



Genetec Technology

2023
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

ALLEN LIK-HOOK TING

Chairman & Independent Non-Executive Director
(Appointed on 31.05.2023)

ONG PHOE BE

Independent Non-Executive Director

DATO' JEEVENTHIRAN A/L RAMANAIDU

Independent Non-Executive Director

TEH KIM SENG

Independent Non-Executive Director
(Resigned on 31.05.2023)

CHIN KEM WENG

Managing Director

SOW EWE LEE

Executive Director/Chief Operating Officer

TAN MOON TEIK

Executive Director

HEW VOON FOO

Non-Independent Non-Executive Director
(Redesignated on 31.05.2023)

AUDIT COMMITTEE

Ong Phoe Be (Chairperson)

(Redesignated on 31.05.2023)

Dato' Jeeventhiran a/l Ramanaidu

(Appointed on 31.05.2023)

Hew Voon Foo**Teh Kim Seng**

(Cessation of Office on 31.05.2023)

NOMINATION COMMITTEE

Ong Phoe Be (Chairperson)

(Redesignated on 31.05.2023)

Dato' Jeeventhiran a/l Ramanaidu

(Appointed on 31.05.2023)

Hew Voon Foo

(Redesignated on 31.05.2023)

Teh Kim Seng

(Cessation of Office on 31.05.2023)

REMUNERATION COMMITTEE

Ong Phoe Be (Chairperson)

(Redesignated on 31.05.2023)

Dato' Jeeventhiran a/l Ramanaidu

(Appointed on 31.05.2023)

Hew Voon Foo

(Redesignated on 31.05.2023)

Teh Kim Seng

(Cessation of Office on 31.05.2023)

COMPANY SECRETARY

Low Sook Kuan (MAICSA 7047833)
(SSM PC No. 202008001384)

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 Service 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

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

STOCK EXCHANGE LISTING

**ACE Market of
Bursa Malaysia Securities Berhad**

Stock Name : GENETEC
Stock Code : 0104
Stock Sector : Technology/
Technology Equipment
Listing Date : 7 November 2005

WEBSITE

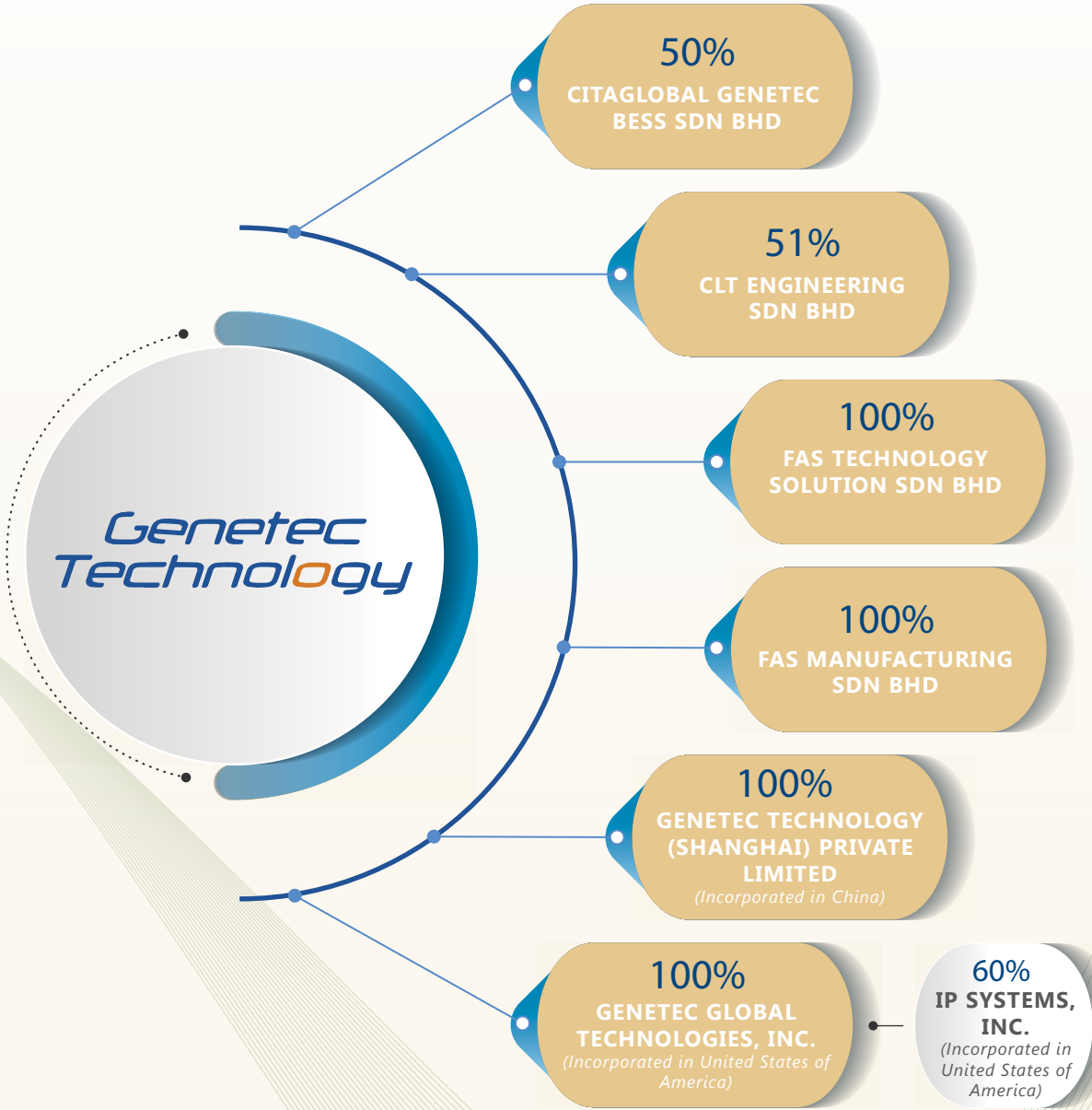
www.genetec.net

EMAIL

genetec@genetec.net

CORPORATE STRUCTURE

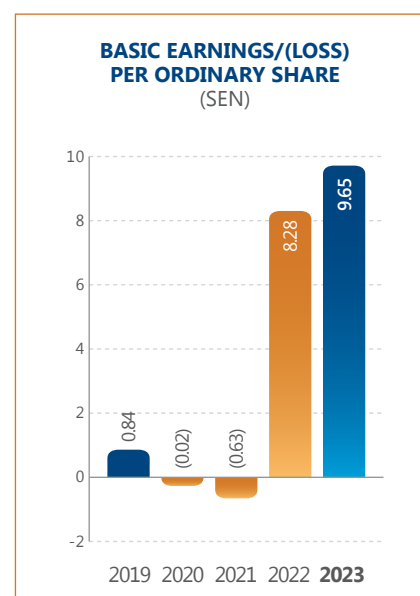
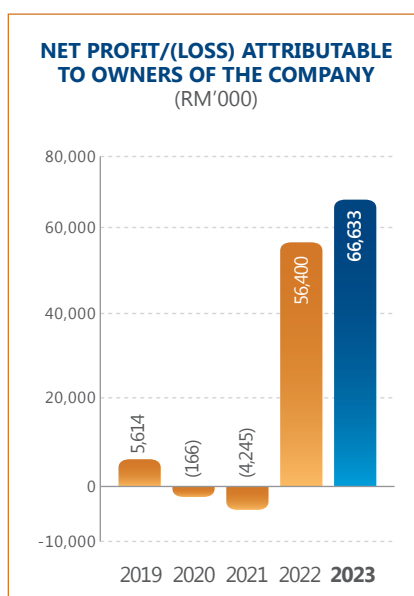
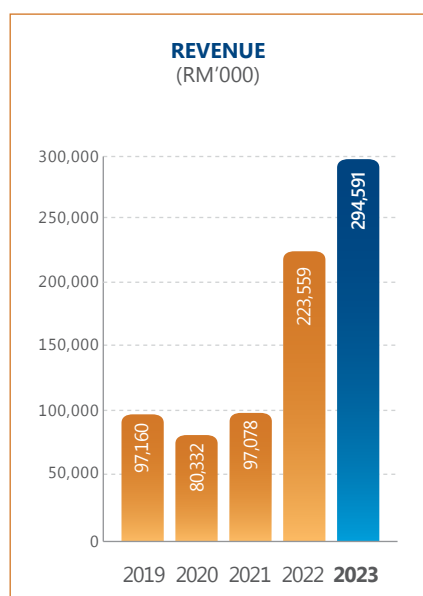
As at 24 July 2023



FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2019 RM'000 (Restated)	2020 RM'000 (Restated)	2021 RM'000 (Restated)	2022 RM'000	2023 RM'000
OPERATING RESULTS					
Revenue	97,160	80,332	97,078	223,559	294,591
EBITDA	7,688	2,121	(1,213)	67,508	82,180
Profit/(Loss) Before Tax	4,220	(1,323)	(4,825)	62,294	74,900
Profit/(Loss) After Tax	5,991	(900)	(4,386)	58,136	67,887
Net Profit/(Loss) Attributable to Owners of the Company	5,614	(166)	(4,245)	56,400	66,633
KEY BALANCE SHEET DATA					
Total Assets	119,579	118,693	124,403	294,152	500,547
Share Capital	63,016	63,171	68,760	88,215	266,207
Capital and Reserves	83,358	81,655	84,257	160,795	406,298
PROFITABILITY RATIOS					
Return on Total Assets (%)	5	(1)	(4)	20	14
Return on Average Equity (%)	7	(1)	(5)	47	24
GEARING RATIO					
Net Debt to Capital and Reserves (Times)	0.04	-	-	0.42	0.06
VALUATION					
Basic Earnings/(Loss) per ordinary share (Sen)	0.84 *	(0.02) *	(0.63) *	8.28	9.65

* Has been adjusted pursuant to the bonus issue on the basis of twelve (12) new ordinary share for every one (1) existing ordinary share held on 10 January 2022



PROFILE OF DIRECTORS

ALLEN LIK-HOOK TING

*Independent Non-Executive Director
Aged 67 / Male / American*

- *Chairman of Board of Directors*

Mr Allen Ting was appointed to the Board of the Company on 31 May 2023. He holds a Bachelor and Master's degree in Science Electrical Engineering from the University of Auckland, New Zealand.

Mr Allen Ting has over 40 years of experience in the engineering arena. He started his career in 1982 as a Development Engineer in Natsteel Pte Ltd, Singapore and after 2 years, he joined Advance Storage Technology, United States of America (USA) as a Design Engineer. In 1987, he joined Conner Peripherals Inc, USA as a Staff Test Engineer and was promoted to Engineering Manager in 1990 and Engineering Director in 1995. From 1996 to 2014, Mr Allen Ting served as an Engineering Director and/or Business Consultant in the corporations in USA namely Seagate Technology LLC, Quantum Corp, Innotec LLC and Palladium Energy. Currently, he is the Engineering & Business Consultant of Innotec LLC.

Other than the Company, Mr Allen Ting has no directorship in other public companies and listed corporations.

CHIN KEM WENG

*Managing Director / Executive Director
Aged 53 / 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 and then co-founded the Company in 1997.

Other than the Company, Mr Chin has no directorship in other public companies and listed corporations.

SOW EWE LEE

*Executive Director/Chief Operating Officer
Aged 53 / Male / Malaysian*

Mr Sow was appointed as the Chief Operating Officer of the Company since 1 October 2009 and as an Executive Director of the Company on 1 October 2018. He is responsible for overseeing the overall operations of the Company. 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 Quantum Peripheral Indonesia (QPI) as an automation engineer where he gained experience in the area of automation system design and set-up. His forte lies in the areas of Automation Control System and software programming. In 1998, he left QPI to join the Company as a senior software engineer.

Other than the Company, Mr Sow has no directorship in other public companies and listed corporations.

PROFILE OF DIRECTORS

TAN MOON TEIK

Executive Director

Aged 52 / 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.

ONG PHOE BE

Independent Non-Executive Director

Age 53 / Female / Malaysian

- *Chairperson of Audit Committee*
- *Chairperson of Remuneration Committee*
- *Chairperson of Nomination Committee*

Ms Ong was appointed to the Board of the Company on 18 August 2020. She completed the Malaysian Institute of Certified Public Accountants professional course in 1994.

She started her career with Messrs KPMG, an audit firm from December 1989 to September 1994 and joined Arab-Malaysian Merchant Bank Berhad ("AMB") in 1994. She left AMB in 1996 and moved on to Tanco Holdings Berhad ("Tanco"). She was the head of Corporate Planning Department for Tanco for about four years. She then joined KVC Industrial Supplies Sdn Bhd Group in June 2000 as its Head of Corporate Finance and subsequently was appointed as the Group Chief Financial Officer of ATIS Corporation Berhad (now known as KVC Corporation Sdn Bhd), a position that she occupied till 2005. She was appointed as an Executive Director of the Company from August 2005 until January 2011. Since then, Ms Ong was involved in the management and operations of food and beverage franchising business in Malaysia.

She sits on the boards of various privately-owned companies and has no directorship in other public companies and listed corporations in Malaysia.

DATO' JEEVENTHIRAN A/L RAMANAIDU

Independent Non-Executive Director

Aged 47 / Male / Malaysian

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

Dato' Jeeventhiran was appointed to the Board of the Company on 1 March 2022. He has a Certificate in Industrial Electrical Systems from Malaysian Vocational Training Institute.

Dato' Jeeventhiran has broad experience in the organisation across multiple industries in which he served in various capacities and held various responsibilities such as formulating strategic planning and overseeing & evaluating business operations. In addition, he has a strong understanding of the business philosophy and networking relationships. He has acted as a senior engineer of Beyonics Precision Machining Sdn Bhd from 1998 to 2005. Since 2008, Dato' Jeeventhiran becomes an entrepreneur and also serves on the board of directors of various privately held companies in Malaysia and overseas.

Other than the Company, Dato' Jeeventhiran has no directorship in other public companies and listed corporations.

PROFILE OF DIRECTORS

HEW VOON FOO

*Non-Independent Non-Executive Director
Aged 62 / Male / Malaysian*

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

Mr Hew was appointed to the Board of the Company on 6 February 2009 as an Independent Non-Executive Director and redesignated as a Non-Independent Non-Executive Director on 31 May 2023. 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 a financial controller in a local manufacturing company.

Other than the Company, Mr Hew has no directorship in other public companies and listed corporations.

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 ended 31 March 2023.
- (2) The details of the attendance of each Director at Board meetings are set out in the Corporate Governance Overview Statement of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

CHIN KEM WENG

*Managing Director
Aged 53 / Male / Malaysian*

The profile of Mr Chin Kem Weng is listed in the Profile of Directors.

SOW EWE LEE

*Chief Operating Officer
Aged 53 / Male / Malaysian*

The profile of Mr Sow Ewe Lee is listed in the Profile of Directors.

TAN MOON TEIK

*Managing Director of CLT Engineering Sdn Bhd
Aged 52 / Male / Malaysian*

The profile of Mr Tan Moon Teik is listed in the Profile of Directors.

TAN KON HOAN

*Financial Controller
Aged 52 / Male / Malaysian*

Mr Tan joined the Company in September 2004. Subsequently, he was promoted to Financial Controller since October 2009 and redesignated as Chief Financial Officer of the Company on 2 January 2021. 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).

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

Notes:

None of the key senior management:

- holds any directorship in public companies and listed corporations.
- has any family relationship with any director and/or major shareholder of the Company.
- has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.
- has conviction for any offences, other than traffic offences (if any), within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 31 March 2023.

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

Genetec Technology Berhad (“Genetec” or “the Company”) is a public company listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) since 2005 and is principally supplying cutting-edge manufacturing technologies worldwide. Genetec serves global market leaders in industries across E-mobility, Energy Storage, Automotive, Hard Disk Drives (“HDD”), Consumer Electronics and Appliances, and Pharmaceuticals.

OBJECTIVES AND STRATEGIES

The Company’s goal is to become a world leader in industrial automation. We are dedicated to becoming a continuous learning organisation that attracts top talent to meet the rapidly evolving technological challenges and demands. We are also aggressively pursuing competitive engineering solutions which allow Genetec and its subsidiaries (“the Group”) to build strong operational growth through large volume machine replication, and in turn, enhance customers’ productivity and profitability over the longer-term.

BUSINESS AND OPERATIONS OVERVIEW

The Group has achieved exceptional results, with record-breaking revenue and profit for the current financial year ended 2023. These outstanding results were driven by strong orders from key customers in the E-mobility and Energy Storage sectors, primarily in the USA and Europe. The Group has recorded high growth in both revenue and profitability in these segments by capitalising on market opportunities.

As the E-mobility landscape continues to evolve, there is an increasing demand for higher product quality. To stay ahead of the curve in the E-mobility and Energy Storage sectors, the Group has consistently invested in Research and Development (“R&D”) to strengthen its product portfolio and provide value creation to customers.

Cost management and supply chain efficiency remain top priorities for the Group, considering the inflationary pressures of the current global economic environment. Our successful internal production strategies and cost control measures have significantly improved the Group’s results. The Group will continue to implement a prudent cost management strategy to streamline its cost structure to maintain margins.

The Group has 4 manufacturing facilities of approximately 500,000 sq ft which includes the Genetec EPIC plant, its newly acquired facility in Bandar Baru Bangi of around 300,000 sq ft. With the Genetec EPIC plant in place, the Group ceased renting the manufacturing plant in Bandar Sungai Long, Selangor. Currently, the Group is making good progress in expanding production capacity, with ongoing renovations and refurbishments at the Genetec EPIC plant. Upon the completion of these renovations and refurbishments, the Genetec EPIC plant will function as the Group’s centralised location for engineering, assembly, and fabrication.

As part of its diversification plans and expansion of its product portfolio, the Group has established a joint venture company, named “Citaglobal Genetec BESS Sdn Bhd” (“CG BESS”) with Citaglobal Berhad. This collaboration is to establish a broad-based multi-angle and exclusive collaboration and strategic cooperation arrangement in connection with the development of Battery Energy Storage System (“BESS”) projects.

Recently, under the joint venture, CG BESS launched Malaysia’s first locally developed and produced BESS, named “MYBESS”, at Genetec EPIC plant in Bandar Baru Bangi, Selangor. With the first successful pilot MYBESS, a one-megawatt hour (1MWh) BESS, it supports the energy management and storage of Genetec EPIC plant.

MANAGEMENT DISCUSSION & ANALYSIS

Revenue

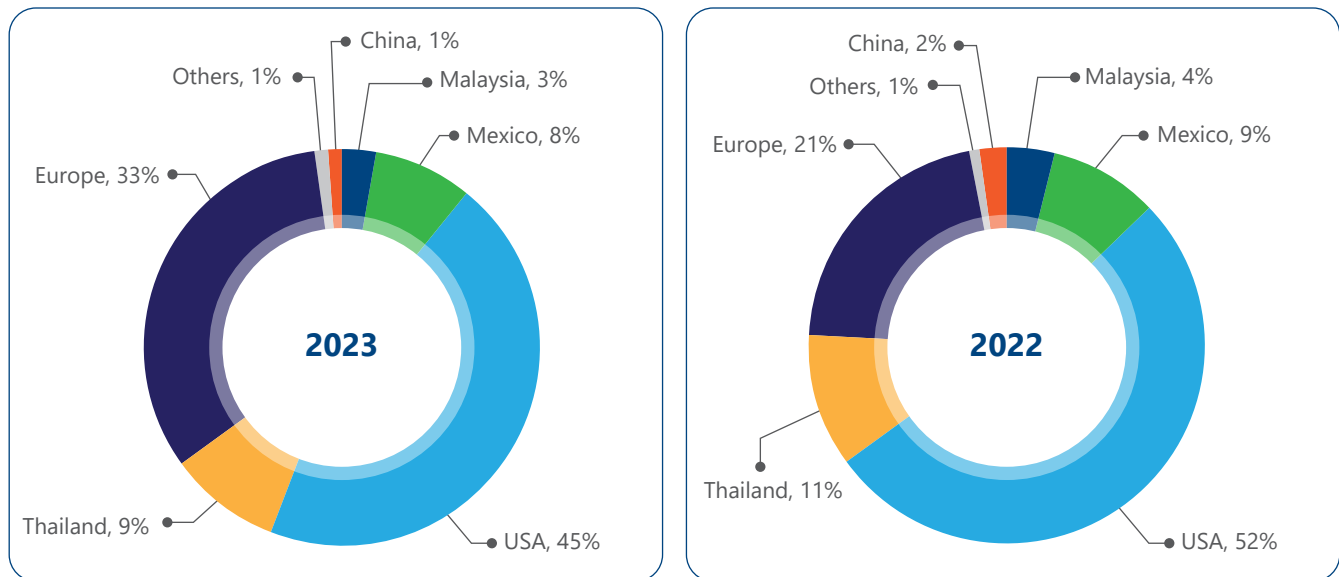
During the financial year under review, the Group delivered total revenue of RM294.6 million, an increase of 31.8% as compared to RM223.6 million in the previous financial year.

The Group's two core business segments comprise the E-mobility & Energy Storage and HDD segments. In this financial year, the E-mobility & Energy Storage segments recorded RM255.5 million in revenue, a significant increase of 33.9% from RM190.8 million in the previous financial year. It is the largest contributor to the Group's total revenue for the financial year, accounting for 86.7% of the Group's total revenue (2022: 85.3%).

The HDD segment recorded RM35.8 million in revenue, increased by 20.5% from RM29.7 million in the preceding year, which accounts for 12.2% of the Group's total revenue as compared to 13.3% in the preceding year. The Consumer Goods & Healthcare segment accounts for the remaining 1.1% of the Group's total revenue (2022: 1.4%), recording RM3.3 million in revenue which is a rise of 6.5% from the previous financial year (2022: RM3.1 million).

For the financial year under review, 97% (2022: 96%) of the Group's products were exported to overseas markets. In terms of geographical market segments, the USA and Europe are the Group's major revenue contributors, followed by Thailand, Mexico and China respectively.

Revenue by Geographical Locations



Profit Before Tax

During the financial year, the Group recorded Profit Before Tax of RM74.9 million, a notable 20.2% rise from RM62.3 million in the previous financial year. This significant increase was attributed to the higher sales volume achieved by the Group. Our commitment to cost efficiency measures has also played a pivotal role in enhancing profitability and contributing to this positive financial outcome.

MANAGEMENT DISCUSSION & ANALYSIS

Administrative Expenses

During the financial year under review, the Group's administrative expenses increased by 13.7% to RM13.3 million as compared to the previous financial year (2022: RM11.7 million). This is mainly due to the one-off professional fees of RM3.4 million incurred pertaining to a Private Placement exercise undertaken by the Group during the financial year.

Finance Cost

The rise in Bank Negara Malaysia's overnight policy rate ("OPR") has translated to higher interest rates imposed by financial institutions. Therefore, the finance cost incurred by the Group increased by 84.2% from RM1.9 million in the previous financial year to RM3.5 million in the current financial year, as the Group utilised short-term bank borrowings to meet working capital needs.

Statement of Financial Position

Property, plant, and equipment costs increased by 177.9% from RM41.1 million to RM114.2 million. This increase was primarily due to capital expenditure of RM76.9 million with a depreciation charge of RM3.8 million during the financial year.

Other investments grew to RM147.1 million through cash proceeds of RM178 million raised from Private Placement (2022: RM0.7 million). The Group's cash and bank balances as of 31 March 2023 were RM32.7 million, which was at a similar level to the previous financial year (2022: RM31.2 million).

The Group finances its operations and investments through internally generated resources and bank borrowings. Borrowings decreased by 77.9% to RM55.2 million in this financial year (2022: RM98.2 million). This reduction was primarily due to a net repayment of short-term borrowings of RM42.1 million. To optimise capital structure, the Group obtained facility support from financial institutions. Term loans recorded a decrease of 20.3% to RM5.9 million as of 31 March 2023. The Group's improved financial position is reflected in the reduced gearing ratio from 0.42 times to 0.06 times.

CORPORATE EXERCISE

The Group completed the listing of 68,196,180 new ordinary shares at an issue price of RM2.61 per placement share to independent third-party investors through a Private Placement exercise. The 68,196,180 placement shares were listed and quoted on the ACE Market of Bursa Malaysia on 15 February 2023, raising a total proceeds of RM178 million for the Group. At the date of this report, out of the net proceeds of approximately RM175 million (net of related expense of RM3 million), RM106 million has been utilised for the working capital and expansion of manufacturing facilities of the Group.

SHARE PERFORMANCE

HIGHEST SHARE PRICE WITHIN FYE2023	RM2.98	▲
LOWEST SHARE PRICE WITHIN FYE2023	RM1.81	▼
TOTAL VOLUME TRADED: 1 BILLION 541 THOUSAND SHARES		
TOTAL MARKET CAPITALISATION: RM2 BILLION 25 MILLION		

MANAGEMENT DISCUSSION & ANALYSIS

DIVIDEND

There was no dividend declared or paid for the financial year ended 31 March 2023 as we remain prudent in our efforts to preserve capital and enhance the liquidity position of the Group.

RISK FACTORS

Foreign Currency Fluctuations

The Group is exposed to fluctuations in foreign exchange rates as most of the Group's revenue is denominated in US dollars. To mitigate the impact of the currency fluctuation on its financial results, the Group hedges these exchange risks with forward exchange contracts for receivables denominated in foreign currencies.

Reliance on Key Personnel

The Group values skilled employees and offers competitive salaries to attract and retain top talent. Our remuneration policy is performance-based, rewarding employees for their contributions to the Group's success.

Retaining and recruiting skilled personnel, including technical, marketing, and management staff, is essential to our ongoing success. 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 regularly communicate and conduct surveys to understand our employees' needs and make adjustments accordingly. In addition to competitive remuneration packages, the Company implements an Employees' Share Option Scheme as part of the Group's incentive policy for both directors and employees.

FORWARD-LOOKING STATEMENT

According to a report dated April 2023 by the International Energy Agency ("IEA"), electric car sales in 2022 broke record and the momentum is expected to continue through the calendar year of 2023. The automotive industry is undergoing a significant transformation with the rise of electric vehicles ("EV"), and it is becoming a major force in the global energy economy. National policies and incentives, along with rising concerns on climate change, are expected to further motivate prospective EV buyers.

In addition, the Moody's Report (June 2023) noted that the shift towards electric vehicles is gaining momentum. Car makers have expressed their commitment for fully electric line-up by 2030, and this shift to EVs supports the battery producers at the expense of internal combustion vehicles.

With net zero emissions and carbon neutrality becoming the centre of attention, the importance of practising green and low-carbon operations and developing green products has become increasingly prominent. In pursuant to that, the Group adopted a forward-looking approach and is actively increasing its product portfolio through internal development and partnerships to capitalise on the secular growth trend in electrification and energy storage.

The Group believes that there is enormous room for growth in the E-mobility and Energy Storage segments for the years to come. The E-mobility & Energy Storage segments are expected to continue to be a key driver for the Group's growth in revenue. The Group will continue to deepen its strategic co-operation with existing key customers from the E-mobility and Energy Storage segments.

As the world accelerates the renewable energy transition, the global and local opportunities as well as the growth rate for BESS market are attractive and gaining momentum. In tandem with this global shift, the development of BESS is the Group's effort to capture opportunities in the renewable energy space.

MANAGEMENT DISCUSSION & ANALYSIS

According to the International Energy Agency (December 2021), the global demand for BESS was 19.3 GWh in 2020 and is projected to reach 157.4 GWh by 2026. Through its in-house project BESS, the Group has the opportunity to leverage its existing capabilities to participate directly in the global goal of achieving net-zero carbon emissions by 2050. BESS, which is intended to address and solve challenges in power distribution, storage, scalability, and portability, is a solution which can bridge industries and companies to renewable energy integration within their business in a cost-effective manner.

By embracing the transition to renewable energy, the Group aims to seize opportunities within the sector by developing and offering quality, high-tech products such as BESS. With ongoing business development engagements in both the global and local market for BESS, the Group continues to be optimistic about the progress & development of BESS and has gained strong traction in extending our technology into this new market segment.

As a leading technology company and supplier of advanced manufacturing solutions, R&D has always been a core to our long-term strategy to maintain our global market share. As a Group, we are committed to strengthening our technological expertise in automation solutions, and our R&D team continues to offer innovative solutions to meet evolving customers' needs. We remain true to this commitment and will continue to invest in R&D to enhance the Group's technical capabilities and product quality, including exploring other opportunities and sectors such as BESS to increase strengthen our leadership position and enhance market share.

Moving forward, the Group will further strengthen and expand its product portfolio in the renewable energy segment, including BESS, and capitalise on our pioneering position to gain market share. We remain committed to expanding our customer base, enhancing our technology, promoting and exporting BESS globally, as well as offering investment opportunities in the renewable energy revolution.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This is Genetec Technology Bhd's (Genetec) sustainability statement covering our 2023 financial year, which has been prepared in accordance with the Bursa Malaysia Securities Berhad Sustainability Reporting Guide (2nd Edition) for ACE Market listed corporations, paragraph 30 of Appendix 9C and Guidance Note 11.

This statement covers sustainability topics for our operations in Bandar Baru Bangi and Subang Jaya in Selangor, Malaysia. It includes detailed reporting covering our Bandar Baru Bangi and Subang operations, including:

Genetec Technology	CLT Engineering
Genetec HQ: office and assembly plant (lot 7) Selaman: fabrication plant (no. 59) EPIC: office and assembly plant (lot 6)	CLT Engineering: fabrication and assembly plant (lot 11734)

Specifically, data for these operations cover human resources, electricity consumption, waste disposal and raw materials, where available, for the financial year April 2022 to March 2023 (FY 2023). Significant developments after our financial year end have also been included. This report does not include data from our satellite and service offices outside Malaysia.

We will expand the scope of our next sustainability statement to include more comprehensive data reporting. We will also report on Genetec's greenhouse gas (GHG) emissions data after the completion of a carbon baseline assessment (scheduled for H2 2023).

We have not engaged third-party assurance for this report but will consider doing so in the future with more regular data collection and reporting.

OUR APPROACH TO SUSTAINABILITY

As a business-to-business (B2B) smart factory automation system manufacturer, we understand that our environmental, social and governance (ESG) responsibilities transcend our financial priorities. We are committed to understanding our ESG impacts and seeking ways to leverage ESG opportunities for business growth and improve our value chain.

In Q2 2023, we contracted a sustainability consultant to support Genetec in mapping our sustainability priorities and to help facilitate the development of our reporting, data collection and objectives. We will report in more detail, beginning with our 2024 sustainability statement.

Materiality

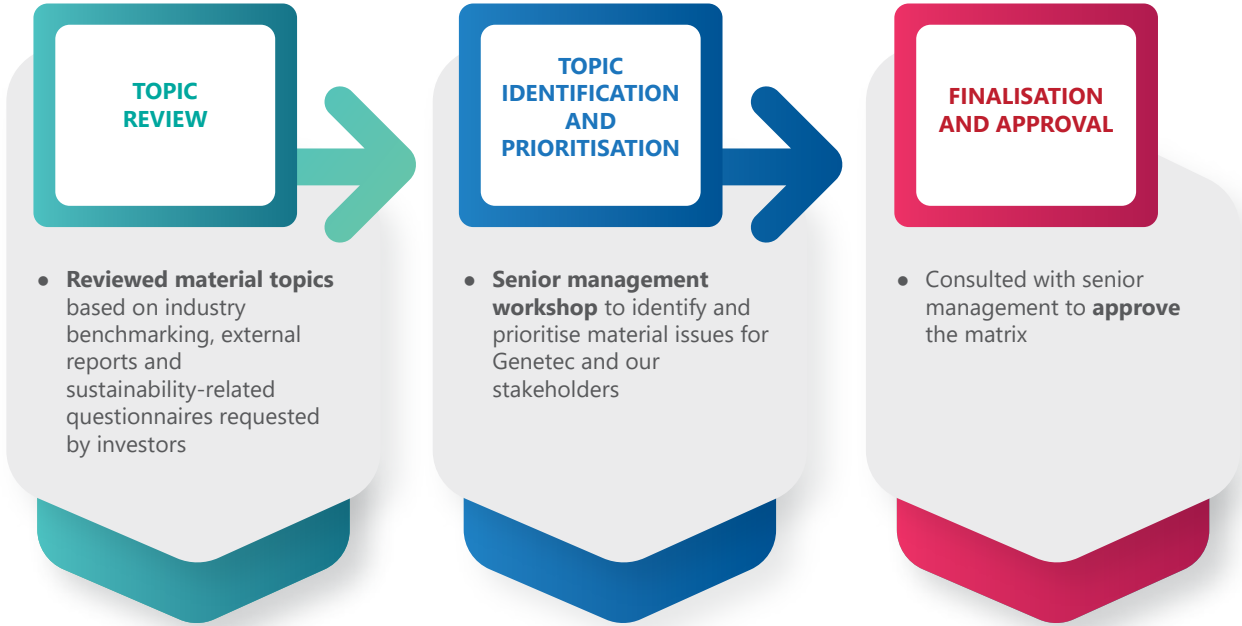
With the support of our sustainability consultant, we began our first materiality assessment in Q2 2023. The process involved:

- A **scoping and benchmarking exercise** to better understand material concerns identified by our peers, and critical industry-related issues in accordance with our business and value chain.
- A **review of sustainability-related requests from our investors**.
- A **materiality workshop** with Genetec's senior management team – held on 8 May 2023. The workshop incorporated inputs and critical focus areas from our C-suite and department heads. This helped identify Genetec's priorities and issues important to our stakeholders based on our ongoing business engagements with them.

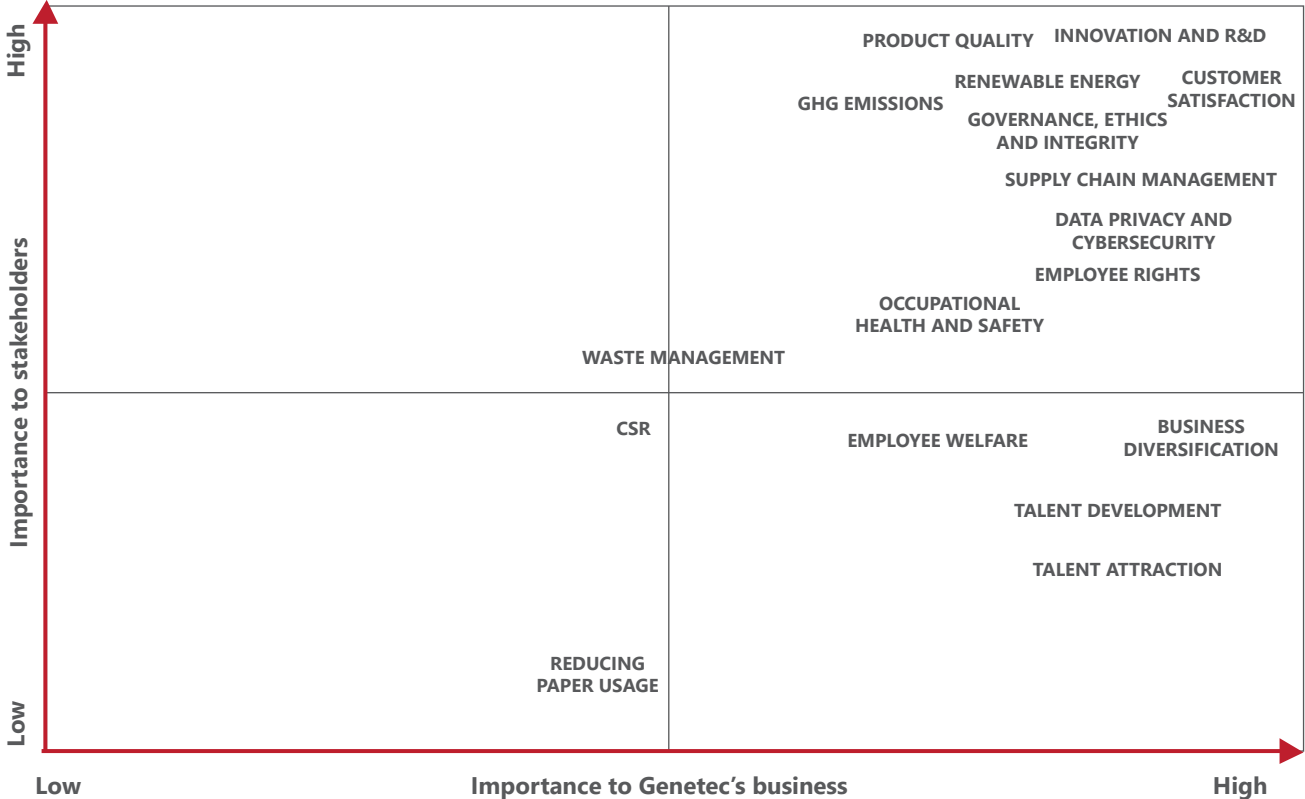
The exercise led to 17 preliminary material topics that we will use to support sustainability reporting and strategies.

SUSTAINABILITY STATEMENT

2023 materiality process



FY 2023 materiality matrix



SUSTAINABILITY STATEMENT

RESPONSIBLE BUSINESS AND GOOD GOVERNANCE

Genetec recognises the importance of upholding a high standard of corporate governance across our organisation, ensuring that the company is managed in the best interests of all our stakeholders. Our [Code of Conduct](#) is a framework for our directors and employees to help maintain integrity, accountability, and honesty in all our business relations.

Genetec is led by our Board of Directors, who collectively lead the company's strategic direction. Some changes to the Board were made after the financial year end. As of May 2023, there were seven board members: six Malaysian citizens and one United States national. Three of the members are independent, and one is under the age of 50. One seat is held by a woman. The Board is supported by audit, nomination, remuneration, risk management and employees' share option scheme (ESOS) committees. More information can be found in our 2023 Corporate Governance Report. Board-related policies and charters are on our [website](#).

Genetec's sustainability oversight and leadership were reviewed in accordance with the 2021 revisions of the Malaysian Code on Corporate Governance, which include ESG recommendations annually. Board members have annually attended sustainability training since 2022.

Supported by executive directors and senior management, the Managing Director, Mr Chin Kem Weng, oversees the implementation of the Group's decisions and policies, operational performance, and the development of business and corporate strategies. Sustainability strategies and implementation are overseen by the Executive Director cum Chief Operating Officer, Mr Sow Ewe Lee. In 2023, a Sustainability Committee was set up to carry out day-to-day implementation of sustainability measures throughout the organisation. While the Committee reports to Mr Chin, Mr Sow chairs the Sustainability Committee and directly reports progress to and seeks advice from the Board. A dedicated corporate social responsibility (CSR) committee oversees Genetec's community initiatives.

Ethics and integrity

Genetec is committed to complying with all applicable regulatory requirements and certification schemes. We also strive to ensure all directors and employees operate ethically and professionally, according to the [Genetec Code of Ethics](#). We have measures to ensure that our business is free from bribery and corruption, with clear commitments outlined in our [Anti-Bribery and Corruption Policy](#). This policy includes our directors' and employees' expected code of conduct.

Employees are responsible for reporting instances of bribery, wrongdoing or violations. All Genetec stakeholders are given access to our [Whistleblowing Policy](#) and are kept informed through induction programmes and our employee handbook. Employees can submit complaints by phone, email, post, or report grievances directly to their line manager. If an employee is uncomfortable reporting an issue directly to their manager, they can also address any concerns to their head of human resources or the chairman of the audit committee. We ensure that whistleblowers remain anonymous to the extent that is reasonable. Any submitted cases will be reviewed by the Audit Committee. To date, there have been no reported grievances or complaints.

SUSTAINABILITY STATEMENT

Stakeholder engagement

Genetec values our stakeholder contributions and endeavours to create long-term partnerships through an ongoing dialogue. We regularly collect stakeholder feedback through various channels, such as meetings, interviews, focus group discussions, surveys and feedback programmes.

Stakeholder group	Key engagements	Engagement method	Frequency
Communities	CSR programmes and community initiatives	Community projects Donations and sponsorship	On an ad hoc basis
Customers	Delivery of products and services, after-sales support, customer satisfaction, customer complaints, product quality and safety, code of conduct and NDAs	Customer complaint reports Surveys and feedback forms One-on-one meetings	As and when required
Employees	Policies, practices, employee rights, benefits, diversity and equal opportunities, career development	Appraisals and performance reviews Staff meetings Training sessions	Annually As and when required
Financial institutions and investors	Corporate and financial information per our Corporate Disclosure Policy	Direct engagement Corporate website Investor Relations page Investor briefings (financials and corporate exercises) Investor/analyst site visits <u>Bursa News Company announcements</u> Annual reports Annual general meetings	As and when required Quarterly Annually
Government/regulators	Corporate development, business activities, financial performance, annual reports, compliance with legislation	Media and website announcements Annual reports	As and when required Quarterly Annually
Media	Major corporate exercises, financial performance, branding	Direct engagement Press releases	As and when required
Shareholders	Corporate and financial information per our Corporate Disclosure Policy	Media and website announcements Quarterly results Annual reports Annual general meetings	As and when required Quarterly Annually
Suppliers	Code of conduct and NDAs, product quality evaluation, meeting product requirements	Quality audits and evaluation One-on-one meetings	Biennially As and when required

SUSTAINABILITY STATEMENT

Transparency and reporting

Genetec publishes annual reports in accordance with Bursa listing requirements. These cover our financial performance and corporate governance, giving shareholders and stakeholders updates on our yearly progress.

One of our current main priorities is to guarantee transparency and address the sustainability concerns of our stakeholders. This is Genetec's first sustainability statement incorporating the materiality assessment of our ESG topics identified in Q2 2023. These were established in a workshop with Genetec's senior management and are reflective of both internal and external sustainability viewpoints. The matrix has been used to guide the development of this statement and will be used for future reporting. The next report will also be aligned with the enhanced reporting framework outlined in the Bursa Sustainability Reporting Guide 2022 and Global Reporting Initiative (GRI) Standards. We will report annually on our sustainability measures and data and include these statements on our website.

This procedure will strengthen internal reporting and external stakeholder communications when required. It will also support investor questionnaires, and customer data reporting requirements and assist in our compliance with Bursa's reporting objectives for listed companies.

Data security

Maintaining the highest data security and privacy standards is imperative for our customers, suppliers, and employees. For example, data on highly-customised product designs and drawings for customers are sensitive and proprietary. Our data protection approach aligns with the 2010 Personal Data Protection Act. Genetec signs non-disclosure agreements with our customers wherever necessary. We also have robust systems that prevent data misuse, third-party leaks or cybersecurity breaches. All employees must abide by our Information Security Policy, which outlines our commitments to maintain comprehensive protection and clear accountability for Genetec information assets and resources.

ENVIRONMENTAL MANAGEMENT

Genetec is committed to environmental responsibility. We adhere to all local environmental laws and regulations concerning environmental protection and pollution control outlined by the Department of Environment. We are actively exploring ways of managing and optimising our energy, water, and waste consumption efficiencies where possible.

Besides managing our operational environmental footprint, our products and services are expanding to support the green energy landscape. This has been a significant milestone as we focus on business diversification. Since 2014, we have supplied production lines and automation solutions for the worldwide electric vehicle and energy storage markets. In April 2023, we collaborated with Citaglobal Berhad to launch Malaysia's first battery energy storage system (BESS). This was successfully developed and piloted in late 2022 at our new Genetec EPIC plant in Bandar Baru Bangi. Once fully operational, we aim to gain a strong foothold for multiple industries in the energy storage solutions sector.

As we forge ahead, developing a greater understanding of our carbon footprint will be integral to our operations and other stakeholders. In Q3 2023, we will conduct a carbon baseline assessment to understand the primary sources of our greenhouse gas (GHG) emissions. The outcome will help us develop carbon reduction plans and support customer GHG data supply chain requests.

SUSTAINABILITY STATEMENT

The launch of Malaysia's first battery energy storage system

As the global adoption of renewable energy increases rapidly, we are presented with new and unique opportunities to bolster growing demand. A key challenge facing renewable energy users is continuing access to a stable energy supply. Renewable solar energy is less predictable than fossil fuels and other energy sources. Seasonal, weather, and time-of-day fluctuations necessitate the use of industrial large-capacity renewable storage systems to facilitate a steady energy supply. However, these solutions are expensive, not widespread and are usually immovable, limiting their use to just one area.

On 11 April 2023, we launched Malaysia's first locally developed and produced battery energy storage system (BESS). The launch followed the pilot of a one-megawatt (MW) BESS prototype (called MYBESS) that was successfully developed in December 2022. To demonstrate its capability, the prototype is currently being used to support the energy needs of the recently commissioned Genetec EPIC plant adjacent to our main factory in Bandar Baru Bangi.

The BESS system is the result of an October 2022 joint venture between Genetec Technology Bhd and Citaglobal Bhd and is known as Citaglobal Genetec BESS Sdn Bhd.

The launch was conducted by the Minister of International Trade and Industry of Malaysia (MITI). Attendees also included the chairman of the Malaysian Investment Development Authority (MIDA), senior officers, and representatives of various ministries and agencies.

This portable solution can be connected directly to renewable energy or intermittently to grid sources for storing and harnessing large amounts of excess renewable energy. Applications range from power conversion, power management or battery management systems.

This technology can be scaled up or down to cater to different industry verticals, such as large industrial plants, manufacturing, transport, energy supply and distribution, and telecommunications operators.

See [here](#) for the full press release.

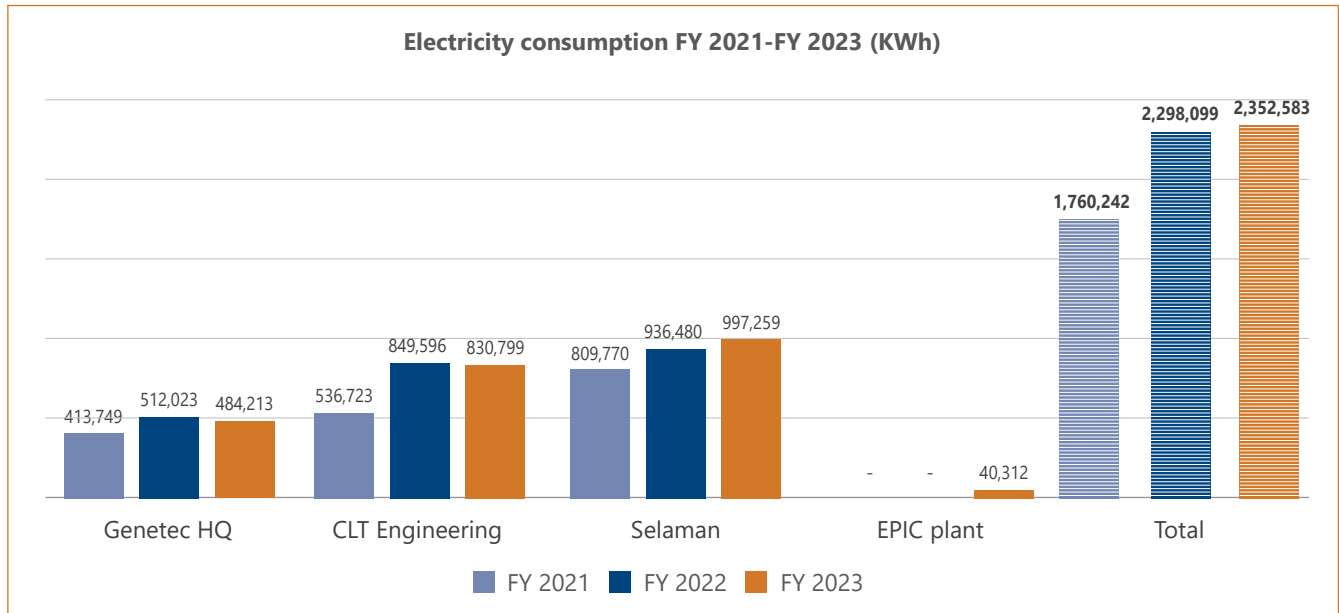


Energy management

In FY 2023, total electricity consumption at our Bangi and Subang operations was 2.35 million kilowatt hours (kWh). In 2022, a high volume of orders resulted in increased production. Consequently, total electricity consumption increased by 30.6% in FY 2022 and 2.4% in FY 2023.

We are optimising our energy efficiency to mitigate environmental impacts and maximise cost reductions. This includes regulating indoor temperatures and setting air conditioning timers at our offices and factories. We are also exploring ways of increasing and diversifying our operational renewable energies. One example is a solar installation with a 50.22-kilowatt peak (kWp) capacity as part of our newly commissioned EPIC plant, where generating electricity from solar reduces reliance on sourcing from the grid.

SUSTAINABILITY STATEMENT



Note: No prior data is available for the EPIC plant, given that it was commissioned in Q4 2023.

Waste management

Genetec generates two types of waste at our manufacturing facilities: hazardous and non-hazardous. Hazardous waste includes spent hydraulic and mineral oil and items that have come into chemical contact, such as rags, gloves, and disposable containers. Non-hazardous waste includes plastic and paper collected in and around our factories and offices.

All waste is collected, sorted and stored in temporary storage units. Hazardous waste is sent to a Department of Environment-licensed third-party disposal service provider. Non-hazardous waste, such as aluminium scrap, is reused or recycled wherever possible. Any remaining non-recyclables are disposed of through local municipal waste collectors.

Hazardous waste produced by type FY 2023

Hazardous waste	Total generated (kg)
Spent hydraulic oil	400
Spent mineral oil	13,371
Rags and gloves	677
Disposable containers	78
Total produced	14,526

We are piloting employee digital solutions to help reduce paper waste at our operations and offices. Additionally, we support customer waste minimisation efforts through our after-sales technical services for our customers, specifically through retooling and retrofitting of customer equipment.

Water management

Operational water use is minimal in the manufacturing of our products. Water is primarily used in our offices and toilets.

SUSTAINABILITY STATEMENT

OUR WORKFORCE

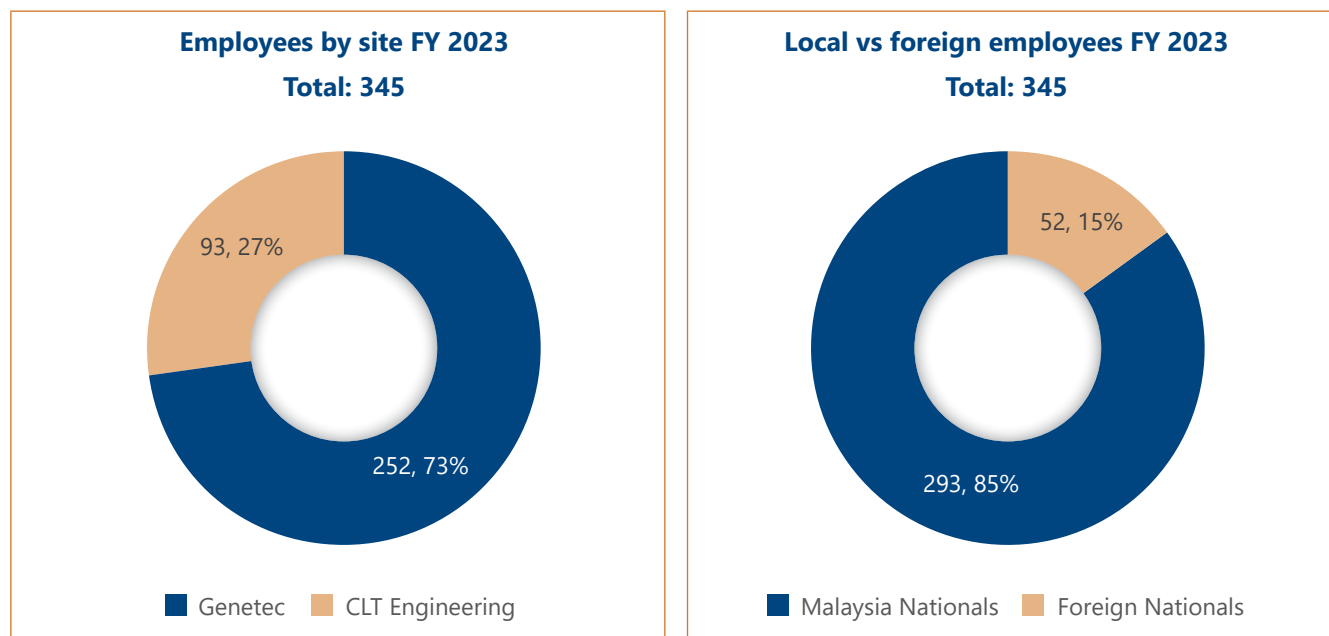
Genetec's employees are our greatest asset and the driving force of our competitive advantage. We comply with all employment, labour relations, remuneration, and employee welfare rights in line with statutory requirements. We have dedicated programmes to support employee welfare, maintain high health and safety standards, and provide training and development opportunities.

Employee overview

As of March 2023, Genetec's workforce comprises 345 permanent, full-time employees (252 at Bandar Baru Bangi; 93 at Subang). Occasionally, we employ contract workers to meet our production requirements.

Of the total workforce, 293 (85%) are Malaysian citizens. The remaining 90 (15%) are foreign nationals from Myanmar and Nepal. Foreign employees are engaged mainly as machine operators or security personnel.

Besides serving our Malaysia operations, our local employees are sometimes seconded to service offices in countries where our customers need after-sales support. Depending on visa duration allowances and project needs, these employees are placed on a rotation basis, and the duration of the secondment can range from one to six months.



Wages, working conditions, and employee welfare

All employees are paid in line with local requirements – at least minimum wage for the lowest earners. Employees are given medical packages, insurance, the Employee Provident Fund and Social Security Organization (SOCSO) contributions, and employee share option schemes.

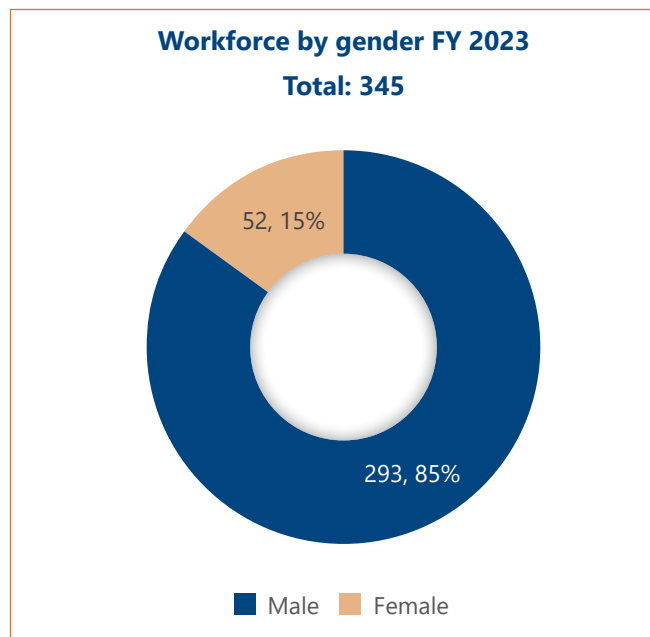
Foreign workers employed directly by Genetec are provided free housing and paid-for utilities. Workers at our Bangi operations are allocated double-storey houses within cycling distance of our operations, and our Subang operations workers are provided accommodation at shop lots. All housing complies with relevant codes and government regulations. Amenities and benefits for contracted workers are managed by our third-party agents, who must abide by our Anti-Bribery and Corruption Policy and operate in line with Department of Labour requirements (*Jabatan Tenaga Kerja* (JTK)).

All employees work a five-day week and are paid overtime if additional hours are required. Conditions and benefits are the same for all Genetec employees, including those temporarily seconded overseas.

SUSTAINABILITY STATEMENT

Workforce diversity

Genetec strives for a diverse workforce and does not discriminate based on gender, race, religion, or disability. Of the total workforce at Bandar Baru Bangi and Subang, 52 (15%) are women. One female member is a member of Genetec's Board of Directors. We acknowledge that female representation in Malaysia's engineering industry tends to be low, and we are exploring ways to increase diversity in our company.



Health and safety

Genetec is committed to protecting our employees' health, safety, and well-being. Procedures align with our occupational health and safety (OSH) policies and comply with local regulations. The Employee Safety and Health Committee oversees the management of OSH-related issues. All employees are given regular safety training or briefings related to their job scopes, such as equipment handling and safety awareness.

Employee attraction and development

Hiring and developing a highly-skilled workforce is integral to the success of our business. This is especially crucial for Genetec's engineers, as they are the drivers for our product designs and services. We aim to attract, incentivise and retain the best talent by offering competitive performance-linked remuneration and a share option scheme. As our business continues to grow, we intend to hire more personnel. In FY 2023, we maintained a relatively low employee turnover rate of 2.76% – a testament to high levels of employee satisfaction.

Several staff members have been with Genetec for a long time, and 45% have worked with us for over five years. As of March 2023, 19 employees have worked for Genetec and CLT Engineering for over 20 years.

Genetec offers in-house and external training, and development opportunities for all our workforce. This approach helps develop employees' engineering and sales expertise and prepare them for managerial positions. Programmes are catered to developing and enhancing employees' job competency, skills, knowledge and performance. We also incentivise employees to join third-party professional and technical associations by reimbursing their membership dues. All employees receive annual performance reviews from their direct line managers and above.

SUSTAINABILITY STATEMENT

New hires and turnover rate by location by nationality FY 2023

	Genetec		CLT Engineering		Total
	Malaysian nationals	Foreign nationals	Malaysian nationals	Foreign nationals	
New hires (no.)	34	20	2	0	56
Employees who left (no.)	4	1	3	1	9
Turnover rate (%)	1.94%	3.92%	3.92%	5.71%	2.76%

Note: Data covers permanent employees only.

Overview of long-serving employees (no.)

Years of service	Genetec	CLT Engineering	Total
Over 20 years	15	4	19
Over 15 years	14	3	17
Over 10 years	39	6	45
Over 5 years	46	27	73
Total of long-serving employees			154

COMMUNITY SUPPORT

As part of our broader social responsibility, Genetec recognises the importance of supporting our local communities. We have a dedicated CSR committee focusing on communities in Bangi and Cheras. In the reporting year, we hosted social visits and donated to orphanages and welfare homes. These include:

MONETARY DONATIONS TO TI-RATANA WELFARE SOCIETY AND RUMAH JALINAN KASIH ORPHANAGE

DONATION OF NEEDS-BASED BASIC PROVISIONS TO TI-RATANA WELFARE SOCIETY AND RUMAH JALINAN KASIH ORPHANAGE

DISTRIBUTION OF 'ANGPOWS' (RED PACKETS WITH CASH) TO TI-RATANA'S SENIORS' HOME FOR THE 2023 CHINESE NEW YEAR

ORGANISED A KFC LUNCHEON WITH THE RUMAH JALINAN KASIH ORPHANAGE

On 18 May 2023, Citaglobal Genetec BESS Sdn Bhd hosted a Hari Raya event and was honoured by the presence of the King and the Queen of Malaysia, Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah and Raja Permaisuri Agong Tunku Azizah Aminah Maimunah Iskandariah. Over 50 children from two orphanage homes were invited to participate in the celebrations.

SUSTAINABILITY STATEMENT

Genetec also organises donation drives to raise funds to support employee family members who have been diagnosed with a critical illness. We also collect compassionate donations to help employee family members who have passed away.



Donations for Ti-Ratana Welfare Society homes



Genetec Hari Raya Event on 18 May 2023

OUR MARKETPLACE

Genetec offers our clients high-quality, responsive, cost-effective, automated industrial systems and equipment solutions. This includes design, production, installation, and after-sales services. Our after-sales service includes retrofitting, retooling and relocating automated manufacturing processes. We provide a broad range of products and services for various industries: automotive (internal combustion engines [ICE] and electric vehicles [EV]), renewable energy, hard disk drives (HDD), consumer goods, and healthcare. Our global customers are served across eight markets: Brazil, China, Germany, Mexico, Poland, Thailand, the United Kingdom, and the United States.

Delivering quality products

As part of our commitment to becoming a world-class manufacturer, our goal is to provide our customers with innovative, customised products and services to increase the worth of their finished product. To guarantee success, we must develop cutting-edge automation systems.

We aim to deliver products that exceed customer expectations by implementing rigorous quality control measures. As part of our commitment to excellence, we also regularly assess customer feedback to enhance our services.

Genetec strictly adheres to rigorous procedures and is certified to internationally-recognised standards such as ISO 9001:2015 for quality management systems (QMS), which ensures that we can offer products and services that consistently meet the needs of our customers and regulatory bodies.

Customer satisfaction

Our commitment is to consistently provide high levels of customer satisfaction. Our engineers and technicians are sent to customers to provide ongoing support and meet their needs. Genetec also conducts annual customer surveys to gather feedback on all our products and services, seeking input on employee competency, delivery process, and product quality. Throughout our reporting period, there were no product recalls, returns, or significant complaints about product quality from any of our customers.

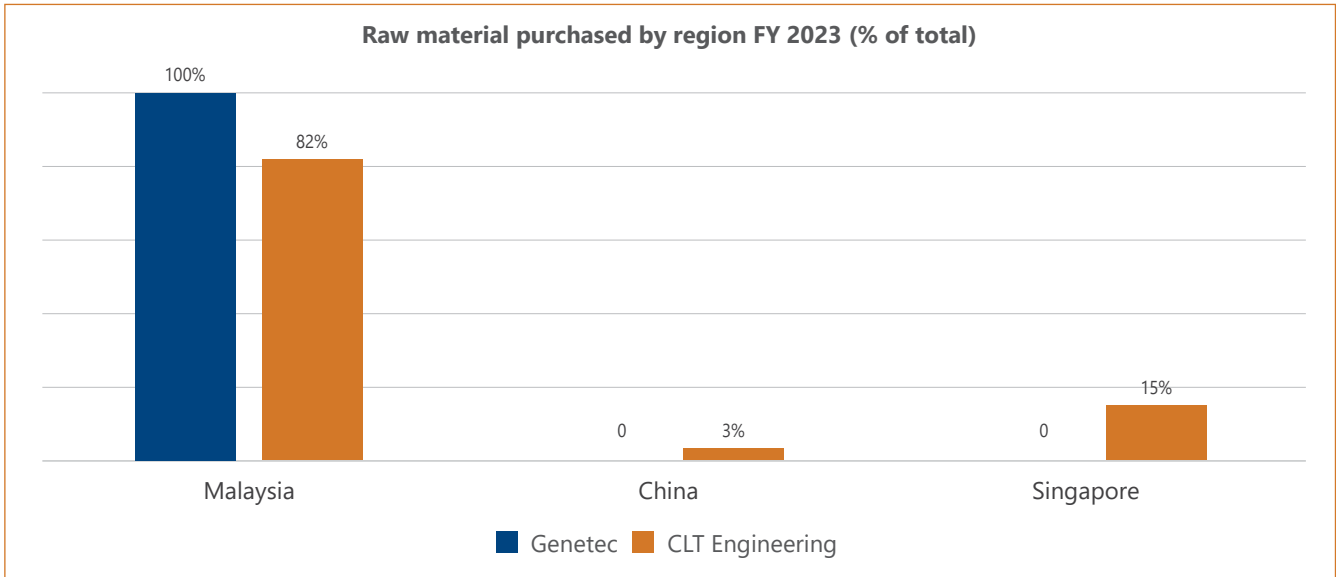
Innovation and R&D

Our goal is to constantly improve our technology and innovative capabilities to meet the highly customised needs of our customers. This is crucial for maintaining a competitive edge. We collaborate closely with our customers to develop tailored solutions to meet their evolving demands. One example of this is our latest innovation joint venture project launched in April 2023: MYBESS – Malaysia's first battery energy storage system solution.

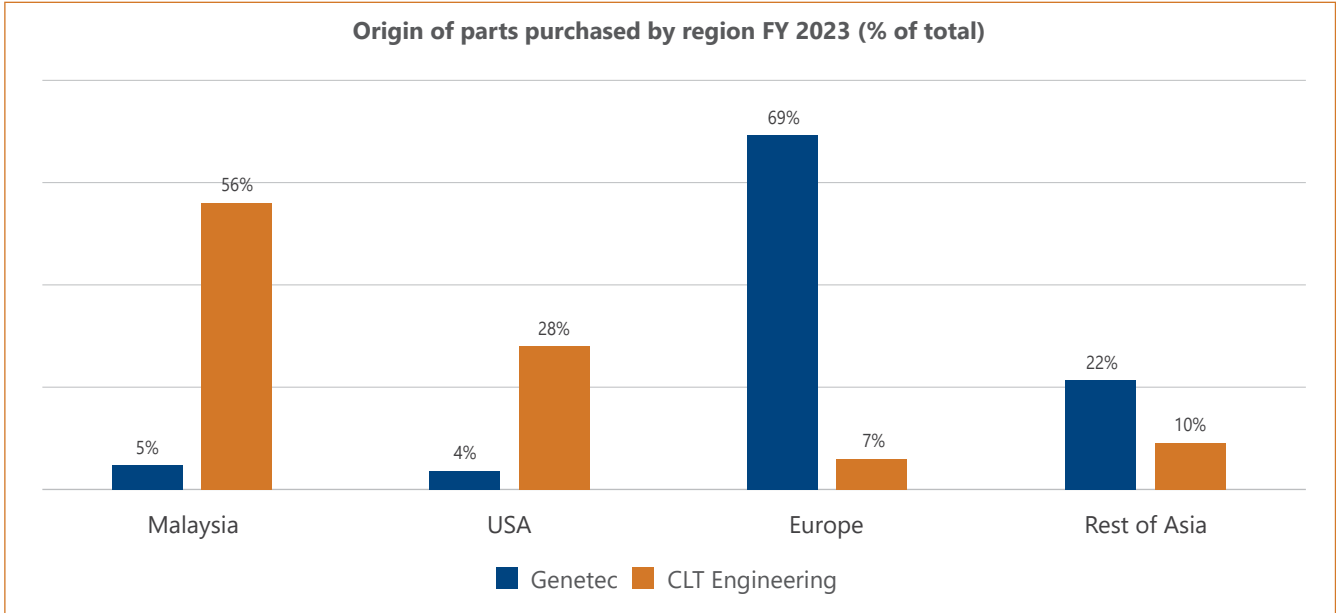
SUSTAINABILITY STATEMENT

Working with suppliers

Genetec sources raw materials (such as aluminium, mild steel, and plastics) and standard parts for manufacturing (for example, batteries and robotic parts) from local and international suppliers. Where possible, we prioritise the procurement of raw materials from local suppliers who meet our specified requirements. In FY 2023, 100% and 82% of our raw material requirements were purchased locally at our Bangi and Subang operations, respectively. The remaining 18% for our Subang operations were sourced from Singapore and China.



To obtain standard parts for the manufacturing process, we source from various countries based on product availability, price competitiveness, and specifications. In FY 2023, 5% of components for our Bangi operations and 82% for our Subang operations were sourced locally. The rest came from the United States, Europe, and other parts of Asia.



SUSTAINABILITY STATEMENT

Our suppliers must adhere to our Code of Conduct. We also require them to submit evaluation forms and declarations on conflicts of interest. We routinely evaluate our suppliers every six months, considering factors such as product quality, timely delivery, and responsiveness. Any suppliers that fail to meet our requirements are removed from our sourcing list.

Throughout the pandemic, we successfully navigated our long-term partnership with our suppliers to strategically manage the risk of supply chain disruptions and ensure our customers received uninterrupted service. Genetec has implemented plans to increase buffer times for delayed deliveries and boost our stock capacity for high-demand items. Despite constraints and limitations, we have remained agile and achieved sustainable business growth.

This year's reporting is a first step towards our sustainability reporting journey. Moving forward, we will continue to find ways to better understand our sustainability footprint and explore measures for improvement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Genetec Technology Berhad (“Genetec” or “the Company”) recognises the importance of practising a high standard of corporate governance and is committed to ensuring that good corporate governance is implemented and maintained throughout the Company and its subsidiaries (“the Group”) in managing the Group’s business in the best interest of the Company and its stakeholders.

This Corporate Governance Overview Statement is prepared in compliance with the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which provides an overview of the practices adopted by the Company in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance (“MCCG”) with reference to the following 3 principles and it should be read together with the Corporate Governance Report 2023, which is available on the corporate website at www.genetec.net as well as via an announcement on the website of Bursa Securities:-

- Principle A : Board Leadership and Effectiveness;
- Principle B : Effective Audit and Risk Management; and
- Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Strategic Aims, Values and Standards

The Board is charged collectively with leading and managing the Company in an effective and responsible manner. The overall business and affairs of the Group are managed under the direction and oversight of the Board. The Board has the responsibility to set the core values, adopt proper standards; and periodically review and approve the overall strategies, business, organisation and significant policies of the Group to ensure that the Group operates with integrity and complies with the relevant rules and regulations.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. The Board assumes the following, amongst others, roles and responsibilities, in enhancing the Board’s effectiveness in the pursuit of corporate objectives:

- Reviewing and adopting strategic plans for the Company which will enhance the future growth of the Company;
- Overseeing and evaluating the conduct of the Company’s business to ensure the business is properly managed;
- Ensuring the Group has an appropriate risk management process/framework and adequate internal control systems to identify, analyse, evaluate, manage and control significant financial and non-financial risks;
- Establishing policies for strengthening the financial and operational performance of the Group and ensuring proper and effective execution of the policies;
- Formalising the Company’s strategies on promoting sustainability, focusing on environmental, social and governance aspects;
- Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems which include appropriately sound framework/systems of reporting for compliance with applicable law, regulations, rules, directives and guidelines;
- Ensuring that there is in place an appropriate succession plan for members of the Board and senior management.

In discharging the Board’s stewardship responsibilities, the Board has established committees which are Audit Committee, Nomination Committee and Remuneration Committee (“Board Committees”), Risk Management Committee and Employees’ Share Option Scheme (ESOS) Committee (collectively “Committees”). Each Committee has its own written terms of reference as approved by the Board setting out its compositions, authorities and duties. The Committees are entrusted with the responsibility to oversee specific aspects of the Company’s affairs under the respective defined terms of reference and to report their findings and recommendations to the Board for deliberation and approval. Notwithstanding the delegation of specific powers to the Committees, the Board remains fully responsible for the direction and control of the Group to safeguard the interests of the stakeholders and to enhance shareholders’ value.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

The Chairman

The Board has elected a Chairman from amongst the members of the Board who is an Independent Director. The Chairman of the Board provides leadership and guidance for the governance, orderly conduct and effectiveness of the Board. Together with other Directors, he leads the Board in driving the focus on strategy, governance and compliance in running and leading the discussion.

Separation of Position of the Chairman and Managing Director

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, namely Mr Allen Lik-Hook Ting and Mr Chin Kem Weng respectively, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. There is a clear differentiation of duties/responsibilities between the Chairman and the Managing Director as set out in the Board Charter.

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 with the assistance and support of the Executive Directors and senior management implements the Group's decisions and policies as adopted by the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

Company Secretary

The Board is supported by the in-house company secretary who has the requisite credentials and is qualified to act as company secretary under Section 235 of the Companies Act 2016 in fulfilling the fiduciary duties.

The company secretary attends Board meetings, Board Committees meetings and general meetings, and ensures proper recording of proceedings as well as follow-up on matters arising from the aforesaid meetings and facilitates the annual assessment for the Board and Board Committees. The company secretary ensures proper upkeep of statutory registers and secretarial records.

The company secretary provides advisory services in supporting the Board and Committees in relation to the Company's Constitution, Board policies and procedures, corporate governance issues, compliance with regulatory requirements and law, keeping the Board abreast of the changes in MCCG and AMLR of Bursa Securities and assisting the Board in applying corporate governance best practices.

Access to Information and Advice

To enable the Directors to make informed decisions and discharge their duties and responsibilities, meeting papers are circulated to Directors typically 5 business days, unless the Directors agree to a shorter period, in advance of the Board and Board Committees meetings. The meeting papers include, amongst others, quarterly financial report, internal audit report, significant financial data and corporate issues, risk management report and risks register, minutes of Board and Committees meetings, a list of all announcements made, a summary of Directors' dealings, list of all Directors' circular resolutions passed and any other matters requiring the Board's approval, confirmation, ratification and notation.

The Board members have full and unrestricted access to management, company secretary, internal auditors and external auditors to seek explanations or additional information. The Board also has separate and independent access to external advisers on matters relating to the fulfilment of their roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

Board Charter, Code of Conduct & Ethics and Policies

The Board approved and adopted the Board Charter on 22 May 2013 and the last review was performed, revised and approved on 25 October 2021. The Board Charter serves as a source of reference for Board members as well as 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 Company has adopted two distinct sets of Code of Conduct and Code of Ethics for its Directors and employees as a guide in discharging their duties and responsibilities by demonstrating good judgment and honesty as well as loyalty and ethics in the conduct of its business that is aligned with best practices and applicable laws, rules and regulations.

The Group has in place a Whistleblowing Policy as set out in the Board Charter designated to create a positive environment in which Directors, employees and stakeholders can report or disclose in good faith genuine concerns about unethical behaviour, 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.

With the enforcement of the provision of the Malaysian Government on Section 17A of the Malaysia Anti-Corruption Commission Act 2009 on 1 June 2020, the Board has approved and adopted the Anti-Bribery and Corruption Policy on 22 May 2020 to demonstrate the Company's commitment to conducting its business with integrity and in compliance with all applicable laws and regulations in relation to the prevention of corruption and bribery. The mechanism set out under the Group's Whistleblowing Policy forms part of the said policy which governs the prevention of corruption and unethical practices within the Group.

Apart from establishing the Board Charter, Code of Conduct & Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy, the following policies had been adopted by the Board to ensure proper governance is practised by the Company and across the Group wherever applicable:-

- Shareholders' Communication Policy (part of Board Charter)
- Corporate Disclosure Policy
- Remuneration Policy for Directors and Senior Management
- Directors' Fit and Proper Policy

The Board Charter, Code of Conduct and Ethics and above policies will be reviewed from time to time and are available on the corporate website at <https://www.genetec.net>.

Sustainability Leadership

The Board, together with the management, are responsible for the sustainability agenda and oversees the initiatives and action taken by the Group, to ensure that these are aligned with the strategic direction of the Group.

The sustainability initiatives are led by the Executive Directors who report directly to the Board and provide stewardship towards incorporating sustainability into the Group's business strategies with participation from the management team. Sustainability issues are embedded into the Company's operations where appropriate and relevant.

The Board endorses the Sustainability Statement prior to publication to ensure the Company's internal and external stakeholders are well informed on the sustainability initiatives in which the Sustainability Statement has provided a detailed articulation in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition

Composition of the Board

As of the date of this Statement, the Board currently has seven (7) members comprising three (3) Executive Directors, three (3) Independent Non-Executive Directors (including the Chairman) and one (1) Non-Independent Non-Executive Director subsequent to the redesignation of an Independent Non-Executive Director to Non-Independent Non-Executive Director and appointment of a new Independent Non-Executive Director as well as resignation of an Independent Non-Executive Director on 31 May 2023. Currently, the Board has one (1) female Director on the Board.

The current composition of Independent Non-Executive Directors complies with the minimum prescribed requirement in the AMLR of Bursa Securities to ensure there is a sufficient independent element in the Board to provide the necessary check and balance in the functioning of the Board. 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 while assuring the interest of other parties are adequately protected as well as being accorded with due consideration.

The Executive Directors who are professionals with the calibre and commercial experience equipped with industry-specific knowledge are complemented by the experience and independent views of the Independent Non-Executive Directors who are professionals in the field of strategic management, corporate finance and accounting as well as technical experiences. This spectrum of skills and experience of the Board members provide the strength that is essential to effectively direct and supervise the Company's business activities and ensure that the interests of all stakeholders are adequately protected.

The Board is of the view that the current Board size is appropriate for the needs and demands of the Company and the Group's operations. The Board's composition enables management to benefit from a diverse and objective external perspective on issues raised before the Board, and the Directors as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity.

Tenure of Independent Director

A policy on the tenure of Independent Directors was adopted and forms part of the Board Charter whereby the tenure of independent directors shall not exceed a term limit of nine (9) years. Upon completion of the 9 years, an independent director may continue to serve on the board as a non-independent director. The Board may retain the Independent Director beyond 9 years by providing justification and seeking shareholders' approval annually through a two-tier voting process in line with the recommendation of the MCCG.

The Board also adopts the concept of independence in tandem with the definition of Independent Director as prescribed under Rule 1.01 of AMLR of Bursa Securities.

All Independent Non-Executive Directors are subjected to independent assessment on an annual basis for the Nomination Committee's review and recommendation to the Board to form an opinion on the independence and objectivity of the Independent Non-Executive Directors.

Mr Teh Kim Seng and Mr Hew Voon Foo had served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years. Mr Teh Kim Seng has resigned as a Director of the Company and Mr Hew Voon Foo has been redesignated as a Non-Independent Non-Executive Director respectively on 31 May 2023 in compliance with the AMLR of Bursa Securities on the limitation of Independent Director to twelve (12) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

Re-election of Directors

The Constitution requires that one-third of the Directors retire by rotation and seek re-election at each Annual General Meeting (“AGM”) and that each Director shall submit himself/herself for re-election once every three years. Any Director newly appointed, shall hold office only until the next AGM of the Company and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

These requirements would be adhered to by the Board in every AGM. In this respect, three (3) Directors will be retiring at the forthcoming AGM of the Company, namely Mr Hew Voon Foo, Mr Tan Moon Teik and Mr Allen Lik-Hook Ting. They shall retire accordingly, and being eligible, offer themselves for re-election at the Company’s forthcoming AGM. To facilitate the informed decision by the shareholders on the re-election of retiring directors during the forthcoming AGM, the Board would provide a statement to support the re-election of the retiring directors in the explanatory notes to the agendas of the AGM.

Diverse Board and Senior Management

The Board is supportive of the recommendation of MCCG on 30% women directors and participation of women in decision-making positions among the senior management. The Board through Nomination Committee emphasises greater diversity and will continue to prioritise identifying potential women candidates for appointment as directors and in future recruitment when vacancies arise.

The Company has in place a Diversity Policy as set out in the Board Charter which provides a framework for the Company to improve its gender diversity at the senior management and Board level. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. The Board does not set any target for women’s representation on the Board as well as the senior management and will actively work towards having appropriate representation of women on the Board and senior management.

Board Appointment

The Board through the Nomination Committee regularly review the optimum size, and required mix of skills, experience, independence and diversity (including diversity in gender, ethnicity and age) collectively for the Board to effectively fulfil its role. All new appointments to the Board and Board Committees are reviewed and recommended by the Nomination Committee. Prior to the appointment by the Board, the Nomination Committee evaluates the candidate(s) for appointment as Director based on the mix of skills, expertise, working experience, integrity, time commitment and the ability to discharge his/her expected duties and responsibilities including the declarations required as set out in the “Directors’ Fit and Proper Policy”. Suitable candidates for Board membership are then identified through, inter alia, recommendations from current Board members, senior management or business associates and referrals from external independent sources, where necessary. The Board has the ultimate responsibility to decide on the appointment to the Board. Upon appointment to the Board, the new director will undergo an induction programme to fully understand the operation of the Group and also the expectation.

The Board after taking into consideration of the Nomination Committee’s recommendation approved the appointment of Mr Allen Lik-Hook Ting as Independent Non-Executive Director of the Company on 31 May 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

Nomination Committee

The Nomination Committee of the Company comprises three (3) members, all of whom are Non-Executive Directors with a majority of Independent Directors.

The Nomination Committee is entrusted by the Board to amongst others, assess the adequacy and appropriateness of the Board composition, identify and recommend suitable candidates for Board membership, recommend the nominees to fill the seat on the Board Committees and also assess annually the performance of the Board and Board Committees, succession plans and Board diversity and training programmes for Directors and other qualities of the Board including core-competencies which independent directors should bring to the Board. This process ensures that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines the skill matrix to support the strategic direction and needs of the Company.

A summary of activities undertaken by the Nomination Committee in discharging its duties during the financial year under review:-

- Reviewed and assessed the composition and balance of the Board;
- Reviewed and assessed the independence of Independent Directors;
- Facilitated the self and peers' assessment of each individual Director;
- Reviewed the required mix of skills, experience and other qualities of the Board;
- Reviewed and assessed the effectiveness of the Board as a whole and the Board Committees;
- Reviewed the succession planning for Directors and senior management;
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members;
- Reviewed and recommended the Directors who were due for re-election/re-appointment.

Annual Assessment of Effectiveness of the Board, Board Committees and Individual Directors

The Nomination Committee is given the task to review and evaluate the individual Director's performance and independence of the Independent Directors; and also the effectiveness of the Board and Board Committees on an annual basis in order to enhance its effectiveness and strength as well as to identify areas for improvement.

The Board, through the Nomination Committee, conducts an annual assessment via an evaluation survey questionnaire without external facilitators' involvement. The company secretary circulates the relevant questionnaires and evaluation forms in relation to the Board and Board Committees assessments/evaluations to each Director after each financial year end with sufficient time for all the Directors to complete them in advance of the meeting of the Nomination Committee and the Board in order for the company secretary to collate the assessments/evaluations results. The results of the assessment were tabled to the Nomination Committee for deliberation. Thereafter, the Chairman of the Nomination Committee shared the results and inputs with the Board to allow improvements to be undertaken.

With the above evaluation and review processes, the Board, through the Nomination Committee, reviewed and assessed its required mix of skills, competencies, experience and other qualities, including core competencies of individual Director, and the Board as a whole.

Based on the assessment conducted by Nomination Committee during the financial year under review, the Board is satisfied that the Board and Board Committees have discharged their duties effectively and concluded that each Director has the requisite competence and capacity to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time and participation during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

Board and Board Committees Meetings

Directors are required to devote sufficient time to the Company to discharge their responsibilities effectively and to use their best endeavours to attend meetings. Attendance of the Directors at the Board and Board Committees meetings for the financial year ended 31 March 2023 is as follows:

Name of Directors	Type of Meetings	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
	Attendance during tenure in office				
Chin Kem Weng		6/6	N/A	N/A	N/A
Sow Ewe Lee		6/6	N/A	N/A	N/A
Tan Moon Teik		6/6	N/A	N/A	N/A
Hew Voon Foo		6/6	5/5	1/1	2/2
Ong Phoe Be		6/6	5/5	1/1	2/2
Dato' Jeeventhiran a/l Ramanaidu		6/6	N/A	N/A	N/A
Teh Kim Seng*		5/6	4/5	1/1	2/2
Allen Lik-Hook Ting**		-	N/A	N/A	N/A

* Resigned on 31.05.2023

** Appointed on 31.05.2023

The Board ordinarily schedules to meet on a quarterly basis with additional meetings to be convened when urgent and important decisions need to be made between scheduled meetings. All Board and Board Committees meetings are scheduled in advance in facilitating the Directors' planning for attendance and participation. Where appropriate, decisions may be taken by way of circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

The Board has a formal schedule of matters specifically reserved for decision making such as the 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 are firmly in its hand. The Directors are aware of and observe the requirement that they do not participate in the deliberations on matters in which they have a material personal interest, and abstain from voting in such matters.

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 of Bursa Securities, all of the Directors do not hold more than five (5) directorships of listed corporations at any one time to ensure that the Directors devote sufficient time and effort in discharging their responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

Directors' Training

The Board recognised that continuing education programmes would be the way forward 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.

All Directors including the newly appointed Independent Non-Executive Chairman namely, Mr Allen Lik-Hook Ting have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities and complied with the training requirement as prescribed by the Board in each financial year save for Mr Allen Lik-Hook Ting. During the financial year under review, the Directors have attended at least one of the following training programmes:-

- ESG and Sustainability Reporting
- Operationalizing The ESG Business Imperative

The Board is kept informed of any new amendments and updates issued by various regulatory authorities from time to time through the company secretary via emails, briefings and hard copy, whichever is deemed appropriate and applicable.

III. Remuneration

Remuneration Committee

The Remuneration Committee of the Company comprises three (3) members, all of whom are Non-Executive Directors with a majority of Independent Directors.

The Remuneration Committee is entrusted to assist in determining, developing and recommending an appropriate remuneration package to the Board so as to attract, retain and motivate the Directors and senior management. The Remuneration Committee also reviews the fee and/or remuneration package of the Directors on an annual basis.

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 fees and/or remuneration packages of the Directors that reflect their respective contributions and responsibilities for the year.

Remuneration Policy

The Company has in place a Remuneration Framework for the Board designed to provide a fair and competitive remuneration package for the Board of the Company to ensure the same remains competitive, appropriate and in alignment with the prevalent market practices. The Remuneration Policy for Directors and Senior Management is formulated with the aim to support the Company's key strategies and create a strong performance-orientated environment, and be able to attract, motivate and retain Directors and senior management.

The remuneration package for the Executive Directors and senior management comprises salaries, allowances and performance-based incentives including bonuses and other customary benefits as appropriate. The salary level for Executive Directors and senior management takes into account the scope of duty and responsibilities, corporate and individual performance and market conditions within the industry. The remuneration of senior management is the prerogative of the Managing Director as he is responsible for recruiting, managing, controlling and evaluating the performance of the senior management.

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 the lead role position such as Board or Board Committees chairman. Determination of the remuneration packages for Non-Executive Directors is a matter for the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III. Remuneration (continued)

Remuneration Policy (continued)

The Director concerned is required to 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.

Directors' Remuneration

Pursuant to the AMLR of Bursa Securities and in line with the MCCG, the remuneration received by Directors of the Company, on a named basis, from the Company and Group for the financial year ended 31 March 2023 is disclosed as follows:

	Fees		Salaries RM	Bonus RM	Benefits- in-kind RM	Total	
	Group RM	Company RM				Group RM	Company RM
Executive Directors							
Chin Kem Weng	-	-	829,200	120,000	15,504	964,704	964,704
Sow Ewe Lee	-	-	510,789	73,920	12,225	596,934	596,934
Tan Moon Teik	-	-	479,150	35,000	60,000	574,150	-
Non-Executive Directors							
Hew Voon Foo	96,000	96,000	-	-	-	96,000	96,000
Ong Phoe Be	72,000	72,000	-	-	-	72,000	72,000
Dato' Jeeventhiran a/l Ramanaidu	72,000	72,000	-	-	-	72,000	72,000
Teh Kim Seng*	72,000	72,000	-	-	-	72,000	72,000
Total	312,000	312,000	1,819,139	228,920	87,729	2,447,788	1,873,638

* Resigned on 31.05.2023

Remuneration of Top Five Senior Management

The remuneration of the Senior Management for the financial year ended 31 March 2023 is set out as follows:

Remuneration Range	Number of Senior Management
RM200,001 – RM250,000	1
RM250,001 – RM300,000	2
RM400,001 – RM450,000	2

The Remuneration Committee and the Board are of the view that it is not to the Company's advantage or best interest to disclose the senior management personnel names and the various remuneration components in detail considering the highly competitive market for senior management personnel with the requisite knowledge, technical expertise and working experience in the industry the Company operates. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

As an alternative, the Remuneration Committee and the Board believe that the transparency and accountability aspects of corporate governance as applicable to the Senior Management's remuneration are appropriately served by disclosure in RM50,000 bands.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises three (3) members, all of whom are Non-Executive Directors with a majority of Independent Directors. The chairperson of the Audit Committee is not the Chairman of the Board and the Chairman of the Board is not a member of the Audit Committee to ensure the objectivity of the Board's view of the Audit Committee's findings and recommendations is not impaired.

Presently, none of the members of the Audit Committee is a former key audit partner. In line with MCCG, the Auditors' Policy has been updated that requires a person who is a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the Audit Committee to enhance transparency and governance.

The Board ensures that the Audit Committee is financially literate and has sufficient understanding of the Group's business and matters under the purview of the Audit Committee. The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full-year basis, and a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance with the applicable financial reporting standards.

The Audit Committee has in place procedures as set out in the Auditors' Policy to continuously monitor and undertake an annual assessment of the suitability, objectivity and independence of the External Auditors as well as to make recommendations to the Board on the appointment, re-appointment or termination of the External Auditors. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.

The Company maintained a professional and transparent relationship with Auditors, both internal and external, in seeking their professional advice and ensuring compliance in matters pertaining to accounting standards, risk management and internal control. The Audit Committee was rendered the authority to communicate directly with the Auditors with or without the presence of the Executive Directors and management team.

The Audit Committee composition, meeting details and summary of activities of the Audit Committee in the discharge of its functions and duties for the financial year under review are set out separately in the Audit Committee Report of this Annual Report.

II. Risk Management And Internal Control Framework

The Board acknowledges its overall responsibility for the continuous maintenance of a sound system of internal control as well as implementing a suitable Risk Management Framework to achieve its strategic objectives and safeguard shareholders' investments and the assets of the Company and the Group. Risk management is an integral part of the Group's business operations and ongoing reviews are carried out by the Board, with the assistance of the Risk Management Committee and Audit Committee. However, the Board recognises that no cost-effective internal controls and risk management systems will preclude all errors and irregularities, as the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Risk Management Framework includes maintaining a Risk Register with a risk profile and action plans for mitigating the identified risks. The Risk Management Committee reviews the Risk Registers, key areas of identified risks and the mitigating measures taken by the management to address the areas of key risks identified. The Board receives feedback on the adequacy of the risk management function and effectiveness of the internal controls to manage and mitigate those risks on a half-yearly basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

II. Risk Management And Internal Control Framework (continued)

To enable the Audit Committee to discharge its functions more effectively, the Company has deployed the internal audit function through an independent outsourced professional firm. The internal audit function is guided by Internal Audit Charter which was approved by the Audit Committee and the internal audit assignments are performed with impartiality, proficiency and due professional care.

The internal audit team works closely with the management to carry out its internal audit activities and reports directly to the Audit Committee. They provide the Board with a reasonable assurance of the adequacy of the scope, functions and resources of the internal audit function.

The Board has in place an ongoing process to identify, evaluate, monitor and manage significant risks affecting the Group's business; and the management has given assurance to the Board that adequate and effective controls are in place to manage those identified significant risks.

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

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication With Stakeholders

The Company recognises the importance of transparency and accountability to its stakeholders by having effective communication and maintaining constructive relationships. In this aspect, the Board ensures the supply of clear, comprehensive and timely information to the stakeholders allowing them to actively engage with the Company. The handling and dissemination of the corporate information to the shareholders, investors and other stakeholders are according to the Company's Corporate Disclosure Policy.

The Board ensures that there is effective, transparent and regular communication with its stakeholders through the following channels of communication:-

(a) Bursa Securities

The Company releases all material announcements regarding the corporate development in business activities, corporate exercise and financial performance of the Company including quarterly and annual financial results as well as annual reports.

(b) Corporate Website

The Company maintains a dedicated section on 'Investor Relations' on its website at www.genetec.net which provides information such as stock information, corporate governance inclusive of the Board Charter, terms of reference and policies, management discussion and analysis, corporate governance reports, general meetings and all announcements released to Bursa Securities can be accessible by stakeholders.

(c) General telephone, fax, email address and direct message via website

The general telephone number, fax number and general enquiries email address of the Company are provided for stakeholders to send in any enquiries to the Company. Stakeholders also may instantly message the Company under the "Contact Us" section available on the corporate website.

(d) Media and Analyst Briefings

Media and Analyst Briefings are held by the Company to explain any major corporate exercises and/or to discuss the financial performance of the Group when deemed necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

II. Conduct of General Meetings

General meetings are important avenues for shareholders to exercise their ownership rights and to access and engage in dialogue with the Board and senior management. The Company's AGM remains the principal forum for dialogue with shareholders who are encouraged to participate in the proceedings. Adequate time is given during the AGM to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters.

During the financial year under review, the 24th AGM and the Extraordinary General Meetings ("EGMs") of the Company were held on 29 August 2022 and 30 January 2023 accordingly (collectively "General Meetings") on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Service Sdn Bhd ("TIIH"). By leveraging the technology provided by TIIH, shareholders were able to cast their votes in absentia and participate in the General Meetings remotely.

The notice and agenda of the 24th AGM and EGMs together with the proxy form were despatched to shareholders at least 28 days and 14 days respectively prior to the General Meetings to allow the shareholders to make the necessary participation and voting arrangement. Where applicable, the Board will ensure that each item of special business that is included in the notice of meetings is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

The Directors and senior management were present virtually at the General Meetings to provide meaningful responses to the questions raised by the shareholders. External Auditors (for AGM) and Advisers and Legal Counsel involved in the corporate exercise (for EGMs) were also present virtually at the respective meeting to answer and provide appropriate clarification to shareholders' questions on pertinent and relevant matters. The minutes together with questions and answers that transpired at the General Meetings were published on the corporate website within a reasonable period for shareholders' information.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the practices set out in the MCCG except for the departures set out in the Corporate Governance Report 2023. Any practices in the MCCG which are relevant to the Group's business and which have not been implemented during the financial year will be reviewed by the Board and implemented where possible.

This Statement was presented and approved by the Board on 13 July 2023.

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 Principle B of the Malaysian Code on Corporate Governance 2017 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 believes firmly that risk management is essential for continued profitability and to safeguard shareholders’ investment. Accordingly, the Group has established a system of risk management framework and internal control comprising clear accountabilities, company procedures/policies, budgeting and evaluation process and has reviewed the adequacy and effectiveness of the risk management framework.

The Group refers to ISO 31000 Risk Management Standard as a guideline for identifying, evaluating, managing and monitoring significant risks by the Group in order to align its risk management processes with the ever-changing business environment.

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 are applied to strengthen the Group’s crisis management processes.

Based on the framework, the RMC has carried out the following:

- establish the strategic context of risk in relation to the Group’s risk appetite, i.e. how risks are perceived and the levels at which they are acceptable or otherwise;
- identify risks in relation to the objectives of every business function of the Group’s operating companies;
- identify emerging risks faced by the Group in the operating environment;
- assess the likelihood and impact of such risks identified;
- evaluate the severity of the risks and their treatment options to set priority of management’s attention and devise appropriate actions; and
- The Risk Management Committee met twice during the financial year to review the adequacy and effectiveness of the risk management measures.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (continued)

The Group adopts control objectives and procedures from the ISO 9001 for its day-to-day operational processes and implements 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.

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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL CONTROL SYSTEM (continued)

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 periodically to ensure that the Group's policies and procedures are in place and appropriate actions are being taken on highlighted internal control weaknesses to improve operational efficiencies and consistency of quality of products and work standards.

Information and Communication

- The Group implemented enterprise resource planning system to provide informative and relevant reports, thus assisting in the decision-making process.
- Timely and comprehensive flow of information and reports are submitted to the Board and Management on all aspects of the Group's operations to facilitate 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 financial results 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 Audit and Assurance Practice Guide ("AAPG") 3, *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 2023, 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.

AAPG 3 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 20 July 2023.

AUDIT COMMITTEE REPORT

COMPOSITION

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

Chairperson

Ong Phoe Be – Independent Non-Executive Director

Members

Dato' Jeeventhiran a/l Ramanaidu – Independent Non-Executive Director

Hew Voon Foo – Non-Independent Non-Executive Director

Members of the Audit Committee are appointed by the Board of Directors from amongst its Directors which fulfil 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) fulfil such other requirements as may from time to time be prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

An alternate director is not eligible for membership in the Committee.

In compliance with Malaysian Code on Corporate Governance 2021, the Audit Committee Chairperson is not the Chairperson of the Board and the Chairman of the Board is not a member of the Audit Committee.

None of the Audit Committee member is former key audit partners.

MEETINGS

During the financial year ended 31 March 2023, a total of five (5) meetings were held and the attendance of each Committee member at the Committee meetings is as follows:-

Committee Member	Attendance during tenure in office
Teh Kim Seng (<i>Chairman</i>)*	4/5
Hew Voon Foo	5/5
Ong Phoe Be	5/5
Dato' Jeeventhiran a/l Ramanaidu**	-

* Resigned on 31.05.2023

** Appointed on 31.05.2023

AUDIT COMMITTEE REPORT

MEETINGS (continued)

Chief Financial Officer and Chief Operating Officer are normally invited to attend the meetings. Other senior management personnel and the Internal Auditors/External Auditors also attended these meetings upon invitation by the Committee.

Meetings of the Committee are planned in advance so that the members can make the necessary arrangement to attend the meetings. The Committee met at pre-scheduled timetable, with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a detailed manner. At each Board meeting, the Committee chairman briefs the Board on matters deliberated at the Committee meeting held earlier. The minutes of each Committee meeting held was circulated to each Board member at the subsequent Board meeting for notation.

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 its Terms of Reference. The Nomination Committee is satisfied that the Committee and its members discharged their functions, duties and responsibilities in accordance with the Committee's Terms of Reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE COMMITTEE

The principal activities undertaken by the Audit Committee during the financial year ended 31 March 2023 are summarised as follows:

Financial Reporting

- (i) Reviewed the unaudited quarterly financial results of the Group including the announcements pertaining thereto presented by the management before recommending to the Board for approval. To assist the Committee in this process, the Chief Financial Officer of the Company provided explanations to elucidate the fluctuations in the Group's financial performance over the four financial quarters, including the financial position of the Group in terms of its cash flows for the quarters concerned;
- (ii) Reviewed the consolidated audited financial statements of the Company and the Group which were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards and the requirements of the Companies Act 2016 for recommendation to the Board for approval.

External Audit

- (i) Reviewed and approved the audit planning memorandum covering the engagement team, materiality, audit scope, audit methodology and timing of audit, audit focus areas, significant accounting policies/disclosures, risk of false and misleading financial statements, directors' responsibilities, auditors' responsibilities and auditors' independence.
- (ii) Reviewed the External Auditors' status of the audit.
- (iii) Undertook annual assessment of the performance and independence of the External Auditors via an evaluation survey questionnaires based on competency, efficiency and transparency as demonstrated by the External Auditors during their audit. The Group's External Auditors also confirmed their independence and the Committee having been satisfied with the independence, stability and performance of the External Auditors made recommendations to the Board on the re-appointment of External Auditors.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE COMMITTEE (continued)

External Audit (continued)

- (iv) Reviewed the audit fees of the External Auditors for the ensuing year prior to recommending to the Board for approval.
- (v) Reviewed the non-audit services 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 are maintained.
- (vi) Reviewed and approved the non-assurance services (“NAS”) engagement rendered by the External Auditors to the Company for the financial year under review prior to engagement after the Committee satisfied themselves that the safeguards applied by the External Auditors appropriately address any self-review threats created by providing NAS engagement. The External Auditors also reported to the Committee that they have determined that providing the NAS is not prohibited and will create no threat to the firm’s independence, or that any identified threat is at, or will be reduced to an acceptable level;
- (vii) Met with the External Auditors without the presence of Executive Directors and the management team of the Company to discuss the issues of concern to the External Auditors arising from the annual audit. There was no major issue raised during the meetings.

Internal Audit

- (i) Reviewed and discussed the internal audit reports which consist of the findings, recommendations and management responses to ensure that all key risks will be addressed and adequate controls put in place on a timely basis.
- (ii) Reviewed Internal Auditors’ follow up reports on outstanding audit issues to monitor the effectiveness of corrective actions taken by the management.
- (iii) Reviewed the effectiveness of the internal control and governance processes within the Group.
- (iv) Assessed the Internal Auditors’ proficiency, resources and independence to ensure adequate discharge of the duties and responsibilities of the internal audit function.

Related Party Transactions

- (i) Reviewed the recurrent related party transactions (“RRPT”) entered into by the Group on a quarterly basis.
- (ii) Reviewed any related party transactions and conflict of interest situations that may arise within the Company and the Group.
- (iii) Reviewed the draft Circular to Shareholders with regard to the proposed renewal of shareholders’ mandate for existing RRPT of a revenue or trading nature of the Group including the adequacy and appropriateness of the procedures for RRPT and the Audit Committee Statement stated therein.

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.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTIONS / ACTIVITIES AND COSTS

The Group's internal audit functions are outsourced to CGRM Infocomm Sdn Bhd, an independent professional firm. They report directly to the Committee and assist the Board of Directors by providing independent assurance on the monitoring and managing of risks and internal controls.

CGRM Infocomm Sdn Bhd is totally independent and maintains its objectivity during the conduct of audits as it is not involved in the day-to-day operations of the Group. The director-in-charge is a Certified Internal Auditor, Certified Risk Management Assessor and chartered 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 the internal audit covers the assessment of governance and risk assessment processes within the audited scope, efficiency and effectiveness of internal controls, and compliance activities of the Group. The reviews are carried out with reference to the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors and the COSO Framework for Internal Controls.

The audit approach adopted by the Group is risk-based and targeted at assessing and reviewing the implementation and monitoring of controls to address the critical risk areas of the Group which is consistent with the Group's framework in designing, implementing and monitoring its internal control system. The risk-based internal audit plan outlines the audit timetable for auditable business processes and follow-ups are tabled for Committee's review and endorsement. The Committee may authorise changes to the audit plan from time to time if the need arises.

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

- (a) completed the following reviews as per the approved internal audit plan:

Name of Entity Audited	Audited Areas
CLT Engineering Sdn Bhd	<ul style="list-style-type: none"> • Design and Development • Intellectual Property Management • Project Delivery Management • Post-delivery Management
Genetec Technology Berhad	<ul style="list-style-type: none"> • Supply Chain Management • Related & Recurrent Related Party Transactions ("RPT & RRPT") Procedures Review • Design and Development Management • Intellectual Property 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 the internal audit observations and issues identified, together with recommendations and management's agreed action/improvement to address the observations/issues.
- (d) followed up and reported to the Committee on the status of implementation of the management agreed action plans to ensure that all matters arising are adequately addressed by the management. None of the internal control weaknesses has resulted in any material losses, contingencies or uncertainties that would require disclosure in this Audit Committee Report.
- (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 2023 was RM54,739.35 (2022: RM63,457.43).

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DIRECTORS' REPORT

For the Year Ended 31 March 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, designing and building of smart automation systems, customised factory automated equipment and integrated 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
Profit for the year attributable to:		
Owners of the Company	66,633,225	65,163,120
Non-controlling interests	1,254,090	-
	67,887,315	65,163,120

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 financial year and the Directors do not recommend any dividend to be paid for 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
 Sow Ewe Lee
 Tan Moon Teik
 Hew Voon Foo
 Ong Phoe Be
 Dato' Jeeventhiran A/L Ramanaidu
 Allen Lik-Hook Ting (Appointed on 31 May 2023)
 Teh Kim Seng (Resigned on 31 May 2023)

DIRECTORS' REPORT

For the Year Ended 31 March 2023

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 31.3.2023
	At 1.4.2022	Bought	Sold	
Interests in the Company:				
Chin Kem Weng				
- Direct	52,682,565	-	-	52,682,565
Sow Ewe Lee				
- Direct	5,200,000	-	-	5,200,000
Tan Moon Teik				
- Direct	40,281,800	-	(1,200,000)	39,081,800
Hew Voon Foo				
- Direct	1,300,000	-	-	1,300,000
Ong Phoe Be				
- Direct	906,100	-	(70,000)	836,100
Dato' Jeeventhiran A/L Ramanaidu				
- Direct	100,000	-	-	100,000
Teh Kim Seng				
- Direct	1,300,000	-	-	1,300,000
Number of options over ordinary shares				
	At			At
	1.4.2022	Granted	Exercised	31.3.2023
Chin Kem Weng	7,280,000	-	-	7,280,000
Sow Ewe Lee	6,500,000	-	-	6,500,000
Tan Moon Teik	6,500,000	-	-	6,500,000

DIRECTORS' REPORT

For the Year Ended 31 March 2023

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 those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 March 2023 are as follows:

	From the Company RM	From subsidiary company RM
Directors of the Company:		
Fees	312,000	-
Remuneration	1,533,909	514,150
Other short-term employee benefits	27,729	60,000
	1,873,638	574,150

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 68,196,180 new ordinary shares of RM2.61 per ordinary share via a private placement to eligible investors for a total cash consideration of RM177,992,029. These issued shares rank equally in all respects with the existing shares of the Company.

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

Employees' Share Option Scheme (ESOS)

At an extraordinary general meeting held on 27 August 2020, the Company's shareholders approved the establishment of ESOS of not more than 15% of the total number of issued shares of the Company at any point in time during the tenure of the ESOS, to eligible Directors and employees of the Group.

DIRECTORS' REPORT

For the Year Ended 31 March 2023

OPTIONS GRANTED OVER UNISSUED SHARES (continued)**Employees' Share Option Scheme (ESOS)** (continued)

The salient features of the ESOS 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 and have been in the employment of the Group for a period of at least six (6) months of continuous service.
- 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%).
- iv) The ESOS shall be in force for a period of five (5) years from the date of implementation of the Proposed ESOS. However, an extension to the scheme may be effected by the Company upon recommendation from the ESOS Committee, subject to an aggregate duration of ten (10) years from the date of commencement.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

	Date of offer	Exercise price	At 1.4.2022	At Exercised	At Forfeited	At 31.3.2023
ESOS	9 October 2020	^RM0.11	34,733,400	-	-	34,733,400

^ The Company completed its bonus issue exercise on 11 January 2022 and the exercise price has been adjusted accordingly.

INDEMNITY AND INSURANCE COSTS

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

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

DIRECTORS' REPORT

For the Year Ended 31 March 2023

OTHER STATUTORY INFORMATION (continued)

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2023 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.

During the financial year, the Company applied to the Companies Commission of Malaysia for an order allowing its wholly-owned subsidiary, namely, Genetec Technology (Shanghai) Private Limited to continue to have a financial year end, which does not coincide with the Company's financial year ended 31 March 2023 under Section 247(3) of the Companies Act 2016. The order was granted on 15 May 2023.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors' remuneration of the Group and of the Company during the year are as follows:

	Group RM	Company RM
Audit fees:		
- KPMG PLT	240,000	180,000
- Other auditors	5,000	-
Non-audit fees		
- KPMG PLT	65,000	65,000
	310,000	245,000

DIRECTORS' REPORT

For the Year Ended 31 March 2023

AUDITORS (continued)

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

Chin Kem Weng
Director

Sow Ewe Lee
Director

Bandar Baru Bangi, Selangor

Date: 20 July 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Property, plant and equipment	3	114,183,266	41,071,954	93,315,596	19,615,413
Goodwill	4	5,059,876	5,059,876	-	-
Investments in subsidiaries	5	-	-	18,346,809	18,346,809
Investment in a joint venture	6	500	-	500	-
Deferred tax assets	16	2,647,013	3,758,973	2,647,013	3,758,973
Total non-current assets		121,890,655	49,890,803	114,309,918	41,721,195
Inventories	7	16,799,997	46,490,960	8,252,339	38,806,542
Derivative financial assets	8	175,241	271,992	175,241	267,872
Trade and other receivables	9	130,271,334	164,869,040	118,562,240	149,430,740
Contract assets	10	48,067,635	-	48,067,635	-
Prepayments		3,285,423	671,317	3,102,929	488,823
Current tax assets		265,817	-	265,817	-
Other investment	11	147,119,529	731,693	147,119,529	731,693
Cash and cash equivalents	12	32,671,634	31,226,526	23,735,507	27,904,644
Total current assets		378,656,610	244,261,528	349,281,237	217,630,314
Total assets		500,547,265	294,152,331	463,591,155	259,351,509
Equity					
Share capital	13	266,207,144	88,215,115	266,207,144	88,215,115
Reserves		130,761,498	64,379,341	127,788,333	62,625,213
Equity attributable to owners of the Company		396,968,642	152,594,456	393,995,477	150,840,328
Non-controlling interests		9,328,898	8,200,730	-	-
Total equity		406,297,540	160,795,186	393,995,477	150,840,328
Liabilities					
Loans and borrowings	14	8,139,834	9,208,216	1,279,271	975,077
Lease liabilities		94,007	95,188	70,194	12,241
Deferred tax liabilities	16	806,170	810,896	-	-
Total non-current liabilities		9,040,011	10,114,300	1,349,465	987,318
Loans and borrowings	14	47,102,139	88,943,945	44,591,406	84,022,748
Lease liabilities		172,803	203,593	87,620	36,874
Contract liabilities	10	1,060,070	-	1,060,070	-
Trade and other payables	17	36,515,177	33,913,146	22,507,117	23,425,031
Current tax liabilities		359,525	182,161	-	39,210
Total current liabilities		85,209,714	123,242,845	68,246,213	107,523,863
Total liabilities		94,249,725	133,357,145	69,595,678	108,511,181
Total equity and liabilities		500,547,265	294,152,331	463,591,155	259,351,509

The notes on pages 62 to 126 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	18	294,591,456	223,559,348	259,198,336	194,330,349
Cost of sales		(196,157,307)	(143,898,735)	(165,751,820)	(120,545,847)
Gross profit		98,434,149	79,660,613	93,446,516	73,784,502
Other income		46,469,378	9,050,165	43,570,290	7,899,311
Administrative expenses		(13,333,717)	(11,722,470)	(11,128,242)	(9,592,705)
Distribution expenses		(10,485,438)	(5,654,985)	(9,970,508)	(5,239,004)
Other expenses		(42,986,939)	(7,134,589)	(41,781,890)	(6,695,818)
Net loss on impairment of financial instruments		-	-	(10,261)	(12,367)
Results from operating activities		78,097,433	64,198,734	74,125,905	60,143,919
Finance income		303,193	36,247	241,137	32,483
Finance costs	19	(3,500,937)	(1,940,505)	(2,947,764)	(1,493,903)
Profit before tax		74,899,689	62,294,476	71,419,278	58,682,499
Tax expense	20	(7,012,374)	(4,158,175)	(6,256,158)	(4,090,188)
Profit for the year	21	67,887,315	58,136,301	65,163,120	54,592,311
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(376,990)	(107,203)	-	-
Total other comprehensive income for the year, net of tax		(376,990)	(107,203)	-	-
Total comprehensive income for the year		67,510,325	58,029,098	65,163,120	54,592,311
Profit attributable to:					
Owners of the Company		66,633,225	56,399,961	65,163,120	54,592,311
Non-controlling interests		1,254,090	1,736,340	-	-
Profit for the year		67,887,315	58,136,301	65,163,120	54,592,311
Total comprehensive income attributable to:					
Owners of the Company		66,382,157	56,328,566	65,163,120	54,592,311
Non-controlling interests		1,128,168	1,700,532	-	-
Total comprehensive income for the year		67,510,325	58,029,098	65,163,120	54,592,311
Basic earnings per ordinary share (sen):	23	9.65	8.28		
Diluted earnings per ordinary share (sen):	23	9.21	7.90		

The notes on pages 62 to 126 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2023

Group	Note	Attributable to owners of the Company									
		Non-Distributable					Distributable				
		Share capital	Share option reserve	Translation reserve	Retained earnings	Total	Share option reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1 April 2021		68,759,932	2,070,857	(1,248,248)	8,174,195	77,756,736				6,500,198	84,256,934
Foreign currency translation differences for foreign operations		-	-	(71,395)	-	(71,395)				(35,808)	(107,203)
Total other comprehensive income for the year		-	-	(71,395)	-	(71,395)				(35,808)	(107,203)
Profit for the year		-	-	-	56,399,961	56,399,961				1,736,340	58,136,301
Total comprehensive income for the year		-	-	(71,395)	56,399,961	56,328,566				1,700,532	58,029,098
Share options exercised	13	4,024,557	(946,029)	-	-	3,078,528				-	3,078,528
Issue of ordinary shares		15,430,626	-	-	-	15,430,626				-	15,430,626
Total transactions with owners of the Company		19,455,183	(946,029)	-	-	18,509,154				-	18,509,154
At 31 March 2022		88,215,115	1,124,828	(1,319,643)	64,574,156	152,594,456				8,200,730	160,795,186

Note 13.1 Note 13.2 Note 13.3

The notes on pages 62 to 126 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2023

Group	Note	Attributable to owners of the Company									
		Non-Distributable					Distributable				
		Share capital	Share option reserve	Translation reserve	Retained earnings	Total	Share option reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1 April 2022		88,215,115	1,124,828	(1,319,643)	64,574,156	152,594,456				8,200,730	160,795,186
Foreign currency translation differences for foreign operations		-	-	(251,068)	-	(251,068)			(125,922)		(376,990)
Total other comprehensive expense for the year		-	-	(251,068)	-	(251,068)			(125,922)		(376,990)
Profit for the year		-	-	-	66,633,225	66,633,225			1,254,090		67,887,315
Total comprehensive income for the year		-	-	(251,068)	66,633,225	66,382,157			1,128,168		67,510,325
Issue of ordinary shares		177,992,029	-	-	-	177,992,029			-		177,992,029
Total transactions with owners of the Company		177,992,029	-	-	-	177,992,029			-		177,992,029
At 31 March 2023		266,207,144	1,124,828	(1,570,711)	131,207,381	396,968,642			9,328,898		406,297,540
		Note 13.1	Note 13.2	Note 13.3							

The notes on pages 62 to 126 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2023

Company	Note	Attributable to owners of the Company			Total equity RM
		Share capital RM	Share option reserve RM	Retained earnings RM	
At 1 April 2021		68,759,932	2,070,857	6,908,074	77,738,863
Profit and total comprehensive income for the year		-	-	54,592,311	54,592,311
Share options exercised	13	4,024,557	(946,029)	-	3,078,528
Issue of ordinary shares		15,430,626	-	-	15,430,626
Total transactions with owners of the Company		19,455,183	(946,029)	-	18,509,154
At 31 March 2022/1 April 2022		88,215,115	1,124,828	61,500,385	150,840,328
Profit and total comprehensive income for the year		-	-	65,163,120	65,163,120
Issue of ordinary shares		177,992,029	-	-	177,992,029
Total transactions with owners of the Company		177,992,029	-	-	177,992,029
At 31 March 2023		266,207,144	1,124,828	126,663,505	393,995,477
		Note 13.1	Note 13.2		

The notes on pages 62 to 126 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Year Ended 31 March 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities					
Profit before tax		74,899,689	62,294,476	71,419,278	58,682,499
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	3,779,819	3,273,097	1,892,822	1,500,963
Finance costs	19	3,500,937	1,940,505	2,947,764	1,493,903
Interest income		(303,193)	(36,247)	(241,137)	(32,483)
(Gain)/Loss on disposal of property, plant and equipment, net		(15,038)	(999)	3,546	(999)
Impairment loss on amounts due from subsidiaries		-	-	10,261	12,367
Write-down of inventories		169,164	58,280	169,164	58,280
Property, plant and equipment written off		6,060	-	6,060	-
Loss/(Gain) on disposal of other investment		436,240	(154,016)	436,240	(154,016)
Net unrealised fair value gain on other investment		(1,324,076)	(5,417)	(1,324,076)	(5,417)
Net unrealised derivative gain		(175,241)	(271,992)	(175,241)	(267,872)
Net unrealised foreign exchange loss/(gain)		106,312	(805,703)	46,400	(752,824)
Operating profit before working capital changes		81,080,673	66,291,984	75,191,081	60,534,401
Changes in working capital:					
Inventories		29,521,799	(34,897,462)	30,385,039	(30,921,716)
Trade and other receivables and derivative financial assets		34,264,775	(140,299,631)	30,571,590	(133,543,205)
Contract assets/liabilities		(46,507,782)	-	(46,507,782)	-
Prepayments		(2,614,106)	(336,104)	(2,614,106)	(280,346)
Trade and other payables and derivative financial liabilities		2,600,860	14,399,494	(909,576)	14,885,352
Cash generated from/(used in) operations		98,346,219	(94,841,719)	86,116,246	(89,325,514)
Tax paid		(5,993,596)	(4,768,499)	(5,449,225)	(4,463,375)
Net cash from/(used in) operating activities		92,352,623	(99,610,218)	80,667,021	(93,788,889)

The notes on pages 62 to 126 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Year Ended 31 March 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(74,673,890)	(4,654,706)	(73,880,975)	(3,265,027)
Investment in joint venture		(500)	-	(500)	-
Interest received		303,193	36,247	241,137	32,483
Proceeds from disposal of property, plant and equipment		98,564	1,000	5,543	1,000
Proceeds from disposal of other investment		37,500,000	17,000,000	37,500,000	17,000,000
Acquisition of other investment		(183,000,000)	(6,000,000)	(183,000,000)	(6,000,000)
Net cash (used in)/from investing activities		(219,772,633)	6,382,541	(219,134,795)	7,768,456
Cash flows from financing activities					
Proceeds from issuance of shares	13	177,992,029	18,509,154	177,992,029	18,509,154
Drawdown of trade finance facilities		115,319,963	136,146,638	112,862,343	130,025,130
Repayment of trade finance facilities		(157,448,095)	(58,415,084)	(152,516,910)	(55,337,009)
Drawdown of term loans		-	816,000	-	-
Repayment of term loans		(1,498,097)	(1,226,479)	(749,106)	(722,783)
Interest paid on loans and borrowings		(3,500,937)	(1,940,505)	(2,947,764)	(1,493,903)
Repayment of hire purchase		(1,388,723)	(948,018)	(278,240)	(193,692)
Payment of lease liabilities	(iii)	(234,032)	(209,065)	(63,715)	(45,074)
Net cash from financing activities		129,242,108	92,732,641	134,298,637	90,741,823
Net increase/(decrease) in cash and cash equivalents					
		1,822,098	(495,036)	(4,169,137)	4,721,390
Effect of exchange rate fluctuations on cash held		(376,990)	(107,203)	-	-
Cash and cash equivalents at beginning of financial year	(ii)	31,226,526	31,828,765	27,904,644	23,183,254
Cash and cash equivalents at end of financial year	(ii)	32,671,634	31,226,526	23,735,507	27,904,644

The notes on pages 62 to 126 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Year Ended 31 March 2023

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM76,778,655 (2022: RM8,126,706) and RM75,435,740 (2022: RM3,845,027) respectively, of which RM2,104,765 (2022: RM3,472,000) and RM1,554,765 (2022: RM580,000) were acquired by means of hire purchase.

(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		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	12	32,671,634	31,226,526	23,735,507	27,904,644

(iii) Cash outflows for leases as a lessee

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities					
Payment relating to leases of low value assets	21	35,899	45,712	19,800	30,740
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	19	12,743	16,046	4,289	2,326
Payment of lease liabilities	14	234,032	209,065	63,715	45,074
Total cash outflows for leases		282,674	270,823	87,804	78,140

The notes on pages 62 to 126 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 follows:

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 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in a joint venture. The financial statements of the Company as at and for the financial year ended 31 March 2023 do not include other entities.

The Company is principally engaged in investment holding, designing and building of smart automation systems, customised factory automated equipment and integrated 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 20 July 2023.

1. BASIS OF PREPARATION

(a) Basis of measurement

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

(b) 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.

(c) 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, interpretations and amendments of the MFRSs 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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(c) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and Amendments to MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 April 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(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.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

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) Revenue recognition from contracts with customers

The Group recognises revenue from contracts over time if it creates an asset with no alternative use to the Group and the Group has enforceable right to payment for the performance completed to-date. Revenue is recognised over the period of contract by reference to the progress towards complete satisfaction of performance obligation, which is measured based on the proportion that costs incurred to-date as a percentage of the estimated total costs of contract.

For the portion of performance obligations that is not satisfied over time, the revenue is recognised at a point in time at which the customer obtains controls of the promised assets.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, identification of performance obligations to be fulfilled under contract and estimated total costs to complete as well as the recoverability of the contracts. In making such estimations and judgements, the Group relies on, inter alia, past experiences and the assessment of its experienced team. A change in the entities will directly affect the revenue to be recognised.

(ii) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. The Group assesses the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. The impairment losses made during the financial year are shown in Note 25.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, if any, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture 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.

(vi) 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.

(vii) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(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. 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.

(c) Financial instruments

(i) Recognition and initial 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 asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as at fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at fair value. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

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

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) 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 financial guarantee contract or a designated and effective hedging instrument, contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

For financial liabilities where it is designated as at fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in other comprehensive income and remaining amount of the changes in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition are also recognised in profit or loss.

(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.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(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 market place 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(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 are transferred, 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 of the financial asset 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(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.

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.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor (continued)

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted associates and joint venture, 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 and joint venture.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with the accounting policy on impairment of financial assets [see Note 2(j)(i)].

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability weighted estimate of credit losses.

The Group and the Company measure loss allowances as an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period which the Group or the Company is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

The Group assesses the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for contract assets, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

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.

(k) 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.

(l) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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.

(m) 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.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when (or as) they transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the assets.

The Group or the Company transfers control of goods or services at a point in time unless one of the following over time criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (ii) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group's and the Company's performance does not create an asset with an alternative use and the Group or the Company have an enforceable right to payment for performance completed to date.

(ii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue and other income (continued)

(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.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Fair value measurement (continued)

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.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use assets RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost					
At 1 April 2021	34,122,795	8,371,132	11,451,429	2,765,613	56,710,969
Additions	194,122	1,768,526	4,736,349	1,621,831	8,320,828
Disposals	-	-	(80,000)	-	(80,000)
At 31 March 2022/1 April 2022	34,316,917	10,139,658	16,107,778	4,387,444	64,951,797
Additions	68,376,707	5,763,046	804,540	2,055,726	77,000,019
Disposals	-	(51,340)	(124,550)	-	(175,890)
Written off	-	(6,608)	-	-	(6,608)
Derecognition	(19,302)	-	-	-	(19,302)
At 31 March 2023	102,674,322	15,844,756	16,787,768	6,443,170	141,750,016

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Right-of-use assets RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Depreciation					
At 1 April 2021	7,180,765	5,418,923	6,470,147	1,616,910	20,686,745
Depreciation for the year	881,098	701,477	1,237,093	453,429	3,273,097
Disposals	-	-	(79,999)	-	(79,999)
At 31 March 2022/1 April 2022	8,061,863	6,120,400	7,627,241	2,070,339	23,879,843
Depreciation for the year	900,374	922,160	1,278,928	678,357	3,779,819
Disposals	-	(22,232)	(70,132)	-	(92,364)
Written off	-	(548)	-	-	(548)
At 31 March 2023	8,962,237	7,019,780	8,836,037	2,748,696	27,566,750
Carrying amounts					
At 1 April 2021	26,942,030	2,952,209	4,981,282	1,148,703	36,024,224
At 31 March 2022/1 April 2022	26,255,054	4,019,258	8,480,537	2,317,105	41,071,954
At 31 March 2023	93,712,085	8,824,976	7,951,731	3,694,474	114,183,266
Company	Right-of-use assets RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor Vehicles RM	Total RM
Cost					
At 1 April 2021	16,083,045	5,518,027	6,113,213	1,889,283	29,603,568
Additions	33,993	1,647,947	692,349	1,504,731	3,879,020
Disposal	-	-	(80,000)	-	(80,000)
At 31 March 2022/1 April 2022	16,117,038	7,165,974	6,725,562	3,394,014	33,402,588
Additions	68,347,060	5,693,100	452,570	1,134,726	75,627,456
Disposal	-	(12,840)	(2,550)	-	(15,390)
Written off	-	(6,608)	-	-	(6,608)
Derecognition	(19,302)	-	-	-	(19,302)
At 31 March 2023	84,444,796	12,839,626	7,175,582	4,528,740	108,988,744

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Right-of-use assets RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor Vehicles RM	Total RM
Depreciation					
At 1 April 2021	4,032,673	3,199,118	3,640,101	1,494,319	12,366,211
Depreciation for the year	363,939	479,591	353,714	303,719	1,500,963
Disposal	-	-	(79,999)	-	(79,999)
At 31 March 2022/1 April 2022	4,396,612	3,678,709	3,913,816	1,798,038	13,787,175
Depreciation for the year	383,771	738,814	379,614	390,623	1,892,822
Disposal	-	(3,752)	(2,549)	-	(6,301)
Written off	-	(548)	-	-	(548)
At 31 March 2023	4,780,383	4,413,223	4,290,881	2,188,661	15,673,148
Carrying amounts					
At 1 April 2021	12,050,372	2,318,909	2,473,112	394,964	17,237,357
At 31 March 2022/1 April 2022	11,720,426	3,487,265	2,811,746	1,595,976	19,615,413
At 31 March 2023	79,664,413	8,426,403	2,884,701	2,340,079	93,315,596

3.1 Security

At 31 March 2023, land and buildings of the Group and of the Company with carrying amounts of RM25,300,939 (2022: RM25,971,333) and RM11,352,912 (2022: RM11,672,413) respectively are charged to a bank as security for term loans granted to the Group and the Company (see Note 14).

3.2 Leased assets

Included in the property, plant and equipment of the Group and the Company are plant and machineries and motor vehicles acquired under hire purchase agreements with carrying amounts of RM6,676,800 (2022: RM4,918,378) and RM2,136,655 (2022: RM538,601) respectively.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Right-of-use assets

Group	Leasehold land RM	Leasehold building RM	Buildings RM	Total RM
Cost				
At 1 April 2021	2,846,590	30,673,338	602,867	34,122,795
Additions	-	-	194,122	194,122
At 31 March 2022/1 April 2022	2,846,590	30,673,338	796,989	34,316,917
Additions	33,965,970	34,189,374	221,363	68,376,707
Derecognition	-	-	(19,302)	(19,302)
At 31 March 2023	36,812,560	64,862,712	999,050	102,674,322
Depreciation				
At 1 April 2021	778,873	6,099,322	302,570	7,180,765
Depreciation for the year	56,932	613,468	210,698	881,098
At 31 March 2022/1 April 2022	835,805	6,712,790	513,268	8,061,863
Depreciation for the year	56,932	613,466	229,976	900,374
At 31 March 2023	892,737	7,326,256	743,244	8,962,237
Carrying amounts				
At 1 April 2021	2,067,717	24,574,016	300,297	26,942,030
At 31 March 2022/1 April 2022	2,010,785	23,960,548	283,721	26,255,054
At 31 March 2023	35,919,823	57,536,456	255,806	93,712,085

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Right-of-use assets (continued)

Company	Leasehold land RM	Leasehold building RM	Buildings RM	Total RM
Cost				
At 1 April 2021	2,846,590	13,128,649	107,806	16,083,045
Additions	-	-	33,993	33,993
At 31 March 2022/1 April 2022	2,846,590	13,128,649	141,799	16,117,038
Additions	33,965,970	34,189,374	191,716	68,347,060
Derecognition	-	-	(19,302)	(19,302)
At 31 March 2023	36,812,560	47,318,023	314,213	84,444,796
Depreciation				
At 1 April 2021	778,873	3,204,447	49,353	4,032,673
Depreciation for the year	56,932	262,574	44,433	363,939
At 31 March 2022/1 April 2022	835,805	3,467,021	93,786	4,396,612
Depreciation for the year	56,932	262,573	64,266	383,771
At 31 March 2023	892,737	3,729,594	158,052	4,780,383
Carrying amounts				
At 1 April 2021	2,067,717	9,924,202	58,453	12,050,372
At 31 March 2022/1 April 2022	2,010,785	9,661,628	48,013	11,720,426
At 31 March 2023	35,919,823	43,588,429	156,161	79,664,413

Extension options

Certain lease contracts contain extension option exercisable before the end of the non-cancellable contract period. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within their control.

Significant judgements and assumptions in relation to lease

The Group and the Company apply significant judgement when assessing whether it is reasonably certain to exercise the extension options. The Group and the Company consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS

4. GOODWILL

	Group RM
Cost	
At 1 April 2021/31 March 2022/1 April 2022/31 March 2023	20,559,876
Accumulated impairment loss	
At 1 April 2021/31 March 2022/1 April 2022/31 March 2023	15,500,000
Carrying amount	
At 1 April 2021/31 March 2022/1 April 2022/31 March 2023	5,059,876

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.

During the current year under review, the Group has re-evaluated the recoverable amount and concluded that no further impairment loss is necessary nor any reversal of impairment loss previously made is required.

The values assigned to the key assumptions represents management's assessment of internal sources of historical data.

The above estimates are not particularly sensitive in any areas.

5. INVESTMENTS IN SUBSIDIARIES

	Note	Company RM
Cost		
At 1 April 2021/31 March 2022/1 April 2022/31 March 2023		31,456,804
Accumulated impairment loss		
At 1 April 2021/31 March 2022/1 April 2022/31 March 2023	5.1	(13,109,995)
Carrying amount		
At 1 April 2021/31 March 2022/1 April 2022/31 March 2023		18,346,809

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

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	
			2023	2022
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.	100%	100%
FAS Technology Solution Sdn. Bhd. [@]	Malaysia	Design and development of standard automated industrial equipment. The Company has temporarily ceased operations.	100%	100%
Genetec Global Technologies, Inc. ^{#, @}	United States of America	Dormant.	100%	100%
Genetec Technology (Shanghai) Private Limited ^{#, @}	China	Dormant.	100%	100%
Subsidiary of Genetec Global Technologies, Inc.				
IP Systems, Inc. ^{#, @}	United States of America	Dormant.	60%	60%

[#] Subsidiaries consolidated based on unaudited financial statements.

[@] Not audited by KPMG PLT.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

5.1 Accumulated impairment loss

	Company	
	2023	2022
	RM	RM
CLT Engineering Sdn. Bhd. ("CLTE")	12,900,000	12,900,000
FAS Manufacturing Sdn. Bhd. ("FASM")	149,998	149,998
FAS Technology Solution Sdn. Bhd. ("FAST")	59,997	59,997
	13,109,995	13,109,995

5.2 Non-controlling interests in subsidiaries

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

2023	CLTE	IP Systems, Inc.	Total
NCI percentage of ownership interest and voting interest	49%	40%	
Carrying amount of NCI (RM)	15,537,743	(6,208,845)	9,328,898
Profit allocated to NCI (RM)	1,254,090	-	1,254,090

Summarised financial information before intra-group elimination

As at 31 March	RM
Non-current assets	20,867,670
Current assets	30,950,087
Non-current liabilities	(7,690,546)
Current liabilities	(12,417,533)
Net assets	31,709,678

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

5.2 Non-controlling interests in subsidiaries (continued)

2023	CLTE		
Summarised financial information before intra-group elimination			
Year ended 31 March		RM	
Revenue	38,852,981		
Profit for the year	2,559,367		
Cash flows from operating activities	11,306,005		
Cash flows used in investing activities	(1,187,839)		
Cash flows used in financing activities	(4,505,510)		
Net increase in cash and cash equivalents	5,612,656		
2022			
	CLTE	IP Systems, Inc.	Total
NCI percentage of ownership interest and voting interest	49%	40%	
Carrying amount of NCI (RM)	14,283,652	(6,082,922)	8,200,730
Profit allocated to NCI (RM)	1,736,340	-	1,736,340
Summarised financial information before intra-group elimination			
As at 31 March		RM	
Non-current assets	21,456,541		
Current assets	30,103,185		
Non-current liabilities	(9,126,982)		
Current liabilities	(13,282,433)		
Net assets	29,150,311		
Year ended 31 March		RM	
Revenue	39,395,831		
Loss for the year	3,543,550		
Cash flows used in operating activities	(5,936,564)		
Cash flows used in investing activities	(4,277,917)		
Cash flows from financing activities	4,884,039		
Net decrease in cash and cash equivalents	(5,330,442)		

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN A JOINT VENTURE

On 6 October 2022, the Board of Directors of Genetec announced that it had entered into a Collaboration Agreement with Citaglobal Berhad (formerly known as WZ Satu Berhad) ("Citaglobal") a public listed company listed on the Main Market of Bursa Malaysia Securities Berhad (collectively referred to as the "Parties") to jointly establish a broad-based multi-angle and exclusive collaboration and strategic cooperation arrangement in connection with the development of battery energy storage system ("BESS") to store and manage excess power during the generation of the renewable energy. The Parties had set up a joint venture company named "Citaglobal Genetec BESS Sdn Bhd" ("CG BESS") (the "JV") on 19 January 2023 for the purpose of combining the respective unique resources, expertise, knowledge and experience of Genetec and its group of companies as well as Citaglobal and its group of companies in respect of the BESS projects which would create a platform to tap into the energy storage segment which is seen as defensive with good potential for growth. CG BESS has an initial issued share capital of RM1,000 comprising 1,000 ordinary shares. The Parties are equal shareholders of CG BESS with shareholding of fifty percent (50%) shares each in the JV.

	Group and Company	
	2023	2022
	RM	RM
Investment in shares	500	500

As at 31 March 2023, the JV has not commenced its operations.

7. INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Raw materials	1,006,315	800,741	749,475	510,873
Consumables	435,188	461,399	362,842	387,601
Work-in-progress	15,358,494	45,228,820	7,140,022	37,908,068
	16,799,997	46,490,960	8,252,339	38,806,542
Recognised in profit or loss:				
Inventories recognised as cost of sales	151,049,866	105,582,672	129,410,518	84,897,688
Write-down to net realisable value	169,164	58,280	169,164	58,280

The write-down is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2023		2022	
	Nominal value	Assets	Nominal value	Assets
	RM	RM	RM	RM
Group				
Derivatives held at fair value through profit or loss and represented at fair value:				
- Forward exchange contracts	64,537,500	175,241	69,918,060	271,992
Company				
Derivatives held at fair value through profit or loss and represented at fair value:				
- Forward exchange contracts	64,537,500	175,241	69,072,740	267,872

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 currency of respective 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.

9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Trade					
Trade receivables		119,168,756	154,884,851	108,297,119	139,684,310
Non-trade					
Other receivables	9.1	10,796,762	5,896,082	9,698,765	5,414,954
Amounts due from subsidiaries	9.2	-	-	5,347,450	5,317,018
Deposits		305,816	4,088,107	109,963	3,895,254
		11,102,578	9,984,189	15,156,178	14,627,226
Impairment loss on amounts due from subsidiaries	9.2	-	-	(4,891,057)	(4,880,796)
		11,102,578	9,984,189	10,265,121	9,746,430
		130,271,334	164,869,040	118,562,240	149,430,740

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES (continued)

9.1 Included in other receivables of the Group and the Company are advances to suppliers of RM9,196,283 (2022: RM5,413,370) and RM9,196,283 (2022: RM5,052,742) respectively.

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

10. CONTRACT ASSETS/(LIABILITIES)

	Group and Company	
	2023	2022
	RM	RM
Contract assets	48,067,635	-
Contract liabilities	(1,060,070)	-

The contract assets primarily relate to the Group and the Company's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed in the manner as established in the contracts with customers and payment is expected to be received based on agreed credit terms. The contract assets are reclassified as trade receivables when the rights to contract consideration become unconditional.

The contract liabilities primarily relate to the amount due from a customer for contract, which revenue is recognised overtime. The contract liabilities are expected to be recognised as revenue within 1 year.

11. OTHER INVESTMENT

	Group and Company	
	2023	2022
	RM	RM
At:		
Fair value through profit or loss	147,119,529	731,693

The amount represents placement in a unit trust fund ("Fund"), of which the market price per unit of the Fund as at 31 March 2023 was RM0.554 (2022: RM0.540). The Group and the Company held 265,414,991 (2022: 1,354,234) units of the Fund as at 31 March 2023.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	32,671,634	31,226,526	23,735,507	27,904,644

NOTES TO THE FINANCIAL STATEMENTS

13. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount	Number	Amount	Number
	2023	of shares	2022	of shares
	RM	2023	RM	2022
Ordinary shares, issued and fully paid:				
At beginning of financial year	88,215,115	681,961,800	68,759,932	45,639,300
Issued for cash pursuant to ESOS	-	-	4,024,557	2,247,100
Bonus issue	-	-	-	629,503,200
Issue of ordinary shares	177,992,029	68,196,180	15,430,626	4,572,200
At end of financial year	266,207,144	750,157,980	88,215,115	681,961,800

Note 13.1

13.1 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.

During the financial year, the Company issued 68,196,180 new ordinary shares at RM2.61 per ordinary share via a private placement to eligible investors for a total cash consideration of RM177,992,029. These issued shares rank equally in all respects with the existing shares of the Company.

13.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. The share option reserve in relation to the unexercised options will be transferred to retained earnings upon the expiry of the share option scheme. Further details of the share options are disclosed in Note 15.

13.3 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 Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current				
Hire purchase	3,643,513	3,369,423	1,279,271	382,079
Term loans (secured)	4,496,321	5,838,793	-	592,998
	8,139,834	9,208,216	1,279,271	975,077
Current				
Hire purchase	1,669,989	1,228,037	580,969	201,636
Revolving loans (secured)	8,545,500	13,163,700	8,545,500	13,163,700
Bankers' acceptances (secured)	35,444,378	72,954,310	34,874,510	69,910,877
Term loans (secured)	1,442,272	1,597,898	590,427	746,535
	47,102,139	88,943,945	44,591,406	84,022,748
	55,241,973	98,152,161	45,870,677	84,997,825

Security

The term loans, 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 3.1) and supported by a letter of negative pledge and corporate guarantee issued by the Company.

Loan covenants

The secured term loans of the Group and of the Company are subject to the compliance of the significant covenants set out at below:

- 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.

With respect to the covenants above, there was no breach of covenants during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (continued)

Hire purchase

Hire purchase is payable as follows:

Group	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2023	2023	2023	2022	2022	2022
	RM	RM	RM	RM	RM	RM
Less than one year	1,917,888	(247,899)	1,669,989	1,465,918	(237,881)	1,228,037
Between one and five years	3,885,230	(241,717)	3,643,513	3,670,038	(300,615)	3,369,423
	5,803,118	(489,616)	5,313,502	5,135,956	(538,496)	4,597,460
Company						
Less than one year	664,776	(83,807)	580,969	229,018	(27,382)	201,636
Between one and five years	1,367,036	(87,765)	1,279,271	403,352	(21,273)	382,079
	2,031,812	(171,572)	1,860,240	632,370	(48,655)	583,715

Reconciliation of movement of liabilities to cash flows arising from financing activities:

Group	Hire purchase	Lease liabilities	Bankers' acceptances - secured	Revolving loans - secured	Term loans - secured	Total liabilities from financing activities
	RM	RM	RM	RM	RM	RM
At 1 April 2021	2,073,478	313,724	6,386,456	2,000,000	7,847,170	18,620,828
Acquisition of new lease	-	194,122	-	-	-	194,122
Drawdown	3,472,000	-	124,982,938	11,163,700	816,000	140,434,638
Repayment	(948,018)	(209,065)	(58,415,084)	-	(1,226,479)	(60,798,646)
At 31 March 2022/1 April 2022	4,597,460	298,781	72,954,310	13,163,700	7,436,691	98,450,942
Acquisition of new lease	-	202,061	-	-	-	202,061
Drawdown	2,104,765	-	104,369,613	10,950,350	-	117,424,728
Repayment	(1,388,723)	(234,032)	(141,879,545)	(15,568,550)	(1,498,098)	(160,568,948)
At 31 March 2023	5,313,502	266,810	35,444,378	8,545,500	5,938,593	55,508,783

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (continued)

Hire purchase (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities: (continued)

Company	Hire purchase RM	Lease liabilities RM	Bankers' acceptances - secured RM	Revolving loans - secured RM	Term loans - secured RM	Total liabilities from financing activities RM
At 1 April 2021	197,407	60,196	6,386,456	2,000,000	2,062,316	10,706,375
Acquisition of new lease	-	33,993	-	-	-	33,993
Drawdown	580,000	-	118,861,430	11,163,700	-	130,605,130
Repayment	(193,692)	(45,074)	(55,337,009)	-	(722,783)	(56,298,558)
At 31 March 2022/1 April 2022	583,715	49,115	69,910,877	13,163,700	1,339,533	85,046,940
Acquisition of new lease	-	172,414	-	-	-	172,414
Drawdown	1,554,765	-	101,911,993	10,950,350	-	114,417,108
Repayment	(278,240)	(63,715)	(136,948,360)	(15,568,550)	(749,106)	(153,607,971)
At 31 March 2023	1,860,240	157,814	34,874,510	8,545,500	590,427	46,028,491

15. SHARE OPTION PROGRAMME

On 22 October 2020, the Group granted share options to eligible Directors and employees to subscribe for the ordinary shares in the Company pursuant to the Employees' Share Option Scheme approved by the shareholders of the Company on 27 August 2020.

The terms and conditions related to the grant of the share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date	Number of options	Vesting conditions	Options life
22 October 2020	34,733,400	None	5.00 years

The number and weighted average exercise prices of share options are as follows:

Grant Date	Weighted average exercise price RM	At 1.4.2022	Exercised	Forfeited	At 31.3.2023
22 October 2020	1.37/ [^] 0.11	34,733,400	-	-	34,733,400

[^] The Company completed its bonus issue exercise on 11 January 2022 and the exercise price has been adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE OPTION PROGRAMME (continued)

The fair value of share options granted, measured using a Black-Scholes model, with the following inputs:

	Group and Company 2023 and 2022
Fair value at grant date (RM)	0.421
Fair value subsequent to bonus issue (RM)	0.0324
Weighted average share price (RM)	3.96
Share price at grant date (RM)	1.58
Weighted volatility (weighted average volatility) (%)	14
Expected dividend (%)	0
Option life (expected weighted average life) (years)	5

16. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

Group	Assets		Liabilities		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	-	-	(3,599,238)	(2,320,608)	(3,599,238)	(2,320,608)
Provisions	1,446,802	2,159,771	-	-	1,446,802	2,159,771
Unutilised tax losses	3,743,696	3,369,311	-	-	3,743,696	3,369,311
Others	249,583	75,650	-	(336,047)	249,583	(260,397)
Tax assets/(liabilities)	5,440,081	5,604,732	(3,599,238)	(2,656,655)	1,840,843	2,948,077
Set off of tax	(2,793,068)	(1,845,759)	2,793,068	1,845,759	-	-
Net deferred tax assets/ (liabilities)	2,647,013	3,758,973	(806,170)	(810,896)	1,840,843	2,948,077
Company						
Property, plant and equipment	-	-	(2,780,905)	(1,488,660)	(2,780,905)	(1,488,660)
Provisions	1,446,802	2,123,771	-	-	1,446,802	2,123,771
Unutilised tax losses	3,743,696	3,369,311	-	-	3,743,696	3,369,311
Others	237,420	15,730	-	(261,179)	237,420	(245,449)
Tax assets/(liabilities)	5,427,918	5,508,812	(2,780,905)	(1,749,839)	2,647,013	3,758,973
Set off of tax	(2,780,905)	(1,749,839)	2,780,905	1,749,839	-	-
Net deferred tax assets/ (liabilities)	2,647,013	3,758,973	-	-	2,647,013	3,758,973

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Unrecognised deferred tax assets

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

	Group and Company	
	2023	2022
	RM	RM
Unutilised tax losses	15,598,733	14,038,797

The unutilised tax losses of the Group and the Company of RM15,598,733 (2022: RM14,038,797) expire in 2028 (2022: 2028) under the current tax legislation.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade				
Trade payables	29,007,029	22,657,429	20,152,005	14,844,557
Amount due to a subsidiary	-	-	1,135,817	3,051,659
	29,007,029	22,657,429	21,287,822	17,896,216
Non-trade				
Other payables	6,590,551	6,219,926	427,463	672,021
Accruals	917,597	5,035,791	791,832	4,856,794
	7,508,148	11,255,717	1,219,295	5,528,815
	36,515,177	33,913,146	22,507,117	23,425,031

The trade amount due to a subsidiary is unsecured, interest free and repayable on demand.

18. REVENUE

18.1 Disaggregation of revenue

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers				
Industrial automation products	294,591,456	223,559,348	259,198,336	194,330,349
Timing and recognition				
At a point in time	147,972,713	223,559,348	112,579,593	194,330,349
At over time	146,618,743	-	146,618,743	-
Total	294,591,456	223,559,348	259,198,336	194,330,349

NOTES TO THE FINANCIAL STATEMENTS

18. REVENUE (continued)

18.2 Nature of goods and services

Nature of goods and services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Industrial automation products	Revenue is recognised at a point in time when the products are delivered and acquired by the customers at their premises. Revenue is recognised overtime as cost incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed.	Based on the milestones, as established in contracts.	Not applicable.	Not applicable.	Assurance warranty that products will perform in accordance with the agreed specifications for a reasonable time period from the date of delivery.

18.3 Unsatisfied performance obligations

The unsatisfied performance obligations at the reporting date are expected to be fulfilled in the following periods based on the management's best estimations and on the assumption that there are no significant changes to the existing contractual periods and contract considerations.

	2023 RM	2022 RM
- Within one year	23,771,137	-

18.4 Significant judgements and assumptions arising from revenue recognition

The Group and the Company applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

The Group and the Company measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the project. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, the Group and the Company relied on past experiences and the assessment of its experienced team and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	300,486	304,205	59,599	95,703
- Hire purchase	283,593	191,604	55,736	8,089
- Interest expense on lease liabilities	12,743	16,046	4,289	2,326
- Bankers' acceptances	2,003,823	1,058,330	1,968,660	1,038,542
- Revolving loans	723,062	238,622	723,062	238,622
- Other finance costs	177,230	131,698	136,418	110,621
	3,500,937	1,940,505	2,947,764	1,493,903

20. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax expense				
- Current year	5,685,231	4,816,602	4,915,269	4,239,464
- Under/(Over) provision in prior years	219,908	(127,214)	228,929	(126,176)
	5,905,139	4,689,388	5,144,198	4,113,288
Deferred tax benefit				
- Origination and reversal of temporary differences	1,893,095	381,981	1,884,105	101,893
- Over provision in prior years	(785,860)	(913,194)	(772,145)	(124,993)
	1,107,235	(531,213)	1,111,960	(23,100)
Total tax expense	7,012,374	4,158,175	6,256,158	4,090,188

NOTES TO THE FINANCIAL STATEMENTS

20. TAX EXPENSE (continued)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Reconciliation of effective tax expense				
Profit for the year	67,887,315	58,136,301	65,163,120	54,592,311
Total tax expense	7,012,374	4,158,175	6,256,158	4,090,188
Profit excluding tax	74,899,689	62,294,476	71,419,278	58,682,499
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	17,975,925	14,950,674	17,140,627	14,083,800
Non-deductible expenses	1,200,096	376,544	1,205,758	169,713
Tax exempt income	(11,547,011)	(9,912,156)	(11,547,011)	(9,912,156)
Tax incentives	(50,684)	(216,479)	-	-
Over provision in prior years	(565,952)	(1,040,408)	(543,216)	(251,169)
Total tax expense	7,012,374	4,158,175	6,256,158	4,090,188

The Company was granted pioneer status tax incentive by the Malaysian Industrial Development Authority ("MIDA") in respect of its "Smart Factory Automation System and Related Modules for Autonomous and Electric Vehicle, i.e. slip control system and autonomous driving system" activities for a period of 5 years commencing 3 December 2019 to 2 December 2024.

By virtue of the pioneer status, the statutory income derived by the Company from the pioneer services during the pioneer period will be 70% tax exemption on its statutory income for a period of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

21. PROFIT FOR THE YEAR

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit for the year is arrived at after charging:				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	240,000	200,000	180,000	150,000
- Other auditors	5,000	5,000	-	-
Non-audit fees:				
- KPMG PLT	65,000	15,000	65,000	15,000
Material expenses/(income)				
Depreciation of property, plant and equipment	3,779,819	3,273,097	1,892,822	1,500,963
Net derivative loss/(gain):				
- realised	2,943,732	2,038	2,797,112	2,038
- unrealised	(175,241)	(271,992)	(175,241)	(267,872)
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	2,472,003	2,361,630	1,900,869	1,838,469
- Wages, salaries and others	25,616,459	25,124,772	17,320,108	16,848,234
Write-down of inventories	169,164	58,280	169,164	58,280
Interest income	(303,193)	(36,247)	(241,137)	(32,483)
(Gain)/Loss on disposal of property, plant and equipment, net	(15,038)	(999)	3,546	(999)
Property, plant and equipment written off	6,060	-	6,060	-
Loss/(Gain) on disposal of other investment	436,240	(154,016)	436,240	(154,016)
Fair value gain on other Investment:				
- unrealised	(1,324,076)	(5,417)	(1,324,076)	(5,417)
Net (gain)/loss on foreign exchange:				
- realised	(4,647,391)	(71,852)	(3,658,269)	(85,378)
- unrealised	106,312	(805,703)	46,400	(752,824)
Rental income	(726,000)	(726,000)	-	-
Expenses arising from leases				
Expenses relating to leases of low value assets	35,899	45,712	19,800	30,740
Net loss on impairment of financial instruments				
Financial assets at amortised cost				
Impairment loss:				
- Amounts due from subsidiaries	-	-	10,261	12,367

NOTES TO THE FINANCIAL STATEMENTS

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors:				
- Remuneration	2,048,059	3,359,716	1,533,909	2,825,791
- Fees	312,000	246,000	312,000	246,000
- Other short-term employee benefits	87,729	102,575	27,729	42,575
	2,447,788	3,708,291	1,873,638	3,114,366
Other key management personnel	1,610,592	3,626,574	1,610,592	3,626,574
	4,058,380	7,334,865	3,484,230	6,740,940

23. EARNINGS PER ORDINARY SHARE

Basic earning per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2023 was based on the earnings attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023	2022
	RM	RM
Earnings for the year attributable to owners of the Company:	66,633,225	56,399,961
Beginning of year	681,961,800	45,639,300
Issuance of ordinary shares	8,335,089	5,739,266
Effect of bonus issue	-	629,503,200
Weighted average number of ordinary shares	690,296,889	680,881,766
	2023	2022
	Sen	Sen
Basic earnings per ordinary share	9.65	8.28

NOTES TO THE FINANCIAL STATEMENTS

23. EARNINGS PER ORDINARY SHARE (continued)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March 2023 was based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2023	2022
Weighted average number of ordinary shares	690,296,889	680,881,766
Effect of share options outstanding	33,150,029	32,850,367
Weighted average number of ordinary shares at 31 March (diluted)	723,446,918	713,732,133

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

	2023	2022
	Sen	Sen
Diluted earnings per ordinary share	9.21	7.90

24. 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 presented based on geographical locations of customers.

Geographical information

	Revenue	
Group	2023	2022
	RM	RM
Domestic	9,175,269	9,422,134
Asia	31,194,563	28,679,679
Europe	97,959,953	49,521,007
North America	156,261,671	135,936,528
	294,591,456	223,559,348

NOTES TO THE FINANCIAL STATEMENTS

24. OPERATING SEGMENT (continued)

Major customers

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

2023	Revenue RM
All common control companies of:	
- Customer A*	35,057,552
- Customer B*	156,411,129
- Customer C*	98,371,502
2022	Revenue RM
All common control companies of:	
- Customer A*	23,918,338
- Customer B*	24,394,263
- Customer C*	163,872,198

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

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

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

- (a) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9
 - Designated upon initial recognition ("DUIR")
- (b) Amortised cost ("AC")

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.1 Categories of financial instruments (continued)

Group	Carrying Amount RM	AC RM	Mandatorily at FVTPL RM	FVTPL - DUIR RM
2023				
Financial assets				
Derivative financial assets	175,241	-	175,241	-
Trade and other receivables [^]	121,075,052	121,075,052	-	-
Other investment	147,119,529	-	-	147,119,529
Cash and cash equivalents	32,671,634	32,671,634	-	-
	301,041,456	153,746,686	175,241	147,119,529
Financial liabilities				
Loans and borrowings	(55,241,973)	(55,241,973)	-	-
Trade and other payables	(36,515,177)	(36,515,177)	-	-
	(91,757,150)	(91,757,150)	-	-
2022				
Financial assets				
Derivative financial assets	271,992	-	271,992	-
Trade and other receivables [^]	159,455,670	159,455,670	-	-
Other investment	731,693	-	-	731,693
Cash and cash equivalents	31,226,526	31,226,526	-	-
	191,685,881	190,682,196	271,992	731,693
Financial liabilities				
Loans and borrowings	(98,152,161)	(98,152,161)	-	-
Trade and other payables	(33,913,146)	(33,913,146)	-	-
	(132,065,307)	(132,065,307)	-	-

[^] Exclude advances to suppliers

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.1 Categories of financial instruments (continued)

Company	Carrying Amount RM	AC RM	Mandatorily at FVTPL RM	FVTPL - DUIR RM
2023				
Financial assets				
Derivative financial assets	175,241	-	175,241	-
Trade and other receivables [^]	109,365,957	109,365,957	-	-
Other investment	147,119,529	-	-	147,119,529
Cash and cash equivalents	23,735,507	23,735,507	-	-
	280,396,234	133,101,464	175,241	147,119,529
Financial liabilities				
Loans and borrowings	(45,870,677)	(45,870,677)	-	-
Trade and other payables	(22,507,117)	(22,507,117)	-	-
	(68,377,794)	(68,377,794)	-	-
2022				
Financial assets				
Derivative financial assets	267,872	-	267,872	-
Trade and other receivables [^]	144,377,998	144,377,998	-	-
Other investment	731,693	-	-	731,693
Cash and cash equivalents	27,904,644	27,904,644	-	-
	173,282,207	172,282,642	267,872	731,693
Financial liabilities				
Loans and borrowings	(84,997,825)	(84,997,825)	-	-
Trade and other payables	(23,425,031)	(23,425,031)	-	-
	(108,422,856)	(108,422,856)	-	-

[^] Exclude advances to suppliers

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net (losses)/gains arising on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	(2,768,491)	429,387	(2,621,871)	425,267
- Designated upon initial recognition ("DUIR")	1,324,076	5,417	1,324,076	5,417
Financial assets measured at amortised cost	5,174,102	951,830	4,154,199	895,949
Financial liabilities measured at amortised cost	(3,830,767)	(1,978,533)	(3,259,218)	(1,531,534)
	(101,080)	(591,899)	(402,814)	(204,901)

25.3 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

25.4 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.

25.4.1 Receivables and contract assets

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.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.4 Credit risk (continued)

25.4.1 Receivables and contract assets (continued)

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 and contract assets are represented by the carrying amounts in the statement of financial position.

The Group has concentration of credit risk through the Group's two major customers which represent 93% (2022: 89%) of total trade receivables and one major customer with represents 100% (2022: Nil) of total contract assets. 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.

The credit risk exposure of trade receivables and contract assets as at the end of the reporting period by geographic region were:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Domestic	4,519,800	3,200,957	403,557	362,145
Asia	10,161,400	20,141,087	3,424,476	7,779,358
Europe	20,258,091	48,415,337	20,258,091	48,415,337
North America	132,297,100	83,127,470	132,278,630	83,127,470
	167,236,391	154,884,851	156,364,754	139,684,310

Impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.4 Credit risk (continued)

25.4.1 Receivables and contract assets (continued)

Impairment losses (continued)

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables and contract assets as at 31 March 2023.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
2023			
Not past due	16,072,019	-	16,072,019
Past due 1 - 30 days	1,847,641	-	1,847,641
Past due more than 30 days	101,475,482	(226,386)	101,249,096
	119,395,142	(226,386)	119,168,756
Trade receivables	119,395,142	(226,386)	119,168,756
Contracts assets	48,067,635	-	48,067,635
	167,462,777	(226,386)	167,236,391
2022			
Not past due	32,716,677	-	32,716,677
Past due 1 - 30 days	23,157,720	-	23,157,720
Past due more than 30 days	99,236,840	(226,386)	99,010,454
	155,111,237	(226,386)	154,884,851

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.4 Credit risk (continued)

25.4.1 Receivables and contract assets (continued)

Impairment losses (continued)

Company	Gross carrying amount RM	Loss allowance RM	Net balance RM
2023			
Not past due	9,909,289	-	9,909,289
Past due 1 - 30 days	108,442	-	108,442
Past due more than 30 days	98,505,774	(226,386)	98,279,388
	108,523,505	(226,386)	108,297,119
Trade receivables	108,523,505	(226,386)	108,297,119
Contracts assets	48,067,635	-	48,067,635
	156,591,140	(226,386)	156,364,754
2022			
Not past due	27,972,782	-	27,972,782
Past due 1 - 30 days	18,824,706	-	18,824,706
Past due more than 30 days	93,113,208	(226,386)	92,886,822
	139,910,696	(226,386)	139,684,310

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

	Group RM	Company RM
Balance at 1 April 2021/31 March 2022/ 1 April 2022/31 March 2023	226,386	226,386

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 probable, the amount considered irrecoverable is written off against the receivables.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.4 Credit risk (continued)

25.4.2 Bank balances placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Bank balances placed with licensed banks of the Group and the Company arise as part of the requirements for working capital management purposes. These banks have low credit risks. In addition, some of the bank balances are insured by government agency. Consequently, the management does not expect the licensed banks and financial institutions 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. The maximum exposure to credit risk is represented by the carrying amounts in the statement 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, accordingly, loss allowance is not provided for.

25.4.3 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

During the year, an additional allowance for impairment losses on amounts due from subsidiaries of RM10,261 (2022: RM12,367) was made. The accumulated impairment losses at end of the reporting period was RM4,891,057 (2022: RM4,880,796).

25.4.4 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.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.4 Credit risk (continued)

25.4.4 Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM35,500,000 (2022: RM35,500,000) 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.

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

25.4.5 Other receivables

Credit risks on other receivables mainly relate to deposits paid for buildings rented. These deposits will be received at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

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.

There is no impairment loss on other receivables being recognised as at the end of the reporting period.

25.5 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.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.5 Liquidity risk (continued)

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/ Discount rate	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
		%					
2023							
<i>Non-derivative financial liabilities</i>							
Hire purchase	5,313,502	2.02 - 3.45	5,803,118	1,917,888	1,838,504	2,046,726	-
Lease liabilities	266,810	3.36 - 5.37	275,237	179,144	73,293	22,800	-
Secured term loans	5,938,593	2.45 - 7.00	6,970,793	1,692,598	863,043	2,116,644	2,298,508
Bankers' acceptances	35,444,378	4.10 - 6.86	36,193,549	36,193,549	-	-	-
Revolving loans	8,545,500	5.41 - 6.81	8,625,186	8,625,186	-	-	-
Trade and other payables	36,515,177	-	36,515,177	36,515,177	-	-	-
	92,023,960		94,383,060	85,123,542	2,774,840	4,186,170	2,298,508
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	64,537,500	64,537,500	-	-	-
Inflow	(175,241)	-	(64,712,741)	(64,712,741)	-	-	-
	91,848,719		94,207,819	84,948,301	2,774,840	4,186,170	2,298,508

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM	Contractual interest rate/ Discount rate %	Contractual cash flows RM	Under 1	1 – 2	2 – 5	More
				year	years	years	than
				RM	RM	RM	5 years RM
2022							
<i>Non-derivative financial liabilities</i>							
Hire purchase	4,597,460	2.26 - 3.40	5,135,956	1,465,918	1,342,440	2,327,598	-
Lease liabilities	298,781	3.63 - 5.57	310,612	213,333	84,696	12,583	-
Secured term loans	7,436,691	2.45 - 5.49	8,520,105	1,880,127	1,662,097	2,095,286	2,882,595
Bankers' acceptances	72,954,310	1.45 - 3.98	73,736,658	73,736,658	-	-	-
Revolving loans	13,163,700	2.60 - 3.73	13,272,623	13,272,623	-	-	-
Trade and other payables	33,913,146	-	33,913,146	33,913,146	-	-	-
	132,364,088		134,889,100	124,481,805	3,089,233	4,435,467	2,882,595
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	69,646,068	69,646,068	-	-	-
Inflow	(271,992)	-	(69,918,060)	(69,918,060)	-	-	-
	132,092,096		134,617,108	124,209,813	3,089,233	4,435,467	2,882,595

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate/ Discount rate %	Contractual cash flows RM	Under 1 Year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2023							
<i>Non-derivative financial liabilities</i>							
Hire purchase	1,860,240	2.26 - 3.45	2,031,812	664,776	647,239	719,797	-
Lease liabilities	157,814	3.36 - 5.57	163,500	91,500	49,200	22,800	-
Secured term loans	590,427	7.00	611,638	611,638	-	-	-
Bankers' acceptances	34,874,510	4.10 - 6.86	35,618,384	35,618,384	-	-	-
Revolving loans	8,545,500	5.41 - 6.81	8,625,186	8,625,186	-	-	-
Trade and other payables	22,507,117	-	22,507,117	22,507,117	-	-	-
Financial guarantees	-	-	35,500,000	35,500,000	-	-	-
	68,535,608		105,057,637	103,618,601	696,439	742,597	-
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	64,537,500	64,537,500	-	-	-
Inflow	(175,241)	-	(64,712,741)	(64,712,741)	-	-	-
	68,360,367		104,882,396	103,443,360	696,439	742,597	-

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate/ Discount rate		Contractual cash flows RM	Under 1 Year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
			%					
2022								
<i>Non-derivative financial liabilities</i>								
Hire purchase	583,715	2.37 - 2.95	632,370	229,018	210,444	192,908	-	-
Lease liabilities	49,115	3.63 - 5.57	50,800	38,400	12,400	-	-	-
Secured term loans	1,339,533	5.49	1,430,349	816,309	614,040	-	-	-
Bankers' acceptances	69,910,877	1.45 - 3.98	70,672,686	70,672,686	-	-	-	-
Revolving loans	13,163,700	2.60 - 3.73	13,272,623	13,272,623	-	-	-	-
Trade and other payables	23,425,031	-	23,425,031	23,425,031	-	-	-	-
Financial guarantees	-	-	35,500,000	35,500,000	-	-	-	-
	108,471,971		144,983,859	143,954,067	836,884	192,908	-	-
<i>Derivative financial liabilities</i>								
Forward exchange contracts (gross settled):								
Outflow	-	-	68,804,868	68,804,868	-	-	-	-
Inflow	(267,872)	-	(69,072,740)	(69,072,740)	-	-	-	-
	108,204,099		144,715,987	143,686,195	836,884	192,908	-	-

25.6 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.

25.6.1 Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.6 Market risk (continued)

25.6.1 Currency risk (continued)

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.

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:

Group	Trade receivables RM	Cash and cash equivalents RM	Forward exchange contracts on sales RM	Trade payables RM	Total RM
2023					
Denominated in					
USD	114,539,815	7,220,058	175,241	(1,753,175)	120,181,939
SGD	54,402	-	-	(963,131)	(908,729)
THB	-	6,216	-	(843,895)	(837,679)
2022					
Denominated in					
USD	151,683,894	19,740,418	271,992	(855,125)	170,841,179
SGD	-	-	-	(840,277)	(840,277)
THB	-	5,000	-	(740,969)	(735,969)
Company					
2023					
Denominated in					
USD	107,838,723	1,617,263	175,241	(1,278,182)	108,353,045
SGD	-	-	-	(322,930)	(322,930)
THB	-	2,040	-	(843,895)	(841,855)
2022					
Denominated in					
USD	139,322,165	18,278,424	267,872	(616,296)	157,252,165
SGD	-	-	-	(5,437)	(5,437)
THB	-	-	-	(740,969)	(740,969)

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.6 Market risk (continued)

25.6.1 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% (2022: 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
USD	(9,133,827)	(12,983,930)	(8,234,831)	(11,951,165)
SGD	69,063	63,861	24,543	413
THB	63,664	55,934	63,981	56,314

A 10% (2022: 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.

25.6.2 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 adopt a policy of investing and borrowing in both fixed rate and floating rate instruments. The fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rate except for short term borrowings. The Group's and the Company's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rate.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.6 Market risk (continued)

25.6.2 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fixed rate instruments				
Financial liabilities	(41,024,690)	(77,850,551)	(36,892,564)	(70,543,707)
Floating rate instruments				
Financial liabilities	(14,484,093)	(20,600,391)	(9,135,927)	(14,503,233)

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
	2023	2023	2022	2022
	RM	RM	RM	RM
Group				
Floating rate instruments	(11,008)	11,008	(15,656)	15,656
Company				
Floating rate instruments	(6,943)	6,943	(11,022)	11,022

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.6 Market risk (continued)

25.6.3 Other price risk

Equity price risk arises from the Group's investments in unit trust fund.

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% (2022: 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 RM11,181,084 (2022: RM55,609). A 10% (2022: 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.

25.7 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.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.7 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023										
Financial assets										
Forward exchange contracts	-	175,241	-	175,241	-	-	-	-	175,241	175,241
Other investment	-	147,119,529	-	147,119,529	-	-	-	-	147,119,529	147,119,529
	-	147,294,770	-	147,294,770	-	-	-	-	147,294,770	147,294,770
Financial liabilities										
Term loans – secured	-	-	-	-	-	-	(5,938,593)	(5,938,593)	(5,938,593)	(5,938,593)
Hire purchase	-	-	-	-	-	-	(5,462,192)	(5,462,192)	(5,462,192)	(5,313,502)
	-	-	-	-	-	-	(11,400,785)	(11,400,785)	(11,400,785)	(11,252,095)
2022										
Financial assets										
Forward exchange contracts	-	271,992	-	271,992	-	-	-	-	271,992	271,992
Other investment	-	731,693	-	731,693	-	-	-	-	731,693	731,693
	-	1,003,685	-	1,003,685	-	-	-	-	1,003,685	1,003,685
Financial liabilities										
Term loans – secured	-	-	-	-	-	-	(7,436,691)	(7,436,691)	(7,436,691)	(7,436,691)
Hire purchase	-	-	-	-	-	-	(4,791,857)	(4,791,857)	(4,791,857)	(4,597,460)
	-	-	-	-	-	-	(12,228,548)	(12,228,548)	(12,228,548)	(12,034,151)

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023										
Financial assets										
Forward exchange contracts	-	175,241	-	175,241	-	-	-	-	175,241	175,241
Other investment	-	147,119,529	-	147,119,529	-	-	-	-	147,119,529	147,119,529
	-	147,294,770	-	147,294,770	-	-	-	-	147,294,770	147,294,770
Financial liabilities										
Term loans - secured	-	-	-	-	-	-	(590,427)	(590,427)	(590,427)	(590,427)
Hire purchase	-	-	-	-	-	-	(1,922,548)	(1,922,548)	(1,922,548)	(1,860,240)
	-	-	-	-	-	-	(2,512,975)	(2,512,975)	(2,512,975)	(2,450,667)
2022										
Financial assets										
Forward exchange contracts	-	267,872	-	267,872	-	-	-	-	267,872	267,872
Other investment	-	731,693	-	731,693	-	-	-	-	731,693	731,693
	-	999,565	-	999,565	-	-	-	-	999,565	999,565
Financial liabilities										
Term loans - secured	-	-	-	-	-	-	(1,339,533)	(1,339,533)	(1,339,533)	(1,339,533)
Hire purchase	-	-	-	-	-	-	(602,153)	(602,153)	(602,153)	(583,715)
	-	-	-	-	-	-	(1,941,686)	(1,941,686)	(1,941,686)	(1,923,248)

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (continued)

25.7 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 (2022: 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.
- Hire purchase - The fair value of hire purchase are estimated based on discounted cash flows using prevailing market rates of similar lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

26. 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 2023 and 31 March 2022 were as follows:

	Note	Group	
		2023 RM	2022 RM
Total loans and borrowings	14	55,241,973	98,152,161
Less: Cash and cash equivalents	12	(32,671,634)	(31,226,526)
		22,570,339	66,925,635
Total equity		406,297,540	160,795,186
Debt-to-equity ratio		0.06	0.42

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

The significant loan covenants of the Group and the Company are disclosed in Note 14. There was no breach of covenants during the financial year.

27. 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	
	2023 RM	2022 RM
Guarantees given to financial institutions for banking facilities granted to a subsidiary	35,500,000	35,500,000

NOTES TO THE FINANCIAL STATEMENTS

28. 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.

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 affiliate 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 22, are shown below. The balances related to the below transactions are shown in Notes 9 and 17. The impairment loss made on the balances with related parties is disclosed in Note 9.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
Purchases	-	-	3,459,861	10,166,832
Subsidiaries of an affiliate company				
Purchases [@]	4,926,317	1,260,941	4,661,101	957,488
Company in which certain Directors of the Company have interests				
Purchases [#]	587,669	1,082,132	-	-

[@] As at 31 March 2023, the balances outstanding owing to subsidiaries of an affiliate company who is owned by a substantial shareholder, KVC Industrial Supplies Sdn. Bhd. and TSA Industries Sdn. Bhd. are RM2,364,934 (2022: RM522,143) and RM35,876 (2022: RM27,229) respectively.

[#] As at 31 March 2023, the balance outstanding owing to a Company in which certain Directors of the Company have interests, MP Precision Sdn. Bhd. is Nil (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

29. SIGNIFICANT EVENTS

(a) Acquisition of property, plant and equipment

On 26 May 2022, the Company entered into a conditional sale and purchase agreement for the acquisition of a piece of 99-year leasehold land held under individual title H.S.(D) 52695, PT No. 40844, Town of Bandar Baru Bangi, District of Ulu Langat, State of Selangor measuring approximately 6.348 hectares together with erected buildings from Utusan Melayu (Malaysia) Berhad (which is currently under creditors' voluntary liquidation) for a total cash consideration of RM53,000,000. The Group capitalised RM68,155,344 into property, plant and equipment which includes legal fees and stamp duty on memorandum of transfer amounting to RM2,155,344 and RM13,000,000 of agency fees paid. The purpose of the acquisition is for additional factory space to cater for the expansion of the Group's manufacturing facilities to accommodate the increase in demand from its existing key customers particularly from the Electric Vehicle and Energy Storage segments.

The sale and purchase agreement was completed on 23 March 2023.

(b) Application for transfer of listing from ACE market to Main market

On 1 March 2023, the Company proposed to undertake:

- (i) Proposed transfer of the listing and quotation of the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer").
- (ii) Proposed amendments to the constitution of the Company to facilitate the implementation of the Proposed Transfer ("Proposed Amendments")

The Proposed Transfer and the Proposed Amendments are collectively referred to as the "Proposals".

On 16 March 2023, the Company announced that the Company's existing constitution is in compliance with the Main Market Listing Requirements of Bursa Securities as advised by the legal adviser appointed for the Proposals. Therefore, the Proposed Amendments will not be made for the purposes of the Proposed Transfer.

The application for the Proposed Transfer is currently being reviewed by the Securities Commission.

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 54 to 126 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 2023 and of their financial performance and cash flows for the financial year then ended.

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

Chin Kem Weng
Director

Sow Ewe Lee
Director

Bandar Baru Bangi, Selangor

Date: 20 July 2023

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 54 to 126 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 at Kuala Lumpur in the State of Federal Territory on 20 July 2023.

Tan Kon Hoan

Before me:

Alizahwati Binti Atan
No. W811
Commissioners for oaths
Kuala Lumpur
Federal Territory

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad
(Registration No. 199701030038 (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 2023 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 54 to 126.

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 2023 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' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("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 18 to the financial statements and Note 2(n)(i) - significant accounting policy.

The key audit matter

Revenue from sales of industrial automation products is accounted for either over time or at a point in time recognition, depending on the timing when the controls of the products are passed to customers. The stage of completion for those revenue recognised overtime is determined by reference to the actual contract costs incurred for work performed to-date bear to the total estimated project costs.

For the financial year ended 31 March 2023, the total revenue of the Group from sales of industrial automation products recognised over time and point in time by the Group is RM147 million (50%) and RM148 million (50%) respectively. As for the Company, the total revenue recognised over time and point in time is RM147 million (57%) and RM112 million (43%) respectively.

We focused on this area as a key audit matter due to the degree of judgement involved in the estimation of cost to complete over the project life and a risk that revenue might be overstated because of the pressure on the Group and the Company to achieve performance targets.

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad
(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**(i) Revenue recognition** (continued)**How the matter was addressed in our audit**

Our procedures included, amongst others, evaluating revenue recognition accounting policies of the Group and the Company 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 have read the correspondences with customers and the key clauses of the signed contracts to identify relevant contractual terms.

For over time revenue recognition, we have obtained the list of ongoing and completed projects, where we checked the projects on sample basis, for the followings:

- (i) agreed contract value to signed purchase orders and confirmation from third party;
- (ii) performed site visits and held discussions with project teams;
- (iii) compared prior year budgets and actual costs incurred and enquired on any material variance identified;
- (iv) challenged the basis of estimations applied in regard to the required cost to complete the contracts by comparing to certain completed projects and assessed whether there were biasness in estimating these costs.
- (v) evaluated the historical accuracy of estimation process by comparing actual costs with the estimated costs that had previously been estimated.

For point in time revenue recognition, we have performed the followings:

- (i) tested sales transactions recognised in the current financial year by agreeing the transactions to the delivery documents.
- (ii) tested sales transactions recognised both before and after the reporting date to assess whether revenue was recognised in the appropriate financial periods.
- (iii) obtained written confirmation from certain trade receivables on outstanding balances and performed alternative procedures for non-replies by checking the sales invoices to the delivery documents.
- (iv) 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 disclosures in the financial statements in respect of revenue.

INDEPENDENT AUDITORS' REPORT

To the Members of Genetec Technology Berhad
(Registration No. 199701030038 (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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing.

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 the Company that 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 the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the Directors are responsible for assessing the ability of the Group and 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
(Registration No. 199701030038 (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, actions taken to eliminate threats or safeguards applied.

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
(Registration No. 199701030038 (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 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

Petaling Jaya, Selangor

Date: 20 July 2023

Chong Dee Shiang
Approval Number: 02782/09/2024J
Chartered Accountant

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

As at 31 March 2023

No.	Address	Approximate tenure/Year of expiry	Description/ Existing use	Land area/ Built-up area (sq. ft.)	Net book value @ 31.03.2023 (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	9,683	15	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	1,670	18	20 March 2006
3.	Lot 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan.	99 years expiring in 2090	Leasehold 1½ - storey office and factory	81,911/ 49,217	13,948	33	15 June 2011
4.	Lot 6, Jalan P/10, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	99 years expiring in 2098	Leasehold/ 2 storey to 4 storey production cum office building	683,293/ 301,509	68,155	24	26 May 2022

ADDITIONAL COMPLIANCE INFORMATION

1) UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

Private Placement

As at 24 July 2023, the proposed and actual utilisation of RM177,992,029 proceeds raised from the issuance for a total of 68,196,180 new ordinary shares at issue price per placement share of RM2.61 pursuant to the Private Placement, which was completed on 15 February 2023 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Available for Utilisation RM'000	Expected Utilisation Time Frame
Expansion of manufacturing facilities	94,000	78,774	15,226	Within 24 months
Working capital requirements	80,992	27,213	53,779	Within 24 months
Estimated expenses in relation to the Private Placement	3,000	3,000	-	Within 1 month
Total	177,992	108,987	69,005	

2) EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an extraordinary general meeting held on 27 August 2020, the Company's shareholders approved the establishment of ESOS of not more than 15% of the total number of issue shares of the Company at any point in time during the tenure of the ESOS, to eligible Directors and employees of the Group. A total of 6,594,000 options with exercise price of RM1.37 were granted and accepted pursuant to the ESOS. The exercise price of the options was adjusted to RM0.11 arising from the bonus issue of 629,503,200 ordinary shares listed on 11 January 2022.

The information in relation to the ESOS is as follows:

	FYE 2023
Outstanding options or shares as at 1 April 2022	34,733,400
Total number of options or shares granted during the year	-
Total number of options or shares exercised during the year	-
Total number of options or shares forfeited during the year	-
Outstanding options or shares as at 31 March 2023	34,733,400

Options granted to the Directors including the Managing Director:

	FYE 2023
Outstanding options or shares as at 1 April 2022	20,280,000
Aggregate options or shares granted during the year	-
Aggregate options or shares exercised during the year	-
Aggregate options or shares outstanding as at 31 March 2023	20,280,000

ADDITIONAL COMPLIANCE INFORMATION

2) EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

Options granted to Directors and Senior Management:

	FYE 2023
Aggregate maximum allocation in percentage	70.0%
Actual percentage granted	59.4%

All Non-Executive Directors have had fully exercised their options in the previous financial year.

3) 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 Group and by the Company for services rendered were as follows:

	Group (RM)	Company (RM)
Audit fee	245,000	180,000
Non-audit fee	65,000	65,000

4) 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.

ADDITIONAL COMPLIANCE INFORMATION

5) RECURRENT RELATED PARTY TRANSACTION

The significant recurrent related party transactions conducted during the financial year ended 31 March 2023 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	3,459,861
2.	KVC Industrial Supplies Sdn Bhd (" KVC ")	Chen Khai Voon is a Major Shareholder of Genetec (via his shareholdings in Genetec and KVC Corporation Sdn. Bhd. (" KVC Corp "). He is also a Director and an indirect Major Shareholder of KVC (via his direct shareholdings in KVC Corp and indirect shareholdings in KVC Properties Sdn. Bhd. and Sonepar Malaysia Sdn. Bhd.) KVC Corp is a person connected to Chen Khai Voon, a Major Shareholder of Genetec and also an Indirect Major Shareholder of KVC (via its direct shareholdings in KVC Properties Sdn. Bhd. and indirect shareholdings in Sonepar Malaysia Sdn. Bhd.)	Purchase of industrial products	4,722,272
3.	TSA Industries Sdn Bhd (" TSA ")	Chen Khai Voon is a Major Shareholder of Genetec (via his shareholdings in Genetec and KVC Corp). He is also an indirect Major Shareholder of TSA (via his direct shareholdings in KVC Corp and indirect shareholdings in KVC Properties Sdn. Bhd.) KVC Corp is a person connected to Chen Khai Voon, a Major Shareholder of Genetec and also an indirect Major Shareholder of TSA (via its direct shareholdings in KVC Properties Sdn. Bhd.)	Purchase of industrial hardware	204,045
4.	MP Precision Sdn Bhd (" MP ")	Tan Moon Teik is a Director and Major Shareholder of CLT. He is also a Major Shareholder of MP	Purchase of fabrication parts	587,669

ANALYSIS OF SHAREHOLDINGS

As at 24 July 2023

Total number of issued shares	:	756,670,980
Class of shares	:	Ordinary Shares
Voting rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
1 – 99	56	0.73	1,736	0.00
100 – 1,000	1,681	21.89	1,184,602	0.16
1,001 – 10,000	4,094	53.31	17,346,239	2.29
10,001 – 100,000	1,415	18.42	44,107,061	5.83
100,001 – 37,833,548 (*)	432	5.62	608,209,342	80.38
37,833,549 and above (**)	2	0.03	85,822,000	11.34
Total	7,680	100.00	756,670,980	100.00

Remarks : * Less than 5% of issued shares
 ** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Chen Khai Voon	45,688,300	6.04	46,740,200 *	6.18
Chin Kem Weng	52,682,565	6.96	-	-
KVC Corporation Sdn Bhd	46,740,200	6.18	-	-
Tan Moon Teik	39,081,800	5.16	-	-

Note : * Deemed interested through KVC Corporation Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

As at 24 July 2023

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

Name	Direct Interest		Indirect Interest	
	No. of shares held	%	No. of shares held	%
Chin Kem Weng	52,682,565	6.96	-	-
Sow Ewe Lee	5,200,000	0.69	-	-
Tan Moon Teik	39,081,800	5.16	-	-
Hew Voon Foo	1,300,000	0.17	-	-
Ong Phoe Be	836,100	0.11	-	-
Dato' Jeeventhiran a/l Ramanaidu	100,000	0.01	-	-
Allen Lik-Hook Ting	539,400	0.07	-	-

Employees' Share Option Scheme

Name	No. of Options	%
Chin Kem Weng	7,280,000	0.96
Sow Ewe Lee	6,500,000	0.86
Tan Moon Teik	-	-
Hew Voon Foo	-	-
Ong Phoe Be	-	-
Dato' Jeeventhiran a/l Ramanaidu	-	-
Allen Lik-Hook Ting	-	-

30 LARGEST SHAREHOLDERS

No.	Name	No. of shares held	Percentage (%)
1	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD <i>PLEDGED SECURITIES ACCOUNT FOR KVC CORPORATION SDN BHD</i>	46,740,200	6.18
2	TAN MOON TEIK	39,081,800	5.16
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR CHIN KEM WENG (PB)</i>	35,000,000	4.63
4	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND</i>	29,200,000	3.86
5	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON</i>	28,000,000	3.70
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)</i>	17,968,100	2.37
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON</i>	17,688,300	2.34

ANALYSIS OF SHAREHOLDINGS

As at 24 July 2023

30 LARGEST SHAREHOLDERS (continued)

No.	Name	No. of shares held	Percentage (%)
8	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR KGI SECURITIES (SINGAPORE) PTE. LTD.</i>	17,650,400	2.33
9	CHIN KEM WENG	13,932,565	1.84
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BORAD (F TEMPLETON)</i>	11,460,200	1.51
11	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK BERHAD (EDP 2)</i>	11,107,000	1.47
12	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND</i>	9,695,000	1.28
13	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD <i>MAYBANK SECURITIES PTE LTD FOR THANA RATNAUBONCHAI</i>	8,634,600	1.14
14	TAN MOON CHONG	8,207,600	1.08
15	PUBLIC INVEST NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)</i>	7,966,200	1.05
16	AMANAHRAYA TRUSTEES BERHAD <i>AC PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND</i>	7,417,900	0.98
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BORAD (AMUNDI)</i>	7,130,200	0.94
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR TAN KON HOAN (PB)</i>	7,033,000	0.93
19	LEONG KAH KONG	6,809,300	0.90
20	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)</i>	5,900,100	0.78
21	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND</i>	5,869,300	0.78
22	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS EUR SE FOR UBS (LUX) KEY SELECTION SICAV - ASIAN EQUITIES (USD)</i>	5,783,000	0.76
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND</i>	5,752,500	0.76
24	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND</i>	5,707,100	0.75
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND</i>	5,564,700	0.74
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR SOW EWE LEE (PB)</i>	5,200,000	0.69
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (AHAM AM 2)</i>	5,191,750	0.69
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND</i>	5,095,900	0.67
29	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND</i>	5,055,200	0.67
30	CHIN KIT SEN	4,628,700	0.61
	Total	390,470,615	51.60

GENETEC TECHNOLOGY BERHAD
Registration No. 199701030038 (445537-W)
(Incorporated In Malaysia)

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