proposed audit remuneration and audit plan for the financial year ended 31 March 2007. Prior to the audit, representatives from the external auditors presented their audit strategies and plans;

(ii) Review the external auditors' audit strategies and plan and further discuss their approach in areas of emphasis;

(iii) Review of results and issues arising from their audit of the financial year end statements and the resolution of issues highlighted in their report to the Committee;

(iv) Review of their performance and independence before recommending to the Board their re-appointment and remuneration; and

(v) Recommendations made by the external auditors in respect of control weaknesses during the course of their audit were duly noted by the Audit Committee and highlighted to the Board.

Internal Audit

(i) Review of internal auditors' audit plan for the financial year ended 31 March 2007 to ensure that principal risk areas and key processes are adequately identified and covered in the plan.

Related Party Transactions

(i) Review of related party transactions for compliance with the Listing Requirements of Bursa Securities for MESDAQ Market and the appropriateness of such transactions before recommending them to the Board for its approval; and

(ii) Review of the procedures for securing the shareholders' mandate for Recurrent Related Party Transactions.

Others

(i) Review of the Group's compliance with relevant provisions set under the Malaysian Code of Corporate Governance for the purpose of preparing the Statement of Internal Control pursuant to the Listing Requirements of Bursa Securities for MESDAQ Market.

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Financial Statements

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and designing and building of customised factory automation equipment and integrated vision inspection systems, from conceptual design, development of prototype to mass replication of equipment. The principal activities of its subsidiaries are stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	(5,188,826)	(5,712,826)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review, except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Chen Khai Voon
Chin Kem Weng
Mej Jen (Rtd) Dato' Haji Fauzi bin Hussain
Tan Kok Ang
Ong Phoe Be
Choong Khoong Liang
Lim Yong Jin (resigned on 20 June 2007)

DIRECTORS INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.4.2006	Bought	Sold	At 31.3.2007
Shareholdings in which Directors have interests				
In the Company				
Chin Kem Weng				
- direct interest	44,100,000	-	-	44,100,000
Chen Khai Voon				
- indirect interest	45,900,000	-	-	45,900,000

By virtue of their interests in the shares of the Company, Chin Kem Weng and Chen Khai Voon are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The options granted to the Directors of the Company to take up unissued ordinary shares of RM0.10 each in the Company pursuant to the Company's Employees' Share Option Scheme are set out below:

	Number of options over ordinary shares of RM0.10 each			
	Balance at 1.4.2006	Granted	Exercised	Balance at 31.3.2007
Share options in the Company				
Chin Kem Weng	1,200,000	-	-	1,200,000
Tan Kok Ang	1,200,000	-	-	1,200,000
Ong Phoe Be	1,200,000	-	-	1,200,000
Mej Jen (Rtd) Dato' Haji Fauzi bin Hussain	400,000	-	-	400,000
Lim Yong Jin	400,000	-	-	400,000

The other Director holding office at 31 March 2007 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Employees' Share Option Scheme issued by the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 140,000 new ordinary shares of RM0.10 each for cash arising from the exercise of employees' share options at the exercise price of RM0.30 per ordinary share.

There were no other changes in the issued and paid-up share capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the share options issued pursuant to the Employees' Share Option Scheme.

Employees' Share Option Scheme

At an Extraordinary General Meeting held on 16 September 2005, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") for the eligible employees and Directors of Genetec and its subsidiaries to subscribe for new ordinary shares up to a maximum of 10% of the issued and paid-up share capital of the Company at any point in time during the tenure of the ESOS.

The options offered to take up unissued ordinary shares of the Company of RM0.10 each and the exercise price are as follows:

		Number of options over ordinary shares of RM0.10 each			
Date of offer	Exercise price RM	Balance at 1.4.2006	Lapsed	Exercised	Balance at 31.3.2007
19 October 2005	0.30	10,798,000	(802,000)	(140,000)	9,856,000

The salient features of the scheme are as follows:

i) Eligible employees are those who must be at least eighteen (18) years of age, employed on a full time basis by any company in the Group and must have been confirmed in service on the date of offer.

ii) The option is personal to the grantee and is non-assignable and non-transferable.

iii) The option price shall be determined based on the initial public offer price or weighted average market price of the Company's ordinary shares for the five (5) market days preceding the date of offer subject to a discount of not more than ten percent (10%), or at the par value of the ordinary shares of the Company, whichever is higher.

iv) The ESOS shall be in force for a period of five (5) years from the date of commencement on 21 September 2005. However, an extension to the scheme may be affected by the Company upon recommendation of the Option Committee, subject to an aggregate duration of ten (10) years from the date of commencement.

v) No option shall be granted for less than one hundred (100) ordinary shares nor more than the maximum allowable allotment and shall be in multiples of one hundred (100) ordinary shares.

The options to be granted pursuant to the ESOS Scheme would only be capable of exercise after one (1) year has lapsed from the listing of the shares of the Company on the MESDAQ market of Bursa Malaysia Securities Berhad.

In respect of the offer of ESOS on 19 October 2005, the Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options of less than 450,000 shares. The names of option holders and the number of options granted which are 450,000 and above are set out below:

	Number of options over ordinary shares of RM0.10 each			
Name of option holders	Balance at 1.4.2006	Granted	Exercised	Balance at 31.3.2007
Chin Kem Weng	1,200,000	-	-	1,200,000
Tan Kok Ang	1,200,000	-	-	1,200,000
Ong Phoe Be	1,200,000	-	-	1,200,000
Ooi Eng Sun	800,000	-	-	800,000
Sow Ewe Lee	650,000	-	-	650,000
Yeo Teik Hock	450,000	-	-	450,000
Goh Yik Yong	450,000	-	-	450,000

The exercise price is RM0.30 each and the option expires on 20 September 2010.

SIGNIFICANT EVENT DURING THE YEAR

On 28 July 2006, the Company entered into a conditional Sale and Purchase Agreement with KVC Industrial Supplies Sdn. Bhd., a wholly owned subsidiary of its affiliated company to acquire a parcel of leasehold land for a cash consideration of RM1,835,000. As at 31 March 2007, an amount of RM183,500 has been paid as deposit.

The acquisition of the above land has yet to be completed as at the date of this report.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Additional investment in a subsidiary

On 30 April 2007, the Company acquired an additional 4 ordinary shares of RM1.00 each in FAS Technology Solution Sdn. Bhd. representing the balance of 40% of the issued and paid-up share capital of FAS Technology Solution Sdn. Bhd. not already held by the Company for a cash consideration of RM1.

Subsequent to the acquisition, FAS Technology Solution Sdn. Bhd. became a wholly-owned subsidiary of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the allowance for doubtful debts, impairment loss on goodwill, inventories write down and the effects arising from the change in accounting policies as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 March 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Chin Kem Weng

Tan Kok Ang

Kuala Lumpur, Malaysia
Date: 17 July 2007

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 28 to 73 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Chin Kem Weng

Tan Kok Ang

Kuala Lumpur, Malaysia
Date: 17 July 2007

Statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Tan Kon Hoan,** the officer primarily responsible for the financial management of Genetec Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 28 to 73 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur in the Federal Territory on 17 July 2007.

Tan Kon Hoan

Before me:

No W315
Soh Ah Kau
Commissioner for Oaths
Kuala Lumpur WP

REPORT OF THE AUDITORS

to the members of Genetec Technology Berhad

We have audited the financial statements set out on pages 28 to 73. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:

   i) the state of affairs of the Group and of the Company at 31 March 2007 and the results of their operations and cash flows for the year ended on that date; and

   ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chan Kam Chiew
Partner
Approval Number: 2055/06/08(J)

Kuala Lumpur, Malaysia
Date: 17 July 2007

Balance Sheets

at 31 March 2007

	Note	Group 2007 RM	Group Restated 2006 RM	Company 2007 RM	Company Restated 2006 RM
Assets					
Property, plant and equipment	3	6,671,957	3,724,333	6,609,846	3,645,841
Goodwill	4	-	251,545	-	-
Prepaid lease payments	5	831,583	848,583	831,583	848,583
Investment property	6	-	176,732	-	176,732
Investment in subsidiaries	7	-	-	6	250,004
Investment in an associate	8	-	-	49,000	49,000
Deferred tax asset	9	45,000	-	45,000	-
Total non-current assets		7,548,540	5,001,193	7,535,435	4,970,160
Inventories	10	8,498,838	4,720,504	8,165,282	4,248,307
Receivables, deposits and prepayments	11	9,549,146	14,339,707	9,293,741	14,201,968
Amounts due from subsidiaries	12	-	-	598,159	991,722
Amount due from an associate	13	548,663	888,096	548,663	888,096
Current tax asset		533,441	228,880	533,441	228,880
Assets classified as held for sale	14	130,000	-	130,000	-
Cash and cash equivalents	15	3,428,027	6,793,830	3,355,556	6,499,154
Total current assets		22,688,115	26,971,017	22,624,842	27,058,127
Total assets		30,236,655	31,972,210	30,160,277	32,028,287
Equity					
Share capital	16.1	12,014,000	12,000,000	12,014,000	12,000,000
Share premium		4,244,445	4,191,217	4,244,445	4,191,217
Share option reserves	16.2	1,776,181	720,929	1,776,181	720,929
Retained earnings		104,012	5,148,318	196,403	5,764,709
Total equity attributable to shareholders of the Company		18,138,638	22,060,464	18,231,029	22,676,855
Minority interest		-	-	-	-
Total equity		18,138,638	22,060,464	18,231,029	22,676,855
Liabilities					
Borrowings	18	987,511	202,910	987,511	202,910
Deferred tax liabilities	9	-	92,000	-	92,000
Total non-current liabilities		987,511	294,910	987,511	294,910
Payables and accruals	19	8,256,772	6,071,137	8,088,003	5,510,823
Borrowings	18	2,853,734	3,545,699	2,853,734	3,545,699
Total current liabilities		11,110,506	9,616,836	10,941,737	9,056,522
Total liabilities		12,098,017	9,911,746	11,929,248	9,351,432
Total equity and liabilities		30,236,655	31,972,210	30,160,277	32,028,287

The notes set out on pages 35 to 73 are an integral part of these financial statements.

Income Statements

for the financial year ended 31 March 2007

	Note	Group 2007 RM	Group Restated 2006 RM	Company 2007 RM	Company Restated 2006 RM
Revenue		23,442,244	38,259,849	22,144,389	37,270,349
Cost of sales		(23,687,906)	(31,859,289)	(21,981,640)	(31,212,878)
Gross (loss)/profit		(245,662)	6,400,560	162,749	6,057,471
Distribution expenses		(1,302,158)	(1,649,572)	(1,245,431)	(1,629,773)
Administration expenses		(3,032,042)	(2,684,211)	(2,737,293)	(2,095,078)
Other expenses		(1,219,380)	(457,727)	(2,506,144)	(380,328)
Other income		395,942	150,928	395,942	150,928
Operating (loss)/profit		(5,403,300)	1,759,978	(5,930,177)	2,103,220
Financing costs		(272,800)	(298,389)	(269,923)	(297,646)
Interest income		95,713	136,028	95,713	136,028
(Loss)/profit before tax	20	(5,580,387)	1,597,617	(6,104,387)	1,941,602
Tax expense	22	391,561	296,000	391,561	296,000
(Loss)/profit for the year		(5,188,826)	1,893,617	(5,712,826)	2,237,602
Attributable to:					
Shareholders of the Company		(5,188,826)	1,893,617	(5,712,826)	2,237,602
Minority interest		-	-	-	-
(Loss)/profit for the year		(5,188,826)	1,893,617	(5,712,826)	2,237,602
Basic (loss)/earnings per ordinary share (sen)	23.1	(4.32)	2.05		
Diluted (loss)/earnings per ordinary share (sen)	23.2	(4.32)	2.02		

The notes set out on pages 35 to 73 are an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2007

Group	Note	Share capital RM	Share premium RM	Share option reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
		← Attributable to shareholders of the Company				→		
			Non-distributable		Distributable			
At 1 April 2005		1,000,000	-	-	6,900,630	7,900,630	-	7,900,630
Issuance of shares								
- bonus issue		3,800,000	-	-	(3,800,000)	-	-	-
- rights issue		4,200,000	-	-	-	4,200,000	-	4,200,000
- private placement issue		2,200,000	4,400,000	-	-	6,600,000	-	6,600,000
- public issue		800,000	1,600,000	-	-	2,400,000	-	2,400,000
Effect of adopting FRS 2 - share-based payments	17,32	-	-	875,000	-	875,000	-	875,000
Transfer to retained profit for ESOS lapsed		-	-	(154,071)	154,071	-	-	-
Share issue expenses		-	(1,808,783)	-	-	(1,808,783)	-	(1,808,783)
Net loss recognised directly in equity		-	(1,808,783)	-	-	(1,808,783)	-	(1,808,783)
Profit for the year		-	-	-	1,893,617	1,893,617	-	1,893,617
Total recognised income and expenses for the year		-	(1,808,783)	-	1,893,617	84,834	-	84,834
At 31 March 2006		12,000,000	4,191,217	720,929	5,148,318	22,060,464	-	22,060,464
At 1 April 2006								
As previously reported		12,000,000	4,191,217	-	5,869,247	22,060,464	-	22,060,464
Effect of adopting FRS 2	32	-	-	875,000	(875,000)	-	-	-
Transfer to retained profit for ESOS lapsed		-	-	(154,071)	154,071	-	-	-
As restated		12,000,000	4,191,217	720,929	5,148,318	22,060,464	-	22,060,464
Loss for the year		-	-	-	(5,188,826)	(5,188,826)	-	(5,188,826)
Issuance of shares from exercise of ESOS		14,000	28,000	-	-	42,000	-	42,000
Share-based payments	17	-	-	1,225,000	-	1,225,000	-	1,225,000
Transfer to share premium for ESOS exercised		-	25,228	(25,228)	-	-	-	-
Transfer to retained profit for ESOS lapsed		-	-	(144,520)	144,520	-	-	-
At 31 March 2007		12,014,000	4,244,445	1,776,181	104,012	18,138,638	-	18,138,638

Statements of Changes in Equity

for the financial year ended 31 March 2007

		← Attributable to shareholders of the Company →						
			Non-distributable		Distributable			
Company	**Note**	**Share capital RM**	**Share premium RM**	**Share option reserve RM**	**Retained earnings RM**	**Total RM**	**Minority interest RM**	**Total equity RM**
At 1 April 2005		1,000,000	-	-	7,173,036	8,173,036	-	8,173,036
Issuance of shares								
- bonus issue		3,800,000	-	-	(3,800,000)	-	-	-
- rights issue		4,200,000	-	-	-	4,200,000	-	4,200,000
- private placement issue		2,200,000	4,400,000	-	-	6,600,000	-	6,600,000
- public issue		800,000	1,600,000	-	-	2,400,000	-	2,400,000
Effect of adopting FRS 2 - share-based payments	17,32	-	-	875,000	-	875,000	-	875,000
Transfer to retained profit for ESOS lapsed		-	-	(154,071)	154,071	-	-	-
Share issue expenses		-	(1,808,783)	-	-	(1,808,783)	-	(1,808,783)
Net loss recognised directly in equity		-	(1,808,783)	-	-	(1,808,783)	-	(1,808,783)
Profit for the year		-	-	-	2,237,602	2,237,602	-	2,237,602
Total recognised income and expenses for the year		-	(1,808,783)	-	2,237,602	428,819	-	428,819
At 31 March 2006		12,000,000	4,191,217	720,929	5,764,709	22,676,855	-	22,676,855
At 1 April 2006								
As previously reported		12,000,000	4,191,217	-	6,485,638	22,676,855	-	22,676,855
Effect of adopting FRS 2	32	-	-	875,000	(875,000)	-	-	-
Transfer to retained profit for ESOS lapsed		-	-	(154,071)	154,071	-	-	-
As restated		12,000,000	4,191,217	720,929	5,764,709	22,676,855	-	22,676,855
Loss for the year		-	-	-	(5,712,826)	(5,712,826)	-	(5,712,826)
Issuance of shares from exercise of ESOS		14,000	28,000	-	-	42,000	-	42,000
Share-based payments	17	-	-	1,225,000	-	1,225,000	-	1,225,000
Transfer to share premium for ESOS exercised		-	25,228	(25,228)	-	-	-	-
Transfer to retained profit for ESOS lapsed		-	-	(144,520)	144,520	-	-	-
At 31 March 2007		12,014,000	4,244,445	1,776,181	196,403	18,231,029	-	18,231,029

The notes set out on pages 35 to 73 are an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 31 March 2007

	Note	Group 2007 RM	Group Restated 2006 RM	Company 2007 RM	Company Restated 2006 RM
Cash flows from operating activities					
(Loss)/Profit before tax and minority shareholders' interest		(5,580,387)	1,597,617	(6,104,387)	1,941,602
Adjustments for:					
Allowance for doubtful debts					
- subsidiaries		-	-	1,290,461	-
- associates		294,388	-	294,388	-
- third party		-	74,215	-	74,215
Amortisation of					
- goodwill	4	-	77,399	-	-
- prepaid lease payments	5	17,000	1,417	17,000	1,417
Bad debts written off		67,070	-	67,070	-
Depreciation					
- property, plant and equipment	3	840,942	654,968	830,512	645,970
- investment property	6	4,191	4,191	4,191	4,191
Impairment loss					
- goodwill	4	251,545	-	-	-
- investment property	6	42,541	-	42,541	-
- investment in subsidiaries		-	-	249,998	-
Interest expenses		231,328	256,947	231,328	256,920
Interest income		(95,713)	(136,028)	(95,713)	(136,028)
Inventories written down		350,000	-	-	-
Loss/(gain) on disposal of property, plant and equipment		6,972	(494)	6,604	(494)
Property, plant and equipment written off		76,191	2,469	55,295	2,469
Reversal of allowance for doubtful debts		-	(3,000)	-	(3,000)
Unrealised foreign exchange (gain)/loss		(62,997)	176,126	(62,997)	176,126
Share-based payments		1,225,000	875,000	1,225,000	875,000
Operating (loss)/profit before working capital changes		(2,331,929)	3,580,827	(1,948,709)	3,838,388
Changes in working capital:					
Inventories		(4,128,334)	94,133	(3,916,975)	285,962
Trade and other receivables		4,787,521	(2,333,929)	4,905,187	(2,283,010)
Trade and other payables		2,184,602	80,879	2,576,147	(49,497)
Former holding company		-	(4,456,133)	-	(4,456,133)
Subsidiaries		-	-	(896,898)	(356,893)
Related companies		-	(1,870,024)	-	(1,870,024)
Associate		45,045	204,955	45,045	204,955

CASH FLOW STATEMENTS

for the financial year ended 31 March 2007

	Note	Group 2007 RM	Group Restated 2006 RM	Company 2007 RM	Company Restated 2006 RM
Cash generated from/(used in) operations		556,905	(4,699,292)	763,797	(4,686,252)
Income taxes paid		(50,000)	(87,499)	(50,000)	(87,499)
Interest paid		(158)	(15,196)	(158)	(15,169)
Net cash generated from/ (used in) operating activities		506,747	(4,801,987)	713,639	(4,788,920)
Cash flows from investing activities					
Interest received		95,713	136,028	95,713	136,028
Purchase of property, plant and equipment	(ii)	(2,272,417)	(1,746,908)	(2,256,104)	(1,674,938)
Proceeds from disposal of plant and equipment		192,363	8,200	191,363	8,200
Net cash used in investing activities		(1,984,341)	(1,602,680)	(1,969,028)	(1,530,710)
Cash flows from financing activities					
Repayments of finance lease liabilities		(453,039)	(175,208)	(453,039)	(175,208)
Interest paid		(231,170)	(241,751)	(231,170)	(241,751)
Repayments of bank borrowings		(1,246,000)	(521,000)	(1,246,000)	(521,000)
Payment of listing expenses		-	(1,808,783)	-	(1,808,783)
Proceeds from					
- rights issue		-	4,200,000	-	4,200,000
- private placement issue		-	6,600,000	-	6,600,000
- public issue		-	2,400,000	-	2,400,000
- exercise of ESOS		42,000	-	42,000	-
Net cash (used in)/generated from financing activities		(1,888,209)	10,453,258	(1,888,209)	10,453,258
Net (decrease)/increase in cash and cash equivalents		(3,365,803)	4,048,591	(3,143,598)	4,133,628
Cash and cash equivalents at beginning of year		6,793,830	2,745,239	6,499,154	2,365,526
Cash and cash equivalents at end of year	(i)	3,428,027	6,793,830	3,355,556	6,499,154

NOTES TO CASH FLOW STATEMENTS

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Deposit placed with a licensed bank	15	700,000	2,000,000	700,000	2,000,000
Cash and bank balances	15	2,728,027	4,793,830	2,655,556	4,499,154
		3,428,027	6,793,830	3,355,556	6,499,154

(ii) Purchase of property, plant and equipment

The Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,064,092 (2006 - RM1,904,908) and RM4,047,779 (2006 - RM1,832,938) respectively, of which RM1,791,675 (2006 - RM158,000) and RM1,791,675 (2006 - RM158,000) were acquired by means of finance lease arrangements.

The notes set out on pages 35 to 73 are an integral part of these financial statements.

Genetec Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office
3rd Floor, Wisma KVC
Lot 3, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan

Principal place of business
Lot 1, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 March 2007 do not include other entities.

The Group is principally engaged in designing and building of customised factory automation equipment and integrated vision inspection systems, from conceptual design, development of prototype to mass replication of equipment.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market.

The MASB had issued a number of new and revised Financial Reporting Standards (FRSs) that are effective for accounting periods beginning on or after 1 January 2006 or available for early adoption. At the beginning of the current financial year, the Group and the Company had adopted the new and revised FRSs which are mandatory for the financial periods beginning on or after 1 January 2006.

In this set of financial statements, the Group and the Company has choosen to early adopt FRS 117, Leases and FRS 124, Related Party Disclosures which are effective for annual periods beginning on or after 1 October 2006.

The effects of adopting and early adopting the above new/revised FRSs are set out in Note 32 to the financial statements.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The MASB has also issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual period beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

Standard/Interpretation	Effective date
FRS 139, *Financial Instruments: Recognition and Measurement*	To be announced
Amendment to FRS 119_{2004}, *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures*	1 January 2007
FRS 6 , *Exploration for and Evaluation of Mineral Resources*	1 January 2007
Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*	1 July 2007
IC Interpretation 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 July 2007
IC Interpretation 2, *Members' Shares in Co-operative Entities and Similar Instruments*	1 July 2007
IC Interpretation 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 July 2007
IC Interpretation 6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	1 July 2007
IC Interpretation 7, *Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies*	1 July 2007
IC Interpretation 8, *Scope of FRS 2*	1 July 2007

The Group and the Company plans to apply the Amendment to FRS 119_{2004} initially for the annual period beginning 1 April 2007 and to apply the rest of the above-mentioned FRSs (except for FRS 6 as explained below and FRS 139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 April 2008.

The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the standard.

FRS 6 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other standards and interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

The financial statements were approved by the Board of Directors on 17 July 2007.

1. **BASIS OF PREPARATION (CONTINUED)**

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following assets as explained in their respective accounting policy notes:

- Non-current assets held for sale

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

(d) **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 9 - recognition of unutilised tax losses and capital allowances

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) **Basis of consolidation**

(i) **Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

(ii) **Associates**

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Associates (continued)

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates from the date that significant influence effectively commences until the date that significant influence effectively ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investment in an associate is stated in the Company's balance sheet at cost less impairment loss where applicable.

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

When losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group entities at exchange rates at the dates of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies (continued)

Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Electrical equipment, renovation, furniture and fittings	8 – 12 years
Plant and machineries	10 years
Motor vehicles	5 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

(e) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On early adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

Amortisation of prepaid lease payments is recognised in the income statement on a straight-line basis over the remaining lease term of 91 years.

(f) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

Goodwill (continued)

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Before the adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment loss. Goodwill was amortised from the date of initial recognition on a straight line basis over its estimated useful life of not more than five (5) years. Impairment test on goodwill were performed when there were indications of impairment.

Following the adoption of FRS 3, goodwill is measured at cost and is no longer amortised. Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

(g) Investment property

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment property. Investment property is stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c). Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of 50 years.

In the previous years, investment property was included in property, plant and equipment. Following the adoption of FRS 140, Investment Property retrospectively, the investment property is now classified separately. Transfers between investment property and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes the cost of raw materials, consumables, indirect materials, direct labour and an appropriate allocation of manufacturing overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks.

(l) Impairment of assets

The carrying amounts of assets other than financial assets (other than investment in subsidiaries and associate), inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(m) Share capital

Share issue expenses

Incremental costs directly attributable to issue of shares classified as equity are recognised as a deduction from equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(o) Employee benefits

i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employee's Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. In the previous year, share options granted to employees was not recognised as an employee cost. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2006 as provided in the transitional provision of FRS 2. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee stock options is measured using a black scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on changes expected due to publicly available information) and life of the instruments. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Contract work-in-progress (continued)

Contract work-in-progress is presented as part of receivables, deposits and prepayments in the balance sheet. Where progress billings exceed the aggregate cost incurred to date plus attributable profits less recognised losses, then the difference is presented in payables and accruals as customer advances for contract work-in-progress.

(r) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii) Fixed price contract

Revenue from fixed price contracts is recognised on the percentage of completion method, measured by reference to surveys of work performed.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

(s) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(t) Interest income and borrowing costs

Interest income is recognised in the income statement as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Affiliate

An affiliate is a company which holds a direct or indirect interest of not less than 20% but not exceeding 50% in the equity of the Company, and exercises significant influence over the financial and operating policies of the Company.

(v) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS, if applicable, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land RM	Leasehold building RM	Freehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost								
At 1 April 2005								
- as previously reported		-	-	209,563	2,249,822	2,701,812	693,574	5,854,771
- effect of adopting FRS 140	6	-	-	(209,563)	-	-	-	(209,563)
At 1 April 2005, restated		-	-	-	2,249,822	2,701,812	693,574	5,645,208
Additions								
- as previously reported		850,000	650,000	-	202,786	26,225	175,897	1,904,908
- effect of adopting FRS 117	5	(850,000)	-	-	-	-	-	(850,000)
- as restated		-	650,000	-	202,786	26,225	175,897	1,054,908
Disposals		-	-	-	(12,753)	-	-	(12,753)
Written off		-	-	-	(2,740)	(2,520)	-	(5,260)
At 31 March 2006/ 1 April 2006, restated		-	650,000	-	2,437,115	2,725,517	869,471	6,682,103
Additions		-	966,877	-	1,030,700	1,862,165	204,350	4,064,092
Disposals		-	-	-	(47,455)	(419,286)	-	(466,741)
Written off		-	-	-	(235,185)	-	-	(235,185)
At 31 March 2007		-	1,616,877	-	3,185,175	4,168,396	1,073,821	10,044,269

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold land RM	Leasehold building RM	Freehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Accumulated Depreciation								
At 1 April 2005								
- as previously reported		-	-	28,640	840,896	1,147,965	321,779	2,339,280
- effect of adopting FRS 140	6	-	-	(28,640)	-	-	-	(28,640)
At 1 April 2005, restated		-	-	-	840,896	1,147,965	321,779	2,310,640
Charge for the year								
- as previously reported		1,417	1,083	4,191	239,949	271,234	142,702	660,576
- effect of adopting FRS 117	5	(1,417)	-	-	-	-	-	(1,417)
- effect of adopting FRS 140	6	-	-	(4,191)	-	-	-	(4,191)
- as restated		-	1,083	-	239,949	271,234	142,702	654,968
Disposals		-	-	-	(5,047)	-	-	(5,047)
Written off		-	-	-	(1,510)	(1,281)	-	(2,791)
At 31 March 2006/ 1 April 2006, restated		-	1,083	-	1,074,288	1,417,918	464,481	2,957,770
Charge for the year		-	27,036	-	321,471	351,125	141,310	840,942
Disposals		-	-	-	(33,582)	(233,824)	-	(267,406)
Written off		-	-	-	(158,994)	-	-	(158,994)
At 31 March 2007		-	28,119	-	1,203,183	1,535,219	605,791	3,372,312
Carrying amounts								
At 1 April 2005, restated		-	-	-	1,408,926	1,553,847	371,795	3,334,568
At 31 March 2006, restated		-	648,917	-	1,362,827	1,307,599	404,990	3,724,333
At 31 March 2007		-	1,588,758	-	1,981,992	2,633,177	468,030	6,671,957

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Leasehold land RM	Leasehold building RM	Freehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost								
At 1 April 2005								
- as previously reported		-	-	209,563	2,232,615	2,701,812	693,574	5,837,564
- effect of adopting FRS 140	6	-	-	(209,563)	-	-	-	(209,563)
At 1 April 2005, restated		-	-	-	2,232,615	2,701,812	693,574	5,628,001
Additions								
- as previously reported		850,000	650,000	-	130,816	26,225	175,897	1,832,938
- effect of adopting FRS 117	5	(850,000)	-	-	-	-	-	(850,000)
- as restated		-	650,000	-	130,816	26,225	175,897	982,938
Disposals		-	-	-	(12,753)	-	-	(12,753)
Written off		-	-	-	(2,740)	(2,520)	-	(5,260)
At 31 March 2006/ 1 April 2006, restated		-	650,000	-	2,347,938	2,725,517	869,471	6,592,926
Additions		-	966,877	-	1,014,387	1,862,165	204,350	4,047,779
Disposals		-	-	-	(45,745)	(419,286)	-	(465,031)
Written off		-	-	-	(209,055)	-	-	(209,055)
At 31 March 2007		-	1,616,877	-	3,107,525	4,168,396	1,073,821	9,966,619

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Leasehold land RM	Leasehold building RM	Freehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Accumulated Depreciation								
At 1 April 2005								
- as previously reported		-	-	28,640	839,209	1,147,965	321,779	2,337,593
- effect of adopting FRS 140	6	-	-	(28,640)	-	-	-	(28,640)
At 1 April 2005, restated		-	-	-	839,209	1,147,965	321,779	2,308,953
Charge for the year		1,417	1,083	4,191	230,951	271,234	142,702	651,578
- effect of adopting FRS 117	5	(1,417)	-	-	-	-	-	(1,417)
- effect of adopting FRS 140	6	-	-	(4,191)	-	-	-	(4,191)
- as restated		-	1,083	-	230,951	271,234	142,702	645,970
Disposals		-	-	-	(5,047)	-	-	(5,047)
Written off		-	-	-	(1,510)	(1,281)	-	(2,791)
At 31 March 2006/ 1 April 2006, restated		-	1,083	-	1,063,603	1,417,918	464,481	2,947,085
Charge for the year		-	27,036	-	311,041	351,125	141,310	830,512
Disposals		-	-	-	(33,240)	(233,824)	-	(267,064)
Written off		-	-	-	(153,760)	-	-	(153,760)
At 31 March 2007		-	28,119	-	1,187,644	1,535,219	605,791	3,356,773
Carrying amounts								
At 1 April 2005, restated		-	-	-	1,393,406	1,553,847	371,795	3,319,048
At 31 March 2006, restated		-	648,917	-	1,284,335	1,307,599	404,990	3,645,841
At 31 March 2007		-	1,588,758	-	1,919,881	2,633,177	468,030	6,609,846

3. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Leased assets

Included in property, plant and equipment of the Group and the Company are assets acquired under finance lease agreements as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Plant and machineries	1,598,311	60,833	1,598,311	60,833
Motor vehicles	281,458	404,141	281,458	404,141
Electrical equipment, renovation, furniture and fittings	166,977	-	166,977	-

4. **GOODWILL**

	Note	Group 2007 RM	Group 2006 RM
Cost			
At 1 April/ 31 March		386,993	386,993
Amortisation and impairment loss			
At 1 April		135,448	58,049
Amortisation charge for the year	20	-	77,399
Impairment loss	20	251,545	-
At 31 March:			
Accumulated amortisation		135,448	135,448
Accumulated impairment loss		251,545	-
		386,993	135,448
Carrying amount			
At 31 March		-	251,545

The carrying amount of the unit was determined to be higher than its recoverable amount and an impairment loss of RM251,545 (2006: Nil) was recognised. The impairment loss was allocated fully to goodwill.

5. PREPAID LEASE PAYMENTS

Group and Company	Note	Unexpired lease period of more than 50 years 2007 RM	Restated 2006 RM
Leasehold land			
Cost			
At 1 April			
- as previously reported		-	-
- effect of adopting FRS 117	3	850,000	-
- as restated		850,000	-
Addition			
- as previously reported		-	-
- effect of adopting FRS 117	3	-	850,000
- as restated		-	850,000
At 31 March		850,000	850,000
Amortisation			
At 1 April			
- as previously reported		-	-
- effect of adopting FRS 117	3	1,417	-
- as restated		1,417	-
Amortisation for the year			
- as previously reported		-	-
- effect of adopting FRS 117	3	-	1,417
- charge for the year		17,000	-
- as restated	20	17,000	1,417
At 31 March		18,417	1,417
Carrying amount			
At 31 March		831,583	848,583

Title

The title for leasehold land of the Group and of the Company is in the process of being transferred to the Group and the Company.

6. INVESTMENT PROPERTY

Freehold building	Note	Group and Company 2007 RM	Group and Company Restated 2006 RM
Cost			
At 1 April, as previously reported		-	-
Effect of adopting FRS 140	3	209,563	209,563
At 1 April, restated		209,563	209,563
Transfer to assets held for sale	14	(209,563)	-
At 31 March		-	209,563
Depreciation and impairment loss			
At 1 April, as previously reported		-	-
Effect of adopting FRS 140	3	32,831	28,640
At 1 April, restated		32,831	28,640
Depreciation for the year			
- as previously reported		-	-
- effect of adopting FRS 140		-	4,191
- charge for the year	3	4,191	-
- as restated	20	4,191	4,191
Impairment loss	20	42,541	-
Transfer to assets held for sale	14	(79,563)	-
At 31 March		-	32,831
Carrying amounts			
At 31 March		-	176,732
Fair Value			
At 31 March		-	130,000

Valuation

In year 2006, the fair value on investment property was obtained based on Directors' informal enquiries made with registered valuers.

Security

In 2006, the freehold building comprising a condominium unit of the Group and of the Company costing RM209,563 was pledged to a bank for credit facilities granted to the Group and the Company. The Company has secured the discharge on the property pledged during the year.

7. INVESTMENT IN SUBSIDIARIES

	Company 2007 RM	Company 2006 RM
Unquoted shares in Malaysia, at cost	250,004	250,004
Less: Impairment loss	(249,998)	-
	6	250,004

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of company	Principal activities	Effective ownership interest 2007	Effective ownership interest 2006
Genevision (M) Sdn. Bhd.	Design and development of vision inspection system.	100%	100%
FAS Technology Solution Sdn. Bhd.	Design and development of automated industrial equipment.	60%	60%

8. INVESTMENT IN AN ASSOCIATE

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Unquoted shares, at cost	49,000	49,000	49,000	49,000
Share of post-acquisition losses	(49,000)	(49,000)	-	-
	-	-	49,000	49,000
Represented by:				
Group's share of net assets other than goodwill	-	-		

The details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2007	Effective ownership interest 2006	Financial Year End
TGT Technology Limited	Provision of engineering and technical services including designing of machine, machinery equipment and accessories of industrial products	Thailand	49%	49%	31 December

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summary financial information on associates are as follows:-

2007	Revenue (100%) RM	(Loss)/ Profit (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
TGT Technology Limited *	1,342,751	(64,186)	549,327	1,145,121
2006				
TGT Technology Limited ^	1,227,670	219,892	613,230	1,145,711

The Group's share of current year losses of RM31,000 (2006 - profit of RM108,000) and share of cumulative losses of associate of RM293,000 (2006 - RM262,000) for the years subsequent to 31 October 2002 have not been recognised in the Group's income statements as equity accounting ceased with effect from 31 October 2002 when the Group's share of cumulative losses in the associate exceeded the carrying amount of its investment in the associate since the Group has no obligation in respect of these losses.

* Results of this associate was based on audited financial statements as at 31 December 2006 and management financial statements from 1 January 2007 to 31 March 2007. Results of this associate is immaterial to the Group.

^ Results of this associate was based on audited financial statements as at 31 December 2005 and management financial statements from 1 January 2006 to 31 March 2006. Results of this associate is immaterial to the Group.

9. DEFERRED TAX

The recognised deferred tax (assets)/liabilities are as follows:

Group and Company	Property, plant and equipment RM	Unabsorbed capital allowances RM	Unutilised tax losses RM	Other temporary differences RM	Total RM
Deferred tax (assets)/ liabilities					
At 1 April 2005	666,000	-	-	(124,000)	542,000
Recognised in the income statement	(518,000)	-	-	68,000	(450,000)
At 31 March 2006/ 1 April 2006	148,000	-	-	(56,000)	92,000
Recognised in the income statement	(88,000)	(27,000)	(57,000)	35,000	(137,000)
At 31 March 2007	60,000	(27,000)	(57,000)	(21,000)	(45,000)

9. DEFERRED TAX (CONTINUED)

In recognising the deferred tax assets attributable to unutilised tax losses carry-forward and unabsorbed capital allowances carry-forward, the Directors made assumptions that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised and that there will be future taxable profits available in the Company to utilise these benefits.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2007 RM	**2006 RM**
Unabsorbed capital allowances	(43,000)	(34,000)
Unutilised tax losses	(467,000)	(287,000)
Other temporary differences	(312,000)	24,000
	(822,000)	(297,000)

The unutilised tax losses, unabsorbed capital allowances and other temporary differences do not expire under current tax legislation unless there is a significant change of more than 50% in the shareholders of the entities in the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available in these companies against which the Group can utilise the benefits.

10. INVENTORIES

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
At cost:				
Raw materials	111,573	98,346	111,573	98,346
Consumables	2,777,431	1,629,717	2,721,459	1,629,717
Work-in-progress	5,263,942	2,515,516	5,263,942	2,272,454
Finished goods	-	229,135	-	-
	8,152,946	4,472,714	8,096,974	4,000,517
At net realisable value:				
Work-in-progress	233,885	247,790	68,308	247,790
Finished goods	112,007	-	-	-
	8,498,838	4,720,504	8,165,282	4,248,307

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade				
Trade receivables	7,821,307	14,525,747	7,578,332	14,406,031
Less: Allowance for doubtful debts	(684,634)	(751,704)	(684,634)	(751,704)
	7,136,673	13,774,043	6,893,698	13,654,327
Non-trade				
Other receivables	113,378	76,307	113,378	71,626
Deposits	170,655	146,070	162,125	136,980
Prepayments	2,128,440	343,287	2,124,540	339,035
	9,549,146	14,339,707	9,293,741	14,201,968

11.1 Bad debts written off against allowance for doubtful debts during the year amounted to RM67,070 (2006: Nil).

11.2 Included in prepayments of the Group and of the Company are the following:

i) an amount of RM1,373,860 (2006: Nil) being advances paid to suppliers for goods acquired; and
ii) an amount of RM183,500 (2006: Nil) in respect of deposit paid for the land to be acquired from KVC Industrial Supplies Sdn. Bhd., a wholly owned subsidiary of the affiliate company, ATIS Corporation Berhad.

12. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Amounts due from subsidiaries	1,888,620	991,722
Less: Allowance for doubtful debts	(1,290,461)	-
	598,159	991,722

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment. The amounts are non-trade in nature except for an amount of RM44,015 (2006 - RM19,015) which is trade in nature.

13. AMOUNT DUE FROM AN ASSOCIATE

	Group and Company 2007 RM	Group and Company 2006 RM
Amount due from an associate- trade	843,051	888,096
Less: Allowance for doubtful debts	(294,388)	-
	548,663	888,096

14. ASSETS CLASSIFIED AS HELD FOR SALE

A freehold building held under Genetec Technology Berhad is presented as assets classified as held for sale following the commitment of the Company's management to plan to sell the building to a third party. However, the title deed is still pending issuance by the relevant authorities.

Assets classified as held for sale comprise:-

	Note	Group and Company 2007 RM
Investment property		
Cost	6	209,563
Accumulated depreciation and impairment loss	6	(79,563)
		130,000

15. CASH AND CASH EQUIVALENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Deposit placed with a licensed bank	700,000	2,000,000	700,000	2,000,000
Cash and bank balances	2,728,027	4,793,830	2,655,556	4,499,154
	3,428,027	6,793,830	3,355,556	6,499,154

16. SHARE CAPITAL AND RESERVES

16.1 Share capital

	Group and Company			
	Number of shares		Amount	
	2007	2006	2007 RM	2006 RM
Ordinary shares of RM0.10 each :				
Authorised:				
At 1 April	250,000,000	1,000,000	25,000,000	1,000,000
Created during the year	-	24,000,000	-	24,000,000
Subdivision*	-	225,000,000	-	-
At 31 March	250,000,000	250,000,000	25,000,000	25,000,000
Issued and fully paid:				
At 1 April	120,000,000	1,000,000	12,000,000	1,000,000
Issued during the year:				
Bonus issue	-	3,800,000	-	3,800,000
Subdivision*	-	43,200,000	-	-
Rights issue	-	42,000,000	-	4,200,000
Private placement issue	-	22,000,000	-	2,200,000
Public issue	-	8,000,000	-	800,000
ESOS exercised	140,000	-	14,000	-
At 31 March	120,140,000	120,000,000	12,014,000	12,000,000

* In 2006, the ordinary shares of RM1.00 each previously were sub-divided into RM0.10 per ordinary share.

The Company has also issued share options (see note 17).

16.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

16.3 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank in full its retained profits at 31 March 2007, if paid out as dividends.

17. EMPLOYEE BENEFITS

Share-based payments

On 16 September 2005, the Group established a share option scheme that entitles eligible employees and Directors of the Group to purchase shares in the Company. On 19 October 2005, the Company granted the options to eligible employees and Directors at an exercise price of RM0.30 each for an ordinary share of RM0.10 each.

The terms and conditions of the grants are as follows:

Grant date	Number of instruments '000	Vesting conditions	Contractual life of options
19 October 2005	11,653	Exerciseable 1 year after listing date	5 years

The number of share options is as follows:

	Group and Company 2007 '000	2006 '000
Outstanding at 1 April	10,798	-
Granted during the year	-	11,653
Lapsed due to resignation	(802)	(855)
Exercised during the year	(140)	-
Outstanding at 31 March	9,856	10,798
Exercisable at 31 March	9,856	10,798

The options outstanding at 31 March 2007 have a remaining contractual life of approximately 3.5 years.

During the year, 140,000 share options were exercised (2006 - Nil). The weighted average share price for the year was RM0.41 (2006 - RM0.40).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a black scholes model.

Fair Value of share options and assumptions

	Group and Company 2006
Fair value at grant date	RM 0.18
Weighted average share price	RM 0.40
Exercise price	RM 0.30
Expected volatility (weighted average volatility)	47%
Option life (expected weighted average life)	5 years

17. EMPLOYEE BENEFITS (CONTINUED)

Share-based payments (continued)

Value of employee services received for issue of share options

	Group and Company	
	2007 RM	**2006 RM**
Share options granted in 2005	1,225,000	875,000
Total expense recognised as share-based payments	1,225,000	875,000

18. BORROWINGS

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Non-current:				
Finance lease liabilities	987,511	202,910	987,511	202,910
Current:				
Bankers' acceptances	2,170,000	3,416,000	2,170,000	3,416,000
Finance lease liabilities	683,734	129,699	683,734	129,699
	2,853,734	3,545,699	2,853,734	3,545,699

18.1 In 2006, the Group and Company's bankers' acceptances were supported by corporate guarantee from ATIS Corporation Berhad. In 2007, the corporate guarantee was released by the lender bank.

18.2 The bankers' acceptances bear interest at 0.85% to 1.00% (2006 - 0.85% to 1.00%) per annum above the lender banks' cost of funds.

Finance lease liabilities

Finance lease payments are payable as follows:

	2007			2006		
Group and Company	**Minimum lease payment RM**	**Interest RM**	**Principal RM**	**Minimum lease payments RM**	**Interest RM**	**Principal RM**
Less than one year	766,275	(82,541)	683,734	144,697	(14,998)	129,699
Between one and two years	712,428	(40,227)	672,201	110,355	(8,038)	102,317
Between two and five years	320,966	(5,656)	315,310	105,544	(4,951)	100,593
	1,799,669	(128,424)	1,671,245	360,596	(27,987)	332,609

The hire purchase liabilities are subject to a fixed interest rate ranging from 2.60% to 4.25% (2006 - 2.60% to 4.25%) per annum.

19. PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade				
Trade payables	7,263,745	4,942,856	7,158,558	4,885,325
Non-trade				
Other payables	428,041	642,543	426,434	262,018
Accruals	564,986	485,738	503,011	363,480
	8,256,772	6,071,137	8,088,003	5,510,823

19.1 Contract work-in-progress

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Aggregate cost incurred to date	2,896,751	-	2,896,751	-
Add: Attributable profits	741,757	-	741,757	-
	3,638,508	-	3,638,508	-
Less: Progress billings	(3,638,508)	-	(3,638,508)	-
Customer advances for contract work-in-progress	-	-	-	-
Additions to aggregate costs incurred during the year include:				
Staff cost	45,347	-	45,347	-
Depreciation of property, plant and equipment	10,146	-	10,146	-
Rental of factory	7,512	-	7,512	-

19.2 Included in other payables and accruals of the Group in 2006 was an amount of RM380,461 due to a Director of a subsidiary. The amount due to the Director was non-trade in nature, unsecured, interest free and has no fixed terms of repayment. The amount was fully settled during the year.

20. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	RM	RM	RM	RM
Revenue				
- goods sold	19,803,736	38,259,849	18,505,881	37,270,349
- contract	3,638,508	-	3,638,508	-
	23,442,244	38,259,849	22,144,389	37,270,349
Cost of goods				
- goods sold	(20,791,155)	(31,859,289)	(19,084,889)	(31,212,878)
- contract	(2,896,751)	-	(2,896,751)	-
	(23,687,906)	(31,859,289)	(21,981,640)	(31,212,878)
Gross (loss)/profit	(245,662)	6,400,560	162,749	6,057,471
(Loss)/profit before tax is arrived at after crediting:				
Gain on disposal of property, plant and equipment	-	494	-	494
Gain on foreign exchange				
- realised	297,004	68,793	297,004	66,323
- unrealised	62,997	-	62,997	-
Rental income from condominium	-	9,900	-	9,900
Bad debts recovered	-	1,589	-	1,589
Reversal of allowance for doubtful debts				
- third parties	-	3,000	-	3,000
Interest income from deposits	95,713	136,028	95,713	136,028
and after charging:				
Allowance for doubtful debts				
- subsidiaries	-	-	1,290,461	-
- associates	294,388	-	294,388	-
- third parties	-	74,215	-	74,215
Amortisation of				
- goodwill	-	77,399	-	-
- prepaid lease payments	17,000	1,417	17,000	1,417
Auditors' remuneration				
- statutory audit	26,500	27,000	22,500	20,500
- other services	5,000	5,000	5,000	5,000
Bad debts written off	67,070	-	67,070	-
Depreciation				
- property, plant and equipment	840,942	654,968	830,512	645,970
- investment property	4,191	4,191	4,191	4,191
Impairment loss				
- goodwill	251,545	-	-	-
- investment property	42,541	-	42,541	-
- investment in subsidiaries	-	-	249,998	-

20. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

	Group 2007 RM	Group Restated 2006 RM	Company 2007 RM	Company Restated 2006 RM
Interest expense				
- bank overdrafts	158	15,196	158	15,169
- finance lease	75,525	24,180	75,525	24,180
- bankers' acceptances	155,645	217,571	155,645	217,571
Inventories written down	350,000	-	-	-
Loss on disposal of property, plant and equipment	6,972	-	6,604	-
Loss on foreign exchange				
- realised	606,161	199,600	588,695	199,600
- unrealised	-	176,126	-	176,126
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	464,605	433,521	424,170	387,819
- Wages, salaries and others	4,565,655	3,968,495	4,217,843	3,579,466
- Share-based payments	1,225,000	875,000	1,225,000	875,000
Property, plant and equipment written off	76,191	2,469	55,295	2,469
Rental of premises	410,746	386,160	377,246	362,300
Direct operating expenses of investment property				
- generating rental income	1,820	1,413	1,820	1,413

21. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Directors:				
- Remuneration	517,942	367,773	405,266	367,773
- Fees	30,000	30,000	30,000	30,000
- Other employee benefits (including estimated monetary value of benefits-in-kind)	13,600	19,900	13,600	19,900
Total short term employee benefits	561,542	417,673	448,866	417,673
Share-based payments	483,537	345,383	462,513	330,367
	1,045,079	763,056	911,379	748,040

22. TAX EXPENSE

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	RM	RM	RM	RM
Income tax expense				
- current year	-	295,000	-	295,000
- overprovision in prior year	(254,561)	(141,000)	(254,561)	(141,000)
	(254,561)	154,000	(254,561)	154,000
Deferred tax expense				
- origination and reversal of temporary differences	12,000	(69,000)	12,000	(69,000)
- overprovision in prior year	(149,000)	(381,000)	(149,000)	(381,000)
	(137,000)	(450,000)	(137,000)	(450,000)
	(391,561)	(296,000)	(391,561)	(296,000)
Reconciliation of effective tax expense				
(Loss)/Profit before taxation	(5,580,387)	1,597,617	(6,104,387)	1,941,602
Income tax using Malaysian tax rates	(1,506,704)	447,333	(1,648,184)	543,648
Non-deductible expenses	613,279	330,571	896,509	263,256
Tax incentives	-	(580,904)	-	(580,904)
Reduction in deferred tax as a result of changes in proportion of non-pioneer business	763,675	-	763,675	-
Effect of deferred tax asset not recognised in current year	141,750	29,000	-	-
	12,000	226,000	12,000	226,000
Overprovision in prior year	(403,561)	(522,000)	(403,561)	(522,000)
Tax expense	(391,561)	(296,000)	(391,561)	(296,000)

With effect from year of assessment 2004, the Malaysian tax rate is based on 20% on chargeable income up to RM500,000 for small and medium scale companies with paid up capital of RM2.5million and below. The Malaysian tax rate on chargeable income in excess of RM500,000 remains at 28%.

With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2007 also announced the reduction of corporate tax rate to 26% for 2008. Consequently, deferred tax assets and liabilities are measured using these tax rates.

23. (LOSS)/EARNINGS PER ORDINARY SHARE - GROUP

23.1 Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 March 2007 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
		Restated
	2007	2006
	RM	RM
(Loss)/profit for the year attributable to ordinary shareholders	(5,188,826)	1,893,617

Weighted average number of ordinary shares

	2007	2006
Issued ordinary shares at 1 April	120,000,000	1,000,000
Effect of share sub-division	-	43,200,000
Effect of bonus issue	-	3,800,000
Effect of rights issue, including element of bonus	-	32,554,521
Private placement issue	-	8,679,452
Public issue	-	3,156,164
Effect of exercise of share option under ESOS	40,521	-
Weighted average number of ordinary shares at 31 March	120,040,521	92,390,137

		Restated
	2007	2006
	Sen	Sen
Basic (loss)/ earnings per ordinary share	(4.32)	2.05

23.2 Diluted (loss)/earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March 2006 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
		Restated
	2007	2006
	RM	RM
(Loss)/profit for the year attributable to ordinary shareholders	(5,188,826)	1,893,617

23. (LOSS)/EARNINGS PER ORDINARY SHARE - GROUP (CONTINUED)

23.2 Diluted (loss)/earnings per ordinary share (continued)

Weighted average number of ordinary shares (diluted)

	2007	2006
Weighted average number of ordinary shares at 31 March	120,040,521	92,390,137
Effect of dilution on share options under ESOS	- *	1,267,000
Weighted average number of ordinary shares (diluted) at 31 March	120,040,521	93,657,137

	2007 Sen	Restated 2006 Sen
Diluted (loss)/ earnings per ordinary share	(4.32) *	2.02

* As the conversion of the options issued would be antidilutive; accordingly the basic and diluted loss per share are the same at 31 March 2007.

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market price for the period that the options were outstanding.

The basic and diluted earnings per ordinary share for 2006 have been restated to take into account the effect of the share-based payments charges arising from the adoption from FRS 2, Share-based payments.

24. SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segmental information is not provided as the Group is principally engaged in the industrial automation segment and its operations are carried out solely in Malaysia.

25. OPERATING LEASE

Lease as lessee

Total future minimum lease payments under non-cancellable operating lease are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Less than one year	399,165	354,900	399,165	354,900
Between one and five years	412,620	89,700	412,620	89,700
	811,785	444,600	811,785	444,600

The Group leases a property under operating lease. The lease runs for an initial period of 3 years with an option to renew the lease thereafter. The Group has renewed the lease for another period of 2 years. The lease does not include contingent rentals.

26. CAPITAL COMMITMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Property, plant and equipment				
Contracted but not provided for in the financial statements and payable within one year	1,651,500	-	1,651,500	-

27. RELATED PARTIES

27.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see Note 7), associate (Note 8), affiliate company (Note 11) and Directors.

27.2 Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation is disclosed in note 21.

27. RELATED PARTIES (CONTINUED)

27.3 Other related party transactions

Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Subsidiary				
FAS Technology Solution Sdn. Bhd.				
Sales	-	-	(25,000)	(20,324)
Former related companies				
Genetec Plastic Technology (M) Sdn. Bhd.				
Purchases	349,890	935,263	349,890	935,263
KVC Industrial Supplies Sdn. Bhd.				
Purchases	587,635	353,882	587,635	353,882
Management fee paid	103,800	103,800	103,800	103,800
R&R Industrial Products (M) Sdn. Bhd.				
Purchases	3,839	535,356	3,839	535,356
TSA Industries Sdn. Bhd.				
Purchases	8,161	12,871	8,161	12,871
Sales	(18,250)	(77,109)	(18,250)	(77,109)
KVC Industrial Supplies (Melaka) Sdn. Bhd.				
Purchases	13,253	-	13,253	-
KVC Industrial Supplies (Penang) Sdn. Bhd.				
Purchases	1,074	-	1,074	-
Associate				
TGT Technology Limited				
Servicing fee	650,000	900,000	650,000	900,000
Purchases	101,726	-	101,726	-

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risks arising from the Group and Company's financial instruments are liquidity risk, credit risk, foreign currency risk and interest rate risk. The Group and Company's normal practice for managing each of these risks are summarised below:

Liquidity risk

In the management of liquidity risk, the Group and Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group and Company's operations and mitigate the effects of fluctuations in cash flows.

Credit risk

The exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented in the balance sheet.

At balance sheet date, a significant concentration of credit risk arises in respect of debts owing from 4 (2006 : 4) major customers amounting to RM4.3 million (2006 - RM12.4 million) of the total trade receivables of the Group and Company. The Directors are closely monitoring the Group's credit risk exposure to these major customers and are confident in recovering these amounts.

Foreign currency risk

The Group and Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. In the management of foreign currency risk, the Group and Company enter into foreign currency forward contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

Interest rate risk

The Group and Company place cash balances with reputable banks to generate interest income for the Group and Company. The Group and Company manage its interest rate risk by placing such balances on varying maturities and interest rate terms.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Group and Company	2007 Effective interest rate per annum %	2007 Total RM	2007 Within 1 year RM	2006 Effective interest rate per annum %	2006 Total RM	2006 Within 1 year RM
Financial asset						
Deposit placed with a licensed bank	2.6	700,000	700,000	2.5	2,000,000	2,000,000
Financial liability						
Bankers' acceptances	4.2	2,170,000	2,170,000	3.6	3,416,000	3,416,000

Fair values

The carrying amount of cash and cash equivalent, receivables, deposits, payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

29. SIGNIFICANT EVENT DURING THE YEAR

On 28 July 2006, the Company entered into a conditional Sale and Purchase Agreement with KVC Industrial Supplies Sdn. Bhd., a wholly owned subsidiary of its affiliated company to acquire a parcel of leasehold land for a cash consideration of RM1,835,000. As at 31 March 2007, an amount of RM183,500 has been paid as deposit.

The acquisition of the above land has yet to be completed as at the date of this report.

30. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Additional investment in a subsidiary

On 30 April 2007, the Company acquired an additional 4 ordinary shares of RM1.00 each in FAS Technology Solution Sdn. Bhd. representing the balance of 40% of the issued and paid-up share capital of FAS Technology Solution Sdn. Bhd. not already held by the Company for a cash consideration of RM1.

Subsequent to the acquisition, FAS Technology Solution Sdn. Bhd. became a wholly-owned subsidiary of the Company.

31. CHANGES IN ACCOUNTING POLICIES

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2007.

The effect of changes in accounting policies arising from the adoption and early adoption of the new and revised FRS are summarised below:

31.1 FRS 2, Share-based Payment

In accordance with the transitional provisions, FRS 2 has been applied to all grants after 1 January 2005. The adoption of FRS 2 has resulted in a change in the Group's accounting policy for share-based payments, whereby the Group charges the cost of share options to the income statement. The change in accounting policy is made in accordance with their transitional provisions.

The adoption of FRS 2 resulted in:

	Group and Company	
		Restated
	2007	2006
	RM	RM
Income statement for the year ended 31 March		
Increase in costs of sales	565,352	403,823
Increase in administration expenses	608,663	434,759
Increase in distribution expenses	50,985	36,418
	1,225,000	875,000
Balance sheet at 31 March		
Cumulative decrease in opening retained earnings	(875,000)	-
Cumulative increase in opening share option reserves	875,000	-

	Group	
		Restated
	2007	2006
	Sen	Sen
Earnings per share		
(Increase)/decrease in basic (loss)/ earnings per share	(1.02)	0.95
Decrease in diluted earnings per share	N/A	0.94

31.2 FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS138, Intangible Assets

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy for goodwill. The change in accounting policy is made in accordance with their transitional provisions.

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired.

31. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.2 FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS138, Intangible Assets (continued)

With the adoption of the new FRS impairment loss on goodwill of RM251,545 has been recognised in the financial year ended 31 March 2007.

31.3 FRS 117, Leases

The adoption of FRS 117, Leases has resulted in a retrospective change in accounting policy relating to the classification of long term leasehold land. The up-front payment made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 April 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated amortisation.

As a result of the adoption of FRS 117 at 1 April 2006, the carrying value of leasehold land which is held under operating lease has now been classified to prepaid lease payments as a separate line item in the balance sheets.

31.4 FRS 140, Investment Property

The adoption of FRS 140, Investment Property has resulted in a retrospective change in the classification of freehold building held as investment property. The freehold building was previously classified as property, plant and equipment and was stated at cost less accumulated depreciation and accumulated impairment losses.

As a result of the adoption of FRS 140 at 1 April 2006, the Group's carrying value of freehold building held as investment property has now been reclassified to investment properties as a separate line item in the balance sheets.

32. COMPARATIVE FIGURES

32.1 Changes in comparatives figures

Certain comparative figures have been reclassified as a result of the changes in accounting policies stated in note 31 and to conform with the presentation requirements of FRS 101 as set out below:

	Group		Company	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
Balance sheet				
Property, plant and equipment	3,724,333	4,749,648	3,645,841	4,671,156
Prepaid lease payments	848,583	-	848,583	-
Investment property	176,732	-	176,732	-
Income statement				
Cost of sales	31,859,289	31,455,466	31,212,878	30,809,055
Distribution expenses	1,649,572	1,613,154	1,629,773	1,593,355
Administration expenses	2,684,211	2,249,452	2,095,078	1,660,319
Statement of changes in equity				
Share option reserves	875,000	-	875,000	-
Retained profit	4,994,247	5,869,247	5,610,638	6,485,638
Cash flow statement				
Depreciation of property, plant and equipment	654,968	660,576	645,970	651,578
Amortisation of prepaid lease payments	1,417	-	1,417	-
Depreciation of investment property	4,191	-	4,191	-
Share-based payments	875,000	-	875,000	-

32.2 FRS 3, Business Combinations

Followings the adoption of FRS 3, Business Combinations, minority interest was reclassified into equity, likewise in arriving at (loss)/profit for the year minority interest was not deducted.

Directors' Responsibility Statement

The Directors are responsible for the preparation of financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have made judgements and estimates that are reasonable and prudent and adopted suitable accounting policies and applied them consistently.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

List of Properties Held

as at 31 March 2007

No.	Address	Approximate tenure/ Year of expiry	Description/ Existing use	Land area/Built-up area (sq. ft.)	Net book value @ 31.03.07 (RM'000)	Age of building (years)	Date of acquisition
1.	A23-03A, Type B Storey No 23, Block A Kenanga Point Jalan Gelugor, 55200 Wilayah Persekutuan.	-	Freehold Condominium/ Vacant	-*/861	130	10	9 June 98
2.	No. 59, Jalan P/21 Selaman Industrial Park Seksyen 10, 43650 Bandar Baru Bangi Selangor Darul Ehsan.	99 years expiring in 2098	Leasehold 1½ -storey detached factory/office building	22,723/ 13,603	2,421	2	20 March 06

Note:

* The strata title to the land has yet to be divided by the relevant authorities. As such, the land area is currently unavailable.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of proceeds from corporate proposal**

The status of utilisation of total gross proceeds of RM13.20 million arising from the rights issue and public issue pursuant to the listing of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad as at 31 March 2007 is as follows:

Purpose	Gross proceeds raised RM'000	Utilisation of Proceeds as at 31 March 2007 RM'000	Balance RM'000
Working capital	9,858[1]	9,358	500
Estimated listing expenses	1,200	1,200	-
TOTAL	**11,058[2]**	**10,558**	**500**

Notes:

[1] Out of the total amount of RM9.86 million, Genetec Technology Berhad (**"GT"**) has estimated that it would spend approximately RM2.00 million towards the designing and building of Research & Development equipment/systems as demonstration sets for marketing purposes

[2] Net of RM2.14 million owed by GT to ATIS Corporation Berhad, a substantial shareholder of GT, from the gross proceeds raised from GT's rights issue of RM4.20 million

2. **Share buy-backs**

During the financial year, the Company did not enter into any share buy-back transaction.

3. **Options, warrants and convertible securities**

There were no exercise of options, warrants and convertible securities exercised during the financial period other than that offered under the Employees' Share Option Scheme as disclosed in the Directors' Report and Note 16 to the Audited Financial Statements.

4. **Depository receipt programme**

During the financial year under review, the Company did not sponsor any depository receipt programme.

5. **Sanctions and/or penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. **Non-audit fees**

The amount of non-audit fees paid out or payable to external auditors by the Group for the financial year ended 31 March 2007 was RM5,000 (2006 : RM5,000)

7. **Profit estimate, forecast or projection**

The Company did not release any profit estimate, forecast or projection for the financial year.

8. **Variation in results**

There is no significant variance between the results for the financial year and the unaudited results previously released by the Company.

9. **Profit guarantee**

No profit guarantee had been received by the Company in respect of the financial year.

10. **Material contracts**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests except for the following:

On 28 July 2006, the Company entered into a conditional Sale and Purchase Agreement with KVC Industrial Supplies Sdn. Bhd., a wholly owned subsidiary of its affiliated company to acquire a parcel of leasehold land for a cash consideration of RM1,835,000. As at 31 March 2007, an amount of RM183,500 has been paid as deposit.

The acquisition of the above land has yet to be completed as at the date of this report.

ADDITIONAL COMPLIANCE INFORMATION

11. Material contracts relating to loans

There were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

12. Revaluation policy on landed properties

The Group does not revalue its landed properties.

13. Recurrent Related Party Transactions

The significant recurrent related party transactions conducted during the financial year ended 31 March 2007 were as follows:

Related Parties	Relationship with GT Group	Nature of Transactions with GT Group	Amount (RM)
1. Genetec Plastic Technology (M) Sdn Bhd ("**GPT**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also a Director and an indirect major shareholder of GPT. Chin Kem Weng is a Director and also a major shareholder of GT. He is also a Director of GPT.	Purchase of fabrication parts	349,890
2. KVC Industrial Supplies Sdn Bhd ("**KVC**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also an indirect major shareholder of KVC.	Purchase of electrical components Management fee	587,635 103,800
3. R&R Industrial Products (M) Sdn Bhd ("**R&R**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also an indirect major shareholder of R&R.	Purchase of electrical components	3,839
4. TSA Industries Sdn Bhd ("**TSA**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also an indirect major shareholder of TSA.	Purchase of industrial hardware Sale of fabrication parts	8,161 (18,250)
5. KVC Industrial Supplies (Melaka) Sdn Bhd ("**KVC MLK**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also an indirect major shareholder of KVC MLK.	Purchase of electrical components	13,253
6. KVC Industrial Supplies (Penang) Sdn Bhd ("**KVC PG**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also an indirect major shareholder of KVC PG.	Purchase of electrical components	1,074
7. TGT Technology Limited ("**TGT**")	Chen Khai Voon is a Director of GT and an indirect major shareholder of GT. He is also a Director and an indirect major shareholder of TGT. Chin Kem Weng is a Director and also a major shareholder of GT. He is also a Director and an indirect major shareholder of TGT.	Servicing fees for designing machines Purchase of electrical components	650,000 101,726

Analysis of Shareholdings

as at 17 July 2007

SHARE CAPITAL

Authorised Share Capital	:	RM25,000,000 divided into 250,000,000 Ordinary Shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM12,014,000 divided into 120,140,000 Ordinary Shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Category	No. of Holders	No. of Shares	Percentage (%)
1 – 99	1	50	0.00
100 – 1,000	30	14,100	0.01
1,001 – 10,000	133	799,850	0.67
10,001 – 100,000	116	3,980,100	3.31
100,001 – 6,006,999	27	25,345,900	21.10
6,007,000 and above (5% of issued securities)	2	90,000,000	74.91
Total	**309**	**120,140,000**	**100.00**

DIRECTORS' SHAREHOLDINGS
(as per Register of Directors' Shareholdings)

	Direct		Indirect	
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain	-	-	-	-
Choong Khoong Liang	-	-	-	-
Chen Khai Voon	-	-	45,900,000*	38.21
Chin Kem Weng	44,100,000	36.71	-	-
Tan Kok Ang	-	-	-	-
Ong Phoe Be (f)	-	-	-	-

Note: *Deemed interest pursuant to Section 6A of the Companies Act, 1965 **("Act")**

Other than as stated above, there has been no change in the deemed interest of Directors in related companies as disclosed in page 22 of this Annual Report.

The options granted to the Directors pursuant to the Company's Employees' Share Option Scheme are set out in page 22 of this Annual Report. There has been no changes in the options held since the close of the financial year ended 31 March 2007.

SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

	Direct		Indirect	
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
ATIS Corporation Berhad	45,900,000	38.21	-	-
Chin Kem Weng	44,100,000	36.71	-	-
Chen Khai Voon	-	-	45,900,000[(1)]	38.21
Evolusi Impian Sdn Bhd	-	-	45,900,000[(2)]	38.21

Notes :
[(1)] Deemed interest by virtue of his substantial shareholdings in ATIS Corporation Berhad **("ATIS")** and Evolusi Impian Sdn Bhd pursuant to Section 6A of the Act.
[(2)] Deemed interest by virtue of its substantial shareholdings in ATIS pursuant to Section 6A of the Act.

30 LARGEST SHAREHOLDERS

Name	No. of Shares Held	Percentage (%)
1. ATIS Corporation Berhad	45,900,000	38.21
2. Chin Kem Weng	44,100,000	36.71
3. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Siow Khien Meng (SFC)	4,500,000	3.75
4. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Rosfaizal Bin Rosli (SFC)	4,000,000	3.33
5. Wannee Boonyasiriwat	2,150,000	1.79
6. Shaari Bin Haron	1,950,400	1.62
7. Yap Wan Loong	1,499,900	1.25
8. Allen Lik-Hook Ting	1,260,000	1.05
9. Chin Lee Heong	1,032,700	0.86
10. Mayban Securities Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Low Mei Loon (Dealer 072)	1,000,000	0.83
11. Yap Kien Leong	956,500	0.80
12. Yoh Sow Cheong	931,200	0.77
13. Ngu Liong Ting	868,400	0.72
14. Song Kok Full	850,000	0.71
15. Siow Khien Meng	701,900	0.58
16. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Ooi Eng Sun (SFC)	700,000	0.58
17. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Sow Ewe Lee (SFC)	466,000	0.39
18. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Yeo Teik Hock (SFC)	375,000	0.31
19. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Lim Ghee Tatt (SFC)	370,000	0.31
20. Yeo Chong Kiat	356,700	0.30
21. Chin Lee Heong	296,000	0.25
22. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Goh Yik Yong (SFC)	155,000	0.13
23. Kam Lee Huar	148,000	0.12
24. Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lai Nyok Pek	146,500	0.12
25. DB (Malaysia) Nominee (Asing) Sdn Bhd Qualifier: Deutsche Bank Ag London	144,100	0.12
26. Lim Kar Hwa	142,000	0.12
27. Gillian Kung @ Kung Fern Ling	128,100	0.10
28. Wong Yew Gen	117,000	0.10
29. Chong Kwong Yuen	100,500	0.08
30. Lee Hock Heng	100,000	0.08
Total	**115,445,900**	**96.09**

Corporate Directory

GENETEC TECHNOLOGY BERHAD
(Co. No. 445537-W)
Lot 1, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel 603 8926 6388
Fax 603 8926 9689

FAS TECHNOLOGY SOLUTION SDN BHD
(Co. No. 670298-U)
Lot 1, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel 603 8926 6388
Fax 603 8926 9689

GENEVISION (M) SDN BHD
(Co. No. 481528-M)
Lot 1, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel 603 8926 6388
Fax 603 8926 9689

TGT TECHNOLOGY LIMITED
(Co. No. 10454501602)
9/37 Village No.5
Unit 2B2, Phaholyothin Road
Klong Nueng, Klong Luang
Pathumthani, 12120 Thailand
Tel 66 2 902 2203
Fax 66 2 902 2206

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Genetec Technology Berhad (the **"Company"**) will be held at Multi-Purpose Halls 1 & 2, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, on Wednesday, 19 September 2007 at 11.30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2007 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire pursuant to Article 92 of the Company's Articles of Association:-

   2.1 Mr Chin Kem Weng **Ordinary Resolution 1**
   2.2 Mr Tan Kok Ang **Ordinary Resolution 2**

3. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 3**

AS SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following resolutions with or without modifications thereto:-

4. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting **("AGM")** and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue." **Ordinary Resolution 4**

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("PROPOSED SHAREHOLDERS' MANDATE")**

   "THAT subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities")** for the MESDAQ Market, approval be given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2 of the Circular to Shareholders dated 27 August 2007 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the non-interested shareholders of the Company and that such authority shall continue to be in force until:-

   (a) the conclusion of the next AGM of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or

   (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

   (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

   whichever is the earlier.

   AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate." **Ordinary Resolution 5**

6. **PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION**

"THAT the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A set out in pages 83 to 88 of the 2007 Annual Report be hereby approved."

Special Resolution 1

BY ORDER OF THE BOARD
LEONG OI WAH (MAICSA 7023802)
WONG CHOOI FUN (MAICSA 7027549)
Secretaries

Selangor Darul Ehsan
Date: 27 August 2007

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.

2. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Wisma KVC, Lot 3, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

5. **EXPLANATORY NOTES ON SPECIAL BUSINESS**

(i) ORDINARY RESOLUTION 4 - **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

This Resolution if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The rationale for this resolution is to eliminate the need to convene separate general meeting(s) from time to time to seek members' approval as and when the Company issues new shares and thereby reducing administrative time and costs associated with the convening of such meeting(s).

(ii) ORDINARY RESOLUTION 5 - **PROPOSED SHAREHOLDERS' MANDATE**

Please refer to the Circular to Shareholders for the Proposed Shareholders' Mandate dated 27 August 2007 which is despatched together with the 2007 Annual Report for detailed information.

(iii) SPECIAL RESOLUTION 1 - **PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION**

This Resolution is to amend the Company's Articles of Association in line with the Listing Requirements of Bursa Securities for MESDAQ Market and further enhancements on the existing Articles of Association.

PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION

"THAT the following Articles of Association of the Company be amended as follows:-

ARTICLE NO.	EXISTING		AMENDED	
2. Definitions	**WORDS**	**MEANINGS**	**WORDS**	**MEANINGS**
	Bursa Depository	: Bursa Malaysia Depository Sdn Bhd	Bursa Depository	: Bursa Malaysia Depository Sdn Bhd **(165570-W) including any further change to its name.**
	Bursa Securities	: Bursa Malaysia Securities Berhad and any other exchange where the shares and Securities in the Company are listed or quoted.	Bursa Securities	: Bursa Malaysia Securities Berha ~~and any other exchange~~ **(635998-W) (including any further change to its name)** where the shares and Securities in the Company are listed or quoted.
	Depositor	: a holder of a Securities Account.	Depositor	: a holder of a Securities Account **established by the Bursa Depository.**
	Market Day	: a day on which the Bursa Securities is open for trading in Securities.	Market Day	: a day on which ~~the Bursa Securities~~ **MESDAQ Market** is open for trading in Securities.
	Foreign Register	: the register of foreign shareholders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place.	Foreign Register	: Deleted.
8. Issue of preference shares	Subject to the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are or at the option of the Company, are liable to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith. The Company may also on any issue of shares pay brokerage as may be lawful.		Subject to the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are or at the option of the Company, are liable to be redeemed ~~but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time~~ and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith. The Company may also on any issue of shares pay brokerage as may be lawful.	

ARTICLE NO.	EXISTING	AMENDED
10. Rights of preference shareholders	(2) A holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up. (3) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports, audited accounts and attending general meetings.	~~(2) A holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.~~ ~~(3)~~ <u>(2)</u> A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports, audited accounts and attending general meetings.
44. Transmission of Securities from Foreign Register	(1) Where:- (a) the Securities of the Company are listed on a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998 ("the Approved Market Place"); and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of such Securities held by such Securities holder from the Foreign Register to the register of holders maintained by the registrar of the Company in Malaysia ("the Malaysian Register") subject to the following conditions:- (i) there shall be no change in the ownership of such Securities; and (ii) the transmission shall be executed by causing such Securities to be credited directly into the Securities Account of such Securities holder. (2) Notwithstanding the fulfillment of the requirements in paragraphs (a) and (b) in Article 44 (1) above, there shall be no transmission of Securities from the Malaysian Register into the Foreign Register.	(1) Where:- (a) the Securities of the Company are listed on ~~a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998 ("the~~ <u>an</u> Approved Market Place~~")~~; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of such Securities held by such Securities holder from the <u>register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register")</u>, to the register of holders maintained by the registrar of the Company in Malaysia ("the Malaysian Register") <u>provided that there shall be no change in the ownership of such Securities.</u> ~~(i) there shall be no change in the ownership of such Securities; and~~ ~~(ii) the transmission shall be executed by causing such Securities to be credited directly into the Securities Account of such Securities holder.~~ (2) Notwithstanding the fulfillment of the requirements in paragraphs (a) and (b) in Article 44 (1) above, there shall be no transmission of Securities from the Malaysian Register into the Foreign Register.

ARTICLE NO.	EXISTING	AMENDED
67. Notice of general meeting	(a) The notice for convening general meetings shall specify the place, the date and the hour of the meeting and shall be given to all Members at least fourteen (14) clear days before the meeting or at least twenty-one (21) clear days before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) clear days' notice or twenty-one (21) clear days' notice in the case where any Special Resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in a daily newspaper circulating in Malaysia and in writing to the Bursa Securities.	(a) The notice for convening general meetings shall specify the place, the date and the hour of the meeting and shall be given to all Members at least fourteen (14) clear days before the meeting or at least twenty-one (21) clear days before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) clear days' notice or twenty-one (21) clear days' notice in the case where any Special Resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in **at least 1 nationally circulated Bahasa Malaysia or English** ~~a~~ daily newspaper ~~circulating in Malaysia~~ and in writing to the Bursa Securities.
	(b) The Company shall request in writing the Bursa Depository in accordance with the Rules to prepare a Record of Depositors to whom notices of general meetings shall be given by the Company.	(b) The Company shall request in writing the Bursa Depository in accordance with the Rules to ~~prepare~~ **issue** a Record of Depositors to whom notices of general meetings shall be given by the Company.
	(c) The Company shall also in writing request in writing, the Bursa Depository in accordance with the Rules to issue a Record of Depositors as at a date not less than three (3) Market Days before the general meeting ("the General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of ordinary shares of the Company eligible to be present and vote at such meetings.	(c) The Company shall also in writing request in writing, the Bursa Depository in accordance with the Rules to issue a Record of Depositors as at ~~a~~ **the latest** date **which is reasonably practicable which shall in any event be** not less than three (3) Market Days before the general meeting ("the General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of ordinary shares of the Company eligible to be present and vote at such meetings.

ARTICLE NO.	EXISTING	AMENDED
103. When office of Director deemed vacant	The office of a Director shall ipso facto become vacant if the Director:- (a) has a receiving order in bankruptcy made against him or makes any arrangement or composition with his creditors generally; (b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 or 130A of the Act; (c) ceases to be or is prohibited from being a Director by virtue of the Act; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; (e) resigns his office by notice in writing to the Company and deposited at the Office; (f) is removed from his office as Director by resolution of the Company in general meeting of which special notice has been given; (g) upon his attainment of the age of seventy (70) years, is not re-elected by the Company at general meeting pursuant to Section 129 of the Act; and (h) absents himself from more than fifty per centum (50%) of the total Board of Directors' meetings held during a financial year (subject to waiver from the Exchange).	The office of a Director shall ipso facto become vacant if the Director:- (a) has a receiving order in bankruptcy made against him or makes any arrangement or composition with his creditors generally **during his term of office**; (b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 or 130A of the Act; (c) ceases to be or is prohibited from being a Director by virtue of the Act; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder **during his term of office**; (e) resigns his office by notice in writing to the Company and deposited at the Office; (f) is removed from his office as Director by resolution of the Company in general meeting of which special notice has been given; (g) upon his attainment of the age of seventy (70) years, is not ~~re-elected~~ **re-appointed** by the Company at general meeting pursuant to Section 129 of the Act; and (h) absents himself from more than fifty per centum (50%) of the total Board of Directors' meetings held during a financial year **after his appointment** (subject to waiver from the Exchange).

ARTICLE NO.	EXISTING	AMENDED
127. Managing Director	The Directors may from time to time appoint any one or more of their body to the office of Managing Director and on such terms as they think fit and subject to the terms of any agreement entered into in any particular case, and may revoke any such appointment. Where a Managing Director is appointed for a fixed term, the term shall not exceed three (3) years. A Director so appointed, shall while he continues to hold that office, nonetheless be subject to the requirement to retire from office once in every three (3) years. The Directors may vest in such Managing Director or Managing Directors the powers hereby vested in the Directors generally as they may think fit, but subject thereto, such Managing Director or Managing Directors shall be subject to the control of the Board of Directors.	The Directors may from time to time appoint any one or more of their body to the office of Managing Director and on such terms as they think fit and subject to the terms of any agreement entered into in any particular case, and may revoke any such appointment. Where a Managing Director is appointed for a fixed term, the term shall not exceed three (3) years. A Director so appointed, shall while he continues to hold that office, nonetheless be subject to the requirement to retire ~~**from office once in every three (3) years**~~ **by rotation or be taken into account in determining the rotation of retirement Directors**. The Directors may vest in such Managing Director or Managing Directors the powers hereby vested in the Directors generally as they may think fit, but subject thereto, such Managing Director or Managing Directors shall be subject to the control of the Board of Directors.
162. Where service deemed effected	Any notice or other document if served by post shall be deemed to be served on the day, a letter containing such notice and any other documents is posted. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a post office letter box or by a letter from the Secretary certifying that the notice or document has been posted. A notice given by advertisement shall be deemed to have been served on the day on which the advertisement appears in a daily newspaper circulating in Malaysia.	Any notice or other document if served by post shall be deemed to be served on the day, a letter containing such notice and any other documents is posted. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a post office letter box or by a letter from the Secretary certifying that the notice or document has been posted. A notice given by advertisement **in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper** shall be deemed to have been served on the day on which the advertisement appears ~~**in a daily newspaper circulating in Malaysia**~~.

ARTICLE NO.	EXISTING	AMENDED
164. Who may receive notice	(d) At least fourteen (14) days' notice of every general meeting and at least twenty-one (21) days' notice of every general meeting where any special resolution is to be proposed or where it is an annual general meeting shall be given by advertisement in one (1) issue of a daily press circulating in Malaysia and in writing to Bursa Securities.	(d) At least fourteen (14) days' notice of every general meeting and at least twenty-one (21) days' notice of every general meeting where any special resolution is to be proposed or where it is an annual general meeting shall be given by advertisement in **at least 1 nationally circulated Bahasa Malaysia or English daily newspaper** ~~**one (1) issue of a daily press circulating in Malaysia**~~ and in writing to Bursa Securities.
165. Distribution of assets in specie	If the Company is wound up the liquidator may, with the sanction of a Special Resolution of the Company, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, or with the like sanction, think fit, but so that no Member shall be compelled to accept any shares or other Securities whereon there is any liability.	If the Company is wound up the liquidator may, with the sanction of a Special Resolution of the Company **and any other sanction required by the Act**, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, or with the like sanction, think fit, but so that no Member shall be compelled to accept any shares or other Securities whereon there is any liability.
167. Rights of preference shareholders upon winding up	In the event that the Company is wound up and its assets distributed, the holders of preference shares shall be entitled to return of capital in preference to holders of ordinary shares.	~~**In the event that the Company is wound up and its assets distributed, the holders of preference shares shall be entitled to return of capital in preference to holders of ordinary shares.**~~"

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GENETEC TECHNOLOGY BERHAD (Company No. 445537-W)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	

I/We ____

of ____

being a member/members of **GENETEC TECHNOLOGY BERHAD** (the **"Company"**), hereby appoint ____________________

____

of ____

or failing him/her, ____

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Ninth Annual General Meeting of the Company to be held at Multi-Purpose Halls 1 & 2, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, on Wednesday, 19 September 2007 at 11.30 a.m.** and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

Ordinary Resolution		**For**	**Against**
1	Re-election of Mr Chin Kem Weng as Director		
2	Re-election of Mr Tan Kok Ang as Director		
3	Re-appointment of Messrs KPMG as Auditors		
4	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965		
5	Proposed Shareholders' Mandate		
Special Resolution		**For**	**Against**
1	Proposed amendment to Articles of Association		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

Dated this ....day of 2007

....
Signature/ Common Seal of Shareholder

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.

2. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Wisma KVC, Lot 3, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

fold here

AFFIX
STAMP

The Company Secretary
GENETEC TECHNOLOGY BERHAD
Wisma KVC, Lot 3
Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Malaysia

fold here

GENETEC TECHNOLOGY BERHAD (445537-W)
Incorporated in Malaysia under the Companies Act, 1965

Lot 1, Jalan P10/12
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan, Malaysia
Tel: 03 8926 6388 Fax: 03 8926 9689
www.genetec.net