

Genetec Technology Berhad

(Company No.: 445537-W)

(Incorporated in Malaysia)

Interim Report for the

Fourth Quarter Ended

31 March 2007

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The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/3/2007 RM'000	Preceding Year Corresponding Quarter 31/3/2006 RM'000	Current Year To-date 31/3/2007 RM'000	Preceding Year Corresponding Period 31/3/2006 RM'000
Revenue		8,396	9,947	23,442	38,260
Operating expenses		(9,621)	(9,697)	(27,560)	(35,641)
Share based-payment under ESOS		-	-	(1,225)	-
Other operating income		5	104	35	151
(Loss)/Profit from operations		(1,220)	354	(5,308)	2,770
Finance costs		(73)	(19)	(273)	(298)
(Loss)/Profit before taxation		(1,293)	335	(5,581)	2,472
Taxation	21	392	346	392	296
Net (loss)/profit for the financial period		<u>(901)</u>	<u>681</u>	<u>(5,189)</u>	<u>2,768</u>
Attributable to:					
Equity holders of the parent		(901)	681	(5,189)	2,768
Minority shareholders' interests		-	-	-	-
		<u>(901)</u>	<u>681</u>	<u>(5,189)</u>	<u>2,768</u>
(Loss)/Earnings per share (sen) :-	30				
(a) Basic		<u>(0.75)</u>	<u>0.57</u>	<u>(4.32)</u>	<u>3.00</u>
(b) Fully diluted		<u>N/A</u>	<u>0.57</u>	<u>N/A</u>	<u>2.96</u>

Note N/A : Not Applicable

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 31/3/2007 RM'000	(Audited) As at preceding financial year ended 31/3/2006 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,802	3,901
Prepaid lease payments	832	849
Goodwill	-	251
Deferred taxation asset	45	-
Current assets		
Inventories	8,499	4,720
Trade receivables	7,137	13,774
Other receivables	2,413	566
Tax recoverable	533	229
Amount due from an associate	549	888
Cash and cash equivalents	3,427	6,794
	22,558	26,971
TOTAL ASSETS	30,237	31,972
EQUITY AND LIABILITIES		
Share capital	12,014	12,000
Reserves	6,124	10,060
Equity attributable to equity holders of the parent	18,138	22,060
Minority shareholder's interest	-	-
Total equity	18,138	22,060
Non-current liabilities		
Hire purchase liabilities	988	203
Deferred taxation liabilities	-	92
	988	295
Current liabilities		
Trade payables	6,810	4,943
Other payables	1,447	1,128
Borrowings	2,170	3,416
Hire purchase liabilities	684	130
	11,111	9,617
	30,237	31,972
Net assets per share (RM)*	0.15	0.18

Note:

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent /Number of issued and paid-up ordinary shares

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non Distributable		Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total RM'000
		Share Premium RM'000	Other Reserve RM'000				
<u>12 months ended 31 March 2006</u>							
Balance at 1 April 2005	1,000	-	-	6,901	7,901	-	7,901
Issuance of shares	11,000	6,000	-	(3,800)	13,200	-	13,200
Share issue expenses	-	(1,809)	-	-	(1,809)	-	(1,809)
Net profit for the financial year	-	-	-	2,768	2,768	-	2,768
Balance at 31 March 2006	12,000	4,191	-	5,869	22,060	-	22,060
<u>12 months ended 31 March 2007</u>							
Balance at 1 April 2006	12,000	4,191	-	5,869	22,060	-	22,060
Prior year adjustment - effect of adopting FRS 2	-	-	875	(875)	-	-	-
Balance at 1 April 2006 (restated)	12,000	4,191	875	4,994	22,060	-	22,060
Effect of adopting FRS 2	-	-	1,225	-	1,225	-	1,225
Issuance of shares	14	28	-	-	42	-	42
Net profit for the financial year	-	-	-	(5,189)	(5,189)	-	(5,189)
Balance at 31 March 2007	12,014	4,219	2,100	(195)	18,138	-	18,138

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited) 12 months ended 31/3/2007 RM'000	(Audited) 12 months ended 31/3/2006 RM'000
Operating Activities		
Net (loss)/profit before tax	(5,581)	2,473
Adjustment for :-		
Depreciation and amortisation	862	738
Impairment on goodwill	252	-
Other non-cash items	193	247
Share based-payment under ESOS	1,225	-
Non-operating items	85	21
Operating (loss)/profit before changes in working capital	(2,964)	3,479
Changes in working capital		
Net change in current assets	1,284	(2,035)
Net change in current liabilities	2,186	(6,245)
Net cash generated from/(used in) operating activities	506	(4,801)
Investing Activities		
Other investments	96	144
Purchase of property, plant and equipment	(2,080)	(1,747)
Net cash used in investing activities	(1,984)	(1,603)
Financing Activities		
Proceeds from issue of shares	42	13,200
Payment of listing expenses	-	(1,809)
Net drawdown of bank borrowings	(1,246)	(521)
Repayment of hire purchase creditors	(453)	(175)
Interest paid	(232)	(242)
Net cash (used in)/generated from financing activities	(1,889)	10,453
Net change in cash and cash equivalents	(3,367)	4,049
Cash and cash equivalents at beginning of year	6,794	2,745
Cash and cash equivalents at end of year	<u>3,427</u>	<u>6,794</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

The figures have not been audited

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Financial Reporting Standard ("FRS") 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of Genetec Technology Berhad ("Genetec" or "the Company") for the year ended 31 March 2006.

These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2006.

Details of these changes in accounting policies are set out in Note 2.

2 ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The accounting policies and methods of computation adopted by Genetec and its subsidiary companies ("Genetec Group" or "the Group") in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2006, except for the adoption of all the 18 new and revised FRS issued by the MASB that are relevant to its operations effective from accounting periods beginning on 1 January 2006.

In addition to the above, the Group has also taken the option of early adoption of FRS 117 and FRS 124 for the financial period beginning 1 January 2006. The impact of these new FRS and changes in accounting policies is disclosed in Note 3.

3 SUMMARY OF NEW FRS AND CHANGES IN ACCOUNTING POLICIES

The adoption of these new and revised FRS has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current period or prior years:

a. FRS 2: Share-based Payments

FRS 2 requires the recognition of equity-settled share-based payments at fair value at the date of grant. Prior to the adoption of FRS 2, the Group did not recognise the financial effect of share-based payments until such payments were settled.

The Company operates an equity-settled, share based compensation plan for the employees of the Group, the Genetec's Employee Share Options Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognised as profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised as profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of

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the grant and the number of share options to be vested by the vesting date. The fair value of the share option is computed using the Black Scholes model.

Under the transitional provisions of FRS 2, FRS 2 must be applied to share options that were granted after 31 December 2004 and had not been vested on 1 January 2006. The application is retrospective and accordingly, the comparative amounts as at 31 March 2006 are restated and the opening balance of retained earnings as at 1 April 2006 has been adjusted. The financial impact to the Group arising from this change in accounting policy is as follows:

	As at 1 April 2006 RM'000	
Decrease in retained earnings		(875)
		<u> </u>
Increase in other reserve		875
		<u> </u>
	12 months and Year-to-date ended	
	31 March 2007	31 March 2006
	RM'000	RM'000
Decrease in profit for the period	(1,225)	-
	<u> </u>	<u> </u>

b. FRS 3: Business Combinations and FRS 136: Impairment of Assets

With effect from 1 January 2006, in accordance with FRS 3 and FRS 136, the Group no longer amortises its goodwill. Goodwill is tested annually for impairment, as well as when there are indications of impairment including in the year of its initial recognition. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

As FRS 3 has been applied prospectively, there has been no restatement of comparative amounts with the cumulative amount of amortisation as of 1 April 2006 being offset against the cost of the goodwill and an impairment on goodwill has been recognised in the income statement for the year ended 31 March 2007.

c. FRS 101: Presentation of Financial Statements

The adoption of FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The presentation of minority interest in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

d. FRS 117: Leases

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold lands. The up-front payments made for the leasehold lands represent prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2006, leasehold lands were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss.

Upon the adoption of FRS 117 on 1 January 2006, the unamortised cost amount of leasehold lands are retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold lands as prepaid lease payments has been accounted for retrospectively and comparative amounts as at 31 March 2006 have been restated.

4 COMPARATIVES

The following comparative amounts have been restated due to the adoption of new FRS:

	Previously stated	FRS 2	FRS 117	Restated
As At 31 March 2006	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	4,750	-	(849)	3,901
Prepaid lease payments	-	-	849	849
Other reserve	-	875	-	875
Retained profits	5,869	(875)	-	4,994

5 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 March 2006.

6 SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The business of the Group is not affected by any significant seasonal or cyclical factors for the current quarter under review.

7 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

8 MATERIAL CHANGE IN ESTIMATES

There were no material changes in the nature and amount of estimates reported that have a material effect on the results for the current quarter under review.

9 ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

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

10 DIVIDEND PAID

There was no dividend paid during the current quarter under review.

11 SEGMENT INFORMATION

Business segment information is not presented as the Group is primarily engaged in one business segment which is designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment.

12 PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

13 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There is no material event affecting the Group subsequent to the current quarter ended 31 March 2007.

14 CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the current quarter under review.

15 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 March 2007 and up to the date of this report.

16 CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2007 are as follows:

	RM'000
Property, plant and equipment Approved and contracted for	<u>1,652</u>
Leasing commitments Due within 12 months	<u>89</u>

17 REVIEW OF PERFORMANCE

The Group's revenue for the financial year ended 31 March 2007 was RM23.44 million with a net loss of RM5.19 million. As compared to the preceding financial year, the revenue and net profit have decreased by RM14.82 million (39%) and RM7.96 million (287%) respectively. The decrease in revenue and profitability were mainly due to lower volume of projects secured and delay in the award of projects by certain customers. The net loss for the financial year under review of RM5.19 million includes significant charges and provisions amounting to RM2.20 million. These charges/provisions consisted of a one-off charge amounting to RM1.23 million arising from the adoption of FRS 2: Share-based payments, closure of business of FAS Technology Sdn Bhd (Fastech) (loss for the year of RM0.73 million) and impairment of goodwill of Genevision (M) Sdn Bhd (Genevision) (amounting to RM0.25 million).

18 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the financial quarter under review was RM8.40 million compared to the preceding quarter's revenue of RM3.04 million. This represents an increase of RM5.36 million or 176% as compared to the preceding quarter. On the back of the higher revenue of RM8.40 million, the Group's net loss position improved from RM1.87 million from the preceding quarter to RM0.90 million in this quarter. The net loss of RM0.90 million for the quarter under review includes the provision for closure of business of a subsidiary company, Fastech (RM0.73 million) and impairment of goodwill of Genevision (RM0.25 million).

19 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Directors of the Group anticipate a challenging year ahead as the Group seeks out new market segments whilst maintaining its strength in the Hard Disk Drive Industry.

20 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as Genetec has not issued any profit forecast or profit guarantee in a public document.

21 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2007 RM'000	Preceding Year Corresponding Quarter 31.3.2006 RM'000	Current Year To-Date 31.3.2007 RM'000	Preceding Year Corresponding Period 31.3.2006 RM'000
Malaysian income tax:				
- current taxation	(255)	(346)	(255)	295
- overprovision in prior year	-	-	-	(141)
	<u>(255)</u>	<u>(346)</u>	<u>(255)</u>	<u>154</u>
Deferred tax expenses				
-origination and reversal of temporary differences	(137)	-	(137)	(69)
- overprovision in prior year	-	-	-	(381)
	<u>(137)</u>	<u>-</u>	<u>(137)</u>	<u>(450)</u>
	<u>(392)</u>	<u>(346)</u>	<u>(392)</u>	<u>(296)</u>

The effective tax rate of the Group for the financial year ended 31 March 2006 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

22 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investment and/or properties during the current financial year under review.

23 QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the current quarter and financial year to date under review.

24 STATUS OF CORPORATE PROPOSAL

Save as disclosed below, as at the last practicable date, there is no corporate proposal announced but not completed:

On 28 July 2006, Genetec announced that the Company had entered into a conditional sale and purchase agreement with KVC Industrial Supplies Sdn Bhd (*formerly known as KVC Electric (M) Sdn Bhd*), a wholly-owned subsidiary of its substantial shareholder, ATIS Corporation Berhad, to acquire a vacant piece of leasehold land held under Title No. HS(D) 52707 No. PT 40856 in the Town of Bandar Baru Bangi, District of Hulu Langat, State of Selangor for a cash consideration of

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RM1,835,000 ("Proposed Acquisition"). The Proposed Acquisition is subject to the following approvals being obtained:

- (i) State Authority for the sale and transfer of the property from KVC Industrial Supplies Sdn Bhd to Genetec to be obtained by KVC Industrial Supplies Sdn Bhd, which was obtained on 21 December 2006;
- (ii) shareholders of Genetec at a general meeting, which was obtained on 29 September 2006;
- (iii) shareholder of KVC Industrial Supplies Sdn Bhd, namely ATIS Corporation Berhad, which was obtained on 29 September 2006;
- (iv) shareholders of ATIS Corporation Berhad at a general meeting, which was obtained on 29 September 2006; and
- (v) other relevant authorities or parties, if necessary.

25 UTILISATION OF PROCEEDS

As per Genetec's prospectus dated 29 September 2005, the gross proceeds raised from the Initial Public Offering (IPO) amounted to RM11.06 million.

The utilisation of the proceeds from the IPO as at 31 March 2007 is shown in the table below:

Purpose	Proposed Utilisation RM'000	Actual Utilisation as at 31 March 2007 RM'000	Balance RM'000
Working capital	9,858	(9,358)	500
Estimated listing expenses	1,200	(1,200)	-
TOTAL	11,058	(10,558)	500

26 BORROWINGS

Details of the Group's short term borrowings as at 31 March 2007 are as follows:

Current – Unsecured	RM
Trade bills	<u>2,170,000</u>

27 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at 23 May 2007 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report) except for the following:

Currency	Contract amount in FCY'000	Date of contract	Value date of contract	Equivalent amount in RM'000
USD	700	7.6.2006	30.5.2007	2,509

As the above foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licensed banks.

The Company does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is no cash requirement as the Company uses fixed forward foreign exchange contracts as its hedging instrument.

The accounting policies for the off balance sheet financial instruments is as follows:-

The Group enters into foreign currency forward contracts as a hedge against foreign trade receivable. Market value gains and losses are recognised and the resulting credit or debit offsets foreign exchange gains or losses on those receivables.

28 MATERIAL LITIGATIONS

Neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

29 DIVIDENDS

The Directors do not propose any dividend for the financial period under review.

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30 (LOSS)/EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.07 RM	Preceding Year Corresponding Quarter 31.3.06 RM	Current Year To-date 31.3.07 RM	Preceding Year Corresponding Period 31.3.06 RM
Basic (loss)/earnings per share (LPS)/EPS				
Net (loss)/profit attributable to shareholders	(900,992)	681,078	(5,188,825)	2,768,617
Weighted average number of ordinary shares in issue	120,140,000	120,000,000	120,051,964	92,390,137
Basic (LPS)/EPS (sen)	(0.75)	0.57	(4.32)	3.00
Diluted earnings per share EPS				
Net profit attributable to shareholders	-	681,078	-	2,768,617
Weighted average number of ordinary shares in issue	-	120,000,000	-	93,657,137
Diluted EPS (sen)	-	0.57	-	2.96

It is not applicable to calculate the diluted earnings per share for the current quarter and financial year-to-date as any potential conversion of the Company's employee share options to ordinary shares would be antidilutive.

By Order of the Board

Genetec Technology Berhad

Tan Kon Hoan

Finance Manager

Selangor Darul Ehsan

30 May 2007