Genetec Technology BERHAD

(445537-W)

2008

ANNUAL REPORT

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 DIRECTORS
Tan Kok Ang
Ong Phoe Be

NON-EXECUTIVE DIRECTORS
Choong Khoong Liang (Independent)
Chen Khai Voon (Non-independent)

AUDIT COMMITTEE

Mej Jen (Rtd) Dato' Haji Fauzi Bin Hussain - Chairman
Choong Khoong Liang - Member
Chen Khai Voon - Member

NOMINATION COMMITTEE

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

COMPANY SECRETARY

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 - 8920 1968

REGISTRAR

PFA Registration Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 603 - 2264 3883
Fax No. : 603 - 2282 1886

SPONSOR

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

AUDITORS

KPMG
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 603 - 7721 3388
Fax No. : 603 - 7721 3399

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad
(Listed on 7 November 2005)

STOCK NAME / CODE

GENETEC / 0104

Genetec Technology BERHAD

100%
GENEVISION (M) SDN BHD

100%
FAS TECHNOLOGY SOLUTION SDN BHD

49%
TGT TECHNOLOGY LIMITED
(INCORPORATED IN THAILAND)

MEJ JEN (RTD) DATO' HAJI FAUZI BIN HUSSAIN
INDEPENDENT NON-EXECUTIVE DIRECTOR
Age 68 – Malaysian

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

Y. Bhg. Mej Jen (Rtd) Dato' Haji Fauzi was appointed to the Board of Genetec Technology Berhad **("GENETEC")** 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 GENETEC, 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 five (5) Board Meetings held during the financial year. 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 other than for traffic offences.

CHIN KEM WENG
MANAGING DIRECTOR
Age 38 – Malaysian

Mr Chin was appointed as the Managing Director of GENETEC 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 seconded 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 left QPI in 1997 to co-found GENETEC with Mr Chen Khai Voon. Except for GENETEC, Mr Chin is currently not a director of any other public company.

He has attended all of the five (5) Board Meetings held during the financial year. 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 other than for traffic offences.

TAN KOK ANG
Executive Director
Age 51 – Malaysian

Mr Tan was appointed to the Board of GENETEC 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 27 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 GENETEC 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.Except for GENETEC, Mr Tan is currently not a director of any other public company.

He has attended all of the five (5) Board Meetings held during the financial year. 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 other than for traffic offences.

CHOONG KHOONG LIANG
INDEPENDENT NON-EXECUTIVE DIRECTOR
Age 38 – Malaysian

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

Mr Choong was appointed to the Board of GENETEC 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. Besides GENETEC, he also sits on the Board of ATIS and Mutiara Goodyear Development Berhad.

He has attended all of the five (5) Board Meetings held during the financial year. 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 other than for traffic offences.

ONG PHOE BE
EXECUTIVE DIRECTOR
Age 38 – Malaysian

- *Member of Nomination Committee*

Ms Ong was appointed to the Board of GENETEC on 3 August 2005. On 1 November 2007, she was redesignated as an Executive Director. 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. Except for GENETEC, Ms Ong is currently not a director of any other public company.

She has attended all of the five (5) Board Meetings held during the financial year. 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 other than for traffic offences.

CHEN KHAI VOON
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
Age 48 – Malaysian

- *Member of Audit Committee*

Mr Chen was appointed to the Board of GENETEC 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) and Group **("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. Besides GENETEC, Mr Chen is currently the Group Managing Director of ATIS.

He has attended all of the five (5) Board Meetings held during the financial year. 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 other than for traffic offences.

"On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Genetec Technology Berhad ("Genetec") for the financial year ended 31 March 2008."

As I penned down this year's Chairman Statement, I reflected back at the financial year ended 31 March 2008 with pride and a sense of achievement as the Genetec Group turnaround from a loss position of RM5.6 million in the previous financial year to a record high profitability of RM5.6 million. This profitability achievement is on the back of record-breaking revenue of RM53.4 million against RM23.4 million in the preceding year.

This significant milestone was achieved through culmination of 3 key factors. Firstly, strong demand for replication of prototypes developed by Genetec in the preceding years from its customers in its core segment of Hard Disk Drive ("HDD"). Genetec benefited from the growth of 18.7% in the global HDD unit shipments as our customers required more factory automation equipment to boost manufacturing capacity and output to cater for stronger demand of HDD units. As a result, revenue from this industry segment grew by 181%, and remained the main revenue contributor of about 85%.

The second factor is the focused and continuous implementation of Genetec's strategic business decision made in the last financial year to expand our engineering and manufacturing facilities to cater for full turnkey automated assembly lines for multiple industries. Our breakthrough came in January 2007 when we secured the automotive anti-lock braking system, a multi-million turnkey project for a US-based multinational company. This highly sophisticated piece of equipment which has 13 workstations occupies a floor space of 6,800 sq. ft. This assembly line was successfully commissioned at our customer's facilities in China in October 2008. In addition to this multi-million turnkey project, Genetec secured a turnkey project involving automotive headliner system for another new customer. These two projects in the automotive segment contributed 10% to the Group's revenue for this financial year. The remaining 5% of Genetec Group's revenue was derived from automation equipment produced for our customers in the pharmaceutical and electronic industries.

The third contributing factor is the improvement in operational efficiencies as Genetec reaped benefits from the new manufacturing platform and system that were successfully implemented in the previous financial year. This factor coupled with the higher revenue level resulted in a credible pre-tax margin of 10.42% for this financial year.

With our strong engineering capabilities in multiple industries, we continued to explore opportunities to further expand our customer and industry base through participation in international automation exhibitions. The 2 international exhibitions that we participated in China generated good responses and leads from multi-national and local companies in diverse industries. In order to continue to support the requests and further develop the business opportunities in China, we have appointed a local representative to work with us.

The strong growth momentum experienced in this financial year continued into the new financial year with Genetec starting the year with an order book of RM33.0 million. With this level of order volume, Genetec's present assembly facility with a built-up of 10,000 sq. ft. will reach about 90% capacity at certain months. However, with the current on-going construction of Genetec's new manufacturing and assembly plant, the assembly space will be quadrapled in size by the fourth quarter of 2008. This space expansion is timely to cater for higher production capacity as well as to accommodate larger size turnkey projects.

DIVIDEND

Since the end of the previous financial year, the Group paid an interim ordinary tax exempt dividend of 1 sen per share amounting to RM1.2 million in respect of the financial year ended 31 March 2008.

LOOKING FORWARD

Genetec started the new financial year with a high order book of RM33.0 million. We foresee continuing good prospects for us to further grow our revenue in the HDD segment despite the current uncertainties in the global market as the industry experts are still forecasting an indicative growth of 11% to 12% in 2008. Going forward, Genetec will continue to maintain our core strength and market position in the HDD industry whilst focusing resources in growing its revenue in the automotive, pharmaceutical and other market segments.

Being a technological-driven company, Genetec will continue to invest resources into research and development and improvement of engineering capabilities in order to keep abreast of the technological developments in the industries that we have interest in.

A WORD OF APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their professionalism, utmost dedication and commitment to the Group. The collective team spirit and commitment towards the Group's turnaround and growth plans resulted in Genetec's sterling performance. In any business, a large part of success comes from having the right team of dedicated and loyal employees and I am happy to say that we have such a team with us.

My appreciation also extends to our customers, suppliers, government authorities, business associates, financiers and most importantly our shareholders for their continued support and confidence in the Group.

I also wish to place on record my special thanks and appreciation to my fellow members of the Board for your stewardship all these years.

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 **("Genetec")**. 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 three (3) Executive Directors and three (3) 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 and 5 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 Directors have 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 2008, five (5) Board meetings were held. The attendances of each individual Director at these meetings are set out on pages 4 and 5 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 agenda to be deliberated upon to enable them to arrive at an informed decision.

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 Groups' 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.

1. Directors (continued)

(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 advices 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 2008 are as follows:

	Salaries RM	Fees RM	Bonuses RM	Benefits-in-kind RM	Total RM
GROUP					
Executive Directors	373,550	2,000	23,210	13,600	412,360
Non-Executive Directors	67,200	19,500	-	-	86,700
COMPANY					
Executive Directors	366,624	2,000	23,210	13,600	405,434
Non-Executive Directors	67,200	19,500	-	-	86,700

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

	Group		Company	
RANGE OF REMUNERATION	**Executive Directors**	**Non-Executive Directors**	**Executive Directors**	**Non-Executive Directors**
Below RM50,000	1*	3*	-	3*
RM50,001 - RM100,000	1	1	1	1
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	2	-	2	-

* Two of the directors had resigned during the financial year.

1. Directors (continued)

(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 each financial year.

For the financial year ended 31 March 2008, all the Directors have achieved the prescribed minimum trainings. The programs attended are seminars and workshops 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 and 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 and now comprising two (2) Non-Executive Directors and one (1) Executive Director, 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;

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;

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; and

iv) The Group's website at www.genetec.net which shareholders as well as members of the public are invited to access for the latest information on the Group.

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 non-executive directors. 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 61 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 to carry out reviews on the Group's overall corporate governance and internal control processes.

The Statement on Internal Control by the Directors is set out on pages 13 and 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 established 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.

Compliance Statement

The Group has complied with the principles as set out in parts 1 and 2 respectively of the Code.

CORPORATE SOCIAL RESPONSIBILITY

At Genetec Technology Berhad **("Genetec")**, Corporate Social Responsibility or "**CSR**" means managing our business responsibility and sensitivity towards our employees, stakeholders, society and environment. As a responsible corporate citizen, we have initiated, supported and successfully implemented various social, community and environmental projects.

Community

a) 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 Genetec and a pre-designated training centre to provide form five school leavers an employment opportunity upon completion of form five.

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

b) Graduate Employment

Upon graduation, Genetec offers these students employment opportunities and mentorship with continuous advice, guidance and support. Genetec realizes that these initiatives do not only enhance the human capital of Genetec but also helps the government in reducing unemployment rate.

Workplace

a) Human Capital Development

Genetec considers its people as the most valuable asset. We believe training and development is important in developing and upgrading skills, knowledge and attitudes to ensure optimal performance. We provide financial assistance for those who wish to pursue for higher education. We constantly provide in-house and external training programmes to enhance and increase employees job-related skills knowledge and experience.

b) Staff welfare

We therefore offer our staff an attractive benefits package, including Personal Accident Insurance, Employees' Share Option Scheme (**ESOS**) and in-house surau. Several activities were organized throughout the year to create social balance and maintain harmony and build better rapport such as social gatherings, company trips, team building activities and yearly reviews.

c) Human Rights

Genetec treats all staff with dignity, fairness and respect. Genetec 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

We strive to maintain a safe and healthy working environment for all our employee. Preventive actions are taken to mitigate risks such as:

- Allocating First Aid Kit boxes in office premises.
- Emphasize safety awareness on work place by placing signboard and notices.
- Engaging employees in fire evacuation drills. Employees are trained on how to use fire extinguisher during emergency.
- Provide industrial safety mask, goggle, gloves and shoes for staff who need to work on machine.

Environment

a) Energy Savings

Genetec 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.

1. INTRODUCTION

The Board of Directors ("Board") recognises the importance of maintaining a sound system of internal control. Hence, the Board is pleased to present the Statement on 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 its operation) pursuant to paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market and in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by The Institute of Internal Auditors.

2. BOARD RESPONSIBILITY

The Malaysian Code of Corporate Governance requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets. The Board further affirms the overall responsibility for Genetec Group's system of internal control which covers not only financial, but also operational controls, and for reviewing the adequacy and integrity of those systems on an on-going basis.

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 and not absolute assurance against material misstatement or loss.

Frameworks of the Group's internal control system, including the processes in place to review its adequacy, are as follows:

a) Risk Management Framework

During this financial year, the Group established and implemented a risk management framework whereby risk areas that could have a potentially significant impact on the Group's mid to long term business objectives are identified, evaluated and assessed. This exercise was performed by the Risk Management Committee ("**RMC**") which comprises the Managing Director, the Executive Director, Chief Operating Officer and Departmental Managers / Heads. The RMC then put in place controls and plans to mitigate the risks faced by the Group.

Based on this risk management framework, a 2-year risk-based audit plan was developed and approaved by the Audit committee and is periodically reviewed to accurately reflect the risk areas for the Group.

b) Internal Control System

The Group's key internal control processes based on the COSO[1] principles framework on internal control are as follows:

Control Environment

- The Company's management system has been assessed and registered against the provision of ISO9001:2000. Defined lines of responsibility and authority across all business units. The Board is supported by establishment of various committees in discharging its responsibilities which includes Audit Committee, Nomination Committee, Employee Share Option Scheme ("ESOS") Committee and Risk Management Committee.

- Operating policies and procedures covering various areas, such as Finance and Human Resource have been established within major business units.

- Annual budget for each business units is established and approved by the Board. An on-going monitoring of quarterly performance and variances against plan is performed, with significant variances investigated and followed up by the management.

- Training and development programmes were provided for employees to acquire necessary knowledge and skills.

[1]Committee of Sponsoring Organisations of the Treadway Commission

Risk Assessment

- The Board has appointed an Audit Committee, which comprise three [3] Non- Executive Directors as members, to assist the Board in its fiduciary duties by carrying out independent reviews of the Group's financial, operational and administrative controls and procedures. The Audit Committee meets at least on a quarterly basis.

- The Board also acknowledges the importance of managing business risks and implementation of risk assessment via RMC which was established during the financial year.

- Outsourced internal auditors were appointed to carry out reviews on the Group's overall corporate governance and internal control processes.

Control Activities

- The Group has established its own set of policies and procedures on key business processes.

- These standard operating policies and procedures are periodically reviewed to reflect current practices and communicated to all employees for implementation.

Monitoring

A review exercise has been conducted by the internal auditor on the Group's control environment and corporate governance.

CONCLUSION

The management will continue to take measures and maintain an ongoing commitment to strengthen the Group's control environment and processes. During the financial year, there were no material losses caused by the breakdown in internal controls.

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) Chen Khai Voon (Non-Independent Non-Executive Director) - Member

TERMS OF REFERENCE

1. OBJECTIVES

1.1 To provide additional assurance to the Board by giving objective and independent review of 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 assure that the External Auditors will have free rein in the audit process.

1.5 To provide a forum for regular, informal and private discussion with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company.

1.6 To reinforce the objectivity of the Internal Auditors and ensure they reports directly to the Audit Committee.

2. MEMBERSHIP

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

2.2 It shall comprise of 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, by the Members of the Audit Committee themselves. The Chairman shall be an Independent Director.

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 All Members of the Audit Committee should be financially literate.

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

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

2.6.2 if he/she is not a member of MIA, he/she must have at least three (3) years' 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; or

2.6.3 fulfill such other requirements as may from time to time be prescribed or approved by the Bursa Malaysia Securities Berhad ("**Bursa Securities**").

2.7 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 full and unlimited access of any information pertaining the Company as well as direct communication channels with the Internal Auditors, External Auditors and employees of the Group.

3.3 It shall also have the resources which are required to perform its duties inclusive 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 the following and report the same to the Board:-

4.1.1 with both the Internal Auditors and External Auditors their audit plans and reports.

4.1.2 with the External Auditors, the evaluation of the adequacy and effectiveness of the internal control systems as well as the administrative, operating and accounting policies employed.

4.1.3 the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.

4.1.4 the Company's quarterly and annual/year end consolidated financial statements and thereafter to submit them to the Board, focusing particularly on any changes in or implementation of major accounting policies and practices; significant adjustments arising from the audit; significant and unusual events; the going concern assumption; compliance with accounting standards and other legal requirements.

4.1.5 the External Auditors' management letter, Management's response and resignation letter.

4.1.6 any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that arises questions of Management integrity.

4.2 To identify and direct any special projects or major findings of internal investigations it deems necessary and management response.

4.3 To recommend/nominate a person or persons as the External Auditors. To consider the suitability for re-appointment of External Auditors, audit fee and any question of resignation or removal of the External Auditors.

4.4 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.

4.5 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.

4.6 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.

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

4.8 To review reports of the internal audit function directly which is independent of the activities it audits and should be performed with impartiality, proficiency and due professional care.

4.9 To do the following, in relation to the internal audit function:-

4.9.1 to establish an internal audit function which is independent of the activities it audits;

4.9.2 review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

4.9.3 review the internal audit programme, process, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;

4.9.4 review any appraisal or assessment of the performance of members of the internal audit function;

4.9.5 review of the effectiveness of the risk management, internal control and governance processes within the Group;

4.9.6 approve any appointment or termination of senior staff members of the internal audit function which is performed in-house; and

4.9.7 take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning which is performed in-house.

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

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 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.

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. 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 and Internal 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 finance director/officer, the head or representative of internal audit and a representative of the External Auditors shall on invitation attend the Audit Committee meetings. Other board members may attend the Audit Committee meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the External Auditors at least twice 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 six (6) times during the financial year ended 31 March 2008. 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	**6/6**	**100**
Choong Khoong Liang	**6/6**	**100**
Tan Kok Ang (resigned w.e.f. 1 November 2007)	**5/5**	**100**
Chen Khai Voon (appointed w.e.f. 1 November 2007)	**1/1**	**100**

Notes:
Meetings were held on 16 April 2007, 24 May 2007, 17 July 2007, 23 August 2007, 1 November 2007 and 26 February 2008.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

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 2008. 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 2008 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 Corporate Governance Statement and Statement of Internal Control pursuant to the Listing Requirements of Bursa Securities for MESDAQ Market.

INTERNAL AUDIT FUNCTIONS / ACTIVITIES

(i) The Group has an internal audit function whose primary responsibilities is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis;

(ii) Weaknesses in the Group's internal control system are highlighted and appropriate recommendations for improvements are provided to the management. Results of the review were presented to the Audit Committee for deliberation; and

(iii) The activities carried out by internal audit include among others, Corporate Governance Review, the review of the adequacy of risk management, system of internal controls for effectiveness and efficiency, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and means of safeguarding assets.

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Financial Statements

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, 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 the subsidiaries are as stated in Note 7 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit attributable to:		
Shareholders of the Company	5,478,080	5,444,132

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

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 1 sen per ordinary share totalling RM1,207,350 in respect of the year ended 31 March 2008 on 18 January 2008.

The Directors do not recommend any final dividend to be paid for the year under review.

DIRECTORS OF THE COMPANY

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

Mej Jen (Rtd) Dato' Haji Fauzi bin Hussain
Chin Kem Weng
Tan Kok Ang
Ong Phoe Be
Choong Khoong Liang
Chen Khai Voon

DIRECTORS INTERESTS

The interests and deemed interests in the ordinary shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) 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 1.4.2007	Bought	Sold	At 31.3.2008
Shareholdings in which Directors have interests				
In the Company				
Chin Kem Weng				
- Direct interest	44,100,000	-	(18,000,000)	26,100,000
Chen Khai Voon				
- Indirect interest	45,900,000	2,350,000	-	48,250,000

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			
	At 1.4.2007	Granted	Exercised	At 31.3.2008
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

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

None of the other Directors holding office at 31 March 2008 had 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 issue of the Employees' Share Option Scheme ("ESOS").

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 668,000 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 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 issue of options pursuant to the ESOS.

At an extraordinary general meeting held on 16 September 2005, the Company's shareholders approved the establishment of an ESOS for the eligible Directors and employees of the Group to subscribe for new ordinary shares up to a maximum of 10% of the total 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**	**At 1.4.2007**	**Lapsed**	**Exercised**	**At 31.3.2008**
19 October 2005	0.30	9,856,000	(1,095,000)	(668,000)	8,093,000

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 would only be capable of exercise after one (1) year has lapsed from the listing of the ordinary shares of the Company on the MESDAQ market of Bursa Malaysia Securities Berhad.

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	**At 1.4.2007**	**Granted**	**Exercised**	**At 31.3.2008**
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.

OTHER STATUTORY INFORMATION

Before the balance sheets and income 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 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, the results of the operations of the Group and of the Company for the financial year ended 31 March 2008 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:

Chin Kem Weng

Tan Kok Ang

Bandar Baru Bangi, Selangor
Date: 22 July 2008

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 60 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards 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 2008 and of the results of their operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Chin Kem Weng

Tan Kok Ang

Bandar Baru Bangi, Selangor
Date: 22 July 2008

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 60 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 Petaling Jaya, Selangor on 22 July 2008.

Tan Kon Hoan

Before me:

No B113
Ng Kok Song
Commissioner for Oaths
Petaling Jaya, Selangor

Report on the Financial Statements

We have audited the financial statements of Genetec Technology Berhad, which comprise the balance sheets as at 31 March 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 60.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Approval Number: 1745/12/09(J)
Chartered Accountant

22 July 2008
Petaling Jaya, Selangor

BALANCE SHEETS
at 31 March 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Assets					
Property, plant and equipment	3	6,827,080	6,671,957	6,827,080	6,609,846
Goodwill	4	-	-	-	-
Prepaid lease payments	5	2,807,841	831,583	2,807,841	831,583
Investment property	6	-	-	-	-
Investment in subsidiaries	7	-	-	7	6
Investment in an associate	8	-	-	49,000	49,000
Deferred tax assets	9	-	45,000	-	45,000
Total non-current assets		9,634,921	7,548,540	9,683,928	7,535,435
Inventories	10	7,459,867	8,498,838	7,189,691	8,165,282
Receivables, deposits and prepayments	11	12,910,950	9,549,146	12,910,048	9,293,741
Amounts due from subsidiaries	12	-	-	284,621	598,159
Amount due from an associate	13	278,413	548,663	278,413	548,663
Current tax asset		201,161	533,441	201,161	533,441
Assets classified as held for sale	14	-	130,000	-	130,000
Cash and cash equivalents	15	2,846,964	3,428,027	2,837,024	3,355,556
Total current assets		23,697,355	22,688,115	23,700,958	22,624,842
Total assets		33,332,276	30,236,655	33,384,886	30,160,277
Equity					
Share capital	16.1	12,080,800	12,014,000	12,080,800	12,014,000
Share premium		4,498,419	4,244,445	4,498,419	4,244,445
Share option reserves	16.2	1,458,488	1,776,181	1,458,488	1,776,181
Retained earnings		4,572,061	104,012	4,630,504	196,403
Total equity attributable to shareholders of the Company		22,609,768	18,138,638	22,668,211	18,231,029
Minority interest		-	-	-	-
Total equity		22,609,768	18,138,638	22,668,211	18,231,029
Liabilities					
Borrowings	18	1,768,807	987,511	1,768,807	987,511
Deferred tax liabilities	9	18,000	-	18,000	-
Total non-current liabilities		1,786,807	987,511	1,786,807	987,511
Payables and accruals	19	7,359,526	8,256,772	7,353,693	8,088,003
Borrowings	18	1,576,175	2,853,734	1,576,175	2,853,734
Total current liabilities		8,935,701	11,110,506	8,929,868	10,941,737
Total liabilities		10,722,508	12,098,017	10,716,675	11,929,248
Total equity and liabilities		33,332,276	30,236,655	33,384,886	30,160,277

The notes set out on pages 34 to 60 are an integral part of these financial statements.

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Revenue		53,391,152	23,442,244	53,337,292	22,144,389
Cost of sales		(42,864,503)	(23,687,906)	(42,928,660)	(21,981,640)
Gross profit/(loss)		10,526,649	(245,662)	10,408,632	162,749
Other income		134,029	395,942	134,029	395,942
Distribution expenses		(1,802,717)	(1,302,158)	(1,798,449)	(1,245,431)
Administrative expenses		(2,595,944)	(3,032,042)	(2,516,686)	(2,737,293)
Other expenses		(483,332)	(1,219,380)	(483,332)	(2,506,144)
Operating profit/(loss)		5,778,685	(5,403,300)	5,744,194	(5,930,177)
Interest income		78,040	95,713	78,040	95,713
Financing costs		(294,645)	(272,800)	(294,102)	(269,923)
Profit/(Loss) before tax	20	5,562,080	(5,580,387)	5,528,132	(6,104,387)
Tax expense	22	(84,000)	391,561	(84,000)	391,561
Profit/(Loss) for the year		5,478,080	(5,188,826)	5,444,132	(5,712,826)
Attributable to:					
Shareholders of the Company		5,478,080	(5,188,826)	5,444,132	(5,712,826)
Minority interest		-	-	-	-
Profit/(Loss) for the year		5,478,080	(5,188,826)	5,444,132	(5,712,826)
Basic earnings/(loss) per ordinary share (sen)	23.1	4.55	(4.32)		
Diluted earnings/(loss) per ordinary share (sen)	23.2	4.47	(4.32)		

The notes set out on pages 34 to 60 are an integral part of these financial statements.

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 2006, 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	16	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 earnings 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
At 1 April 2007		12,014,000	4,244,445	1,776,181	104,012	18,138,638	-	18,138,638
Profit for the year		-	-	-	5,478,080	5,478,080	-	5,478,080
Issuance of shares from exercise of ESOS	16	66,800	133,600	-	-	200,400	-	200,400
Transfer to share premium for ESOS exercised		-	120,374	(120,374)	-	-	-	-
Transfer to retained earnings for ESOS lapsed		-	-	(197,319)	197,319	-	-	-
Dividend to shareholders	24	-	-	-	(1,207,350)	(1,207,350)	-	(1,207,350)
At 31 March 2008		12,080,800	4,498,419	1,458,488	4,572,061	22,609,768	-	22,609,768
		Note 16.1		Note 16.2				

Company	Note	Share capital RM	Share premium RM	Share option reserve RM	Retained earnings RM	Total RM
		← Attributable to shareholders of the Company →				
			Non-distributable		Distributable	
At 1 April 2006, as restated		12,000,000	4,191,217	720,929	5,764,709	22,676,855
Loss for the year		-	-	-	(5,712,826)	(5,712,826)
Issuance of shares from exercise of ESOS	16	14,000	28,000	-	-	42,000
Share-based payments	17	-	-	1,225,000	-	1,225,000
Transfer to share premium for ESOS exercised		-	25,228	(25,228)	-	-
Transfer to retained earnings 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
At 1 April 2007		12,014,000	4,244,445	1,776,181	196,403	18,231,029
Profit for the year		-	-	-	5,444,132	5,444,132
Issuance of shares from exercise of ESOS	16	66,800	133,600	-	-	200,400
Transfer to share premium for ESOS exercised		-	120,374	(120,374)	-	-
Transfer to retained earnings for ESOS lapsed		-	-	(197,319)	197,319	-
Dividend to shareholders	24	-	-	-	(1,207,350)	(1,207,350)
At 31 March 2008		12,080,800	4,498,419	1,458,488	4,630,504	22,668,211
		Note 16.1	Note 16.2		Note 16.3	

The notes set out on pages 34 to 60 are an integral part of these financial statements.

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash flows from operating activities					
Profit/(Loss) before tax and minority shareholders' interest		5,562,080	(5,580,387)	5,528,132	(6,104,387)
Adjustments for:					
Allowance for doubtful debts					
- subsidiaries		-	-	-	1,290,461
- associate		-	294,388	-	294,388
- third party		37,480	-	-	-
Amortisation of					
- prepaid lease payments	5	20,332	17,000	20,332	17,000
Bad debts written off		-	67,070	-	67,070
Depreciation					
- property, plant and equipment	3	1,002,796	840,942	1,002,796	830,512
- investment property	6	-	4,191	-	4,191
Impairment loss					
- goodwill	4	-	251,545	-	-
- investment property	6	-	42,541	-	42,541
- investment in subsidiaries		-	-	-	249,998
Interest expenses		251,460	231,328	251,460	231,328
Interest income		(78,040)	(95,713)	(78,040)	(95,713)
Inventories written down		-	350,000	-	-
(Gain)/Loss on disposal of property, plant and equipment		(11,735)	6,972	(14,456)	6,604
Property, plant and equipment written off		262,982	76,191	262,982	55,295
Unrealised foreign exchange loss		74,325	31,501	70,045	31,501
Share-based payments		-	1,225,000	-	1,225,000
Operating profit/(loss) before working capital changes		7,121,680	(2,237,431)	7,043,251	(1,854,211)

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Changes in working capital:					
Inventories		1,038,971	(4,128,334)	975,591	(3,916,975)
Trade and other receivables		(3,473,609)	4,679,794	(3,686,352)	4,797,460
Trade and other payables		(897,246)	2,197,831	(734,310)	2,589,376
Subsidiaries		-	-	256,548	(896,898)
Associate		270,250	45,045	270,250	45,045
Cash generated from operations		4,060,046	556,905	4,124,978	763,797
Income taxes refunded/(paid)		311,280	(50,000)	311,280	(50,000)
Interest paid		(5,021)	(158)	(5,021)	(158)
Net cash generated from operating activities		4,366,305	506,747	4,431,237	713,639
Cash flows from investing activities					
Interest received		78,040	95,713	78,040	95,713
Purchase of property, plant and equipment	(ii)	(1,429,230)	(2,272,417)	(1,429,230)	(2,256,104)
Purchase of prepaid lease payments		(1,996,590)	-	(1,996,590)	-
Proceeds from disposal of asset classified as held for sale		130,000	-	130,000	-
Acquisition of additional interest in a subsidiary		-	-	(1)	-
Proceeds from disposal of property, plant and equipment		20,064	192,363	17,664	191,363
Net cash used in investing activities		(3,197,716)	(1,984,341)	(3,200,117)	(1,969,028)
Cash flows from financing activities					
Repayments of finance lease liabilities		(807,134)	(453,039)	(807,134)	(453,039)
Interest paid		(246,439)	(231,170)	(246,439)	(231,170)
Drawdown of bank borrowings		1,560,000	-	1,560,000	-
Repayments of bank borrowings		(1,249,129)	(1,246,000)	(1,249,129)	(1,246,000)
Dividend paid		(1,207,350)	-	(1,207,350)	-
Proceeds from exercise of ESOS		200,400	42,000	200,400	42,000
Net cash (used in)/generated from financing activities		(1,749,652)	(1,888,209)	(1,749,652)	(1,888,209)

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Net decrease in cash and cash equivalents		(581,063)	(3,365,803)	(518,532)	(3,143,598)
Cash and cash equivalents at beginning of year		3,428,027	6,793,830	3,355,556	6,499,154
Cash and cash equivalents at end of year	(i)	2,846,964	3,428,027	2,837,024	3,355,556

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 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Deposit placed with a licensed bank	15	-	700,000	-	700,000
Cash and bank balances	15	2,846,964	2,728,027	2,837,024	2,655,556
		2,846,964	3,428,027	2,837,024	3,355,556

(ii) Purchase of property, plant and equipment

In 2007, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,064,092 and RM4,047,779 respectively, of which RM1,791,675 and RM1,791,675 were acquired by means of finance lease arrangements.

The notes set out on pages 34 to 60 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 Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office
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 of the Company as at and for the year ended 31 March 2008 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 2008 do not include other entities.

The Company is principally engaged in investment holding activities, 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 the subsidiaries are as stated in Note 7 to the financial statements.

The financial statements were approved by the Board of Directors on 22 July 2008.

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 Financial Reporting Standards ("FRSs") 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.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning on and after 1 July 2007 and that have not been applied in preparing these financial statements:

FRSs / Interpretations	**Effective date**
FRS 107, *Cash Flow Statements*	1 July 2007
FRS 111, *Construction Contracts*	1 July 2007
FRS 112, *Income Taxes*	1 July 2007
FRS 118, *Revenue*	1 July 2007
FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*	1 July 2007
Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*	1 July 2007
FRS 134, *Interim Financial Reporting*	1 July 2007
FRS 137, *Provisions, Contingent Liabilities and Contingent Assets*	1 July 2007
FRS 139, *Financial Instruments: Recognition and Measurement*	To be announced
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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

IC Interpretation 7, *Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies*	1 July 2007
IC Interpretation 8, *Scope of FRS 2*	1 July 2007

The adoption of the above revised FRSs (except for FRS 111, 120 and all IC Interpretations as explained below and FRS 139 which its effective date has yet to be announced) will not result in significant changes in accounting policies of the Group and the Company except for the format and extent of disclosures presented in the financial statements.

FRS 111, 120 and all IC Interpretations are not applicable to the Company. Hence, no further disclosure is warranted.

The MASB has issued FRS 139, Financial Instruments: Recognition and Measurement but MASB has yet to announce the effective date of this standard. The Company has not adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its 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.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following asset as explained in its accounting policy note:

- Non-current assets held for sale

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company'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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following note:

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, 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 any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) *Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence 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 any impairment losses.

(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 are 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 transactions, 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 currency

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. 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) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposure.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from related assets, liabilities or net positions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) *Recognition and measurement*

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "administrative expenses" respectively in the income statement.

(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 the replaced part 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 unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Leased assets

(i) *Finance lease*

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets (continued)

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.

(ii) *Operating lease*

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

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.

Payments made under operating leases are recognised in the income statements 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.

(f) Intangible assets

(i) *Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

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.

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.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(ii) *Impairment*

Goodwill with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Investment property

Investment property is a property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. 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(d). Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of 50 years.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out 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 finished goods, cost includes the cost of raw materials, consumables, indirect materials, direct labour and an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(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 except for 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 reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated at each reporting date.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first 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 unit (groups of units) on a pro rata basis.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Share capital

Share issue expenses

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

(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.

(ii) *Defined contribution plans*

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

(iii) *Share-based payment transactions*

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share 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 in the Group's contract activities based on normal operating capacity.

Contract work-in-progress is presented as part of receivables, deposits and prepayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(r) Revenue recognition

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (continued)

(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) Interest income and borrowing costs

Interest income is recognised 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.

(t) 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.

(u) 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 substantively 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.

(v) 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 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	Leasehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost					
At 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 April 2007	1,616,877	3,185,175	4,168,396	1,073,821	10,044,269
Additions	56,580	150,598	1,166,584	55,468	1,429,230
Disposals	-	(20,206)	-	(52,682)	(72,888)
Written off	-	(876,974)	-	-	(876,974)
At 31 March 2008	1,673,457	2,438,593	5,334,980	1,076,607	10,523,637
Accumulated depreciation					
At 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/ 1 April 2007	28,119	1,203,183	1,535,219	605,791	3,372,312
Charge for the year	32,578	360,360	454,575	155,283	1,002,796
Disposals	-	(11,877)	-	(52,682)	(64,559)
Written off	-	(613,992)	-	-	(613,992)
At 31 March 2008	60,697	937,674	1,989,794	708,392	3,696,557
Carrying amounts					
At 1 April 2006, restated	648,917	1,362,827	1,307,599	404,990	3,724,333
At 31 March 2007/ 1 April 2007	1,588,758	1,981,992	2,633,177	468,030	6,671,957
At 31 March 2008	1,612,760	1,500,919	3,345,186	368,215	6,827,080

Company	Leasehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost					
At 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 April 2007	1,616,877	3,107,525	4,168,396	1,073,821	9,966,619
Transfer from a subsidiary	-	71,896	-	-	71,896
Additions	56,580	150,598	1,166,584	55,468	1,429,230
Disposals	-	(14,452)	-	(52,682)	(67,134)
Written off	-	(876,974)	-	-	(876,974)
At 31 March 2008	1,673,457	2,438,593	5,334,980	1,076,607	10,523,637

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold building RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Accumulated depreciation					
At 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/ 1 April 2007	28,119	1,187,644	1,535,219	605,791	3,356,773
Transfer from a subsidiary	-	14,906	-	-	14,906
Charge for the year	32,578	360,360	454,575	155,283	1,002,796
Disposals	-	(11,244)	-	(52,682)	(63,926)
Written off	-	(613,992)	-	-	(613,992)
At 31 March 2008	60,697	937,674	1,989,794	708,392	3,696,557
Carrying amounts					
At 1 April 2006, restated	648,917	1,284,335	1,307,599	404,990	3,645,841
At 31 March 2007/ 1 April 2007	1,588,758	1,919,881	2,633,177	468,030	6,609,846
At 31 March 2008	1,612,760	1,500,919	3,345,186	368,215	6,827,080

Leased assets

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Carrying amounts				
Plant and machineries	1,090,879	1,598,311	1,090,879	1,598,311
Motor vehicles	180,012	281,458	180,012	281,458
Electrical equipment, renovation, furniture and fittings	126,975	166,977	126,975	166,977

4. GOODWILL

	Note	Group 2008 RM	Group 2007 RM
Cost			
At 1 April/ 31 March		386,993	386,993
Amortisation and impairment loss			
At 1 April:			
Accumulated amortisation		135,448	135,448
Accumulated impairment loss		251,545	-
Impairment loss	20	-	251,545
At 31 March:			
Accumulated amortisation		135,448	135,448
Accumulated impairment loss		251,545	251,545
		386,993	386,993
Carrying amount			
At 31 March		-	-

In 2007, the carrying amount of the unit was determined to be higher than its recoverable amount and an impairment loss of RM251,545 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 2008 RM	2007 RM
Leasehold land			
Cost			
At 1 April		850,000	850,000
Additions		1,996,590	-
At 31 March		2,846,590	850,000
Amortisation			
At 1 April		18,417	1,417
Amortisation for the year	20	20,332	17,000
At 31 March		38,749	18,417
Carrying amounts			
At 31 March		2,807,841	831,583

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.

Security

During the year, the leasehold land of the Group and of the Company with a carrying amount of RM1,993,262 was charged to a bank as security for borrowings granted to the Group and the Company (see Note 18).

6. INVESTMENT PROPERTY

Freehold building	Note	Group and Company 2008 RM	2007 RM
Cost			
At 1 April		-	209,563
Transfer to assets held for sale	14	-	(209,563)
At 31 March		-	-
Depreciation and impairment loss			
At 1 April		-	32,831
Depreciation for the year	20	-	4,191
Impairment loss for the year	20	-	42,541
Transfer to assets held for sale	14	-	(79,563)
At 31 March		-	-
Carrying amounts			
At 31 March		-	-

7. INVESTMENT IN SUBSIDIARIES

	Company 2008 RM	2007 RM
Unquoted shares in Malaysia, at cost	250,005	250,004
Less: Impairment loss	(249,998)	(249,998)
	7	6

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

Name of company	Principal activities	Effective ownership interest 2008	2007
Genevision (M) Sdn. Bhd.	Design and development of vision inspection system. The Company has not commenced its business operation since the date of incorporation.	100%	100%
FAS Technology Solution Sdn. Bhd.	Design and development of automated industrial equipment.	100%	60%

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares outside Malaysia, 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 2008	Effective ownership interest 2007	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

Summary financial information on associate is as follows:-

2008	Revenue (100%) RM	Profit/ (Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
TGT Technology Limited*	1,081,328	159,884	283,766	737,319
2007				
TGT Technology Limited ^	1,342,751	(64,186)	549,327	1,145,121

The Group's share of current year profit of RM78,000 (2007 - loss of RM31,000) and share of cumulative losses of associate of RM215,000 (2007 - RM293,000) 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 2007 and management financial statements from 1 January 2008 to 31 March 2008. Results of this associate is immaterial to the Group.

^ 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.

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 2006	148,000	-	-	(56,000)	92,000
Recognised in the income statement (Note 22)	(88,000)	(27,000)	(57,000)	35,000	(137,000)
At 31 March 2007/ 1 April 2007	60,000	(27,000)	(57,000)	(21,000)	(45,000)
Recognised in the income statement (Note 22)	21,000	27,000	15,000	-	63,000
At 31 March 2008	81,000	-	(42,000)	(21,000)	18,000

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

	Group 2008 RM	Group 2007 RM
Unabsorbed capital allowances	-	(77,000)
Unutilised tax losses	(985,000)	(1,020,000)
Other temporary differences	(37,000)	37,000
	(1,022,000)	(1,060,000)

The unutilised tax losses and other temporary differences do not expire under current tax legislation. Deferred tax assets of the Group have been recognised in respect of these items to the extent that future taxable profits will be available against which the Group can utilise the benefits there from.

10. INVENTORIES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
At cost:				
Raw materials	131,755	111,573	131,755	111,573
Consumables	1,754,569	2,777,431	1,754,569	2,721,459
Work-in-progress	5,258,538	5,263,942	5,258,538	5,263,942
Finished goods	44,829	-	44,829	-
	7,189,691	8,152,946	7,189,691	8,096,974
At net realisable value:				
Work-in-progress	158,169	233,885	-	68,308
Finished goods	112,007	112,007	-	-
	7,459,867	8,498,838	7,189,691	8,165,282

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade					
Trade receivables		10,386,634	7,821,307	10,349,154	7,578,332
Less: Allowance for doubtful debts	11.2	(37,480)	(684,634)	-	(684,634)
		10,349,154	7,136,673	10,349,154	6,893,698
Non-trade					
Other receivables		217,200	113,378	216,298	113,378
Deposits		171,945	170,655	171,945	162,125
Prepayments	11.3	2,172,651	2,128,440	2,172,651	2,124,540
		12,910,950	9,549,146	12,910,048	9,293,741

11.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Foreign currency				
USD	9,069,077	5,663,757	9,069,077	5,663,757

11.2 Bad debts of the Group and of the Company amounting to RM684,634 (2007 - RM67,070) were written off against allowance for doubtful debts during the year.

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

i) an amount of RM231,258 (2007 - RM1,373,860) being advances paid to suppliers for goods acquired; and

ii) an amount of RM1,842,882 (2007 - RM581,265) being construction cost incurred for a new office building.

In the previous year, included in prepayments of the Group and of the Company was an amount of RM183,500 in respect of deposit paid for a leasehold land acquired from KVC Industrial Supplies Sdn. Bhd., a wholly-owned subsidiary of the affiliate company, ATIS Corporation Berhad.

The above acquisition of leasehold land was completed during the current financial year.

12. AMOUNTS DUE FROM SUBSIDIARIES

	Company 2008 RM	Company 2007 RM
Amounts due from subsidiaries	1,575,082	1,888,620
Less: Allowance for doubtful debts	(1,290,461)	(1,290,461)
	284,621	598,159

12. AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

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 Nil (2007 - RM44,015) which was trade in nature.

13. AMOUNT DUE FROM AN ASSOCIATE

	Group and Company	
	2008 RM	2007 RM
Trade		
Amount due from an associate	572,801	843,051
Less: Allowance for doubtful debts	(294,388)	(294,388)
	278,413	548,663

The amount due from an associate is unsecured, interest free and has no fixed terms of repayment.

14. ASSETS CLASSIFIED AS HELD FOR SALE

In 2007, a freehold building of the Group and of the Company was 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.

The disposal was completed on 19 July 2007.

Assets classified as held for sale comprise:-

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

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposit placed with a licensed bank	-	700,000	-	700,000
Cash and bank balances	2,846,964	2,728,027	2,837,024	2,655,556
	2,846,964	3,428,027	2,837,024	3,355,556

16. SHARE CAPITAL AND RESERVES

16.1 Share capital

	Group and Company			
	Number of shares		Amount	
	2008	2007	2008 RM	2007 RM
Ordinary shares of RM0.10 each :				
Authorised	250,000,000	250,000,000	25,000,000	25,000,000
Issued and fully paid				
At 1 April	120,140,000	120,000,000	12,014,000	12,000,000
Shares issued under shares option scheme (Note 17)	668,000	140,000	66,800	14,000
At 31 March	120,808,000	120,140,000	12,080,800	12,014,000

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 and tax exempt income to frank all of its retained earnings at 31 March 2008 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

17. EMPLOYEE BENEFITS

Share-based payments

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

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	Exercisable 1 year after listing date	5 years

The number of share options is as follows:

	Group and Company 2008 '000	2007 '000
Outstanding at 1 April	9,856	10,798
Lapsed due to resignation	(1,095)	(802)
Exercised during the year (Note 16)	(668)	(140)
Outstanding at 31 March	8,093	9,856
Exercisable at 31 March	8,093	9,856

The options outstanding at 31 March 2008 have a remaining contractual life of approximately 2.5 years.

During the year, 668,000 share options were exercised (2007 - 140,000). The weighted average share price for the year was RM0.42 (2007 - RM0.41).

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 2008	2007
Fair value at grant date	-	-
Weighted average share price	RM0.42	RM0.41
Exercise price	RM0.30	RM0.30
Expected volatility (weighted average volatility)	47%	47%
Option life (expected weighted average life)	2.5 years	3.5 years

Employee expenses

	Group and Company 2008 RM	2007 RM
Share options granted in 2005	-	1,225,000
Total expense recognised as share-based payments (Note 20)	-	1,225,000

18. LOANS AND BORROWINGS

	Group and Company 2008 RM	2007 RM
Non-current		
Finance lease liabilities	297,185	987,511
Secured bank loan	1,471,622	-
	1,768,807	987,511
Current		
Bankers' acceptances	929,000	2,170,000
Finance lease liabilities	566,926	683,734
Secured bank loan	80,249	-
	1,576,175	2,853,734

The bankers' acceptances bear interest at 4.92% (2007 - 4.88%) per annum above the lender banks' cost of funds.

18.1 *Security*

The bank loan is secured over prepaid lease payments with a carrying amount of RM1,993,262 (see Note 5) and letter of negative pledge obtained from the Company.

The secured bank loan bears interest at base lending rate minus 2.55% per annum.

18.2 *Terms and debt repayment schedule*

Group and Company 2008	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
Secured bank loan	2024	1,551,871	80,249	141,535	155,514	1,174,573

18.3 *Finance lease liabilities*

Finance lease liabilities are payable as follows:

	2008			2007		
Group and Company	Minimum lease payments RM	Interest RM	Principal RM	Minimum lease payments RM	Interest RM	Principal RM
Less than one year	602,543	(35,617)	566,926	766,275	(82,541)	683,734
Between one and five years	302,705	(5,520)	297,185	1,033,394	(45,883)	987,511
	905,248	(41,137)	864,111	1,799,669	(128,424)	1,671,245

The finance lease liabilities are subject to a fixed interest rate ranging from 2.60% to 4.25% (2007 - 2.60% to 4.25%) per annum.

19. PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade				
Trade payables	5,927,288	7,263,745	5,927,288	7,158,558
Non-trade				
Other payables	585,575	428,041	585,575	426,434
Accruals	846,663	564,986	840,830	503,011
	7,359,526	8,256,772	7,353,693	8,088,003

19.1 Contract work-in-progress

	Group and Company	
	2008 RM	2007 RM
Aggregate cost incurred to date	4,346,944	2,896,751
Add: Attributable profits	3,688,760	741,757
	8,035,704	3,638,508
Less: Progress billings	(8,035,704)	(3,638,508)
Customer advances for contract work-in-progress	-	-
Additions to aggregate costs incurred during the year include:		
Staff cost	71,162	45,347
Depreciation of property, plant and equipment	14,046	10,146
Rental of factory	8,938	7,512

20. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Revenue				
- goods sold	48,993,956	19,803,736	48,940,096	18,505,881
- contract	4,397,196	3,638,508	4,397,196	3,638,508
	53,391,152	23,442,244	53,337,292	22,144,389
Cost of sales				
- goods sold	(41,414,310)	(20,791,155)	(41,478,467)	(19,084,889)
- contract	(1,450,193)	(2,896,751)	(1,450,193)	(2,896,751)
	(42,864,503)	(23,687,906)	(42,928,660)	(21,981,640)
Gross profit/(loss)	10,526,649	(245,662)	10,408,632	162,749

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(Loss) before tax is arrived at after crediting:				
Gain on disposal of property, plant and equipment	11,735	-	14,456	-
Gain on foreign exchange				
- realised	-	360,001	-	360,001
Interest income from deposits	78,040	95,713	78,040	95,713
and after charging:				
Allowance for doubtful debts				
- subsidiaries	-	-	-	1,290,461
- associate	-	294,388	-	294,388
- third parties	37,480	-	-	-
Amortisation of prepaid lease payments	20,332	17,000	20,332	17,000
Auditors' remuneration				
- statutory audit	37,000	26,500	33,000	22,500
- other services	5,000	5,000	5,000	5,000
Bad debts written off	-	67,070	-	67,070
Depreciation				
- property, plant and equipment	1,002,796	840,942	1,002,796	830,512
- investment property	-	4,191	-	4,191
Impairment loss				
- goodwill	-	251,545	-	-
- investment property	-	42,541	-	42,541
- investment in subsidiaries	-	-	-	249,998
Interest expense				
- bank overdrafts	5,021	158	5,021	158
- finance lease	78,036	75,525	78,036	75,525
- bankers' acceptances	164,724	155,645	164,724	155,645
- bank loan	3,679	-	3,679	-
Inventories written down	-	350,000	-	-
Loss on disposal of property, plant and equipment	-	6,972	-	6,604
Loss on foreign exchange				
- realised	345,468	574,660	342,905	557,194
- unrealised	74,325	31,501	70,045	31,501
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	508,432	464,605	496,751	424,170
- Wages, salaries and others	5,388,993	4,565,655	5,283,953	4,217,843
- Share-based payments (Note 17)	-	1,225,000	-	1,225,000
Property, plant and equipment written off	262,982	76,191	262,982	55,295
Rental of premises	485,074	410,746	482,674	377,246
Direct operating expenses of investment property				
- generating rental income	-	1,820	-	1,820

21. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors:				
- Remuneration	463,960	517,942	457,034	405,266
- Fees	21,500	30,000	21,500	30,000
- Other employee benefits (including estimated monetary value of benefits-in-kind)	13,600	13,600	13,600	13,600
Total short-term employee benefits	499,060	561,542	492,134	448,866
Share-based payments	-	483,537	-	462,513
	499,060	1,045,079	492,134	911,379

22. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax expense				
- current year	21,000	-	21,000	-
- overprovision in prior years	-	(254,561)	-	(254,561)
	21,000	(254,561)	21,000	(254,561)
Deferred tax expense (Note 9)				
- origination and reversal of temporary differences	63,000	(149,000)	63,000	(149,000)
- underprovision in prior years	-	12,000	-	12,000
	63,000	(137,000)	63,000	(137,000)
	84,000	(391,561)	84,000	(391,561)

Reconciliation of effective tax expense

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Profit/(Loss) before tax	5,562,080	(5,580,387)	5,528,132	(6,104,387)
Income tax using Malaysian tax rates of 26% (2007 - 27%)	1,446,141	(1,506,704)	1,437,314	(1,648,184)
Effect of lower tax rate for a subsidiary*	(2,037)	53,544	-	-
Non-deductible expenses	154,682	559,735	153,840	896,509
Tax incentives	(1,089,645)	-	(1,089,645)	-
Reduction in deferred tax as a result of changes in proportion of non-pioneer business	(417,509)	602,675	(417,509)	602,675
Effect of deferred tax asset not recognised in current year	(7,632)	141,750	-	-
	84,000	(149,000)	84,000	(149,000)
Overprovision in prior years	-	(242,561)	-	(242,561)
Tax expense	84,000	(391,561)	84,000	(391,561)

22. TAX EXPENSE (CONTINUED)

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax rate at 20% on chargeable income up to RM500,000.

With effect from year of assessment 2008, corporate tax rate is at 26%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 25% for 2009. Consequently, deferred tax assets and liabilities are measured using these tax rates.

23. EARNINGS/(LOSS) PER ORDINARY SHARE

23.1 Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 March 2008/31 March 2007 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008 **RM**	**2007** **RM**
Profit/(Loss) for the year attributable to ordinary shareholders	5,478,080	(5,188,826)

Weighted average number of ordinary shares	**2008**	**2007**
Issued ordinary shares at 1 April	120,140,000	120,000,000
Effect of exercise of share option under ESOS	290,254	40,521
Weighted average number of ordinary shares at 31 March	120,430,254	120,040,521

	2008 **Sen**	**2007** **Sen**
Basic earnings/(loss) per ordinary share	4.55	(4.32)

23.2 Diluted earnings/(loss) per ordinary share

The calculation of diluted earnings/(loss) per ordinary share at 31 March 2008/31 March 2007 was based on the profit/(loss) 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	
	2008 **RM**	**2007** **RM**
Profit/(Loss) for the year attributable to ordinary shareholders	5,478,080	(5,188,826)

Weighted average number of ordinary shares diluted	**2008**	**2007**
Weighted average number of ordinary shares at 31 March	120,430,254	120,040,521
Effect of dilution on share options under ESOS	2,255,000	- *
Weighted average number of ordinary shares (diluted) at 31 March	122,685,254	120,040,521

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

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

	2008 Sen	2007 Sen
Diluted earnings/(loss) per ordinary share	4.47	(4.32)*

* As the conversion of the options issued would be antidilutive; accordingly the basic and diluted loss per ordinary 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 year that the options were outstanding.

24. DIVIDENDS

Dividend recognised in the current financial year by the Company is:

2008	Sen per share (tax exempt)	Total amount RM	Date of payment
Interim 2008 ordinary	1.0	1,207,350	18 January 2008

25. 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.

26. OPERATING LEASE

Lease as lessee

Non-cancellable operating lease rental are payable as follows:

	Group and Company 2008 RM	2007 RM
Less than one year	412,620	399,165
Between one and five years	103,155	412,620
	515,775	811,785

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.

27. CAPITAL COMMITMENTS

	Group and Company 2008 RM	2007 RM
Property, plant and equipment		
Contracted but not provided for in the financial statements and payable within one year	5,778,118	1,651,500

28. RELATED PARTIES

28.1 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.

28.2 Transactions with key management personnel

Key management personnel compensation

There were no transactions with the Directors and key management personnel other than remuneration paid or payable to them in accordance with the terms and conditions of their appointment as disclosed in Note 21.

28.3 Other related party transactions

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

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Subsidiary				
FAS Technology Solution Sdn. Bhd.				
Sales	-	-	-	(25,000)
Purchases	-	-	805,972	-
Subsidiaries of the affiliate company				
Genetec Plastic Technology (M) Sdn. Bhd.				
Purchases	150,192	349,890	150,192	349,890
KVC Industrial Supplies Sdn. Bhd.				
Sales	100,000	-	100,000	-
Purchases	849,502	587,635	822,668	587,635
Management fee paid	58,600	103,800	58,600	103,800
R&R Industrial Products (M) Sdn. Bhd.				
Purchases	-	3,839	-	3,839
TSA Industries Sdn. Bhd.				
Purchases	7,180	8,161	7,180	8,161
Sales	-	(18,250)	-	(18,250)
KVC Connectors Sdn. Bhd.				
Purchases	5,437	-	5,437	-

28. RELATED PARTIES (CONTINUED)

28.3 Other related party transactions (continued)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
KVC Industrial Supplies (Melaka) Sdn. Bhd.				
Purchases	-	13,253	-	13,253
KVC Industrial Supplies (Penang) Sdn. Bhd.				
Purchases	198	1,074	198	1,074
Associate				
TGT Technology Limited				
Servicing fee	891,032	650,000	891,032	650,000
Purchases	30,799	101,726	30,799	101,726

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

29. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group'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 2 (2007: 4) major customers amounting to RM9.0 million (2007 - RM4.3 million) of the total trade receivables of the Group. 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 incurs 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 enters 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 places cash balances with reputable banks to generate interest income for the Group. The Group manages 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 average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

29. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis (continued)

2008 Group and Company	**Average effective interest rate %**	**Total RM**	**Less than 1 year RM**	**>1 - 5 years RM**
Financial liabilities				
Bankers' acceptances	4.9	929,000	929,000	-
Secured bank loan	4.2	1,551,871	80,249	1,471,622
2007 Group and Company				
Financial asset				
Deposit placed with a licensed bank	2.6	700,000	700,000	-
Financial liabilities				
Bankers' acceptances	4.2	2,170,000	2,170,000	-

Fair values of recognised financial instruments

The fair value of the bank loan secured by the Group and the Company approximates its carrying amount as it is a floating rate loan.

In the opinion of the Directors, there is no significant difference between the fair values and the carrying amounts of other financial assets and financial liabilities due to the relatively short term nature of these financial instruments.

Fair values of unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects amount of which the Group and Company expect to pay or receive to terminate the contracts or replace the contracts at their market rates as at balance sheet date.

At 31 March 2008, the notional amount and net fair value receivable/(payable) for financial instruments of the Group and Company not recognised in the balance sheet are as follows:

Group and Company	**2008**	
	Nominal amount RM	**Fair value RM**
Forward exchange contracts	9,553,307	236,424

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 approval accounting standards in Malaysia.

LIST OF PROPERTIES
as at 31 March 2008

No.	Address	Approximate tenure/ Year of expiry	Description/ Existing use	Land area / Built-up area (sq. ft.)	Net book value @ 31.03.08 (RM'000)	Age of building (years)	Date of acquisition
1.	Lot 7, Jalan P10/12 Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	99 years expiring in 2098	Leasehold / Vacant land	61,450 / -	1,993	-	31 March 08
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	2,427	3	20 March 06

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 2008 is as follows:

Purpose	Gross proceeds raised RM'000	Utilisation of Proceeds as at 31 March 2008 RM'000	Balance RM'000
Working capital	9,858[1]	9,858	-
Estimated listing expenses	1,200	1,200	-
TOTAL	**11,058**[2]	**11,058**	**-**

Notes:

1 Out of the total amount of RM9.86 million, Genetec 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 Genetec to ATIS Corporation Berhad, a major shareholder of Genetec, from the gross proceeds raised from Genetec'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 during the financial year 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) American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

During the financial year under review, the Company did not sponsor any ADR or GDR programmes.

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 2008 was RM5,000 (2007: 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 given 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.

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 2008 were as follows:

	Related Parties	Relationship with Genetec Group	Nature of Transactions with Genetec Group	Amount (RM)
1.	Genetec Plastic Technology (M) Sdn Bhd ("GPT")	Chen Khai Voon is a Director and an indirect major shareholder of Genetec. He is also an indirect major shareholder of GPT	Purchase of fabrication parts Sales	150,192 9,375
2.	KVC Industrial Supplies Sdn Bhd ("KVC")	Chen Khai Voon is a Director and an indirect major shareholder of Genetec. He is also a Director and an indirect major shareholder of KVC	Purchase of electrical and electronic products Sales Management fee	822,668 100,000 58,600
3.	KVC Industrial Supplies (Penang) Sdn Bhd ("KVCPG")	Chen Khai Voon is a Director and an indirect major shareholder of Genetec. He is also an indirect major shareholder of KVCPG	Purchase of electrical and electronic products	198
4.	KVC Connectors Sdn Bhd ("KVCC")	Chen Khai Voon is a Director and an indirect major shareholder of Genetec. He is also an indirect major shareholder of KVCC	Purchase of electrical and electronic products	5,437
5.	TSA Industries Sdn Bhd ("TSA")	Chen Khai Voon is a Director and an indirect major shareholder of Genetec. He is also an indirect major shareholder of TSA	Purchase of industrial hardware products	7,180
6.	TGT Technology Limited ("TGT")	Chen Khai Voon is a Director of Genetec and an indirect major shareholder of Genetec. He is also a Director and an indirect major shareholder of TGT Chin Kem Weng is a Director and an indirect major shareholder of Genetec. He is also a Director and an indirect major shareholder of TGT	Servicing fees for designing machines Purchase of fabrication parts	891,032 30,799

SHARE CAPITAL

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	31	15,600	0.01
1,001 – 10,000	89	536,750	0.45
10,001 – 100,000	85	2,854,400	2.36
100,001 – 6,040,399	31	43,051,200	35.64
6,040,400 and above (5% of issued shares)	2	74,350,000	61.54
Total	**239**	**120,808,000**	**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	-	-	48,250,000*	39.94
Chin Kem Weng	26,100,000	21.60	-	-
Tan Kok Ang	-	-	-	-
Ong Phoe Be	-	-	-	-

Note: * Deemed interested through ATIS Corporation Berhad.

Other than as stated above, there has been no changes in the deemed interest of Directors in related companies as disclosed in page 23 of this Annual Report since the close of the financial year ended 31 March 2008.

The options granted to the Directors pursuant to the Company's Employees' Share Option Scheme are set out in page 23 of this Annual Report. There has been no changes in the options held since the close of the financial year ended 31 March 2008.

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	48,250,000	39.94	-	-
Chin Kem Weng	26,100,000	21.60	-	-
Chen Khai Voon	-	-	48,250,000*	39.94

Note: * Deemed interested through ATIS Corporation Berhad.

30 LARGEST SHAREHOLDERS

	Name	No. of Shares Held	Percentage (%)
1	ATIS Corporation Berhad	48,250,000	39.94
2	Chin Kem Weng	26,100,000	21.60
3	Chia Hee Chong	6,000,000	4.97
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Lee Heong	5,600,000	4.64
5	Chong Koon Yen	5,500,000	4.55
6	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Rosfaizal Bin Rosli	4,000,000	3.31
7	Lee Kok Leong	3,300,000	2.73
8	Yap Sin Fatt	3,114,600	2.58
9	Wannee Boonyasiriwat	2,150,000	1.78
10	Shaari Bin Haron	1,950,400	1.61
11	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ngu Liong Ting	1,819,200	1.51
12	Yap Wan Loong	1,260,500	1.04
13	Allen Lik-Hook Ting	1,260,000	1.04
14	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Mei Loon	1,000,000	0.83
15	Ngu Liong Ting	848,400	0.70
16	Song Kok Full	745,000	0.62
17	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Ooi Eng Sun	700,000	0.58
18	Chin Kit Sen	600,000	0.50
19	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Sow Ewe Lee	466,000	0.38
20	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Yeo Teik Hock	375,000	0.31
21	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Lim Ghee Tatt	370,000	0.31
22	Ting Lee Kwang @ Ting Lek Kwang	360,000	0.30
23	Chin Lee Heong	254,700	0.21
24	Tee Lee Chen	200,000	0.16
25	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Goh Yik Yong	155,000	0.13
26	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Nyok Pek	146,500	0.12
27	Yeo Chong Kiat	135,500	0.11
28	Gillian Kung @ Kung Fern Ling	128,100	0.11
29	Kam Lee Huar	119,300	0.10
30	Lim Kar Hwa	111,500	0.09
	Total	117,019,700	96.86

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 Tenth 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 Thursday, 25 September 2008 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2008 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 Chen Khai Voon **Ordinary Resolution 1**
   2.2 Ms Ong Phoe Be **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 EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND NEW MANDATE FOR ADDITIONAL 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 3 September 2008 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries, on arm length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority 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 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**

BY ORDER OF THE BOARD

WONG CHOOI FUN (MAICSA 7027549)
Secretary

Selangor Darul Ehsan
Date: 3 September 2008

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 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 the time being 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 3 September 2008 which is despatched together with the 2008 Annual Report for detailed information.

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GENETEC TECHNOLOGY BERHAD (Company No. 445537-W)

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 **Tenth 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 Thursday, 25 September 2008 at 10.00 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 Chen Khai Voon as Director		
2	Re-election of Ms Ong Phoe Be 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		

(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 2008

....
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 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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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

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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: 603 8926 6388 Fax: 603 8926 9689
www.genetec.net