Genetec Technology BERHAD

(445537 - W)

2017 ANNUAL REPORT

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ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

HEW VOON FOO
Chairman &
Independent Non-Executive Director

CHIN KEM WENG
Managing Director

TAN MOON TEIK
Executive Director

WONG WAI TZING
Independent Non-Executive Director

TEH KIM SENG
Independent Non-Executive Director

CHEN KHAI VOON
Non-Independent Non-Executive Director

AUDIT COMMITTEE

HEW VOON FOO *(Chairman)*
WONG WAI TZING
TEH KIM SENG
CHEN KHAI VOON

COMPANY SECRETARY

LOW SOOK KUAN
(MAICSA 7047833)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lot 7, Jalan P10/11, Seksyen 10
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Malaysia
Tel : +603 8926 6388
Fax : +603 8926 9689

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603 2783 9299
Fax : +603 2783 9222

Customer Services Centre:
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603 7721 3388
Fax : +603 7721 3399

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(ACE Market)
Listed on 7 November 2005
Stock Name : GENETEC
Stock Code : 0104

WEBSITE

www.genetec.net

EMAIL

genetec@genetec.net

CORPORATE STRUCTURE

As at 4 July 2017

Genetec Technology BERHAD
(445537-W)

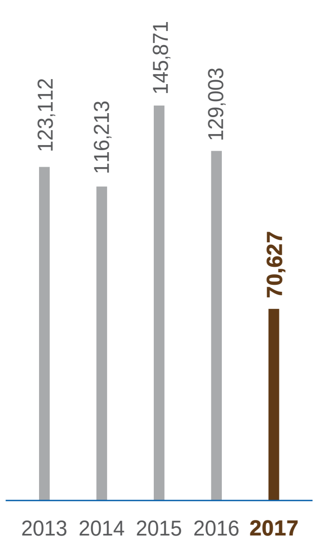
- 51% CLT ENGINEERING SDN BHD
  - 100% CLT ENGINEERING (THAILAND) CO., LTD *(Incorporated in Thailand)*
- 60% FAS TECHNOLOGY SOLUTION SDN BHD
- 60% FAS MANUFACTURING SDN BHD
- 100% GENETEC GLOBAL TECHNOLOGIES, INC. *(Incorporated in United States of America)*
  - 60% IP SYSTEMS, INC. *(Incorporated in United States of America)*

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

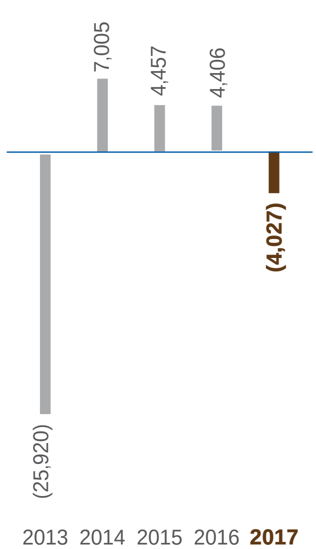
	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
OPERATING RESULTS					
Revenue	123,112	116,213	145,871	129,003	**70,627**
(LBITDA)/EBITDA	(2,381)	4,668	8,960	12,641	**(327)**
(Loss)/Profit Before tax	(8,159)	(830)	3,663	8,266	**(3,578)**
(Loss)/Profit After tax	(32,093)	4,912	4,970	6,794	**(3,636)**
Net (Loss)/Profit Attributable to Owners of the Company	(25,920)	7,005	4,457	4,406	**(4,027)**
KEY BALANCE SHEET DATA					
Total Assets	135,529	112,762	161,675	103,551	**98,218**
Share Capital	35,174	35,174	35,174	35,174	**53,553***
Capital and Reserves	48,005	52,582	61,213	67,658	**63,296**
PROFITABILITY RATIOS					
Return on Total Assets (%)	(24)	4	3	7	**(4)**
Return on Average Equity (%)	(49)	10	9	11	**(6)**
GEARING RATIO					
Net Debt to Capital and Reserves (Times)	0.75	0.50	0.46	0.14	**0.15**
VALUATION					
Basic Earning/(Loss) per ordinary share (Sen)	(73.69)	19.92	12.67	12.53	**(11.45)**

* *In accordance with Section 618(2) of Companies Act 2016, any amount standing to the credit of the Share Premium account shall become part of the Company's share capital when the Companies Act 2016 comes into effect on 31 January 2017.*

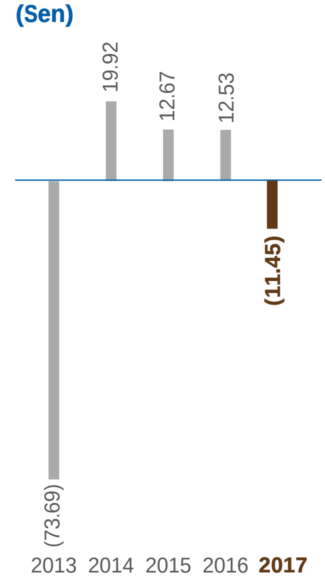
REVENUE (RM'000)



NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



BASIC EARNING/(LOSS) PER ORDINARY SHARE (Sen)



BOARD OF DIRECTORS' PROFILE

HEW VOON FOO

INDEPENDENT NON-EXECUTIVE DIRECTOR
Aged 56 / Male / Malaysian

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

Mr Hew was appointed to the Board of the Company on 6 February 2009. He is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) and the Malaysian Institute of Accountants (MIA). He has extensive experience in financial management gained over the years in an audit firm and as financial controller in a local manufacturing company. Other than the Company, he also sits on the Board of EP Manufacturing Berhad.

CHIN KEM WENG

MANAGING DIRECTOR / EXECUTIVE DIRECTOR
Aged 47 / Male / Malaysian

Mr Chin was appointed as the Managing Director of the Company 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 the Company with Mr Chen Khai Voon. Other than the Company, Mr Chin has no directorship in other public companies and listed corporations.

TAN MOON TEIK

EXECUTIVE DIRECTOR
Aged 46 / Male / Malaysian

Mr Tan was appointed to the Board of the Company on 8 October 2010. He completed his Diploma in Electronic Engineering from Linton Institute of Technology in 1993. Upon graduation in 1993, he joined ABK Electronic Pte Ltd in Singapore as a process technician. He left to join Alantac Engineering Pte Ltd, Singapore two years later and was working as a Sales/ Project Manager for 4 years. In 2000, he started the business in fabrication capabilities of machine parts and toolings for equipment and replications of systems and equipment until 2003 he founded CLT Engineering Sdn Bhd, a subsidiary of the Company. He has extensive experience in areas of fabrication and automation business covering electronic, hard disk drive and other high-technology industries. Other than the Company, Mr Tan has no directorship in other public companies and listed corporations.

BOARD OF DIRECTORS' PROFILE

CHEN KHAI VOON
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
Aged 57 / Male / Malaysian

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

Mr Chen was appointed to the Board of the Company on 3 November 1998. He holds a Diploma in Accounting. He is the founder of KVC Industrial Supplies Sdn Bhd Group, a leading industrial electrical distributor in Malaysia which he started in year 1989. Other than the Company, Mr Chen also sits on the Board of Nadayu Properties Berhad.

WONG WAI TZING
INDEPENDENT NON-EXECUTIVE DIRECTOR
Aged 59 / Female / Malaysian

- *Member of Audit Committee*

Ms Wong was appointed to the Board of the Company on 26 January 2011. She holds a Bachelor of Laws degree from the University of London. She is an Associate Member of the Institute of Chartered Secretaries and Administrators. She started her legal career in 1991 after working as a qualified company secretary for many years and was made a partner in a leading legal firm in 1996. She has actively been involved in corporate and commercial work since 1991 covering mergers and acquisitions, take-overs, joint ventures and shareholders' agreements, technical assistance agreements, time-sharing schemes, securities, distributionship and franchise agreements. Other than the Company, Ms Wong also sits on the Board of HLT Global Berhad.

TEH KIM SENG
INDEPENDENT NON-EXECUTIVE DIRECTOR
Aged 50 / Male / Malaysian

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

Mr Teh was appointed to the Board of the Company on 26 January 2011. He holds a Bachelor of Laws from Leeds University, England and received a Master of Laws from Cambridge University, England in 1989. With over 25 years of experience in the legal, mergers and acquisition, corporate finance, venture capital and financial services arenas, Mr Teh manages Netrove Ventures Corp, a regional boutique venture capital and corporate finance advisory group headquartered in Hong Kong and with offices in Bangkok, Guangzhou, Hanoi and Kuala Lumpur. Residing in Hong Kong, Mr Teh initially worked as an attorney in London and then in Hong Kong, specialising in Corporate Finance and Mergers & Acquisitions. He then served as the Chief Operating Officer of a regional investment bank headquartered in Hong Kong for a number of years before founding Netrove Ventures Corp in 1999. Mr Teh is currently Chairman & CEO of Netrove Ventures Corp and sits on the boards of various privately and publicly owned enterprises across Asia. Other than the Company, Mr Teh has no directorship in other public companies and listed corporations in Malaysia.

Notes:

(1) None of the directors has:
- *any family relationship with any director and/or major shareholder of the Company;*
- *any conflict of interest with the Company;*
- *any conviction for offences (other than traffic offences) within the past five (5) years; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

(2) The details of attendance of each Director at Board meetings are set out in the Statement on Corporate Governance of this Annual Report.

MANAGEMENT TEAM PROFILE

CHIN KEM WENG
MANAGING DIRECTOR
Aged 47 / Male / Malaysian

Mr Chin was appointed as the Managing Director of the Company 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 the Company with Mr Chen Khai Voon.

Mr Chin has no directorships in other public companies and listed corporations.

SOW EWE LEE
CHIEF OPERATING OFFICER
Aged 47 / Male / Malaysian

Mr Sow was appointed as Chief Operating Officer of the Company on 1 October 2009. He holds a Master of Science in Mechatronics from the University of De Montfort, Leicester, United Kingdom. Upon his graduation in 1996, he joined Hitachi Semiconductor (M) Sdn Bhd as a design engineer and was involved in designing circuit and developing software. After one (1) year, he left to join QPI as an automation engineer where he gained experience in the area of automation system design and set-up. His forte lies in the area of Automation Control System and software programming. In 1998, he left QPI to join the Company as the senior software engineer.

Mr Sow has no directorships in other public companies and listed corporations.

TAN KON HOAN
FINANCIAL CONTROLLER
Aged 46 / Male / Malaysian

Mr Tan joined the Company as Finance Manager on 14 September 2004 and was promoted as Financial Controller of the Company on 21 October 2009. He graduated with a Bachelor of Commerce majoring in Accounting in 1996 from New Zealand. He is a member of The Chartered Accountants of Australia and New Zealand (CAANZ). He is also a member of both The Association of International Accountants, United Kingdom (AIA) and The Chartered Tax Institute of Malaysia (CTIM). He is a certified member of The Financial Planning Association of Malaysia (FPAM) and registered as a Certified Financial Planner (CFP).

Prior joining to the Company, Mr Tan has overall 11 years working experience in property management and manufacturing industry. Currently, he is in-charge of the Finance, Administration and Human Resource department.

Mr Tan has no directorships in other public companies and listed corporations.

MANAGEMENT TEAM PROFILE

GOH YIK YONG
SENIOR VICE PRESIDENT - OPERATIONS
Aged 51 / Male / Malaysian

Mr Goh was appointed as Senior Vice President – Operations of the Company on 21 October 2009. He graduated from French Singapore Institute with a Diploma in Electronics Engineering. He has more than ten (10) years experience in the automated machine vision application and software application. Upon graduation, he joined a company in Singapore as an Application Engineer for five (5) years and was responsible for developing the software for automation machine vision application. In 1994, he joined Eyetron Sdn Bhd (Eyetron) as Senior Engineer and was involved in the conceptual design of the machine vision application, and the development of the software for the machine vision application. He left Eyetron in 1999 and joined the Company. In 2000, he joined VS Integration Sdn Bhd as a Manager for two (2) years and rejoined the Company in 2003 as a Manager of the software division in the Engineering Department.

Mr Goh has no directorships in other public companies and listed corporations.

TAN MOON TEIK
MANAGING DIRECTOR OF CLT
Aged 46 / Male / Malaysian

Mr Tan was appointed to the Board of the Company on 8 October 2010. He completed his Diploma in Electronic Engineering from Linton Institute of Technology in 1993. Upon graduation in 1993, he joined ABK Electronic Pte Ltd in Singapore as a process technician. He left to join Alantac Engineering Pte Ltd, Singapore two years later and was working as a Sales/ Project Manager for 4 years. In 2000, he started the business in fabrication capabilities of machine parts and toolings for equipment and replications of systems and equipment until 2003 he founded CLT Engineering Sdn Bhd (CLT), a subsidiary of the Company. He has extensive experience in areas of fabrication and automation business covering electronic, hard disk drive and other high-technology industries.

Mr Tan has no directorship in other public companies and listed corporations.

Notes:

None of the management team has:
- *any family relationship with any director and/or major shareholder of the Company;*
- *any conflict of interest with the Company;*
- *any conviction for offences (other than traffic offences) within the past five (5) years; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

Genetec Technology Berhad ('Genetec' or 'the Group') is a public limited company listed on the Ace Market of Bursa Malaysia Securities Berhad. We specialise in designing and building of customized factory automation process equipment with integrated inspection systems from conceptual design, development of prototype to mass replication equipment.

OBJECTIVES AND STRATEGIES

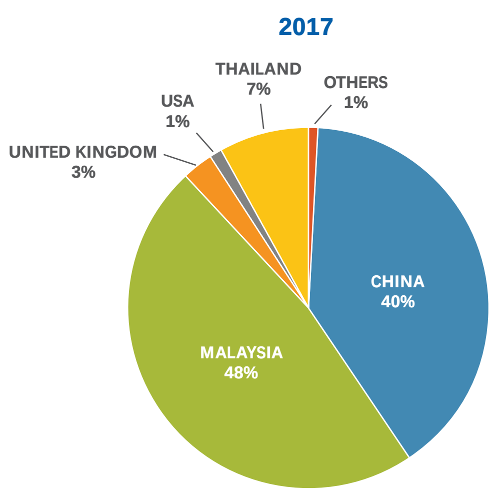
The Group aspires to be a leading supplier of customized full turnkey factory automation and stand-alone prototype equipment for mass volume production use worldwide. We are a focused supplier of customized equipment that allows our customers to increase the value and capability of their products. We set ourselves aggressive targets to support our customers with well-integrated software and technical equipment to maintain and maximize their production processes.

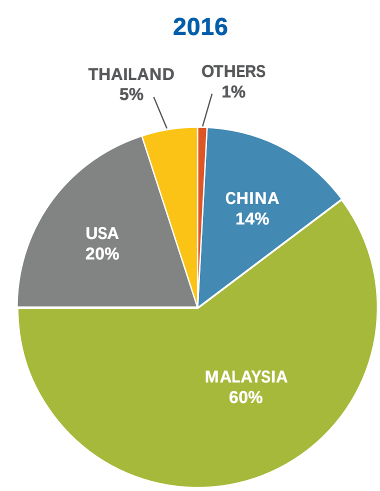
BUSINESS AND OPERATIONS OVERVIEW

Presently, Genetec's business and operations primarily consist of two core sectors, namely HDD and Automotive. Our Group currently has two (2) manufacturing operations in Selangor which are located at Bandar Baru Bangi and Subang Jaya respectively.

For the year under review, 52% of our products were exported to overseas market namely United Kingdom, USA, Mexico, Brazil, People's Republic of China and other countries in Asia. Our Group recorded a revenue of RM70.6 million for the financial year ended 31 March 2017, representing a decrease of 45% from the preceding year's revenue of RM129 million mainly due to lower order from HDD sector.

TURNOVER BY GEOGRAPHICAL LOCATIONS





Revenue from our key Hard Disk Drive (HDD) sector for the current year contributes 52% of the group's revenue as compared to 65% for the preceding year, a decrease of 13% arising from lower demand and stiff competition from other main players in the HDD sector. On the other hand, Automotive sector has a growth of 13% contributing 42% (2016: 29%) to the Group's revenue. The remaining 6% was generated from other electronic sectors.

MANAGEMENT DISCUSSION & ANALYSIS

In order to be competitive in this challenging economic environment, the Group has already extended its business to the Automotive sector successfully and will continue to pursue other sectors as part of our diversification strategy to enhance our customer base on Non-HDD for further growth. Apart from that, Research and Development is also our long-term strategy to continuously maintain our market share in HDD and Automotive sectors. Continuous tailored made training and development programs to develop our talented and highly skilled professionals have always been our top priority. This ensures continuity in our workforce and retains the required knowledge, skills, and competencies of our staff force to meet the requirements from our customers.

Loss Before Tax

Our gross profit margin remained relatively stable at 12% for the year ended 31 March 2017 (2016: 12%). Loss Before Tax for the current year is RM3.6 million as compared to Profit Before Tax of RM8.3 million in the previous year. This significant drop in profit was a consequence of 45% reduction in revenue as well as impairment made on goodwill of RM5.0 million.

Administration Expenses

During the year under review, administrative expenses were cut by 11% to RM5.7 million (2016: RM6.4 million) as compared to previous year. This is mainly due to improved efficiency in cost control.

Finance Cost

Finance costs decreased by RM0.8 million or 44% from RM1.8 million for the previous year to RM1.0 million in the current year as the Group substantially reduced its borrowings during the financial year.

Statement of Financial Position

Property, plant and equipment decreased by RM4.3 million or 11% from RM40.1 million in previous year to RM35.8 million in the current year. The decrease is mainly due to disposal of assets with net book value of RM1.8 million during the financial year.

Trade Receivables increased by 46% from RM17.5 million to RM25.5 million during the financial year. This was primarily due to major part of the sales to customers were concluded towards the end of the financial year for which payments are still within the credit terms granted by the Group to the customers.

The RM6.1 million Other Investment (current asset) comprises short-term investment in a Unit Trust Investment Fund. It offers the Group the opportunity to achieve regular income stream and high level of liquidity to meet cash flow requirements while maintaining capital preservation. The Group managed to maintain stable liquidity and is able to meet its ongoing operation requirements.

The Group generally financed its operations and investing activities by internally generated financial resources and borrowings from bank. The Group’s borrowings decreased by 14% from RM18.0 million at the end of the previous financial year to RM15.5 million. The decrease was due to the repayment of most loans during the financial year.

SHARE PERFORMANCE

HIGHEST SHARE PRICE WITHIN FYE2017 RM1.40 △
LOWEST SHARE PRICE WITHIN FYE2017 RM0.82 ▽

TOTAL VOLUME TRADED: 27,437,470 shares
(Trading volume between 1.4.2016 to 18.5.2016 has been adjusted to reflect the completion of the share consolidation on 19.5.2016)

TOTAL MARKET CAPITALISATION: RM29.90 Million

MANAGEMENT DISCUSSION & ANALYSIS

DIVIDEND

There was no dividend declared or paid for the financial year ended 31 March 2017 as we remained prudent in our efforts to preserve capital and enhance the liquidity position of the Group.

RISK FACTORS

Foreign Currency Fluctuations

Our foreign currency exchange risks arise mainly because our sales are transacted heavily in US Dollar. Any fluctuation in the exchange rate of US Dollar will adversely affect our financial results. To mitigate the impact of the currency fluctuation, the Group hedges these exchange risks with forward exchange contracts for receivables and payables denominated in foreign currencies.

Reliance on Key Personnel

Our continued success depends on the retention and recruitment of skilled personnel, including technical, marketing and management personnel. There can be no assurance that we will be able to successfully retain and recruit the key personnel that we require for our operations.

We monitor the organisational health of the Group and have various programmes and perks in place to retain key employees. Ongoing survey and communication are carried out in understanding what our employees need and want so we could realign on a timely basis.

FORWARD-LOOKING STATEMENT

Looking ahead, we expect to see increased volatility in international politics and the global economy. Therefore, it is no denying that the year of 2017 will continue to be a challenging year. Rapid changes in the business environment for both the HDD and Automotive sectors require the Group to be flexible and to keep various options available to achieve cost efficiency and consistent product quality. Each business sector will be assessed continuously on its relative strength, market profitability and sustainable development.

We anticipate the HDD industry to continue to be challenging with the softening of the global demand although we expect it will remain profitable.

As for the Automotive sector, according to Moody's Report (December 2016), slowing global auto sales growth, intensifying competition, pricing pressure and the growing threat from disruptive technologies are driving the negative outlook on global automotive manufacturers in 2017. However, auto-parts suppliers in North America and Europe face a stable outlook for 2017 as cost-cutting and technological innovation allow them to withstand waning auto sales growth. Our focus is to be the auto-parts supplier to the Automotive industry.

Currently, our Automotive customer base is worldwide and notably China experiencing steady growth in this sector. This sector has maintained a steady growth momentum for the past few years, amid the softening of the current global economic conditions, we remain positive on the prospect of the Automotive industry.

For the past decade, the Group had always stood by the agenda of going the extra mile in terms of business model and strategy formulation, and our acute technology and core competencies which has resulted in our strong footing in the HDD and Automotive sectors. Based on such strong fundamentals, we expect the Group's performance for the financial year 2018 to be satisfactory.

STATEMENT ON CORPORATE GOVERNANCE

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 shareholders' value and the financial performance of Genetec Technology Berhad ("**Genetec**").

The Board is pleased to present the report hereunder on the manner in which the Group has applied the Principles set out in the Malaysian Code of Corporate Governance 2012 ("**MCCG 2012**" or the "**Code**") during the financial year ended 31 March 2017 with regards to the recommendations stated under each Principle.

1. BOARD OF DIRECTORS

1.1 Roles and Responsibilities

The Board has approved and adopted the Board Charter on 22 May 2013. The Board Charter serves as a source of reference for Board members as well as a primary induction literature providing Board members and the management insight into the function of the Board. The Board Charter contains specific guidance to the Board members in respect of their duties and responsibilities; and the various legislation and regulations governing their conduct with the application of principles and practices of good corporate governance.

The Board assumed the following principal roles and responsibilities of the Board in enhancing Board's effectiveness in the pursuit of corporate objectives:

- reviewing and adopting the strategic plans and direction of the Group;
- overseeing and evaluating the conduct of the Group's businesses;
- identifying principal risks and ensuring that appropriate internal control and mitigation measures are implemented to manage these risks;
- succession planning including the implementation of appropriate systems for recruitment, training, determining compensation benefits and replacement of senior management staff;
- developing and implementing an investor relations programme to enable effective communications with the shareholders and stakeholders; and
- reviewing the adequacy and integrity of the internal control systems and management information systems which include sound system of reporting and in ensuring regulatory compliance with applicable laws, regulations, rules, directives and guidelines.

Apart from the aforesaid principal roles and responsibilities of the Board, the Board also delegates certain responsibilities to its Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibility. All deliberations and decisions taken by the Board Committees are documented and approved by the respective chairman of the Committees. The decisions and/or recommendations of the Board Committees will be reported to the Board for deliberation. The ultimate responsibility for decision making, however, lies with the Board.

The activities of the Board during the financial year include the following:

- approved the quarterly unaudited consolidated results
- approved the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2017
- approved the Group and Company's budget
- approve the Company's Annual Report (which includes the Statement on Corporate Governance, Statement on Risk Management and Internal Control, Audit Committee Report and Corporate Social Responsibility Statement)
- approved the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate
- reviewed the Group's yearly strategic plans
- reviewed the risk management report and register
- reviewed the Board Charter
- reviewed the annual return of the Company for submission to Bursa Malaysia Securities Berhad

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.1 Roles and Responsibilities (continued)

There is also a clear division of roles and functions between the Board and Management in managing the Group. The Board delegates the authority and responsibility to the Managing Director and management team for the day-to-day operations of the business and effective implementation of the plans and strategies decided by the Board, communicating matters which require Board deliberation and/or approval accordingly and carrying out the decisions that have been tabled and approved by the Board.

The Board Charter would be reviewed and updated periodically as and when the need arises in accordance with any new regulations that may have an impact on the discharge of the Board's responsibilities. In November 2016, the Board reviewed and approved certain revisions to the Board Charter to incorporate changes to corporate governance requirement. The Board Charter is available for reference at the Company's website at www.genetec.net.

1.2 Board Composition and Balance

The Board currently consists of six (6) members comprising:-

Two (2) Executive Directors;
Three (3) Independent Non-Executive Directors (including the Chairman) and
One (1) Non-Independent Non-Executive Director.

The Board acknowledges the importance of gender, age, nationality, ethnicity and socio-economic background diversity and recognises the benefits that it can bring. However the Board does not adopt a formal policy on boardroom diversity, the Board is committed to ensuring the Directors of the Company possess a broad balance of skills, knowledge, experience, background, independence and diversity in terms of gender, ethnicity and age.

The following diagrams provide an overview of gender, age and ethnicity diversity of the Board:-

Gender	Male	Female
Number of Directors	5	1

Age Group	41-45	46-50	51-55	56-60
Number of Directors	1	2	1	2

Ethnicity	Malay	Chinese	Indian	Others
Number of Directors	0	6	0	0

The Board structure ensures that no individual or group of individuals dominates the Board's decision making process. The positions of Chairman of the Board and Managing Director are held by different individuals to ensure accountability and division of responsibility. There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of control, power and authority. The Chairman is responsible for leading and ensuring the adequacy and effectiveness of the Board's performance and governance process, and effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion towards consensus and to achieve closure in every discussion. The Managing Director implements the Group's decision and policies as adopted by the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.2 Board Composition and Balance (continued)

The Board members are from various professions with a wide range of skills, knowledge, business and financial experience that are essential to effectively direct and supervise the Company's business activities and ensure that the interests of all stakeholders are adequately protected.

The Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the ACE Market ("**AMLR**") that requires a minimum of one-third of the Board to be independent directors. The Independent Directors which constitute 50% of the composition of the Board, provide a check and balance in the functioning of the Board and enhance its effectiveness. They act independently of the management and are not involved in any other relationship within the Group that may materially affect or interfere with the exercise of their independent judgement and decision-making.

The Independent Directors have the necessary skill and experience in providing unbiased, objective and impartial opinion, advice and judgement to the Board deliberations, mitigating risks of any possible conflict of interest or undue influence from interested party, taking into account the interests of the Group, shareholders, employees, customers, business associates and other stakeholders. The Board would ensure that the Nomination Committee undertakes an assessment of the independent directors annually.

One of the recommendations of the MCCG2012 states that the tenure of an independent director should not exceed a cumulative of nine (9) years. Upon completion of the nine (9) years' terms, an independent director may continue to serve on the Board subject to the Director's re-designation as a non-independent director.

Currently, the Company does not set term limits for the Independent Directors as the Board believes that continued contribution by Directors provides benefits to the Board and the Group as a whole. The Board believes that independence of a director cannot be determined solely based on the tenure of service as the tenure of service does not interfere with their exercise of judgment and ability to act in the best interest of the Group.

The Board may, in appropriate case and subject to the assessment of Nomination Committee, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to service as Independent Directors subject to shareholders' approval. The Board noted that none of its Independent Directors has served more than nine (9) years as at the date of this Statement, calculated consecutively or cumulatively.

The Board is satisfied with the current size and composition which constitute an effective Board with diverse mix of skills, experience and professional background facilitated good discussions and encouraged contributions and participations from all the Directors. A brief write-up on each Director is set out under the Board of Directors' Profile section of this Annual Report.

1.3 Board Meetings

The Board ordinarily schedules to meet on a quarterly basis. All Board and Board Committee meeting dates are pre-scheduled at the end of the year for the following year in ensuring full and complete attendance and participation. Additional meetings will be convened as and when necessary to discuss and consider urgent and important matters that require Board's attention. Where appropriate, decisions may be taken by way of circular resolutions between the scheduled meetings which are supported with all the relevant information and explanations required for an informed decisions to be made.

Proceedings of, and resolutions passed at each Board meeting are documented in the minutes and signed by the Chairman at the subsequent Board meeting. All circular resolutions that are approved by the Board are tabled for notation and confirmation at the subsequent Board Meetings.

The Board also peruse the decisions deliberated by Board Committees through minutes of the Committees. The chairman of the Board Committees is responsible to inform the Directors at Board meetings of any salient matters noted by the Committees and which require Board's notice or direction.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.3 Board Meetings (continued)

The Board has a formal schedule of matters specifically reserved for decision making such as establishment of new business, annual strategic plan, approval of major capital expenditure, acquisition and disposal of business or appraisal of business proposal and any other strategic issues that affect or may affect the Company's business to ensure that the direction and control of the Group is firmly in its hand. The Directors aware and observe the requirement that they do not participate in the deliberations on matters of which they have a material personal interest, and abstain from voting in such matters.

At least three (3) days 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 and to obtain further explanation or clarification to facilitate the decision-making process and enable them to arrive at an informed decision.

During the financial year ended 31 March 2017, five (5) Board meetings were held. The details of the Directors' attendances are as follows:-

Director	Meeting Attendance	%
Chin Kem Weng	5/5	100
Tan Moon Teik	5/5	100
Chen Khai Voon	5/5	100
Hew Voon Foo	5/5	100
Wong Wai Tzing	5/5	100
Teh Kim Seng	5/5	100

1.4 Access to Information and Advice

The members of the Board whether as a full Board or in their individual capacity have full and unrestricted access to the company secretary and management for the relevant and timely information in the form and quality required pertaining to the Group's business affairs to assist in discharging of their duties and responsibilities.

The Board has approved and adopted a formal procedure for all Directors, whether acting as a full Board or Board Committee, or in their individual capacity to obtain independent professional advice, where necessary, at the Company's expenses. Prior to engaging an independent adviser, the director shall give notice in writing to the chairman of his intention to seek independent professional advice under this procedure. The Board has also approved a prerequisite amount towards the cost of obtaining any independent professional advice by any director on case to case basis.

1.5 Company Secretary

The Board has access to the advice and services of the company secretary. The company secretary is responsible to provide support and guidance to the Board on policies and procedures, rules and regulations and relevant laws in regard to the Company as well as the best practices on governance.

The company secretary organises and attends all Board and Board Committee meetings and ensures meetings are properly convened, follows up on matters arising and ensure accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company. In addition, the company secretary also updates the Board regularly on amendments to the listing requirements, practice and guidance notes, circulars from Bursa Securities.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.6 Appointment to the Board

All appointments to the Board and its various Board Committees are assessed and considered by the Nomination Committee. In making these recommendations, the Nomination Committee considers diversity generally when making appropriate appointments to the Board, taking into account relevant skills, age, experience, knowledge, personality and gender. The Board does not practise any formal policy on gender, age or ethnicity for appointment. While the Board strives to promote diversity, appointments of Directors are still premised on merit and their knowledge and expertise, which must be relevant to the Company. Upon appointment to the Board, all new Directors will undergo an induction programme to fully understand the operation of the Group and also the expectation.

The Directors upon appointment, and from time to time during their tenure, shall notify the Chairman and company secretary of the Company before accepting any new directorships and the expected time to be spent on the new appointment.

In compliance with the AMLR, all of the Directors do not hold more than five (5) directorships of listed issuers as at the date of this Statement. This is to ensure that the Directors devote sufficient time and effort in discharging their responsibilities.

1.7 Re-election of Directors

In accordance with the Company's Constitution, 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 including the Managing Director shall retire from office at least once in every three (3) years. A retiring Director is eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy or as an addition to the existing Board of Directors during the year shall hold office only until the next following AGM of the Company and shall be eligible for re-election.

The Nomination Committee makes recommendations to the Board on the re-election of the Directors.

1.8 Directors' Remuneration

The Board has authorised the Nomination Committee to review annually the performance of the Directors and the Remuneration Committee makes recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions and responsibilities for the year.

The remuneration package comprises of a number of separate elements such as basic salary, allowances, fees, bonus and other non-cash benefits.

In the case of Executive Directors, the component parts of remuneration shall be structured so as to link rewards to corporate and individual performance. The Executive Directors are not paid directors' fees.

In the case of Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities taken and contributions to the effective functioning of the Board. The Non-Executive Directors are paid fixed annual directors' fees as members of the Board and these are approved by the shareholders at the AGM. Additional fees will be established for lead role position such as a board chairman.

Determination of the remuneration packages for Non-Executive Directors is a matter of the Board as a whole. The Director concerned shall abstain from the deliberation and voting decisions in respect of his/her own remuneration either at the Remuneration Committee or Board level as the case may be.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.8 Directors' Remuneration (continued)

The details of the remuneration of the Directors (both by the Company and the Group) in respect of the financial year ended 31 March 2017 are as follows:

	Company		Group	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries	826,002	-	1,168,002	-
Fees	-	180,000	-	180,000
Bonuses	95,400	-	145,400	-
Benefits-in-kind	28,000	-	88,000	-
Total	**949,402**	**180,000**	**1,401,402**	**180,000**

The number of Directors whose remuneration during the financial year falls within the respective band is as follows:

	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	-	1
RM450,001 to RM500,000	1	-
RM900,001 to RM950,000	1	-
Total	**2**	**4**

1.9 Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities.

All Directors are aware of their duty to attend appropriate continuous education programmes to enhance their knowledge and skills and keep abreast of new developments in regulatory requirements and changing environment in which the business operates that will aid them in the discharge of their duties.

The Board has prescribed minimum training programmes to be attended by each Director in each financial year whereby all the Directors have complied with under the financial year under review. The development and training programmes attended by the Directors during the financial year under review are as follows:-

- Companies Act 2016 – Selected Key Observations
- New Reporting in Annual Report & Sustainability Statement
- Nominating Committee Programme Part 2: Effective Board Evaluations
- Risk Management Programme: I Am Ready To Manage Risks
- Visiting hard disc drive factory

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.9 Directors' Training (continued)

From time to time, the Board also receives updates, particularly on regulatory and legal developments relevant to the Company and Directors. The External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year, where applicable.

In addition, the company secretary had regularly updated and notified the Board and Board Committees on the invitations for trainings/seminars organised by Bursa Securities, Securities Commission Malaysia and any other relevant bodies.

1.10 Code of Ethics and Conduct

Genetec has adopted two sets of Code of Conduct which reflects Genetec's values of integrity, respect, trust and openness for the Directors and employees respectively. It provides clear direction on conducting business, interacting with community, government, business partners and general workplace behaviour.

Besides, the Board continues to observe high standards of ethical conduct based on the Company's Code of Ethics established by the Companies Commission of Malaysia.

1.11 Sustainability

The Board is mindful of the importance of building a sustainable business to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance aspects of the Group's business. The Board understands that balancing environment, social and governance aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. The Company's activities on corporate social responsibilities are disclosed in the Corporate Social Responsibility Statement of this Annual Report.

2. THE BOARD COMMITTEES

The Board has formally constituted various committees which operate within defined terms of reference to assist in discharging its duties and responsibilities.

2.1 Audit Committee ("AC")

The details are set out in the Audit Committee Report of this Annual Report.

2.2 Nomination Committee ("NC")

The present members of the NC are:-

Hew Voon Foo - Chairman
(Independent Non-Executive Director)

Teh Kim Seng - Member
(Independent Non-Executive Director)

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

STATEMENT ON CORPORATE GOVERNANCE

2. THE BOARD COMMITTEES (continued)

2.2 Nomination Committee ("NC") (continued)

Notwithstanding the recommendation of the MCCG 2012, the Board is presently of the view that the current Board composition has no necessity to appoint a Senior Independent Director as Mr Hew Voon Foo has served effectively as Chairman based on his caliber, qualification, experience and personal qualities, particularly his ability to act in the best interest of the Company, to discharge his duties as Chairman of NC with unbiased judgment.

The NC is responsible for assessing and making recommendations of candidates for all new Board's and Board Committees' appointments to the Board for consideration, who shall then collectively decide on the candidates to be appointed to ensure the appropriate balance, size, optimum mix of skills, experience and other qualities including core-competencies which the candidates shall bring to complement the Board. During the selection process, specific consideration is given to the candidate's skills, knowledge, experience, competencies, professionalism, integrity, other directorships and time commitment. The NC will also consider whether such candidate meets the requirement for independence as defined in AMLR for any appointment of independent directors.

The NC would evaluate the performance of the Directors who were due for retirement in accordance with the Company's Constitution and recommend the retiring Directors accordingly to the Board for shareholders' approval at the AGM. In determining whether to recommend a Director for re-election, the Director's past attendance at meetings and training programmes, participation and contribution to the Boardroom activities will be duly considered by the NC.

The Board, through the NC, conducts an annual assessment on the performance of the Board as a whole, each individual Directors and Board Committees established by the Board via an evaluation survey questionnaires in order to enhance its effectiveness, strength and to identify areas for improvement. The NC assesses the individual director (via self and peer assessment) based on the criteria calibre and personality, experience, integrity, competence that can be committed by each of the said persons to effectively discharge his role as a director. The Board is assessed in the areas of the composition, mix of skills, experience and core competencies, decision making process, Boardroom activities and; interaction and communication with the Management and other stakeholders, as well as the effectiveness of the Chairman. Board Committees are assessed in terms of accountabilities and responsibilities and the success of the Committees in achieving its objectives. All the results are deliberated upon and reported to the Board accordingly.

The NC shall meet at least once a year and; as and when deemed fit, necessary and expedient. All the recommendations of the NC are subject to the endorsement of the Board.

The NC met once with full attendance of its members and the activities of the NC during the financial year include the following:

- Reviewed and assessed the effectiveness, composition and balance of the Board as a whole;
- Reviewed and assessed the effectiveness and contribution of each individual Director of the Company through self and peer assessments;
- Reviewed and assessed the effectiveness of the Board Committees;
- Reviewed the Directors who were due for re-election at the Company's AGM and to determine whether or not to recommend their re-election; and
- Reviewed the independence status of the Independent Directors of the Company.

STATEMENT ON CORPORATE GOVERNANCE

2. THE BOARD COMMITTEES (continued)

2.3 Remuneration Committee ("RC")

The present members of the RC are:-

Hew Voon Foo - Chairman
(Independent Non-Executive Director)

Teh Kim Seng - Member
(Independent Non-Executive Director)

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

The RC has developed and established with the Board the remuneration policy and framework. The RC reviews the performance of the Directors of the Company and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Company's corporate objectives, culture and strategy.

The RC is responsible to recommend to the Board on the appropriate remuneration packages of the Executive Directors in all its forms, drawing from outside advice as necessary and to review each of their remuneration packages annually in order to attract and retain the Executive Directors. The RC aims to ensure that the remuneration package is robust and effective as to link the Executive Directors' reward to their contributions to the Company's growth and profitability.

The determination of Non-Executive Directors' fees is a matter deliberated by the RC and approved by the Board as a whole. The Non-Executive Directors concerned abstained from the discussion of their own remuneration. The Board as a whole recommends the remuneration payable to the Non-Executive Directors and any changes thereof to the shareholders for approval at the AGM.

The RC has the authority to examine a particular issue and reports back to the Board its recommendations.

The RC shall meet twice a year and; as and when deemed fit, necessary and expedient.

The RC met twice with full attendance of its members and the activities of the RC during the financial year include the following:

- Reviewed the Directors' fee for the Non-Executive Directors;
- Reviewed the remuneration packages for the Executive Directors and Key Management of the Group;
- Reviewed the remuneration package (including benefit in-kinds) of the directors in respect of the financial year ended 31 March 2017 for the disclosure in the Annual Report.

2.4 Risk Management Committee ("RMC")

The present RMC is led by the Chief Operating Officer of the Company and comprises of Departmental Managers/Heads.

The RMC re-assessed all the existing risks and discussed the potential of any additional risks that might arise due to changes in the business environment. The RMC also monitored significant risks through review of risk related performance measures. These risks were assessed with due consideration given to existing control strategies. Where current controls are deemed ineffective, appropriate control improvements and action plans will be developed by the management. The results/responses of the discussion were analysed and consolidated to achieve a shared understanding of risks and impact.

STATEMENT ON CORPORATE GOVERNANCE

2. THE BOARD COMMITTEES (continued)

2.4 Risk Management Committee ("RMC") (continued)

The RMC ensures that a risk management structure is embedded and consistently adopted throughout the Group and is within the parameters established by Board and presume the following responsibilities:

- Establishing Strategic Context
- Establishing Risk Management Processes
- Establishing Risk Management Structure
- Embedding Risk Management Capability
- Establishing Reporting Mechanisms
- Integrating & Coordinating Assurance Activity
- Establishing Business Benefits
- Establishing Effectiveness of the Risk Management Process
- Managing the Group Wide Risk Management Program

The RMC shall meet once a year and as and when deemed fit, necessary and expedient.

2.5 Employees' Share Option Scheme ("ESOS") Committee

The Board has assigned the ESOS Committee the power to implement and administer the Company's ESOS in accordance with the ESOS By-Laws as approved by the relevant authorities and for such purposes as the ESOS Committee deems fit. The ESOS Committee shall comprise such persons duly appointed an authorised by the Board from time to time.

Currently, the ESOS Committee comprises of two (2) Directors and two (2) Senior Management as follows:

NO.	NAME	DESIGNATION
1	Chin Kem Weng (Chairman)	Managing Director
2	Tan Moon Teik	Executive Director
3	Sow Ewe Lee	Chief Operating Officer
4	Tan Kon Hoan	Financial Controller

The ESOS Committee shall meet whenever necessary to fulfil its functions.

3. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

3.1 Investor Relations and Shareholders' Communication Policy

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 developments in accordance with the AMLR. To ensure shareholders and investors are well informed, information are disseminated through various disclosures and announcements to Bursa Securities. Annual reports, quarterly financial results, announcements to Bursa Securities, analyst reports, media releases and circular to shareholders are some of the modes of dissemination of information.

The Company has approved and adopted the Shareholders' Communication Policy to promote effective communication with shareholders. The shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights as shareholders in an informed manner and to allow shareholders and other stakeholders to actively engage with the Company.

STATEMENT ON CORPORATE GOVERNANCE

3. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION (continued)

3.1 Investor Relations and Shareholders' Communication Policy (continued)

The Company also maintains an interactive and dedicated link on its website at www.genetec.net through which shareholders as well as members of the public are invited to access for the latest information of the Group.

3.2 Annual Report and General Meeting

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Company.

General meetings are important avenues for shareholders to exercise their ownership rights and to access and engage in dialogue with the Board and management. The Company's AGM remains as the principal forum for dialogue with shareholders who are encouraged to attend and participate in the proceedings. The Chairman and the Board members are available to respond to the questions raised and undertake to provide sufficient explanation and clarification on issues and concerns raised by the shareholders during the meeting. External Auditors are also present to provide their professional and independent view to shareholders, if required.

The Company has complied with the changes to the AMLR on the requirement for poll voting for any resolution set out in the notice of general meetings to pass all resolutions set out in the notice at the last AGM of the Company.

The Board is of view that with the current level of shareholders' attendance at AGMs, the Board will only evaluate and consider adopting electronic voting for substantive resolution at its general meetings in future and to ensure accurate and efficient outcomes of the voting process.

4. ACCOUNTABILITY AND AUDIT

4.1 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 AC 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 2016 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the Company's state of affairs and the results of the Company's business operations for the financial year. A statement by the Directors on their responsibilities in preparing the financial statements is set out in Directors' Responsibility Statement of this Annual Report.

The Company's quarterly and annual results announcements are released to shareholders within the stipulated time frame to reinforce the Board's commitment to provide a true and fair view of the Company's operations on a timely basis.

4.2 Suitability and Independence of External Auditors

The AC undertakes an annual assessment of the suitability and independence of the External Auditors, via an evaluation survey questionnaires, taking consideration of several factors including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the External Auditors to the Group. The AC had evaluated and satisfied with the suitability and independence of the External Auditors and subsequently made the necessary recommendations to the Board. Based on the outcome of the annual assessment of the External Auditors, the Board approved the AC's recommendation for the shareholders' approval on the re-appointment of External Auditors at the AGM.

STATEMENT ON CORPORATE GOVERNANCE

4. ACCOUNTABILITY AND AUDIT (continued)

4.2 Suitability and Independence of External Auditors (continued)

The AC has received assurance from the External Auditors confirming that the firm, its engagement partner and the audit team's independence, integrity and objectivity throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and their firm's internal policy.

4.3 Corporate Disclosure Policy

The Board is committed to timely and factual disclosure to the public regarding the business, operations and financial performance of the Company, consistent with legal and regulatory requirements, to enable orderly behaviour in the market.

The Board has established the Corporate Disclosure Policy which applies to all Directors, Officers and employees aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders and the public in general as required by Bursa Securities. The Corporate Disclosure Policy outlines the approach and procedures for determination and dissemination of material information to be consistently practiced throughout the Group. The Company is also guided by the Corporate Disclosure Guide issued by Bursa Securities.

4.4 Risk Management and Internal Control

The Board acknowledges its overall responsibility for continuous maintenance of a sound system of internal control as well as implementing a suitable Risk Management Framework 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 Risk Management Committee and Internal Auditors, to safeguard the Group's assets.

The internal audit function has been outsourced to independent professional consultants to carry out reviews on the Group's overall corporate governance and internal control processes. The internal audit reports are tabled for the AC's review and comments, and the audit findings will then be communicated to the Board.

The Statement on Risk Management and Internal Control is set out in this Annual Report proving an overview of the state of the risk management and internal controls within the Group.

4.5 Whistle Blowing Policy

The Group has in place a Whistle Blowing Policy designated to create a positive environment in which Directors, employees and stakeholders can report or disclose in good faith genuine concerns about unethical behavior, malpractice, illegal act or failure to comply with regulatory requirements without fear of recrimination and to enable prompt corrective actions and measures to be taken where appropriate, and necessary.

4.6 External Audit

The Company has always established and maintained a transparent, independent and formal relationship with the External Auditors in seeking professional advice and towards ensuring compliance in matters pertaining to approved accounting standards. The audit partners who is responsible for the financial statements of the Company is subject to a five-year rotation in accordance to his firm's internal policy and the current audit partner will be due for rotation in 2018.

The External Auditors are invited to attend the AC Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal control and accounting policies, whenever the need arises. The AC also reviews the proposed fees for non-audit services, as required and subsequently recommends to the Board for approval.

STATEMENT ON CORPORATE GOVERNANCE

4. ACCOUNTABILITY AND AUDIT (continued)

4.6 External Audit (continued)

At least twice a year or whenever necessary, the AC carries out private sessions with the External Auditors, in the absence of the Executive Directors and management, to allow the AC and the External Auditors to exchange independent views on issues of concern which require the AC's attention.

The External Auditors have reported to the Board of their policies, ethics and systems implemented to ensure and maintain independence and objectivity throughout the conduct of the audit engagement.

The Board has reviewed and deliberated this Statement. The Board is satisfied that to the best of its knowledge that the Company has fulfilled its obligations in accordance with all of the applicable laws, regulations and guidelines on corporate governance. This Statement was approved by the Board on 18 July 2017.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Genetec Technology Berhad ("**the Board**") is committed in maintaining a sound risk management framework and internal control system throughout the Group and is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the year under review.

This Internal Control Statement is made in accordance with the Malaysian Code on Corporate Governance and paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Listing Requirements, which requires Malaysian public listed companies to make a statement about their state of internal control, as a Group, in their Annual Report.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness. In addition, the Board also affirms its overall responsibility to identify principal risks, ensure the implementation of an appropriate control environment and framework to manage risks, and evaluate the operational effectiveness and efficiency of the Group. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve business goals and objectives. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

RISK MANAGEMENT FRAMEWORK

The Board has reviewed the adequacy and effectiveness of the risk management framework and believes firmly that risk management is essential for continued profitability and to safeguard shareholders' investment. Hence, the Group has established a system of risk management and internal control comprising clear accountabilities, company procedures/ policies, budgeting and evaluation process. The Group adopts control objectives and procedures from the ISO 9001 and implements Group's standard operating policies to mitigate business risks and negative outcome. The Board meets on a quarterly basis to discuss matters brought to its attention as well as to carry out the review of any potential risks. Strategic risks pertaining to the Group's business are overseen directly by the Board.

The Risk Management Committee ("RMC") which comprises the Chief Operating Officer and Departmental Managers/Heads has been entrusted by the Board to appraise and evaluate the effectiveness of the overall risk management and internal control system and report to the Board on weaknesses and significant risks which will affect the operations, industrial relations, financial position and compliance status of the Group.

Major incidents, if any, are reported to the Risk Management Committee/Board to facilitate their review of the effectiveness of crisis management and the adequacy of mitigating measures taken by the Group to address the underlying risks. Divisions evaluate the risks under their purview, which are subsequently consolidated and prioritised for review by the Risk Management Committee. In addition to reviewing the top risks, the Risk Management Committee maintains oversight of second-tier risks to ensure overall adequacy and effectiveness of risk mitigation plans and controls. Incidents that took place in the industry are also reviewed and learning points applied to strengthen the Group's crisis management processes.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL AUDIT

The Board recognises that effective monitoring on a continuous basis is vital for a sound internal control system. In this respect, the Board through the Audit Committee is responsible for the review of the reports on internal control from its internal audit function.

The internal audit function of the Group has been outsourced to an independent professional firm ("**Internal Auditor**") which supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

In particular, the Internal Auditor appraises and contributes towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.

The internal audit work plan, which reflects the risk profile of the Group's major business operations is reviewed and approved by the Audit Committee. The scope of Internal Auditor's function covered the audit and review of governance, risk assessment, compliance, operational and financial control across all business units.

INTERNAL CONTROL SYSTEM

The Group's key internal control processes are based on the principles of COSO (Committee of Sponsoring Organisations of the Treadway Commission) Guidance on Internal Controls – Integrated Framework as follows:

Control Environment

- The Group has established a clear vision, mission, corporate philosophy and strategic direction that serve as the road map to the Group's direction and are communicated to employees at all levels.
- The Board is supported by various established committees in discharging its responsibilities that include the Audit Committee, Nomination Committee and Remuneration Committee.
- A defined organisational and reporting structure has been established at all levels within the Group and is aligned to business and operational requirements.
- The Group values ethical conduct, quality, timely delivery and customer satisfaction as project quality and deliverables have a direct impact on the Group's bottom line.

Control Activities

- The ISO procedures and Group's standard operating policies and procedures reflect current practices of the business processes and key functions. Internal control measures and practices have been incorporated into these procedures to enhance controls and monitoring of day-to-day operations. Where relevant, they are periodically reviewed and revised to reflect current practices and relevancy.
- The Group has cascaded down these documented procedures to its employees for implementation. Compliance in their day-to-day operations is monitored by the respective departmental managers to ensure quality of work and products.
- Internal audit and ISO audit are carried out yearly to improve operational efficiencies and consistency of quality of products and work standards.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL CONTROL SYSTEM (continued)

Information and Communication

- The Group implemented enterprise resource planning system to provide informative and relevant reports, thus assisting in the decision-making process.
- Submission of regular, timely and comprehensive flow of information and reports to the Board and Management on all aspects of the Group's operations facilitates the monitoring of performance against strategic plans.
- Management meetings are convened at Group and subsidiaries levels to share information, discuss financial and business development, progress and performance monitoring as well as to decide upon operational matters. The proceedings of these meetings are documented in the minutes for further action and reference.

Monitoring

- Management constantly monitors the gaps and highlighted issues through the conduct of follow-up audits to improve on current processes and internal controls.
- Quarterly reviews on budgets are conducted to highlight any instances of significant variances that arose during the year which may require immediate management action.
- Internal audit reports were discussed with Management and tabled to the Audit Committee for their consideration and further action. Follow-up status reports were also dealt with in similar manner.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received formal assurance from the Chief Operating Officer and Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

CONCLUSION

The Board confirmed that ongoing process of identifying, evaluating and managing the Group's risks exists and has operated throughout the year covered in this Annual Report and up to the date of its approval. Based on the reviews of the Group's risk management framework and internal control system, policies and practices performed by the Risk Management Committee and the Management of the Group, the Board is of the view that the Group's risk management and internal control system which the Group considers relevant and material to its operations, was adequate and effective for the current year under review. The Board has found no significant evidence to suggest that the Group's business risks are not being satisfactorily managed.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2017, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement was made in accordance with a resolution of the Board dated 18 July 2017.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our corporate responsibility (CR) strategy addresses the four pillars outlined in the Bursa Malaysia CR Framework i.e. Environment, Community, Marketplace and Workplace.

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 provided financial assistance for those who wish to pursue for higher education. Employees are provided with various training to develop and upgrade their skills, knowledge and attitudes so that everyone is exposed to the same opportunities.

b) Staff welfare

We offer our staff an attractive benefits package, including Medical and Hospitalisation plan, Employees' Share Option Scheme (ESOS) and in-house surau. Several activities were organised throughout the year to create social balance and maintain harmony and build better rapport such as social gatherings, company trips and team building activities.

Sport and competitive activities were held throughout the year to engage our employees.

c) Human Rights

Genetec treats all staff with dignity, fairness and respect. We treat all staff equally regardless of their gender, age, ethnicity, religion and background. Genetec is committed in upholding basic Human Rights. We abide by the non-discrimination laws. We do not discriminate unfairly on any basis.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

WORKPLACE (continued)

d) Health and Safety

We strive to maintain a safe and healthy working environment for all our employees. The Company has a Safety and Health Committee which overseas and ensures the health and safety policies and procedures adheres to the safety measures of the Occupational Safety and Health Act or any other applicable safety rules. 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 signboards and notices.
- Engaging employees in fire evacuation drills. Employees are trained on how to use fire extinguisher during emergency.
- Provide industrial safety masks, goggles, 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.

b) Green Environment

Genetec is committed to streamline all internal transactions and communications towards a paperless office to build the awareness of green environment.

The Group imprints energy saving practices in our daily operations to keep our environment footprint at the lowest possible level. Our staffs are encouraged to adopt eco-friendly practices such as using recycled paper for printing.

MARKETPLACE

a) Ethical Business Culture

The creation and proactive management of a culture of integrity, ethical behaviour and honesty that is pervasive throughout the organisation as well as a zero tolerance of fraud and unethical conduct means that the way in which Genetec Group behaves in making its profits is just as important as the profits that it makes.

b) Investor relations

The Group maintains an online platform via its website which provides information on the Group encompassing announcements, quarterly financial results, updates on the Group's performance and developments with the objective of fostering and maintaining good relations with and providing timely information to various stakeholders of the Group.

Genetec believes that effective corporate social responsibility can deliver benefits to our business and, in turn, to our shareholders, by enhancing reputation and business trust.

AUDIT COMMITTEE REPORT

COMPOSITION

The present members of the Audit Committee (the "Committee") are as follows:

Chairman
Hew Voon Foo – *Independent Non-Executive Director*

Members
Wong Wai Tzing – *Independent Non-Executive Director*
Teh Kim Seng – *Independent Non-Executive Director*
Chen Khai Voon – *Non-Independent Non-Executive Director*

The Board must appoint the members of the Committee from amongst its Directors which fulfils the following requirements:-

(a) the Committee must be composed of not fewer than three (3) members;

(b) all the Committee members must be non-executive directors, with a majority of them being independent directors;

(c) at least one (1) Member of the Committee:-

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

(ii) 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

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

MEETINGS

The Committee met five (5) times during the financial year ended 31 March 2017. The details of attendance of each Committee member at the Committee meetings are as follows:

Committee Member	Meeting Attendance
Hew Voon Foo	5/5
Wong Wai Tzing	5/5
Teh Kim Seng	5/5
Chen Khai Voon	5/5

The Internal Auditors attended four (4) of the meetings held during the financial year. Other Senior Management Personnel and the External Auditors also attended these meetings upon invitation to brief the Committee on specific issues.

The Committee met at pre-scheduled times, with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a detailed manner. The minutes of each meeting held were distributed to each Board member at subsequent Board meeting. At each Board meeting, the Committee Chairman briefs the Board pertaining to matters deliberated at the Committee meeting held earlier.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The full Terms of Reference of the Committee is available at the Company's website at www.genetec.net.

REVIEW OF THE COMMITTEE

The Board, through the Nomination Committee, reviews the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE COMMITTEE

The principal activities undertaken by the Committee during the financial year are summarised as follows:

Financial Reporting

(i) Reviewed the Company's unaudited quarterly financial results including the announcements pertaining thereto, before recommending to the Board for their consideration and approval;

(ii) Reviewed the consolidated audited financial statements of the Company and the Group and ensuring that the statements comply with the Financial Reporting Standard for recommendation to the Board for approval.

External Audit

(i) Reviewed with the External Auditors the scope and approach of their audit planning, audit findings, issues arising from audited report, areas of concern and management letter.

(ii) Reviewed the recommendations made by the External Auditors in respect of internal control weaknesses during the course of their audit and highlighted to the Board.

(iii) Undertook annual assessment of the suitability and independence of the External Auditors including the adequacy of experience and resources of the firm and professional staff assigned to the audit for the financial year under review via an evaluation survey questionnaires and reviewed the fee for the External Auditors before recommending to the Board on their re-appointment and remuneration.

(iv) Reviewed the non-audit services to be rendered by the External Auditors to the Group for the financial year under review prior to engagement. The External Auditors also reported to the Committee their policies and measures taken to ensure independence and objectivity is maintained.

(v) The Committee had met twice with the External Auditors without the presence of executive board members and management team of the Company to review the audit report and discuss relevant issues and obtain feedback.

Internal Audit

(i) Reviewed the risk-based internal audit plan to ensure that principal risk areas and key processes are adequately identified and covered in the plan.

(ii) Reviewed internal audit reports, which reported the functions audited, audit findings, the Internal Auditors' recommendations and management's agreed action plan to ensure that appropriate and prompt remedial action is taken on major deficiencies in controls or procedures that are identified.

(iii) Reviewed Internal Auditors' follow up reports on outstanding audit issues to monitor the effectiveness of corrective actions taken by the management.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE COMMITTEE (continued)

Internal Audit (continued)

(iv) Reviewed the effectiveness of the internal control and governance processes within the Group.

(v) Assessed the internal audit performance and effectiveness to ensure consistency with the approved plans and the relevant professional standards and reviewed the proficiency, resources and independence of the Internal Auditors.

Related Party Transactions

(i) Reviewed related party transactions and any conflict of interest situations on a quarterly basis, if any, before recommending the same to the Board for approval.

(ii) Reviewed the procedures and guidelines on related party transactions/recurrent related party transactions established by the Group and conflict of interest situation (if any) that with the objective of ensuring all the transactions are carried 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.

(iii) Reviewed the draft Circular to Shareholders with regard to the proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature of the Group for recommendation to the Board for approval.

Other matters

(i) Reviewed and recommended the Statement on Risk Management and Internal Control; and Audit Committee Report for inclusion in the Company's Annual Report for Board approval.

INTERNAL AUDIT FUNCTIONS/ACTIVITIES AND COSTS

The Group's internal audit functions are outsourced to, CGRM Infocomm Sdn Bhd, an independent professional firm, who reports directly to the Committee and assists the Board of Directors in monitoring and managing risks and internal controls.

CGRM Infocomm Sdn Bhd is totally independent and maintains its objectivity during the conduct of audits as it does not involve in day-to-day operations of the Group. The director in-charge is a Certified Internal Auditor and professional member of the Institute of Internal Auditors with many years of internal audit experience.

The Internal Audit Charter sets out the terms of reference, role, organisation status, responsibility and authority of internal audit function within the Group. The scope of internal audit covers the audits on risk management, internal control, governance and compliance activities of the Group. The reviews were carried out with reference to the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

The approach adopted by the Group is of a risk based approach to assess and review the implementation and monitoring of controls of the Group. The audit encompasses the following activities:

- Review and assess the risk management and governance structure of the Group.
- Review and appraise the soundness, adequacy and application of accounting, financial and other key controls promoting effective control in the Group.
- Ascertain the extent to which the Group's assets are safeguarded.
- Ascertain the level of compliance to the Group policy and procedures.
- Recommend improvements to the existing system of risk management, internal control and governance.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTIONS/ACTIVITIES AND COSTS (continued)

During the financial year, the Internal Auditors undertook the following activities:

(a) completed 5 reviews as per the approved risk-based internal audit plan for the current financial year which includes corporate governance review, purchase management (raw materials, components and parts), production assembly (mechanical, parts and electrical), financial control, IT and IS general controls (for all implemented systems) and human resource management;

(b) discussed with auditees, process owners and management on the observations and recommended action plans to mitigate the identified risk or control improvements required following each audit review;

(c) prepared internal audit reports and presented them to the Committee on a quarterly basis, on the internal audit observations and issues identified, together with recommendations and management's agreed action plans for improvements to address the observations/issues;

(d) followed up and reported to the Committee on the status of implementation of all the management agreed action plans from the previous internal audit reports to ensure that all matters arising are adequate addressed by the management.

(e) prepared a progress report summarising the internal audit reviews completed and reports presented to the Committee during the financial year.

The costs of the internal audit function paid to CGRM Infocomm Sdn Bhd for the financial year ended 31 March 2017 was RM73,812.89 (2016: RM37,585.16).

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DIRECTORS' REPORT
For the year ended 31 March 2017

The Directors hereby submitted their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the year attributable to:		
Owners of the Company	(4,027,407)	(1,452,836)
Non-controlling interests	391,376	-
	(3,636,031)	(1,452,836)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

Directors who served during the financial year and up to the date of this report are:

Chin Kem Weng
Tan Moon Teik
Hew Voon Foo
Wong Wai Tzing
Teh Kim Seng
Chen Khai Voon
Ong Phoe Be (Alternate Director to Chen Khai Voon) (cessation of office on 1 September 2016)

DIRECTORS' REPORT
For the year ended 31 March 2017

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 1.4.2016	Share consolidation	Bought	Sold	At 31.3.2017
Interests in the Company:					
Chin Kem Weng					
- Direct	20,994,500	(18,895,050)	-	-	2,099,450
Tan Moon Teik					
- Direct	18,602,000	(16,741,800)	-	-	1,860,200
Chen Khai Voon					
- Indirect ^	48,800,000	(43,920,000)	-	-	4,880,000

^ *Deemed interest through shares held in KVC Corporation Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016.*

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Genetec Technology Berhad has an interest.

None of the other Directors holding office at 31 March 2017 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 remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of 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.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid up capital of the Company during the financial year, other than share consolidation exercise and amendment to the Memorandum of Association as disclosed in Note 26.

There were no debentures issued during the financial year.

DIRECTORS' REPORT
For the year ended 31 March 2017

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 5 August 2010, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at any point in time during the tenure of the ESOS, to eligible Directors and employees of the Group.

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 weighted average market price of the Company's ordinary shares for the five (5) market days preceding the date of offer with a discount of not more than ten percent (10%), and not less than the par value of the ordinary shares of the Company.

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

On 19 August 2015, the Board of Directors of the Company had given its approval to extend the existing ESOS which was expiring on 29 September 2015 ("Expiry Date") for a further five (5) years from the Expiry Date.

The ESOS has yet to be granted to any individual to date.

INDEMNITY AND INSURANCE COSTS

During the financial year, there was no indemnity given to or insurance effected for Directors and officers of the Group and of the Company.

OTHER STATUTORY INFORMATION

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

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

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT
For the year ended 31 March 2017

OTHER STATUTORY INFORMATION (continued)

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 financial statements of the Group and of the Company misleading, or

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

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

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

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

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

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

In the opinion of the Directors, except for the impairment loss on goodwill as disclosed in Note 18 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 March 2017 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.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 26 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 27 to the financial statements.

DIRECTORS' REPORT
For the year ended 31 March 2017

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

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

Chin Kem Weng
Director

Tan Moon Teik
Director

Bandar Baru Bangi, Selangor

Date: 18 July 2017

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Assets					
Property, plant and equipment	3	35,773,018	40,121,082	15,172,336	16,236,194
Goodwill	4	15,559,876	20,559,876	-	-
Investments in subsidiaries	5	-	-	29,746,809	31,246,809
Total non-current assets		51,332,894	60,680,958	44,919,145	47,483,003
Inventories	6	6,943,254	12,282,283	5,226,275	11,440,751
Derivative financial assets	7	-	1,954,603	-	1,954,603
Trade and other receivables	8	27,150,233	19,088,749	13,198,353	8,893,898
Prepayments		81,562	158,868	81,562	158,268
Current tax assets		735,873	417,937	438,041	230,298
Other investment	9	6,125,464	300,000	6,125,464	300,000
Cash and cash equivalents	10	5,849,111	8,667,709	2,721,624	4,959,267
Total current assets		46,885,497	42,870,149	27,791,319	27,937,085
Total assets		98,218,391	103,551,107	72,710,464	75,420,088
Equity					
Share capital		53,552,713	35,173,800	53,552,713	35,173,800
Share premium		-	18,378,913	-	18,378,913
Reserves		3,987,912	8,580,651	5,017,616	6,470,452
Equity attributable to owners of the Company	11	57,540,625	62,133,364	58,570,329	60,023,165
Non-controlling interests		5,754,984	5,524,171	-	-
Total equity		63,295,609	67,657,535	58,570,329	60,023,165
Liabilities					
Loans and borrowings	12	11,337,736	12,762,727	4,215,988	4,843,856
Deferred tax liabilities	13	842,908	779,402	201,502	592,269
Total non-current liabilities		12,180,644	13,542,129	4,417,490	5,436,125
Loans and borrowings	12	4,182,833	5,282,262	3,389,289	4,203,131
Derivative financial liabilities	7	296,834	-	296,834	-
Trade and other payables	14	18,262,471	17,069,181	6,036,522	5,757,667
Total current liabilities		22,742,138	22,351,443	9,722,645	9,960,798
Total liabilities		34,922,782	35,893,572	14,140,135	15,396,923
Total equity and liabilities		98,218,391	103,551,107	72,710,464	75,420,088

The notes on pages 47 to 100 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
Revenue	15	70,626,655	129,003,499	44,139,634	68,541,101
Cost of sales		(62,114,689)	(114,076,812)	(39,628,231)	(60,963,892)
Gross profit		8,511,966	14,926,687	4,511,403	7,577,209
Other income		5,057,949	12,991,084	2,272,996	6,853,858
Distribution expenses		(1,821,452)	(2,387,776)	(1,272,259)	(1,862,820)
Administrative expenses		(5,745,369)	(6,352,585)	(3,703,251)	(4,036,817)
Other expenses		(8,670,765)	(9,235,388)	(3,191,461)	(4,804,584)
Results from operating activities		(2,667,671)	9,942,022	(1,382,572)	3,726,846
Finance income		77,005	146,551	65,246	117,945
Finance costs	16	(986,983)	(1,822,770)	(538,266)	(1,001,608)
(Loss)/Profit before tax		(3,577,649)	8,265,803	(1,855,592)	2,843,183
Tax expense	17	(58,382)	(1,471,957)	402,756	(1,471,957)
(Loss)/Profit for the year	18	(3,636,031)	6,793,846	(1,452,836)	1,371,226
Other comprehensive expense, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(725,895)	(348,901)	-	-
Total other comprehensive expense for the year, net of tax		(725,895)	(348,901)	-	-
Total comprehensive (expense)/income for the year		(4,361,926)	6,444,945	(1,452,836)	1,371,226
(Loss)/Profit attributable to:					
Owners of the Company		(4,027,407)	4,406,066	(1,452,836)	1,371,226
Non-controlling interests		391,376	2,387,780	-	-
(Loss)/Profit for the year		(3,636,031)	6,793,846	(1,452,836)	1,371,226
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(4,592,739)	4,466,236	(1,452,836)	1,371,226
Non-controlling interests		230,813	1,978,709	-	-
Total comprehensive (expense)/income for the year		(4,361,926)	6,444,945	(1,452,836)	1,371,226
Basic (loss)/earnings per ordinary share (sen):	20	(11.45)	12.53		

The notes on pages 47 to 100 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company						
		Non-distributable		Distributable			
Group	Share capital	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM
At 1 April 2015	35,173,800	18,378,913	(827,679)	4,942,094	57,667,128	3,545,462	61,212,590
Foreign currency translation differences for foreign operations	-	-	60,170	-	60,170	(409,071)	(348,901)
Total other comprehensive expense for the year	-	-	60,170	-	60,170	(409,071)	(348,901)
Profit for the year	-	-	-	4,406,066	4,406,066	2,387,780	6,793,846
Total comprehensive income for the year	-	-	60,170	4,406,066	4,466,236	1,978,709	6,444,945
At 31 March 2016/1 April 2016	35,173,800	18,378,913	(767,509)	9,348,160	62,133,364	5,524,171	67,657,535
Foreign currency translation differences for foreign operations	-	-	(565,332)	-	(565,332)	(160,563)	(725,895)
Total other comprehensive expense for the year	-	-	(565,332)	-	(565,332)	(160,563)	(725,895)
Loss for the year	-	-	-	(4,027,407)	(4,027,407)	391,376	(3,636,031)
Total comprehensive expense for the year	-	-	(565,332)	(4,027,407)	(4,592,739)	230,813	(4,361,926)
Transfer in accordance with Section 618(2) of the Companies Act 2016	18,378,913	(18,378,913)	-	-	-	-	-
At 31 March 2017	53,552,713	-	(1,332,841)	5,320,753	57,540,625	5,754,984	63,295,609
	Note 11	Note 11	Note 11				

The notes on pages 47 to 100 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

Company	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
	Attributable to owners of the Company			
		Non-distributable	*Distributable*	
At 1 April 2015	35,173,800	18,378,913	5,099,226	58,651,939
Profit and total comprehensive income for the year	-	-	1,371,226	1,371,226
At 31 March 2016/1 April 2016	35,173,800	18,378,913	6,470,452	60,023,165
Loss and total comprehensive expense for the year	-	-	(1,452,836)	(1,452,836)
Transfer in accordance with Section 618(2) of the Companies Act 2016	18,378,913	(18,378,913)	-	-
At 31 March 2017	53,552,713	-	5,017,616	58,570,329
	Note 11	Note 11		

The notes on pages 47 to 100 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(3,577,649)	8,265,803	(1,855,592)	2,843,183
Adjustments for:					
Depreciation of property, plant and equipment	3	2,263,286	2,552,509	947,889	1,178,432
Finance costs	16	986,983	1,822,770	538,266	1,001,608
Interest income		(77,005)	(115,452)	(65,246)	(86,846)
Loss on disposal of property, plant and equipment, net		478,354	583,352	-	654,115
Property, plant and equipment written off		217,800	5,517	217,799	5,517
Impairment loss on amounts due from subsidiaries		-	-	6,306	1,000
Inventories written off		20,800	114,118	20,800	114,118
Impairment loss on trade receivables		268,827	-	-	-
Reversal of impairment loss on trade receivables		-	(31,900)	-	(31,900)
Bad debts recovered		(3,150)	-	(3,150)	-
Write down of inventories		392,905	578,001	59,705	100,766
Change in fair value of other investment		(125,464)	-	(125,464)	-
Net unrealised derivative loss/(gain)		296,834	(1,954,603)	296,834	(1,954,603)
Net unrealised foreign exchange (gain)/loss		(227,117)	676,583	(224,976)	246,464
Impairment loss on investment in subsidiary		-	-	1,500,000	-
Impairment loss on goodwill		5,000,000	-	-	-
Operating profit before working capital changes		5,915,404	12,496,698	1,313,171	4,071,854
Changes in working capital:					
Inventories		4,925,324	13,755,795	6,133,971	4,626,944
Trade and other receivables, prepayments and derivative financial assets		(8,023,278)	31,943,691	(4,006,034)	17,510,118
Trade and other payables and derivative financial liabilities		3,148,433	(35,974,506)	2,233,563	(21,837,589)
Cash generated from operations		5,965,883	22,221,678	5,674,671	4,371,327
Income tax refunded		-	516,362	-	257,704
Income tax paid		(312,812)	(438,007)	(195,754)	(230,298)
Net cash from operating activities		5,653,071	22,300,033	5,478,917	4,398,733

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(138,330)	(831,882)	(101,830)	(819,299)
Interest received		77,005	115,452	65,246	86,846
Proceeds from disposal of property, plant and equipment		1,665,446	577,179	-	432,179
Acquisition of other investments		(6,000,000)	(300,000)	(6,000,000)	(300,000)
Proceeds from disposal of other investments		300,000	-	300,000	-
Net cash used in investing activities		(4,095,879)	(439,251)	(5,736,584)	(600,274)
Cash flows from financing activities					
Net repayment of trade finance facilities		(854,065)	(26,597,285)	(854,065)	(13,969,818)
Repayment of term loans		(1,487,856)	(1,383,577)	(516,364)	(476,408)
Interest paid on loans and borrowings		(986,983)	(1,822,770)	(538,266)	(1,001,608)
Repayment of finance lease liabilities		(182,499)	(1,185,367)	(71,281)	(102,904)
Net cash used in financing activities		(3,511,403)	(30,988,999)	(1,979,976)	(15,550,738)
Net decrease in cash and cash equivalents		(1,954,211)	(9,128,217)	(2,237,643)	(11,752,279)
Effect of exchange rate fluctuations on cash held		(864,387)	(613,988)	-	-
Cash and cash equivalents at 1 April	(ii)	8,667,709	18,409,914	4,959,267	16,711,546
Cash and cash equivalents at 31 March	(ii)	5,849,111	8,667,709	2,721,624	4,959,267

(i) Acquisition of property, plant and equipment

In the prior financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,457,435 and RM1,219,299 respectively, of which RM625,553 and RM400,000 were acquired by means of finance leases respectively.

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash and bank balances	10	5,849,111	8,667,709	2,721,624	4,959,267

The notes on pages 47 to 100 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Genetec Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follow:

Principal place of business/Registered office
Lot 7, Jalan P10/11, Seksyen 10
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2017 do not include other entities.

The Company is principally engaged in investment holding, designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 July 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128*, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018.

- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group will assess the financial impact that may arise from the adoption of MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, 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 estimates are 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 the following:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or a group of cash-generating units) to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or a group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the goodwill impairment assessment are disclosed in Note 4.

(ii) Inventories write-down

Inventories write-down is made based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The amount written down during the financial year is shown in Note 18.

(iii) Impairment of receivables

Impairment is made for receivables that the management considers the recoverability to be doubtful. On a regular basis, the management reviews the receivables ageing report and repayment history for any objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

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, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) 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.

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair values arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. 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. Freehold land is not depreciated.

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

Leasehold land	50 years
Buildings	50 years
Electrical equipment, renovation, furniture and fittings	5 - 13 years
Plant and machineries	10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company 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.

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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

Goodwill with indefinite useful life is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in-first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes 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 costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks which are used by the Group and the Company in the management of their short term commitments.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(k) 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 liability 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) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the 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 weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities 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 persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Rental income

Rental income from sub-leased property is recognised as other income in profit or loss.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

(o) Affiliate

An affiliate is a company which exercises significant influence over the financial and operating policies of the Company.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Operating Officer ("COO") of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM	Buildings RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost						
At 1 April 2015	3,680,990	31,178,775	7,382,917	11,030,562	1,597,469	54,870,713
Additions	-	-	680,854	6,500	770,081	1,457,435
Disposals	-	-	(852,063)	(1,527,795)	(792,169)	(3,172,027)
Written off	-	-	(8,537)	-	-	(8,537)
Effect of movements in exchange rates	145,186	141,144	9,935	14,441	-	310,706
At 31 March 2016/ 1 April 2016	3,826,176	31,319,919	7,213,106	9,523,708	1,575,381	53,458,290
Additions	-	-	131,980	6,350	-	138,330
Disposals	(1,059,688)	(834,615)	(564,193)	-	(3,150)	(2,461,646)
Written off	-	-	(913,139)	(86,000)	-	(999,139)
Effect of movements in exchange rates	80,102	77,872	5,482	7,968	-	171,424
At 31 March 2017	2,846,590	30,563,176	5,873,236	9,452,026	1,572,231	50,307,259
Depreciation						
At 1 April 2015	437,281	2,391,656	3,508,734	5,343,132	1,072,793	12,753,596
Depreciation for the year	56,932	660,423	599,396	975,671	260,087	2,552,509
Disposals	-	-	(248,022)	(1,156,690)	(606,784)	(2,011,496)
Written off	-	-	(3,020)	-	-	(3,020)
Effect of movements in exchange rates	-	32,155	7,236	6,228	-	45,619
At 31 March 2016/ 1 April 2016	494,213	3,084,234	3,864,324	5,168,341	726,096	13,337,208
Depreciation for the year	56,932	634,708	541,460	779,816	250,370	2,263,286
Disposals	-	(183,650)	(132,517)	-	(1,679)	(317,846)
Written off	-	-	(695,340)	(85,999)	-	(781,339)
Effect of movements in exchange rates	-	-	(776)	33,708	-	32,932
At 31 March 2017	551,145	3,535,292	3,577,151	5,895,866	974,787	14,534,241
Carrying amounts						
At 1 April 2015	3,243,709	28,787,119	3,874,183	5,687,430	524,676	42,117,117
At 31 March 2016/ 1 April 2016	3,331,963	28,235,685	3,348,782	4,355,367	849,285	40,121,082
At 31 March 2017	2,295,445	27,027,884	2,296,085	3,556,160	597,444	35,773,018

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land	Buildings	Electrical equipment, renovation, furniture and fittings	Plant and machineries	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM
Cost						
At 1 April 2015	2,846,590	13,128,649	4,513,954	6,143,143	1,298,835	27,931,171
Additions	-	-	668,271	6,500	544,528	1,219,299
Disposals	-	-	(852,063)	(1,527,795)	(415,283)	(2,795,141)
Written off	-	-	(8,537)	-	-	(8,537)
At 31 March 2016/ 1 April 2016	2,846,590	13,128,649	4,321,625	4,621,848	1,428,080	26,346,792
Additions	-	-	95,480	6,350	-	101,830
Written-off	-	-	(913,139)	-	-	(913,139)
At 31 March 2017	2,846,590	13,128,649	3,503,966	4,628,198	1,428,080	25,535,483
Depreciation						
At 1 April 2015	437,281	1,629,009	2,622,555	5,081,115	874,073	10,644,033
Depreciation for the year	56,932	262,573	304,107	352,387	202,433	1,178,432
Disposals	-	-	(248,022)	(1,156,690)	(304,135)	(1,708,847)
Written off	-	-	(3,020)	-	-	(3,020)
At 31 March 2016/ 1 April 2016	494,213	1,891,582	2,675,620	4,276,812	772,371	10,110,598
Depreciation for the year	56,932	262,573	265,439	157,789	205,156	947,889
Written-off	-	-	(695,340)	-	-	(695,340)
At 31 March 2017	551,145	2,154,155	2,245,719	4,434,601	977,527	10,363,147
Carrying amounts						
At 1 April 2015	2,409,309	11,499,640	1,891,399	1,062,028	424,762	17,287,138
At 31 March 2016/ 1 April 2016	2,352,377	11,237,067	1,646,005	345,036	655,709	16,236,194
At 31 March 2017	2,295,445	10,974,494	1,258,247	193,597	450,553	15,172,336

3.1 Security

At 31 March 2017, land and buildings of the Group and of the Company with carrying amounts of RM29,323,329 (2016: RM30,588,060) and RM13,269,939 (2016: RM13,589,444) respectively are charged to a bank as security for term loans granted to the Group and the Company (see Note 12).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Leased assets

The net carrying amounts of property, plant and equipment acquired under hire purchase agreements are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Plant and machineries	-	360,514	-	-
Motor vehicles	573,160	727,174	426,547	535,453
	573,160	1,087,688	426,547	535,453

3.3 Land

Included in the carrying amounts of land are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Freehold land	-	979,586	-	-
Leasehold land with unexpired lease period of more than 50 years	2,295,445	2,352,377	2,295,445	2,352,377
	2,295,445	3,331,963	2,295,445	2,352,377

4. GOODWILL

	Group RM
Cost	
At beginning/end of financial year	20,559,876
Accumulated impairment loss	
At beginning of financial year	-
Impairment loss	5,000,000
At end of financial year	5,000,000
Carrying amount	
At beginning of financial year	20,559,876
At end of financial year	15,559,876

NOTES TO THE FINANCIAL STATEMENTS

4. GOODWILL (continued)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Company's subsidiary, CLT Engineering Sdn. Bhd., which represents the lowest level within the Group, at which the goodwill is monitored for internal management purposes. In 2017, CLT Engineering Sdn. Bhd. experienced a significant decrease in sales order as compared to 2016. The Group anticipates the Hard Disk Drive ("HDD") industry to continue to be challenging with the softening of the global demand. An impairment loss was therefore recognised.

The recoverable amounts of the business units are based on value in use calculations, determined by discounting the pre-tax cash flow projections. The financial budget 2018 approved by the Board of Directors is used as the base in the preparation of cash flow projection. The cash flows beyond 2018 are projected for a five-year period and extrapolated to terminal value using estimated growth rates stated below. The growth rate does not exceed the average historical growth rate over the long term for the industry.

The carrying amount of goodwill amounting to RM20,559,876 was determined to be higher than its recoverable amount of RM15,560,000 and an impairment loss of RM5,000,000 (2016: Nil) was recognised in "other expenses".

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units and was based on the following key assumptions:

- There will be no material change in structure and principal activities of cash-generating units.
- Sales are expected to grow at 5.0% per annum.
- Gross profit margin ranges from 19% to 20%.
- General and administrative expenses are expected to increase at 5.0% per annum taking into account inflationary pressure on prices.
- A pre-tax discount rate of 12.0% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the industry-specific context.
- Terminal growth rate is expected to be 3.5% per annum.

The values assigned to the key assumptions represent management's assessment of future trends in the business units' principal activities and are based on both external sources and internal sources (historical data).

Following an impairment on goodwill, the recoverable amount approximate the carrying amount. Therefore, any adverse change in a key assumption may result in a further impairment loss.

The above estimates are particularly sensitive in the following cases:

- An increase of 0.5% in the discount rate used would have increased the impairment loss by RM1.7mil.
- A 1.0% decrease in future planned revenue would have increased the impairment loss by RM1.2mil.
- A 0.5% decrease in the terminal growth rate would have increased the impairment loss by RM1.2mil.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES

	Company RM
Cost	
At beginning/end of financial year	31,456,804
Accumulated impairment loss	
At beginning of financial year	209,995
Impairment loss	1,500,000
At end of financial year	1,709,995
Carrying amount	
At beginning of financial year	31,246,809
At end of financial year	29,746,809

During the year, an impairment loss of RM1,500,000 (2016: Nil) was recognised as the recoverable amount of an investment in a subsidiary was determined to be lower than its carrying amount. The recoverable amount of the investment in subsidiary was based on value in use calculations, determined by discounting the pre-tax cash flow projections expected to be generated. The key assumptions used to determine the value in use of the investment in subsidiary are disclosed in Note 4.

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017	2016
CLT Engineering Sdn. Bhd.	Malaysia	Fabrication of machine parts and toolings for equipment and replications of systems and equipment.	51%	51%
FAS Manufacturing Sdn. Bhd. @	Malaysia	Fabrication of machine parts and tooling for equipment. The company has temporarily ceased operations.	60%	60%
FAS Technology Solution Sdn. Bhd. @	Malaysia	Design and development of standard automated industrial equipment. The company has temporarily ceased operations.	60%	60%
Genetec Global Technologies, Inc. #	United States of America	The company is dormant.	100%	100%
Subsidiary of CLT Engineering Sdn. Bhd.				
CLT Engineering (Thailand) Co., Ltd. @	Thailand	Provision of fabrication system integration and engineering services and products.	51%	51%

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017	2016
Subsidiary of Genetec Global Technologies, Inc.				
IP Systems, Inc. #	United States of America	The company is dormant.	60%	60%

\# *Subsidiaries consolidated based on unaudited financial statements.*
@ *Not audited by KPMG PLT.*

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2017	CLT Engineering Sdn. Bhd.	Other subsidiaries with individually immaterial NCI	Total
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI (RM)	12,480,142	(6,725,158)	5,754,984
Profit allocated to NCI (RM)	746,072	(354,696)	391,376
Summarised financial information before intra-group elimination			
As at 31 March	**RM**		
Non-current assets	20,582,570		
Current assets	18,801,264		
Non-current liabilities	(7,763,154)		
Current liabilities	(6,151,003)		
Net assets	25,469,677		
Year ended 31 March	**RM**		
Revenue	26,509,219		
Profit for the year	1,522,596		
Cash flows used in operating activities	(434,233)		
Cash flows used in investing activities	(19,141)		
Cash flows used in financing activities	(1,531,308)		
Net decrease in cash and cash equivalents	(1,984,682)		

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interest in subsidiaries (continued)

2016	CLT Engineering Sdn. Bhd.	Other subsidiaries with individually immaterial NCI	Total
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI (RM)	11,734,070	(6,209,899)	5,524,171
Profit allocated to NCI (RM)	1,890,784	496,996	2,387,780

Summarised financial information before intra-group elimination

As at 31 March	**RM**
Non-current assets	21,839,602
Current assets	16,379,555
Non-current liabilities	(8,020,587)
Current liabilities	(6,251,489)
Net assets	23,947,081

Year ended 31 March	**RM**
Revenue	60,016,535
Profit for the year	3,858,742
Cash flows from operating activities	17,257,696
Cash flows from investing activities	161,021
Cash flows from financing activities	(15,438,526)
Net increase in cash and cash equivalents	1,980,191

NOTES TO THE FINANCIAL STATEMENTS

6. INVENTORIES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Raw materials	97,203	82,014	4,505	37,729
Consumables	386,832	986,244	150,410	188,997
Work-in-progress	6,459,219	11,214,025	5,071,360	11,214,025
	6,943,254	12,282,283	5,226,275	11,440,751
Recognised in profit or loss:				
Inventories recognised as cost of sales	44,459,580	88,106,690	27,947,588	46,575,121
Write-down to net realisable value	392,905	578,001	59,705	100,766
Inventories written off	20,800	114,118	20,800	114,118

The write-down and write-off are included in cost of sales.

7. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	2017			2016		
	Nominal value	Assets	Liabilities	Nominal value	Assets	Liabilities
	RM	RM	RM	RM	RM	RM
Group						
Derivatives held at fair value through profit or loss and represented at fair value:						
- Forward exchange contracts	10,421,216	-	(296,834)	23,152,910	1,954,603	-

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's and the Company's receivables and payables denominated in currencies other than the functional currencies of Group entities. All forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade					
Trade receivables		25,540,285	17,497,065	12,855,983	8,147,335
Non-trade					
Other receivables		1,413,738	1,306,834	244,828	616,875
Amounts due from subsidiaries	8.1	-	-	4,236,169	4,229,863
Deposits		196,210	284,850	97,542	129,688
		1,609,948	1,591,684	4,578,539	4,976,426
Impairment loss on amounts due from subsidiaries		-	-	(4,236,169)	(4,229,863)
		1,609,948	1,591,684	342,370	746,563
		27,150,233	19,088,749	13,198,353	8,893,898

8.1 Amounts due from subsidiaries

The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

9. OTHER INVESTMENT

The amount represents placement in a unit trust fund (“Fund”), in which the market value and the market price per unit of the Fund as at 31 March 2017 were RM6,125,464 and RM0.523 (2016: RM300,000 and RM1.00) respectively. During the year, the Company recognised the investment held as a financial asset at fair value through profit or loss. The Company held 11,712,169 (2016: 300,000) units of the Fund as at 31 March 2017.

10. CASH AND CASH EQUIVALENTS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash and bank balances	5,849,111	8,667,709	2,721,624	4,959,267

NOTES TO THE FINANCIAL STATEMENTS

11. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2017 RM	Number of shares 2017	Amount 2016 RM	Number of shares 2016
Ordinary shares, issued and fully paid:				
At beginning of financial year	35,173,800	351,738,000	35,173,800	351,738,000
Effect of share consolidation	-	(316,564,200)	-	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 11.1)	18,378,913	-	-	-
At end of financial year	53,552,713	35,173,800	35,173,800	351,738,000
	Note 11.2			

11.1 In accordance with Section 618(2) of the Companies Act 2016, any amount standing to the credit of the share premium account shall become part of the Company's share capital when the Companies Act 2016 comes into effect on 31 January 2017. Thereafter, the Company has 24 months to utilise such credit amounting to RM18,378,913 pursuant to Section 618(3).

11.2 Included in share capital is share premium amounting to RM18,378,913 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

Share consolidation exercise and amendment to the Memorandum of Association

At the Extraordinary General Meeting held on 9 May 2016, the shareholders of the Company approved the following exercises:

i) Proposed share consolidation of every ten ordinary shares of RM0.10 each into one ordinary share of RM1.00 each.

ii) Proposed amendment to the Memorandum of Association to facilitate the proposed share consolidation.

The listing and quotation of the consolidated shares were duly completed on 24 May 2016.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with functional currencies other than RM.

NOTES TO THE FINANCIAL STATEMENTS

12. LOANS AND BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-current				
Finance lease liabilities	355,792	472,183	253,078	328,719
Term loans (secured)	10,981,944	12,290,544	3,962,910	4,515,137
	11,337,736	12,762,727	4,215,988	4,843,856
Current				
Finance lease liabilities	116,391	182,499	75,641	71,281
Revolving loans (secured)	1,000,000	-	1,000,000	-
Bankers' acceptances (secured)	1,769,000	3,623,065	1,769,000	3,623,065
Term loans (secured)	1,297,442	1,476,698	544,648	508,785
	4,182,833	5,282,262	3,389,289	4,203,131
	15,520,569	18,044,989	7,605,277	9,046,987

Security

The term loans, bank overdrafts, revolving loans and bankers' acceptances of the Group and of the Company are secured over the properties of the Group and the Company (see Note 3) and letter of negative pledge obtained from the Company. The secured portion of term loans, bankers' acceptances and bank overdrafts of a subsidiary are secured over the properties of the subsidiary and a corporate guarantee by the Company.

Loan covenants

The secured term loans of the Group and of the Company are subject to the fulfilment of the following significant covenants:

i) Maximum gearing of 1.5 times in Genetec Technology Berhad and CLT Engineering Sdn. Bhd..

ii) Minimum tangible net worth at RM40,000,000 and RM20,000,000 in Genetec Technology Berhad and CLT Engineering Sdn. Bhd. respectively.

iii) Valuation report issued by a valuation firm which is acceptable to the banker's panel of valuers, evidencing the Open Market Value of the land and the building at not less than RM10 million in Genetec Technology Berhad.

NOTES TO THE FINANCIAL STATEMENTS

12. LOANS AND BORROWINGS (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2017 RM	Interest 2017 RM	Present value of minimum lease payments 2017 RM	Future minimum lease payments 2016 RM	Interest 2016 RM	Present value of minimum lease payments 2016 RM
Group						
Less than one year	137,496	(21,105)	116,391	212,322	(29,823)	182,499
Between one and five years	381,511	(25,719)	355,792	519,006	(46,823)	472,183
	519,007	(46,824)	472,183	731,328	(76,646)	654,682
Company						
Less than one year	91,080	(15,439)	75,641	91,081	(19,800)	71,281
Between one and five years	273,240	(20,162)	253,078	364,319	(35,600)	328,719
	364,320	(35,601)	328,719	455,400	(55,400)	400,000

13. DEFERRED TAX LIABILITIES

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Group						
Property, plant and equipment	-	-	(2,695,072)	(1,341,557)	(2,695,072)	(1,341,557)
Provisions	1,515,440	629,053	-	-	1,515,440	629,053
Unutilised tax losses	319,992	148,716	-	-	319,992	148,716
Unabsorbed capital allowances	-	194,340	-	-	-	194,340
Others	17,246	-	(514)	(409,954)	16,732	(409,954)
Tax assets/(liabilities)	1,852,678	972,109	(2,695,586)	(1,751,511)	(842,908)	(779,402)
Set off of tax	(1,852,678)	(972,109)	1,852,678	972,109	-	-
Net deferred tax assets/(liabilities)	-	-	(842,908)	(779,402)	(842,908)	(779,402)

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX LIABILITIES (continued)

Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets/(liabilities) are attributable to the following: (continued)

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM
Company						
Property, plant and equipment	-	-	(934,886)	(1,154,424)	(934,886)	(1,154,424)
Provisions	716,138	629,053	-	-	716,138	629,053
Unutilised tax losses	-	148,716	-	-	-	148,716
Unabsorbed capital allowances	-	194,340	-	-	-	194,340
Others	17,246	-	-	(409,954)	17,246	(409,954)
Deferred tax assets/(liabilities)	733,384	972,109	(934,886)	(1,564,378)	(201,502)	(592,269)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unabsorbed capital allowances	153,000	153,000	-	-
Unutilised tax losses	3,662,000	9,330,000	-	-
Other temporary differences	2,118,000	(1,552,000)	2,118,000	2,115,000
	5,933,000	7,931,000	2,118,000	2,115,000

The unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets of the Group have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX LIABILITIES (continued)

Movement in temporary differences during the year

	At 1.4.2015 RM	Recognised in profit or loss (Note 17) RM	At 31.3.2016/ 1.4.2016 RM	Recognised in profit or loss (Note 17) RM	At 31.3.2017 RM
Group					
Property, plant and equipment	(1,335,858)	(5,699)	(1,341,557)	(1,353,515)	(2,695,072)
Provisions	1,238,537	(609,484)	629,053	886,387	1,515,440
Unutilised tax losses	-	148,716	148,716	171,276	319,992
Unabsorbed capital allowances	-	194,340	194,340	(194,340)	-
Other temporary differences	926,641	(1,336,595)	(409,954)	426,686	16,732
	829,320	(1,608,722)	(779,402)	(63,506)	(842,908)
Company					
Property, plant and equipment	(1,148,725)	(5,699)	(1,154,424)	219,538	(934,886)
Provisions	1,238,537	(609,484)	629,053	87,085	716,138
Unutilised tax losses	-	148,716	148,716	(148,716)	-
Unabsorbed capital allowances	-	194,340	194,340	(194,340)	-
Other temporary differences	926,641	(1,336,595)	(409,954)	427,200	17,246
	1,016,453	(1,608,722)	(592,269)	390,767	(201,502)

14. TRADE AND OTHER PAYABLES

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade					
Trade payables		10,509,432	10,074,251	4,616,034	4,350,702
Amount due to a subsidiary	14.1	-	-	388	-
		10,509,432	10,074,251	4,616,422	4,350,702
Non-trade					
Other payables		6,354,727	5,784,017	335,335	288,997
Accruals		1,398,312	1,210,913	1,084,765	1,117,968
		7,753,039	6,994,930	1,420,100	1,406,965
		18,262,471	17,069,181	6,036,522	5,757,667

14.1 Amount due to a subsidiary

The trade amount due to a subsidiary is subject to normal trade terms.

NOTES TO THE FINANCIAL STATEMENTS

15. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Industrial automation products	70,626,655	129,003,499	44,139,634	68,541,101

16. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	739,599	856,878	319,274	363,945
- Finance lease liabilities	25,734	51,078	19,799	1,209
- Bankers' acceptances	89,597	633,058	89,597	391,667
- Revolving loans	58,561	188,033	58,561	188,033
- Other finance costs	73,492	93,723	51,035	56,754
	986,983	1,822,770	538,266	1,001,608

17. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current tax expense				
- Current year	117,206	-	117,206	-
- Over provision in prior years	(122,330)	(136,765)	(129,195)	(136,765)
	(5,124)	(136,765)	(11,989)	(136,765)
Deferred tax expense				
- Origination and reversal of temporary differences	332,995	1,355,024	(209,667)	1,355,024
- (Over)/Under provision in prior years	(269,489)	221,916	(181,100)	221,916
- Effect of changes in tax rate	-	31,782	-	31,782
	63,506	1,608,722	(390,767)	1,608,722
Total tax expense	58,382	1,471,957	(402,756)	1,471,957

NOTES TO THE FINANCIAL STATEMENTS

17. TAX EXPENSE (continued)

Recognised in profit or loss (continued)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Reconciliation of effective tax expense				
(Loss)/Profit for the year	(3,636,031)	6,793,846	(1,452,836)	1,371,226
Total tax expense	58,382	1,471,957	(402,756)	1,471,957
(Loss)/Profit excluding tax	(3,577,649)	8,265,803	(1,855,592)	2,843,183
Income tax calculated using Malaysian tax rate of 24%	(858,636)	1,983,793	(445,342)	682,364
Effect of deferred tax assets not recognised	466,554	605,220	757	507,584
Non-deductible expenses	1,421,632	217,167	469,836	179,108
Non-taxable income	-	(80,398)	-	(14,032)
Tax incentive (Pioneer status)*	(579,349)	(1,370,758)	(117,712)	-
(Over)/Under provision in prior years	(391,819)	85,151	(310,295)	85,151
Effect of changes in tax rate	-	31,782	-	31,782
	58,382	1,471,957	(402,756)	1,471,957

* *The Company was granted pioneer status tax incentive by the Malaysian Industrial Development Authority ("MIDA") in respect of its "Automated Assembly and Testing Production Line & Modules for Automotive Industry" and "Automated Machines and Equipment for 1" Hard Disk Drive and Parts Thereof" activities for a period of 5 years commencing 15 September 2005 and 26 January 2007 respectively and upon expiry the incentives were extended for further periods of 5 years up to 14 September 2015 and 25 January 2017 respectively, both of which have expired as at 31 March 2017.*

The Group's subsidiary, CLT Engineering Sdn. Bhd. was granted pioneer status incentives by MIDA in respect of its "Automated Assembly and Testing Machines, & Related Modules" activities for a period of 5 years commencing 18 October 2010 and upon expiry the incentive was extended for further periods of 5 years up to 17 October 2020.

By virtue of the pioneer status, the statutory income derived from the pioneer services during the pioneer period will be fully exempted from income tax.

NOTES TO THE FINANCIAL STATEMENTS

18. (LOSS)/PROFIT FOR THE YEAR

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
(Loss)/Profit for the year is arrived at after charging:				
Audit fees:				
- KPMG Malaysia	138,000	138,000	98,000	98,000
- Other auditors	8,151	7,886	-	-
Non audit fees:				
- KPMG Malaysia	20,000	20,000	20,000	20,000
Depreciation of property, plant and equipment	2,263,286	2,552,509	947,889	1,178,432
Net derivative loss				
- realised	1,038,623	3,816,829	1,038,623	3,766,688
- unrealised	296,834	-	296,834	-
Impairment loss on:				
- amounts due from subsidiaries	-	-	6,306	1,000
- trade receivables	268,827	-	-	-
- goodwill	5,000,000	-	-	-
- investment in subsidiary	-	-	1,500,000	-
Inventories written off	20,800	114,118	20,800	114,118
Loss on disposal of property, plant and equipment, net	478,354	583,352	-	654,115
Net loss on foreign exchange:				
- unrealised	-	676,583	-	246,464
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	1,386,696	1,683,315	1,019,995	1,118,964
- Wages, salaries and others	13,548,816	20,545,081	9,292,892	10,975,856
Property, plant and equipment written off	217,800	5,517	217,799	5,517
Write-down of inventories	392,905	578,001	59,705	100,766
Rental expense on properties	56,791	49,800	-	-
Rental of motor vehicles and equipment	11,200	37,515	-	-

NOTES TO THE FINANCIAL STATEMENTS

18. (LOSS)/PROFIT FOR THE YEAR (continued)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
and after crediting:				
Interest income	77,005	115,452	65,246	86,846
Gain on disposal of other investment	-	31,099	-	31,099
Fair value gain on other investment	125,464	-	125,464	-
Reversal of impairment loss on trade receivables	-	31,900	-	31,900
Bad debts recovered	3,150	-	3,150	-
Net gain on foreign exchange:				
- realised	2,230,415	6,233,894	1,844,861	4,735,258
- unrealised	227,117	-	224,976	-
Net derivative gain:				
- unrealised	-	1,954,603	-	1,954,603
Rental income	679,600	762,000	-	-

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors:				
- Remuneration	1,674,903	1,942,787	991,703	1,102,787
- Fees	180,000	180,000	180,000	180,000
- Other short-term employee benefits	150,400	113,050	28,000	23,950
	2,005,303	2,235,837	1,199,703	1,306,737

NOTES TO THE FINANCIAL STATEMENTS

20. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2017 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2017	2016
	RM	RM
(Loss)/Profit attributable to ordinary shareholders	(4,027,407)	4,406,066

		Group	
	Note	2017	2016
Issued ordinary shares before share consolidation exercise		351,738,000	351,738,000
Effect of share consolidation	20.1	(316,564,200)	(316,564,200)
Weighted average number of ordinary shares		35,173,800	35,173,800

	2017	2016
	sen	sen
Basic (loss)/earnings per ordinary share	(11.45)	12.53

Diluted earnings per ordinary share

No diluted earnings per ordinary share is disclosed in these financial statements as there are no dilutive potential ordinary shares.

20.1 Share consolidation exercise

On 24 May 2016, a share consolidation exercise was completed and the Company had:

i) reduced the number of ordinary shares by a ratio of 10:1; and

ii) increased the par value of the ordinary shares from RM0.10 each to RM1.00 each as disclosed in Note 26.

20.2 Issuance of new ordinary shares

On 19 August 2015, the Company proposed to undertake a special issue up to 21,681,000 new ordinary shares in the Company, representing up to approximately 6.16% of the existing issued and paid-up share capital of the Company to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry. The Special Issue has been approved by the relevant regulators and the Company had fixed the issue price for the special issue at RM1.10 per share on 13 June 2017 (see Note 27).

NOTES TO THE FINANCIAL STATEMENTS

21. OPERATING SEGMENT

The entire Group operates under a single reportable segment, the industrial automation segment, which is the Group's strategic business unit. The Group's Chief Operating Officer reviews internal management reports at least on a quarterly basis. No segment reporting is presented as the Group operates solely in the industrial automation segment.

Geographical segments

The industrial automation segment operates manufacturing facilities and sales offices mainly in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on geographical locations of customers.

Geographical information

	2017 RM	2016 RM
Group		
Domestic	33,825,954	76,576,697
Overseas	36,800,701	52,426,802
	70,626,655	129,003,499

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	2017 RM	2016 RM
All common control companies of:		
- Customer A*	36,928,123	82,659,845
- Customer B*	29,342,513	18,466,761
- Customer C*	536,446	18,373,370

* *The identity of the major customers have not been disclosed as permitted by MFRS 8 Operating Segments.*

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss:
- Held for trading ("FVTPL-HFT"); and
(c) Financial liabilities measured at amortised cost ("FL").

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R/(FL) RM	FVTPL -HFT RM
Group			
Financial assets			
2017			
Trade and other receivables	27,150,233	27,150,233	-
Other investment	6,125,464	-	6,125,464
Cash and cash equivalents	5,849,111	5,849,111	-
	39,124,808	32,999,344	6,125,464
2016			
Derivative financial assets	1,954,603	-	1,954,603
Trade and other receivables	19,088,749	19,088,749	-
Other investment	300,000	-	300,000
Cash and cash equivalents	8,667,709	8,667,709	-
	30,011,061	27,756,458	2,254,603
Financial liabilities			
2017			
Derivative financial liabilities	(296,834)	-	(296,834)
Loans and borrowings	(15,520,569)	(15,520,569)	-
Trade and other payables	(18,262,471)	(18,262,471)	-
	(34,079,874)	(33,783,040)	(296,834)
2016			
Loans and borrowings	(18,044,989)	(18,044,989)	-
Trade and other payables	(17,069,181)	(17,069,181)	-
	(35,114,170)	(35,114,170)	-

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R/(FL) RM	FVTPL -HFT RM
Company			
Financial assets			
2017			
Trade and other receivables	13,198,353	13,198,353	-
Other investment	6,125,464	-	6,125,464
Cash and cash equivalents	2,721,624	2,721,624	-
	22,045,441	15,919,977	6,125,464
2016			
Derivative financial assets	1,954,603	-	1,954,603
Trade and other receivables	8,893,898	8,893,898	-
Other investment	300,000	-	300,000
Cash and cash equivalents	4,959,267	4,959,267	-
	16,107,768	13,853,165	2,254,603
Financial liabilities			
2017			
Derivative financial liabilities	(296,834)	-	(296,834)
Loans and borrowings	(7,605,277)	(7,605,277)	-
Trade and other payables	(6,036,522)	(6,036,522)	-
	(13,938,633)	(13,641,799)	(296,834)
2016			
Loans and borrowings	(9,046,987)	(9,046,987)	-
Trade and other payables	(5,757,667)	(5,757,667)	-
	(14,804,654)	(14,804,654)	-

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Net gains/(losses) arising on:				
Fair value through profit or loss				
- Held for trading	(1,209,993)	(1,831,127)	(1,209,993)	(1,780,986)
Loans and receivables	2,360,287	6,379,176	2,198,201	4,886,078
Financial liabilities measured at amortised cost	(1,078,411)	(2,497,283)	(604,540)	(1,281,146)
	71,883	2,050,766	383,668	1,823,946

22.3 Financial risk management

The Group and the Company have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables from customers. The Company also provides loans and advances to subsidiaries and financial guarantees to banks for credit facilities granted to subsidiaries.

22.4.1 Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

The Group has concentration of credit risk through the Group's two major customers which represent 96% (2016: 94%) of total trade receivables. Management constantly monitors the recovery of these outstanding balances and is confident of their recoverability.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.4 Credit risk (continued)

22.4.1 Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Domestic	17,567,637	7,581,442	5,267,124	4,226,171
Asia	7,185,492	3,981,727	6,846,868	3,921,164
North America	787,156	5,933,896	741,991	-
	25,540,285	17,497,065	12,855,983	8,147,335

Impairment losses

The Group and Company maintain an ageing analysis in respect of trade receivables from its external customers only. The ageing of trade receivables as at the end of the reporting period was:

	Gross	Individual impairment	Net
	RM	RM	RM
Group			
2017			
Not past due	14,464,359	-	14,464,359
Past due 1 - 30 days	6,243,304	-	6,243,304
Past due more than 30 days	5,101,449	(268,827)	4,832,622
	25,809,112	(268,827)	25,540,285
2016			
Not past due	11,607,999	-	11,607,999
Past due 1 - 30 days	681,034	-	681,034
Past due more than 30 days	5,208,032	-	5,208,032
	17,497,065	-	17,497,065

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.4 Credit risk (continued)

22.4.1 Receivables (continued)

Impairment losses (continued)

	Gross RM	Individual impairment RM	Net RM
Company			
2017			
Not past due	4,550,875	-	4,550,875
Past due 1 - 30 days	3,543,433	-	3,543,433
Past due more than 30 days	4,761,675	-	4,761,675
	12,855,983	-	12,855,983
2016			
Not past due	2,571,975	-	2,571,975
Past due 1 - 30 days	582,458	-	582,458
Past due more than 30 days	4,992,902	-	4,992,902
	8,147,335	-	8,147,335

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 April	-	227,199	-	205,813
Impairment loss recognised	268,827	-	-	-
Impairment loss written off	-	(195,299)	-	(173,913)
Reversal of impairment loss	-	(31,900)	-	(31,900)
At 31 March	268,827	-	-	-

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.4 Credit risk (continued)

22.4.2 Bank balances placed with licensed banks and other investment with a financial institution

Risk management objectives, policies and processes for managing the risk

Bank balances placed with licensed banks and other investment with a financial institution of the Group and the Company arise as part of the requirements for working capital management purposes. Management does not have formal policies and procedures for managing the credit risks arising from bank balances placed with licensed banks and other investment with a financial institution as management does not expect the licensed banks and financial institution to fail to meet their obligations.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only placed bank balances with licensed banks and other investment with a financial institution domestically. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication of impairment on bank balances placed with licensed banks and other investment with a financial institution.

22.4.3 Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the performance of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

A further allowance for impairment losses on amounts due from subsidiaries amounting to RM6,306 (2016: RM1,000) was made, resulting in a total year end impairment of RM4,236,169 (2016: RM4,229,863).

22.4.4 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM41,500,000 (2016: RM41,500,000) representing the granted banking facilities of the subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.4 Credit risk (continued)

22.4.4 Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral (continued)

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

22.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2017							
Non-derivative financial liabilities							
Finance lease liabilities	472,183	2.42 - 2.78	519,007	137,496	137,496	244,015	-
Secured term loans	12,279,386	4.75 - 7.35	16,246,562	1,947,878	1,557,424	4,672,167	8,069,093
Bankers' acceptances	1,769,000	5.42	1,769,000	1,769,000	-	-	-
Revolving loans	1,000,000	5.08	1,004,315	1,004,315	-	-	-
Trade and other payables	18,262,471	-	18,262,471	18,262,471	-	-	-
	33,783,040		37,801,355	23,121,160	1,694,920	4,916,182	8,069,093
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	296,834	-	10,718,050	10,718,050	-	-	-
Inflow	-	-	(10,421,216)	(10,421,216)	-	-	-
	34,079,874		38,098,189	23,417,994	1,694,920	4,916,182	8,069,093

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2016							
Non-derivative financial liabilities							
Finance lease liabilities	654,682	2.39 - 2.78	731,328	212,322	137,496	381,510	-
Secured term loans	13,767,242	5.00 - 7.35	18,664,254	2,244,516	1,961,824	4,713,716	9,744,198
Bankers' acceptances	3,623,065	2.39 - 6.08	3,627,930	3,627,930	-	-	-
Trade and other payables	17,069,181	-	17,069,181	17,069,181	-	-	-
	35,114,170		40,092,693	23,153,949	2,099,320	5,095,226	9,744,198
Derivative financial assets							
Forward exchange contracts (gross settled):							
Outflow	-	-	21,198,307	21,198,307	-	-	-
Inflow	(1,954,603)	-	(23,152,910)	(23,152,910)	-	-	-
	33,159,567		38,138,090	21,199,346	2,099,320	5,095,226	9,744,198
Company							
2017							
Non-derivative financial liabilities							
Finance lease liabilities	328,719	2.77	364,320	91,080	91,080	182,160	-
Secured term loans	4,507,558	7.00	5,668,174	842,997	842,997	2,528,886	1,453,294
Bankers' acceptances	1,769,000	5.42	1,769,000	1,769,000	-	-	-
Revolving loans	1,000,000	5.08	1,000,000	1,000,000	-	-	-
Trade and other payables	6,036,522	-	6,036,522	6,036,522	-	-	-
Financial guarantees	-	-	41,500,000	41,500,000	-	-	-
	13,641,799		56,338,016	51,239,599	934,077	2,711,046	1,453,294
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	296,834	-	10,718,050	10,718,050	-	-	-
Inflow	-	-	(10,421,216)	(10,421,216)	-	-	-
	13,938,633		56,634,850	51,536,433	934,077	2,711,046	1,453,294

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2016							
Non-derivative financial liabilities							
Finance lease liabilities	400,000	2.77	455,400	91,081	91,081	273,238	-
Secured term loans	5,023,922	7.00	6,522,117	844,415	844,415	2,533,204	2,300,083
Bankers' acceptances	3,623,065	2.39 - 6.08	3,627,930	3,627,930	-	-	-
Trade and other payables	5,757,667	-	5,757,667	5,757,667	-	-	-
Financial guarantees	-	-	41,500,000	41,500,000	-	-	-
	14,804,654		57,863,114	51,821,093	935,496	2,806,442	2,300,083
Derivative financial assets							
Forward exchange contracts (gross settled):							
Outflow	-	-	21,198,307	21,198,307	-	-	-
Inflow	(1,954,603)	-	(23,152,910)	(23,152,910)	-	-	-
	12,850,051		55,908,511	49,866,490	935,496	2,806,442	2,300,083

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

22.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities and the functional currency of the Company. The currencies giving rise to this risk are primarily the U.S. Dollar ("USD") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group and the Company enter into foreign currency forward exchange contracts in the normal course of business, where appropriate, to manage their exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities and the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period were:

	Denominated in	
	USD	SGD
Group	**RM**	**RM**
2017		
Trade receivables	8,260,164	-
Cash and cash equivalents	1,443,517	4,342
Forward exchange contracts	(296,834)	-
Trade payables	(80,711)	(217,169)
	9,326,136	(212,827)
2016		
Trade receivables	12,149,248	287,363
Cash and cash equivalents	6,335,205	4,342
Forward exchange contracts	1,954,603	-
Trade payables	(307,504)	(154,933)
	20,131,552	136,772
Company		
2017		
Trade receivables	7,826,774	-
Cash and cash equivalents	886,404	4,342
Forward exchange contracts	(296,834)	-
Trade payables	(20,340)	(15,436)
	8,396,004	(11,094)
2016		
Trade receivables	6,214,411	226,800
Cash and cash equivalents	4,015,996	4,342
Forward exchange contracts	1,954,603	-
Trade payables	(221,652)	(118,070)
	11,963,358	113,072

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities and the Company which have RM functional currency. The exposure to currency risk of Group entities which do not have RM as functional currency is not material and sensitivity analysis is therefore not presented.

A 10% (2016: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss			
	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
USD	(708,786)	(1,529,998)	(638,096)	(909,215)
SGD	16,175	(10,395)	843	(8,593)

A 10% (2016: 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

22.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

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

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.6 Market risk (continued)

22.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed rate instruments				
Financial liabilities	(2,241,183)	(4,277,747)	(2,097,719)	(4,023,065)
Floating rate instruments				
Financial liabilities	(13,279,386)	(13,767,242)	(5,507,558)	(5,023,922)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 10 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
	2017	2017	2016	2016
	RM	RM	RM	RM
Group				
Floating rate instruments	(10,092)	10,092	(10,463)	10,463
Company				
Floating rate instruments	(4,186)	4,186	(3,818)	3,818

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.6 Market risk (continued)

22.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group will evaluate the risk and return of the unit trust fund to identify the investment opportunity that is aligned with the Group's risk appetite prior to investing in the unit trust fund. The performance of the unit trust fund is monitored on an ongoing basis.

Equity price risk sensitivity analysis

A 10% (2016: 10%) increase in Net Asset Value ("NAV") of the unit trust fund at the end of the reporting period would have increased post-tax profit or loss by RM465,535 (2016: RM22,800). A 10% (2016: 10%) decrease in NAV would have had equal but opposite effect on post-tax profit or loss. This analysis assumes that all other variables remained constant and ignores any impact of forecasted sales and purchases.

22.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2017										
Group										
Financial assets										
Other investment	-	6,125,464	-	6,125,464	-	-	-	-	6,125,464	6,125,464
	-	6,125,464	-	6,125,464	-	-	-	-	6,125,464	6,125,464
Financial liabilities										
Forward exchange contracts	-	(296,834)	-	(296,834)	-	-	-	-	(296,834)	(296,834)
Term loans - secured	-	-	-	-	-	-	(12,279,386)	(12,279,386)	(12,279,386)	(12,279,386)
Finance lease liabilities	-	-	-	-	-	-	(503,341)	(503,341)	(503,341)	(472,183)
	-	(296,834)	-	(296,834)	-	-	(12,782,727)	(12,782,727)	(13,079,561)	(13,048,403)

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2017										
Company										
Financial assets										
Other investment	-	6,125,464	-	6,125,464	-	-	-	-	6,125,464	6,125,464
	-	6,125,464	-	6,125,464	-	-	-	-	6,125,464	6,125,464
Financial liabilities										
Forward exchange contracts	-	(296,834)	-	(296,834)	-	-	-	-	(296,834)	(296,834)
Term loans - secured	-	-	-	-	-	-	(4,507,558)	(4,507,558)	(4,507,558)	(4,507,558)
Finance lease liabilities	-	-	-	-	-	-	(352,918)	(352,918)	(352,918)	(328,719)
	-	(296,834)	-	(296,834)	-	-	(4,860,476)	(4,860,476)	(5,157,310)	(5,133,111)
2016										
Group										
Financial assets										
Forward exchange contracts	-	1,954,603	-	1,954,603	-	-	-	-	1,954,603	1,954,603
Other investment	-	300,000	-	300,000	-	-	-	-	300,000	300,000
	-	2,254,603	-	2,254,603	-	-	-	-	2,254,603	2,254,603
Financial liabilities										
Term loans - secured	-	-	-	-	-	-	(13,767,242)	(13,767,242)	(13,767,242)	(13,767,242)
Finance lease liabilities	-	-	-	-	-	-	(708,837)	(708,837)	(708,837)	(654,682)
	-	-	-	-	-	-	(14,476,079)	(14,476,079)	(14,476,079)	(14,421,924)
2016										
Company										
Financial assets										
Forward exchange contracts	-	1,954,603	-	1,954,603	-	-	-	-	1,954,603	1,954,603
Other investment	-	300,000	-	300,000	-	-	-	-	300,000	300,000
	-	2,254,603	-	2,254,603	-	-	-	-	2,254,603	2,254,603
Financial liabilities										
Term loans - secured	-	-	-	-	-	-	(5,023,922)	(5,023,922)	(5,023,922)	(5,023,922)
Finance lease liabilities	-	-	-	-	-	-	(439,478)	(439,478)	(439,478)	(400,000)
	-	-	-	-	-	-	(5,463,400)	(5,463,400)	(5,463,400)	(5,423,922)

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (continued)

22.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event of change in circumstances that caused the transfer.

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Fair value of financial instruments not carried at fair value

The methods and assumptions used to estimate the fair value of the financial instruments not carried at fair value are as follows:

- Term loans - The fair value of term loans is estimated to approximate their carrying amounts as these are variable rate borrowings.

- Finance lease liabilities - The fair value of finance lease liabilities are estimated based on discounted cash flows using prevailing market rates of similar lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 March 2017 and 31 March 2016 were as follows:

		Group	
	Note	2017	2016
		RM	RM
Total loans and borrowings	12	15,520,569	18,044,989
Less: Cash and cash equivalents	10	(5,849,111)	(8,667,709)
		9,671,458	9,377,280
Total equity		63,295,609	67,657,535
Debt-to-equity ratio		0.15	0.14

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital. The Group has complied with this requirement.

The significant loan covenants of the Group and the Company are disclosed in Note 12. There is no breach of covenants during the financial year.

24. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2017	2016
	RM	RM
Guarantees given to financial institutions for banking facilities granted to a subsidiary	41,500,000	41,500,000

25. RELATED PARTIES

Identity of related parties

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

NOTES TO THE FINANCIAL STATEMENTS

25. RELATED PARTIES (continued)

Identity of related parties (continued)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationships with its subsidiaries, an affiliated company and its subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation which is disclosed in Note 19 are shown below. The balances related to the below transactions are shown in Notes 8 and 14. The impairment loss made on the balances with related parties are disclosed in Note 8.

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Subsidiaries				
Purchases	-	-	1,523	19,460
Sales	-	-	-	(8,749)
Subsidiaries of an affiliate company				
Purchases	205,057	999,842	153,514	439,811
Sales	(4,050)	(10,123)	-	-

As at 31 March 2017, the balances outstanding to subsidiaries of an affiliate company, KVC Industrial Supplies Sdn. Bhd., TSA Industries Sdn. Bhd. and Cotel Precision Industries Sdn. Bhd. are RM36,084 (2016: RM84,423), RM4,665 (2016: RM9,879) and RM14,293 (2016: RM1,325), respectively.

As at 31 March 2017, the balance outstanding from a subsidiary of an affiliate company, KVC Industrial Supplies Sdn. Bhd. is RM4,293 (2016: Nil).

26. SIGNIFICANT EVENTS

Share consolidation exercise and amendment to the Memorandum of Association

At the Extraordinary General Meeting held on 9 May 2016, the shareholders of the Company approved the following exercises:

i) Proposed share consolidation of every ten ordinary shares of RM0.10 each into one ordinary share of RM1.00 each.

ii) Proposed amendment to the Memorandum of Association to facilitate the proposed share consolidation.

The listing and quotation of the consolidated shares were duly completed on 24 May 2016.

NOTES TO THE FINANCIAL STATEMENTS

27. SUBSEQUENT EVENTS

Issue of new ordinary shares

On 19 August 2015, KAF Investment Bank Berhad ("KAF"), on behalf of the Board of Directors of the Company, had announced that the Company proposed to undertake a special issue of up to 21,681,000 new ordinary shares of RM0.10 each in the Company ("Genetec Shares"), representing up to approximately 6.16% of the existing issued and paid-up share capital of the Company to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry ("MITI") ("Special Issue"). The listing application in relation to the proposed Special Issue was then submitted to Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 14 September 2015.

Subsequently on 18 September 2015, KAF, on behalf of the Board of Directors of the Company, had announced that Bursa Malaysia had, vide its letter dated 17 September 2015, resolved to approve the listing and quotation of up to 21,681,000 Genetec Shares to be issued pursuant to the Special Issue subject to certain conditions.

On 29 February 2016, KAF, on behalf of the Board of Directors of the Company, had submitted an application to Bursa Malaysia to seek extension of time of 6 months from 16 March 2016, on which the approval of Bursa Malaysia for the Special Issue granted on 17 September 2015 would lapse, for the Company to implement the Special Issue. Subsequently, Bursa Malaysia had, vide its letter dated 2 March 2016, resolved to approve the said application for an extension of time of 6 months until 16 September 2016.

On 30 August 2016, KAF, on behalf of the Board of Directors of Company, had submitted an application to Bursa Malaysia to seek further extension of time of 6 months from 16 September 2016, for implementation of the Special Issue. Subsequently Bursa Malaysia had, vide its letter dated 5 January 2017 ("Bursa Approval Letter"), resolved to approve the said application for an extension of time of 6 months from the date of the Bursa Approval Letter.

On 7 September 2016, KAF, on behalf of the Board of Directors of the Company, had announced that the Company had submitted an application to the Securities Commission Malaysia ("SCM") to seek a further extension of time of up to 22 October 2017 for the Company to comply with the Bumiputera Equity Condition (as defined in the Company's announcement dated 19 August 2015 in relation to the Special Issue). Consequently, SCM had, vide its letter dated 19 December 2016 ("SC Approval Letter"), approved the extension of time of 12 months from the date of the SC Approval Letter to comply with the Bumiputera Equity Condition.

On 18 October 2016, KAF, on behalf of the Board of Directors of the Company, had announced that the MITI had, vide its letter dated 13 October 2016, stated that it has no objection to the Special Issue.

On 13 June 2017, KAF, on behalf of the Board of Directors of the Company, had announced that the Company had fixed the issue price for the Special Issue comprising 2,168,100 Special Issue Shares at RM1.10 per Special Issue Share. The said issue price of RM1.10 per Special Issue Share represents a premium of approximately RM0.0702 or 6.82% to the five (5)-day volume weighted average market price of Genetec Shares up to and including 9 June 2017 of approximately RM1.0298 per Genetec Share.

On 16 June 2017, KAF, on behalf of the Board of Directors of the Company, had submitted an application to Bursa Malaysia to seek an extension of time of 6 months from 4 July 2017, an extended implementation deadline for the Special Issue as approved by Bursa Malaysia via the Bursa Approval Letter, for the Company to implement the Special Issue. Subsequently, Bursa Malaysia had, vide its letter dated 18 July 2017, resolved to approve the said application for an extension of 6 months until 4 January 2018, subject to the SCM granting a further extension of time for the Company to comply with the Bumiputera Equity Condition.

On 3 July 2017, the Company announced that 317,200 Special Issue Shares have been issued at RM1.10 per Special Issue Share. Upon listing and quotation of the 317,200 Special Issue Shares on 4 July 2017, the issued share capital increased from RM53,552,713 as at 31 March 2017 to RM53,901,633 comprising 35,491,000 ordinary shares. The Company may or may not place out the remaining Special Issue Shares depending on its status of compliance with the Bumiputera Equity Condition subsequent to the issuance of the aforementioned 317,200 Special Issue Shares, for which the Company will seek the clarification from the relevant regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS

28. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 March, into realised and unrealised profits, pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries				
- realised	(4,528,947)	(5,415,295)	5,165,511	5,354,580
- unrealised	(787,161)	498,618	(147,895)	1,115,872
	(5,316,108)	(4,916,677)	5,017,616	6,470,452
Less: Consolidation adjustments	10,636,861	14,264,837	-	-
Total retained earnings	5,320,753	9,348,160	5,017,616	6,470,452

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 41 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 on page 100 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Chin Kem Weng
Director

Tan Moon Teik
Director

Bandar Baru Bangi, Selangor

Date: 18 July 2017

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

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 41 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Kon Hoan, NRIC: 710618-10-5493, at Kuala Lumpur in the State of Federal Territory on 18 July 2017.

Tan Kon Hoan

Before me:
No. W320
SELVARAJ A/L DORAISAMY
Commissioners for oaths
Kuala Lumpur, Federal Territory

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad

(Company No. 445537-W)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Genetec Technology Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Revenue recognition

Refer to Note 15 of the financial statements and Note 2(m)(i) - significant accounting policy.

The key audit matter

Revenue is an important measure used to evaluate performance of the Group. Revenue is recognised when significant risks and rewards of ownership of the underlying products have been transferred to the customers.

We identified revenue recognition as a key audit matter because there was a risk that revenue might be overstated because of the pressure on the Group to achieve performance targets. The focus on revenue as a key performance measure could create a pressure for revenue to be recognised before the risks and rewards of ownership have been transferred.

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad

(Company No. 445537-W)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

(i) Revenue recognition (continued)

How the matter was addressed in our audit

Our procedures included, amongst others, evaluating the Group's revenue recognition accounting policies and assessing compliance with key applicable accounting standards. We evaluated the design and implementation of key controls over revenue recognition and tested the operating effectiveness of these controls.

We tested certain sales transactions recognised in the current financial year by agreeing the transactions to the delivery documents that were acknowledged by customers. We also tested sales transactions recognised both before and after the reporting date to assess whether revenue was recognised in the appropriate financial periods.

We obtained written confirmation from certain trade debtors on outstanding balances and performed alternative procedures for non-replies by checking the sales invoices to the delivery documents that were acknowledged by customers.

We developed an expectation of the current year revenue amount and compared this expectation to actual results.

In addition, we inspected journal entries posted to the revenue accounts during the year and subsequent to year end which met certain criteria and ascertained that the journal entries were properly supported and approved by the appropriate authority.

We also considered the adequacy of the Group's disclosures in the financial statements in respect of revenue.

(ii) Valuation of goodwill

Refer to Note 4 of the financial statements and Note 2(f) - significant accounting policy.

The key audit matter

The Group annually assesses the amount of goodwill for impairment. The Group's goodwill on consolidation amounted to RM15,559,876 as of 31 March 2017. There was a risk that the carrying value of the Group's goodwill may not be recovered from future cash flows which may be affected by future market or economic conditions. We identified valuation of goodwill as a key audit matter because of the inherent uncertainty involved in projecting and discounting future cash flows.

How the matter was addressed in our audit

Our audit procedures included, among others, testing of the Group's impairment assessment for cash-generating units ("CGUs") containing goodwill. The recoverable amounts of the CGUs were determined based on value in use ("VIU") calculations. In assessing VIU, we obtained the discounted cash flow projections and evaluated the key estimates and assumptions used, in particular those relating to revenue growth, gross profit margins, and the discount rate and terminal growth rate applied to the cash flows in the impairment assessment model. We assessed the key estimates and assumptions, with reference to internally and externally derived sources and taking into account the CGUs' historical achievements.

Sensitivity analyses were performed across the different elements of the impairment assessment model in order to understand which judgements and assumptions were most sensitive in relation to the management's recoverable amounts.

We also considered the adequacy of the Group's disclosures in the financial statements in respect of goodwill and its impairment assessment.

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad

(Company No. 445537-W)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad

(Company No. 445537-W)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad

(Company No. 445537-W)
(Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 28 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chew Beng Hong
Approval Number: 2920/02/18(J)
Chartered Accountant

Date: 18 July 2017

Petaling Jaya, Selangor

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, adopted appropriate accounting policies and applied them consistently, and prepared the annual audited financial statements on a going concern basis.

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 provisions of the Companies Act 2016 and applicable approved Financial Reporting Standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

LIST OF PROPERTIES HELD BY THE GROUP

No.	Address	Approximate tenure/Year of expiry	Description/ Existing use	Land area/ Built-up area (sq. ft.)	Net book value @ 31.03.17 (RM'000)	Age of building (years)	Date of acquisition
1.	Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	99 years expiring in 2098	Leasehold/ Land with 3 storey office and factory	61,450/ 44,405	11,297	7	31 March 2008
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	1,973	10	20 March 2006
3.	Lot 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Daru Ehsan.	99 years expiring in 2090	Leasehold 1½ - storey office and factory	81,911/ 49,217	16,053	25	15 June 2011

ADDITIONAL COMPLIANCE INFORMATION

1) AUDIT AND NON-AUDIT FEES

During the financial year, the audit fees and non-audit fees paid/payable to the Company's external auditors by the Company and by the Group incurred for services rendered were as follows:

	Group (RM)	Company (RM)
Audit fee	146,151	98,000
Non-audit fee	20,000	20,000

2) MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the directors, chief executive who is not a director or major shareholders of the Company, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

3) RECURENT RELATED PARTY TRASACTIONS

The significant recurrent related party transactions conducted during the financial year ended 31 March 2017 were as follows:

	Related Parties	Relationship with Genetec Group	Nature of Transactions with Genetec Group	Amount (RM)
1.	CLT Engineering Sdn Bhd ("**CLT**")	Tan Moon Teik is a Director of Genetec. He is also a Director and Major Shareholder of CLT Chin Kem Weng is a Director of Genetec. He is also a Director and indirect Major Shareholder of CLT (via his shareholding in Genetec)	Purchase of fabrication parts	1,523
2.	Cotel Precision Industries Sdn Bhd ("**Cotel**")	Chen Khai Voon is a Director and indirect Major Shareholder of Genetec (via his shareholdings in KVC Corporation Sdn Bhd ("**KVC Corp**"). He is also an indirect Major Shareholder of Cotel (via his shareholdings in KVC Corp, KVC Properties Sdn. Bhd. and KVC) KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of Cotel (via its shareholdings in KVC Properties Sdn. Bhd. and KVC)	Purchase of precision measuring instruments	33,659

ADDITIONAL COMPLIANCE INFORMATION

3) RECURENT RELATED PARTY TRASACTIONS (continued)

The significant recurrent related party transactions conducted during the financial year ended 31 March 2017 were as follows: (continued)

	Related Parties	Relationship with Genetec Group	Nature of Transactions with Genetec Group	Amount (RM)
3.	KVC Industrial Supplies Sdn Bhd ("**KVC**")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also a Director and an indirect Major Shareholder of KVC (via his shareholdings in KVC Corp and KVC Properties Sdn. Bhd.)	Purchase of industrial products	143,015
		KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of KVC (via its shareholdings in KVC Properties Sdn. Bhd.)	Sale of fabrication parts	4,050
4.	TSA Industries Sdn Bhd ("**TSA**")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also a Director and an indirect Major Shareholder of TSA (via his shareholdings in KVC Corp and KVC Properties Sdn. Bhd.) KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of TSA (via its shareholdings in KVC Properties Sdn. Bhd.)	Purchase of industrial hardware	28,382

ANALYSIS OF SHAREHOLDINGS
As at 4 July 2017

Class of shares: Ordinary Shares

Voting rights: One (1) vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Category	No. of holders	No. of shares	Percentage (%)
1 – 99	121	4,171	0.01
100 – 1,000	505	365,728	1.03
1,001 – 10,000	1,207	5,502,570	15.50
10,001 – 100,000	306	9,777,730	27.55
100,001 – 1,774,549	39	11,001,151	31.00
1,774,550 and above (5% of issued securities)	3	8,839,650	24.91
Total	**2,181**	**35,491,000**	**100.00**

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

	Direct Interest		Indirect Interest	
Name	No. of shares held	% of Issued shares	No. of shares held	% of Issued shares
Chin Kem Weng	2,099,450	5.92	-	-
Tan Moon Teik	1,860,200	5.24	-	-
Chen Khai Voon	-	-	4,880,000 *	13.75
Hew Voon Foo	-	-	-	-
Wong Wai Tzing	-	-	-	-
Teh Kim Seng	-	-	-	-

Note:

* *Deemed interested through KVC Corporation Sdn Bhd*

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name	No. of shares held	% of Issued shares	No. of shares held	% of Issued shares
KVC Corporation Sdn Bhd	4,880,000	13.75	-	-
Chin Kem Weng	2,099,450	5.92	-	-
Tan Moon Teik	1,860,200	5.24	-	-
Chen Khai Voon	-	-	4,880,000 *	13.75

Note:

* *Deemed interested through KVC Corporation Sdn Bhd*

ANALYSIS OF SHAREHOLDINGS
As at 4 July 2017

30 largest shareholders

	Name	No. of shares held	Percentage (%)
1	KVC CORPORATION SDN BHD	4,880,000	13.75
2	CHIN KEM WENG	2,099,450	5.92
3	TAN MOON TEIK	1,860,200	5.24
4	CHIN LEE HEONG	1,448,500	4.08
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HENG YONG KANG @ WANG YONG KANG*	850,000	2.39
6	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH*	736,870	2.08
7	CHIN LING CHEE	476,900	1.34
8	TEE LEE CHEN	318,801	0.90
9	ONG PHOE BE	310,200	0.87
10	LAI CHIE KING	310,000	0.87
11	LIM POH ENG	306,600	0.86
12	LEE HOCK HENG	301,000	0.85
13	EER YOKE CHIN	300,300	0.85
14	LIM GHEE TATT	300,000	0.85
15	O PAU KIANG	300,000	0.85
16	LOO WEE KIN	296,900	0.84
17	CHIN CHENG AUN	290,000	0.82
18	TEH BENG AI	287,000	0.81
19	LIM POH FONG	280,230	0.79
20	MICHAEL CHIN KEM KOON	274,000	0.77
21	ALLEN LIK-HOOK TING	252,000	0.71
22	WONG SOO CHAI @ WONG CHICK WAI	229,100	0.65
23	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG CHENG HUAT*	225,800	0.64
24	CHIN KIT SEN	223,000	0.63
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG ZEN KAI*	200,000	0.56
26	PUBLIC INVEST NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	190,000	0.54
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FOONG CHEE PENG*	185,600	0.52
28	TEO MENG HOW	165,000	0.46
29	NG EE CHEE	160,000	0.45
30	LIOW SIN CHOW	150,000	0.42
	Total	**18,207,451**	**51.30**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of Genetec Technology Berhad (the "Company") will be held at Multi-Purpose Hall, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, on Tuesday, 29 August 2017 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 2017 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2 To approve the payment of Directors' fees amounting to RM180,000.00 in respect of the financial year ended 31 March 2017. *Ordinary Resolution 1*

3. To re-elect the following Directors who are retiring in accordance with the Company's Constitution (Article 92 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and being eligible, have offered themselves for re-election:-

   (a) Chin Kem Weng *Ordinary Resolution 2*
   (b) Teh Kim Seng *Ordinary Resolution 3*

4. To re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Ordinary Resolution 4*

AS SPECIAL BUSINESS:

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

5. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   "THAT, subject always to the Companies Act 2016, the Company's Constitution and approvals from the relevant governmental and/or regulatory authorities where such approval is necessary, authority be given to the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company at any time to such persons 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 pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required to be held, whichever is the earlier, but any approval may be revoked or varied at any time by a resolution of the Company in general meeting." *Ordinary Resolution 5 (Please refer to Explanatory Note 2)*

NOTICE OF ANNUAL GENERAL MEETING

6. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions ("Proposed Renewal of Shareholders' Mandate")**

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be given for the Company and/or 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 28 July 2017 which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiaries 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 the Proposed Renewal of Shareholders' Mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless renewed by a resolution passed at the meeting;

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(1) and (2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a 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 all such documents as may be required) as they may consider expedient or necessary in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

Ordinary Resolution 6
(Please refer to Explanatory Note 3)

7. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

LOW SOOK KUAN (MAICSA 7047833)
Company Secretary

Selangor Darul Ehsan
28 July 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting 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 in his stead. A proxy may but need not be a member of the Company. However, his attendance at the general meeting shall automatically revoke the proxy form and proxy's authority.

2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

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

6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

7. For the purpose of determining a member who shall be entitled to attend, speak and vote at the forthcoming Nineteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 23 August 2017. Only a depositor whose name appears on the Record of Depositors as at 23 August 2017 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) or authorised representative to attend, speak and vote on his/her stead.

8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of a poll.

Explanatory Notes to the Agenda:

1. Receipt of Audited Financial Statements and Reports

The audited financial statements and reports are laid in accordance with the provision of Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence this agenda is not put forward for voting.

2. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5 is intended to renew the authority granted to the Directors of the Company at the Eighteenth Annual General Meeting ("18th AGM") of the Company held on 24 August 2016 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being (hereinafter referred to as the "General Mandate"). The Ordinary Resolution 5, if passed, this authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, 317,200 new ordinary shares were issued in relation to the Special Issue to bumiputera investors identified and/or approved by the Ministry of International Trade and Industry ("Special Issue") pursuant to the General Mandate granted to the Directors at the 18th AGM. The total proceeds of RM348,920.00 from the Special Issue exercise has been fully utilised for working capital and expenses in relation to the Special Issue exercise. A renewal of this authority is being sought at the Nineteenth Annual General Meeting under proposed Ordinary Resolution 5.

The new General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to future investment project(s), business expansion and/or working capital purpose as the Directors may in their absolute discretion deem fit and to avoid any delay and cost in convening general meetings to approve such issue of shares.

3. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions ("Proposed Renewal of Shareholders' Mandate")

For the proposed Ordinary Resolution 6, please refer to the Circular to Shareholders dated 28 July 2017 which is despatched together with this Annual Report for detailed information of the Proposed Renewal of Shareholders' Mandate.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Re-election of Directors

The following are the Directors standing for re-election at the forthcoming Annual General Meeting in accordance with the Company's Constitution (Article 92 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016):-

- Chin Kem Weng
- Teh Kim Seng

Further details and profiles of these Directors are set out in Board of Directors' Profile and Analysis of Shareholdings sections of this Annual Report.

2. Details of Attendance of Directors at the Board of Directors' Meetings

There were five (5) Board meetings held during the financial year ended 31 March 2017. Details of attendance of the Directors are set out in the Statement on Corporate Governance of this Annual Report.

3. Date, time and place of the Nineteenth Annual General Meeting

Date : Tuesday, 29 August 2017

Time : 10.00 a.m.

Place : Multi-Purpose Hall, 2nd Floor, Lot 5, Jalan P10/12,
Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan

Genetec Technology
BERHAD
(445537-W)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	

I/We ______________________________ NRIC/Co. No. ______________

(FULL NAME OF MEMBER(S) IN CAPITAL LETTERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION)

of ____

(FULL ADDRESS)

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

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings (%)
Address		

and/or (delete as appropriate)

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings (%)
Address		

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Multi-Purpose Hall, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, on Tuesday, 29 August 2017 at 10.00 a.m. and at any adjournment thereof as indicated below:

Ordinary Resolution		For	Against
1	Approval of Directors' fees		
2	Re-election of Director – Chin Kem Weng		
3	Re-election of Director – Teh Kim Seng		
4	Re-appointment of Auditors – KPMG PLT		
5	Authority to issue and allot shares		
6	Proposed Renewal of Shareholders' Mandate		

(Please indicate with an "X" in the spaces provided whether you wish your vote to be cast for or against the resolution. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this: ________ day of ______________________ 2017

____
Signature of Members/Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the meeting 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 in his stead. A proxy may but need not be a member of the Company. However, his attendance at the general meeting shall automatically revoke the proxy form and proxy's authority.*
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3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the forthcoming Nineteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 23 August 2017. Only a depositor whose name appears on the Record of Depositors as at 23 August 2017 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) or authorised representative to attend, speak and vote on his/her stead.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of Nineteenth Annual General meeting will be put to vote by way of a poll.*
9. *Any alteration in this form must be initialed.*

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AFFIX
STAMP

GENETEC TECHNOLOGY BERHAD (445537-W)
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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GENETEC TECHNOLOGY BERHAD (445537-W)

Lot 7, Jalan P10/11, Seksyen 10
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan, Malaysia
Tel: 603 8926 6388   Fax: 603 8926 9689
www.genetec.net