Genetec Technology BERHAD

(445537-W)

2013

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR
Hew Voon Foo

MANAGING DIRECTOR
Chin Kem Weng

EXECUTIVE DIRECTOR
Tan Moon Teik
Lam Choon Wah

NON-EXECUTIVE DIRECTOR
Wong Wai Tzing (Independent)
Teh Kim Seng (Independent)
Chen Khai Voon (Non-Independent)

ALTERNATE DIRECTOR
Ong Phoe Be (Alternate to Chen Khai Voon)

AUDIT COMMITTEE

Hew Voon Foo (Chairman)
Wong Wai Tzing
Teh Kim Seng
Chen Khai Voon

COMPANY SECRETARY

Low Sook Kuan - MAICSA 7047833

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

WEBSITE

www.genetec.net

EMAIL

genetec@genetec.net

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603 2264 3883
Fax : +603 2282 1886

AUDITORS

Messrs KPMG
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

CORPORATE STRUCTURE
as at 28 June 2013

Genetec Technology
BERHAD

100%
GENETEC GLOBAL TECHNOLOGIES, INC.
(Incorporated in United States of America)

100%
GENETEC TECHNOLOGY AUTOMATION, INC.
(Incorporated in United States of America)

60%
FAS TECHNOLOGY SOLUTION SDN BHD

85%
SYSTEMS SOUTH, INC.
(Incorporated in United States of America)

60%
FAS MANUFACTURING SDN BHD

60%
IP SYSTEMS, INC.
(Incorporated in United States of America)

51%
CLT ENGINEERING SDN BHD

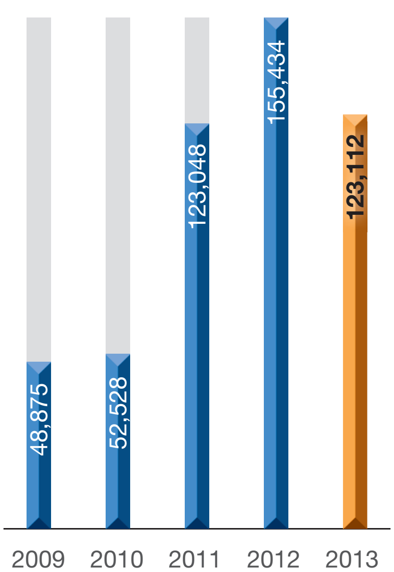
100%
CLT ENGINEERING (THAILAND) CO., LTD
(Incorporated in Thailand)

49%
TGT TECHNOLOGY LIMITED
(Incorporated in Thailand)

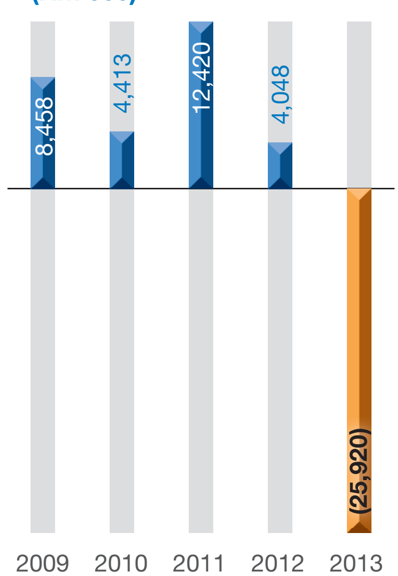
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 MARCH				
	2009	2010	2011	2012	**2013**
	RM'000	RM'000	RM'000	RM'000	**RM'000**
OPERATING RESULTS					
Revenue	48,875	52,528	123,048	155,434	**123,112**
EBITDA / (LBITDA)	9,960	6,675	19,003	12,681	**(25,320)**
Profit / (Loss) before tax	8,645	4,757	18,309	7,187	**(32,382)**
Profit / (Loss) after tax	8,458	4,373	15,155	8,814	**(32,093)**
Net Profit / (Loss) Attributable to Owners of the Company	8,458	4,413	12,420	4,048	**(25,920)**
KEY BALANCE SHEET DATA					
Total Assets	41,322	53,881	126,909	169,781	**135,529**
Paid-up Capital	12,081	12,131	35,174	35,174	**35,174**
Capital and Reserves	28,652	32,612	81,541	82,996	**48,005**
PROFITABILITY RATIOS					
Return on Total Assets (%)	20	8	12	5	**-24**
Return on Capital Employed (%)	30	13	19	11	**-54**
GEARING RATIO					
Net Debt to Capital and Reserves (Times)	-	0.16	0.15	0.69	**0.75**
VALUATION					
Basic Earning Per Share (Sen)	7.00	1.82	3.94	1.15	**(7.37)**

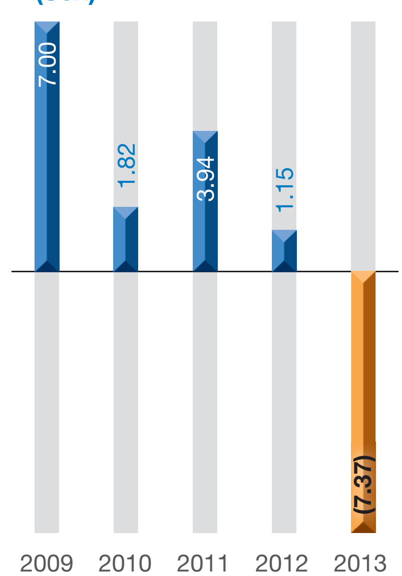
REVENUE (RM'000)



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



BASIC EARNINGS / (LOSS) PER ORDINARY SHARES (Sen)



BOARD OF DIRECTORS

HEW VOON FOO

INDEPENDENT NON-EXECUTIVE DIRECTOR, MALAYSIAN, Aged 52

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

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

CHIN KEM WENG

MANAGING DIRECTOR, MALAYSIAN, Aged 43

Mr Chin was appointed as the Managing Director of the Company on 27 October 1997. He has a Diploma in Mechanical Engineering from the Institute Technology of Butterworth and specialises in the area of design. Upon graduation in 1991, he joined Applied Magnetics Malaysia Sdn Bhd (Disc Drive Recording Heads Group) (Applied Magnetics) as a Technical Specialist. He was involved mainly in the design of mechanical tooling and maintenance of automation equipment. He then joined Quantum Peripheral Indonesia (QPI) in Indonesia, as an expatriate engineer and managed the automation project at the plant. Subsequently, he was seconded to the QPI office in the USA for a year where he undertook research and development work related to new technology. With his expertise and technical know-how, he left QPI in 1997 to co-found the Company with Mr Chen Khai Voon. Except for the Company, Mr Chin has no directorship in other public listed companies.

TAN MOON TEIK

EXECUTIVE DIRECTOR, MALAYSIAN, Aged 42

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. Except for the Company, Mr Tan has no directorship in other public listed companies.

BOARD OF DIRECTORS

LAM CHOON WAH

EXECUTIVE DIRECTOR, MALAYSIAN, Aged 42

Mr Lam was appointed to the Board of the Company on 19 November 2010. He completed his Diploma in Electronic Engineering from Linton Institute of Technology in 1992. He started his career in Sony Display Pte Ltd in Singapore as a process technician. He left to join Sony Electronic (M) Sdn Bhd two years later and was working as an assistant engineer for a year. From 1995 to 2002, he joined Fico Asia Sdn Bhd as Engineer, System Assembly and subsequently served as Section Head, Assembly Department. In 2003, he joined CLT Engineering Sdn Bhd as Project Manager and was subsequently appointed as General Manager since 2006 and Chief Operation Officer since January 2010, a position which he is still holding until now. Except for the Company, Mr Lam has no directorship in other public listed companies.

CHEN KHAI VOON

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR, MALAYSIAN, Aged 53

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

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

WONG WAI TZING

INDEPENDENT NON-EXECUTIVE DIRECTOR, MALAYSIAN, Aged 55

- *Member of Audit Committee*

Ms Wong was appointed to the Board of the Company on 26 January 2011. She holds a Bachelor of Laws degree from the University of London. She is an Associate Member of the Institute of Chartered Secretaries and Administrators. She started her legal career in 1991 after working as a qualified company secretary for many years and was made a partner in a leading legal firm in 1996. She has actively been involved in corporate and commercial work since 1991 covering mergers and acquisitions, take-overs, joint ventures and shareholders' agreements, technical assistance agreements, time-sharing scheme, securities, distributionship and franchise agreements. Except for the Company, Ms Wong has no directorship in other public listed companies.

TEH KIM SENG

INDEPENDENT NON-EXECUTIVE DIRECTOR, MALAYSIAN, Aged 46

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

Mr Teh was appointed to the Board of the Company on 26 January 2011. He holds a Bachelor of Laws from the Leeds University, England and received the Master of Laws from Cambridge University, England in 1989. With over 22 years of experience in the legal, mergers and acquisition, corporate finance, venture capital and financial services arenas, Mr Teh runs Netrove Ventures Corp, a regional boutique venture capital and corporate finance advisory group headquartered in Hong Kong and with offices in Bangkok, Guangzhou, Hanoi and Kuala Lumpur. Residing in Hong Kong, Mr Teh initially worked as an attorney in London and then in Hong Kong, specialising in Corporate Finance and Mergers & Acquisitions. He then served as the Chief Operating Officer of a regional investment bank headquartered in Hong Kong for a number of years before founding Netrove Ventures Corp in 1999. Mr Teh is currently Chairman of Netrove Ventures Corp and sits on the boards of various privately and publicly owned enterprises across Asia. Except for the Company, Mr Teh has no directorship in other public listed companies in Malaysia.

ONG PHOE BE

ALTERNATE DIRECTOR TO CHEN KHAI VOON, MALAYSIAN, Aged 43

- *Member of Nomination Committee*

Ms Ong was appointed as Alternate Director to Chen Khai Voon on 26 January 2011. She started her career with Messrs KPMG, an audit firm from December 1989 to September 1994. In 1994, she completed the Malaysian Institute of Certified Public Accountants professional course and joined Arab-Malaysian Merchant Bank Berhad (now known as AmMerchant Bank Berhad) ("**AMB**") in the same year. She left AMB in 1996 and moved on to Tanco Holdings Berhad ("**Tanco**"). She was the head of Corporate Planning Department for Tanco for about four years. She then joined KVC 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 2006. Prior to her present position, she was an Executive Director of the Company since 1 November 2007. Except for the Company, Ms Ong has no directorship in other public listed companies.

Notes:

(1) None of the above Directors has:
- *any family relationship with any other Directors and/or major shareholders of the Company.*
- *any conflict of interest with the Company.*
- *had conviction for any offence within the past ten (10) years, other than for traffic offences.*

(2) The details of attendance of each Director at Board meetings are set out on page 11 of the Annual Report.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

"My first term as the Chairman of Genetec Group began on 31 May 2013 when my predecessor, Mr. Ronnie J. Ortscheid retired from the Board. It is my honour, on behalf of the Board of Directors, to present the review of operations of the Genetec Group for the financial year ended 31 March 2013."

The financial year ended 31 March 2013 has been a turbulent year for the Genetec Group. The continuing volatile business operating environment in the United States of America ("**USA**") had a severe impact on the order book from our USA business unit. During the year, various action plans and measures relating to scaling down of operations have been implemented to mitigate the quarterly losses suffered in our USA operations. Towards the last quarter of the financial year, we made a decision to focus all our resources on growing our Malaysian operations which generated profit before tax of RM6.3 million and to exit the loss making USA operations which suffered an operating loss of RM15.8 million. As a Group, Genetec ended the financial year with heavy losses of RM32.1 million at the back of revenue of RM123.1 million (exclusive of the USA business unit) as compared to post-tax profit of RM8.8 million for the preceding financial year. Our decision to exit and cease our USA operations, resulted in one-off write off of goodwill and assets amounting to RM21.8 million.

With the financial year ended 31 March 2013 behind us, we have streamlined all our resources in strengthening and growing our Malaysian operations which remained profitable at RM6.3 million. During the year under review, the contribution from Hard Disk Drive ("**HDD**") industry, our core market segment remained strong, contributing about 82% to the Group's revenue. The remaining 18% was generated from industries such as automotive, pharmaceutical and semiconductor. Strong orders from automotive industry contributed significantly to the solid order book in hand of RM69.0 million for the new financial year. This is a result of the continuous R&D programs undertaken by our engineering team for our respective major clients' manufacturing lines. Genetec's approach to R&D centres on investment in human capital and during the year, continuous on-the-job trainings were conducted to ensure we maintain our strong competitive edge as a technological-driven company.

DIVIDEND

There was no dividend declared or paid for the financial year ended 31 March 2013 as we remained prudent in our efforts to preserve capital and enhance the liquidity position of the Group.

BUSINESS OUTLOOK

Genetec Group started the new financial year with a strong secured order book of RM69.0 million, of which 39% is from automotive industry segment. Whilst HDD remains our core industry segment, we foresee strong demand from the automotive industry segment as automotive producers expand their capital expenditure requirement to cater for growing market demand. 2013 is forecast to be a bumper year for the automotive industry as automakers around the world are pinning their hopes on rising demand in the developing nation. *(Source: KPMG's 2013 Global Automotive Executive Survey)* Multinational manufacturers are consequently striving to boost their capacity in China to meet the rising demand as China has become the world's largest auto market, accounting for one-quarter of global vehicles sales and production. *(Source: Global Auto Market, Scotiabank Economics, 27 June 2013)*

A WORD OF APPRECIATION

As the new Chairman on the Board, I would like to take the opportunity to convey my sincere gratitude to my fellow Board members for their invaluable advice, insight, counsel and participation in the affairs of the Group. As a team, we would also like to extend our thanks to all stakeholders, government authorities, bankers, customers, partners, suppliers and other business associates for their continuous support towards our business as we look forward to a stronger financial year ahead.

HEW VOON FOO
Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of protecting and enhancing shareholders' value and the financial performance of Genetec Technology Berhad ("**Genetec**").

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

1. BOARD OF DIRECTORS

1.1 Roles and Responsibilities

The Board has adopted a Board Charter which outlines the Board's roles and responsibilities. The Board Charter serves as a source of reference for Board members as well as a primary induction literature for new Board members in respect of their duties and responsibilities; and the various legislation and regulations governing their conduct with the application of principles and practices of good corporate governance. The Board Charter would be reviewed and updated periodically as and when the need arises.

The Board is guided by the Board Charter which clearly spells out the following principal roles and responsibilities of the Board in enhancing Board's effectiveness in the pursuit of corporate objectives:

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

1.2 Composition of the Board

The Board currently consists of 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.

There is an Alternate Director on the Board.

The Board structure ensures that no individual or group of individuals dominates the Board's decision making process. The Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the ACE Market ("**Listing Requirements**") that requires a minimum of one-third of the Board to be independent directors. The Board members are from various professions with a wide range of skills, knowledge, business and financial experience that are essential to direct and manage a dynamic and expanding Group. A brief write-up on each Director is set out under the Board of Directors on page 5 of the Annual Report.

1. BOARD OF DIRECTORS (continued)

1.2 Composition of the Board (continued)

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

1.3 Board Meetings

The Board scheduled to meet on a quarterly basis, with additional meetings convened as and when necessary.

During the financial year ended 31 March 2013, five (5) meetings were held and the record of the Directors' attendance is as follows:

Name of Directors	Meeting Attendance	%
Ronnie J Ortscheid *(Resigned w.e.f 31 May 2013)*	4/5	80
Chin Kem Weng	5/5	100
Tan Moon Teik	5/5	100
Lam Choon Wah	5/5	100
Chen Khai Voon	5/5	100
Hew Voon Foo	5/5	100
Wong Wai Tzing	5/5	100
Teh Kim Seng	5/5	100

The Board has a formal schedule of matters specifically reserved for decision making to ensure that the direction and control of the Group is firmly in its hand. Prior to each Board meeting, the Directors are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the agenda to be deliberated upon to enable them to arrive at an informed decision. All matters discussed and resolutions passed at the Board meetings are properly recorded in the minutes of meetings.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be via circular resolutions which are supported with all the relevant information and explanations required for an informed decisions to be made.

1.4 Supply of Information

The members of the Board in their individual capacity have full access to relevant and timely information in the form and quality required pertaining to the Group's business affairs to assist in discharging of their duties and responsibilities.

All Directors have access to the advice and services of the company secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.5 Appointment to the Board

The Nomination Committee is responsible for assessing and recommending on any new appointments to the Board. In making these recommendations, due consideration is given to the required mix of skills, expertise, knowledge, experience, professionalism and integrity that the proposed Directors shall bring to complement the Board.

1. BOARD OF DIRECTORS (continued)

1.5 Appointment to the Board (continued)

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.

1.6 Re-election of Directors

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

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

1.7 Directors' Remuneration

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

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

In the case of Executive Directors, the components parts of remuneration shall be structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities taken.

The remuneration of each Director, is determined by the Board, as a whole after taking into account of pay and employment condition within the industry. The individual Directors do not participate in discussion and decision of their own remuneration.

The details of the remuneration of the Directors of the Company on Group basis in respect of the financial year ended 31 March 2013 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Salaries	1,295,867	-	1,295,867
Fees	-	132,000	132,000
Bonuses	50,000	-	50,000
Benefits-in-kind	97,729	-	97,729
Other Emoluments	186,500	-	186,500
Total	**1,630,096**	**132,000**	**1,762,096**

1. BOARD OF DIRECTORS (continued)

1.7 Directors' Remuneration (continued)

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

	Number of Directors	
Range of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Below RM50,000	-	3
RM50,001 - RM100,000	-	1
RM250,001 - RM300,000	1	-
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	1	-
RM500,001 - RM550,000	1	-
Total	**4**	**4**

1.8 Directors' Training

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

The Directors are continually encouraged to attend appropriate training programs to enhance their knowledge and skills and keep abreast of new developments in regulatory requirements and changing environment in which the business operates that will aid them in the discharge of their duties.

The Board has prescribed minimum trainings to be attended by each Director in each financial year which all the Directors have complied with. The Directors have attended the following training programs during the financial year:

- Continuous Obligations of Directors of Listed Corporation
- Key Recommendation from Malaysian Code of Corporate Governance 2012
- A Comprehensive Workshop on Deferred Taxation
- Bursa Malaysia Sustainability Training for Directors and Practioners

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

1.9 Code of Ethics and Conduct

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

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

1. BOARD OF DIRECTORS (continued)

1.10 Sustainability

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance aspects of the Group's business.

While maintaining growth, the Group is committed to creating an open, friendly and safe workplace. The Group also places utmost priority to its Health, Safety and Environment policy and objectives with the aim of ensuring health and safety of our people as well as protection of the environment that the Group operates in by maintaining an accident-free work environment, preventing pollutions, preventing wastages, recycling initiatives, optimising the use of natural resources and conserving energy.

1.11 Board Gender Diversity

The Company does not practise any gender biasness as both genders are given fair and equal treatment. Any new appointments to the Board shall be based on merit.

2. THE BOARD COMMITTEES

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

2.1 Audit Committee

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

2.2 Nomination Committee ("NC")

The present members of the NC are:-

Hew Voon Foo *(Chairman)*
Teh Kim Seng
Ong Phoe Be

The NC is responsible for identifying and making recommendations of candidates for all directorships to the Board for consideration, who shall then collectively decide on the candidates to be appointed. During the selection process, specific consideration is given to the candidate's skills, knowledge, experience, competencies, other directorships, time availability and the overall balance composition of the Board and for independent director, his ability to discharge such responsibilities or functions as expected from an independent director.

The NC also perform annual assessment and evaluation on Board and Board Committees, contributions and performance of each individual Director, and the independence of the Independent Director and it is satisfied that the size of the Board is optimum and there is appropriate mix of skills and experience and other qualities, including core competencies in the composition of the Board.

The NC shall meet at least once a year and as and when deemed fit, necessary and expedient.

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

2. THE BOARD COMMITTEES (continued)

2.2 Remuneration Committee ("RC")

The present members of the RC are:-

Hew Voon Foo *(Chairman)*
Teh Kim Seng
Chen Khai Voon

The RC's primary function is to set the policy framework and recommend to the Board on the remuneration packages of the Executive Directors in all its forms. Executive Directors shall play no part in decisions on their own remuneration. The determination of the remuneration package for Non-Executive Directors shall be a matter for the Board as a whole. The Director concerned shall abstain from deliberations and voting on decisions in respect of his individual remuneration package.

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

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

2.3 Risk Management Committee ("RMC")

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

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

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

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

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

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

The administration of the Company's ESOS was assigned by the Board to the ESOS Committee. The ESOS Committee consists of Directors and Senior Management and all of them are in executive capacity:

No.	Name	Designation
1	Chin Kem Weng (Chairman)	Managing Director
2	Tan Moon Teik	Executive Director
3	Lam Choon Wah	Executive Director
4	Sow Ewe Lee	Chief Operating Officer
5	Tan Kon Hoan	Financial Controller

2. THE BOARD COMMITTEES (continued)

2.4 Employees' Share Option Scheme ("ESOS") Committee (continued)

The ESOS Committee has the power to administer the Company's ESOS scheme in accordance with the ESOS By-Law as approved by the relevant authorities and for such purposes as the ESOS Committee deems fit.

3. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

3.1 Investor Relations

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

Annual reports, quarterly financial results, announcements to Bursa Securities, analyst reports, media releases and circular to shareholders are some of the modes of dissemination of information.

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

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

3.2 Annual General Meeting

General Meetings are important avenues for shareholders to exercise their ownership rights and to access and engage in dialogue with the Board and management. The Company's AGM remains as the principal forum for dialogue with shareholders who are encouraged to attend and participate in the proceedings. The Chairman of the meeting informed the shareholders of their rights to demand a poll vote at the commencement of the general meeting and provided sufficient time to address issues raised. Executive Directors and Chairman are available to respond to shareholders' questions raised during the meeting. External Auditors are also present to provide their professional and independent advice on relevant issues raised.

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

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board is mindful of its responsibility to present a balanced and fair assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the Bursa Securities. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy. The Directors are responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. A statement by the Directors on their responsibilities in preparing the financial statements is set out on page 100 of this Annual Report.

4. ACCOUNTABILITY AND AUDIT (continued)

4.2 Risk Management and Internal Control

The Board acknowledges its overall responsibility for continuous maintenance of a sound system of internal control as well as implementing a suitable Risk Management Framework to safeguard shareholders' investment and the Group's assets. While every effort is made to manage the significant risks, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee and Internal Auditors, to safeguard the Group's assets.

The internal audit function has been outsourced to independent professional consultants to carry out reviews on the Group's overall corporate governance and internal control processes.

The Statement on Risk Management and Internal Control is set out on pages 20 to 22 of this Annual Report.

4.3 Whistle Blowing Policy

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

4.4 Relationship with the External Auditors

The Company has always established and maintained a transparent, independent and formal relationship with the External Auditors in seeking professional advice and towards ensuring compliance in matters pertaining to approved accounting standards.

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

The Audit Committee has private sessions with the External Auditors, in the absence of the Executive Directors and management, to exchange views on issues of concern.

This statement was made in accordance with the resolution of the Board dated 3 July 2013.

CORPORATE SOCIAL RESPONSIBILITY

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

As a responsible corporate citizen, we have initiated, supported and successfully implemented various social, community and environmental projects.

COMMUNITY

(a) Youth Development and Education

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

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

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

(b) Graduate Employment

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

WORKPLACE

(a) Human Capital Development

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

(b) Staff Welfare

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

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

(c) Human Rights

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

WORKPLACE (continued)

(d) Health and Safety

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

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

ENVIRONMENT

(a) Energy Savings

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

(b) Green Environment

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

MARKET PLACE

(a) Ethical Business Culture

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

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

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

2. BOARD RESPONSIBILITY

The Board recognises the importance of sound internal control for good corporate governance and further affirms the overall responsibility for Genetec Group's system of internal control. It covers not only financial, but also operational controls and for reviewing the adequacy and integrity of those systems on an on-going basis.

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

Material associated companies have not been dealt with as part of the Group for purposes of applying the above guidance as it has its own system of internal controls in place. Nevertheless, the Board obtained operational and financial updates from Group management to monitor the investment.

3. INTERNAL AUDIT

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 Auditors 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 routinely reviewed and approved by the Audit Committee. The scope of the Internal Auditor's function covered the audit and review of governance, risk assessment, compliance, operational and financial control across all business units.

The Internal Auditor refers to the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia, the Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics issued by The Institute of Internal Auditors Inc.

4. RISK MANAGEMENT FRAMEWORK

The Board has reviewed the adequacy and effectiveness of the risk management framework and confirms that an 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.

The Board maintains the Group's risk management policy and framework whereby risk areas that could potentially have significant impact on the Group's mid to long term business objectives are identified, evaluated and assessed.

4. RISK MANAGEMENT FRAMEWORK (continued)

This exercise was performed by the Risk Management Committee ("**RMC**") which comprises the Chief Operating Officer and Departmental Managers / Heads. The RMC had identified and evaluated the significant risks faced by the Group against a defined risk appetite and ensured that appropriate risk treatments were in place to mitigate those risks affecting the achievement of the Group's business objectives. The RMC then puts in place controls and plans to mitigate the risks faced by the Group.

The RMC reports to the Board the identified risks, its evaluation and actions taken in managing the significant risks faced by the Group.

5. 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 serves as the road map to the Group's direction and communicated to employees at all levels.
- The Board is supported by various established committees in discharging its responsibilities that includes the Audit Committee, Nomination Committee and Remuneration Committee.
- A defined organizational and reporting structure has been established at all levels within the Group and are aligned to business and operational requirements. There was adequate upper level managerial support wherein, the management team was cohesive and complements each other in terms of skills and experience.
- The Group values ethical conduct, quality, timely delivery and customer satisfactions as project quality and deliverables have a direct impact on the Group's bottom line.

Risk Assessment

- RMC re-assessed significant risks which could potentially affect the strategic and operational objectives of the Group and the Committee charted the corrective measures required to mitigate those risks identified.
- RMC met twice during the financial year to review and update the Group's principal risks.
- Progress of RMC activities and Risk Register are updated to the Board by management, for information and deliberation.
- Management of individual subsidiaries and business divisions continuously assessed risks within their business environment and formulated mitigating strategies / corrective actions to minimise negative outcomes, i.e. reduce losses and prevent erosion of business profit margin.

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.
- External audit, internal audit and ISO audit is carried out yearly to improve operational efficiencies and consistency of quality of products and work standards.

5. INTERNAL CONTROL SYSTEM (continued)

Information and Communication

- The Group implemented enterprise resource planning system to provide informative and relevant reports and assist in the decision making process.
- Submission of regular, timely and comprehensive flow of information and reports to the Board and management on all aspects of the Group's operations 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 budgets are conducted to highlight any instances of significant variances that arose during the year which may require immediate management action.

CONCLUSION

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

For the year under review, the Board is of the view that the system of internal control is adequate to safeguard shareholder interest and the Group's assets and there were no material losses caused by the breakdown in internal controls. Management will continue to take measures and maintain an ongoing commitment to strengthen the Group's control environment and processes.

This statement was made in accordance with a resolution of the Board dated 3 July 2013.

AUDIT COMMITTEE REPORT

COMPOSITION

The present members of the Audit Committee are as follows:

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

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

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board pursuant to a Board Resolution and shall comprise of at least three (3) Members, all of whom are Non-Executive Directors with a majority being Independent Directors.

The Chairman of the Audit Committee shall be an Independent Director.

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

All Members of the Audit Committee should be financially literate.

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

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

(ii) if he/she is not a member of MIA, he/she must have at least three (3) years' of working experience and:-
   (a) he/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
   (b) he/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

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

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

Authority

The Audit Committee is authorised by the Board to:

(i) have authority to investigate any activity within its Terms of Reference.

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

(iii) have the resources which are required to perform its duties inclusive the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

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

TERMS OF REFERENCE (continued)

Functions

The function of the Audit Committee should include the following:

(i) to review the following and report the same to the Board:-
- (a) with both the Internal Auditors and External Auditors their audit plans and reports.
- (b) with the External Auditors, the evaluation of the adequacy and effectiveness of the internal control systems as well as the administrative, operating and accounting policies employed.
- (c) the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.
- (d) the Company's quarterly and annual/year end consolidated financial statements and thereafter to submit them to the Board, focusing particularly on any changes in or implementation of major accounting policies and practices; significant adjustments arising from the audit; significant and unusual events; the going concern assumption; compliance with accounting standards and other legal requirements.
- (e) the External Auditor management letter, management's response and resignation letter.
- (f) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that arises questions of management integrity.

(ii) to identify and direct any special projects or major findings of internal investigations it deems necessary and management response.

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

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

(v) to discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors may wish to discuss in the absence of management, where necessary.

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

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

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

(ix) to do the following, in relation to the internal audit function:-
- (a) to establish an internal audit function which is independent of the activities it audits;
- (b) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (c) review the internal audit programme, process, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;
- (d) review any appraisal or assessment of the performance of members of the internal audit function;
- (e) review of the effectiveness of the risk management, internal control and governance processes within the Group;
- (f) approve any appointment or termination of senior staff members of the internal audit function which is performed internally; and
- (g) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning which is performed internally.

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

TERMS OF REFERENCE (continued)

Meetings

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

A quorum shall consist of two (2) Members. The majority of Members present must be Independent Directors.

Proceedings of all meetings held and resolutions passed shall be recorded by the Secretary and kept at the Company's registered office.

The finance director/officer, the head or representative of internal audit and a representative of the External Auditors shall on invitation attend the Audit Committee meetings. Other Board members may attend the Audit Committee meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the External Auditors and/or Internal Auditors at least twice in a financial year without the presence of the executive board members of the Company.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 March 2013. The details of attendance of each Audit Committee member at the Audit Committee meetings are as follows:

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

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

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

Financial Results

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

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

External Audit

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

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

(iii) Reviewed External Auditors performance and independence before recommending to the Board their re-appointment and remuneration.

(iv) The Audit Committee had met twice with the External Auditors without executive board members present during financial year ended 31 March 2013.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (continued)

Internal Audit

(i) Reviewed Internal Auditors' audit plan for the financial year ended 31 March 2013 to ensure that principal risk areas and key processes are adequately identified and covered in the plan.

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

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

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

(v) Appraised or assessed the performance, competency, independency and resources of the Internal Auditors.

Related Party Transactions

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

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

INTERNAL AUDIT FUNCTIONS / ACTIVITIES AND COSTS

The Group's internal audit functions are outsourced to, CGRM Infocomm Sdn Bhd, an independent professional firm, which reports directly to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Audit Committee approves the internal audit plan tabled during the Audit Committee meeting during the financial year.

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

CGRM Infocomm Sdn Bhd is totally independent and maintains its objectivity during the conduct of audits as it does not involve in day-to-day operations of the Group.

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

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

The costs of the internal audit function paid to CGRM Infocomm Sdn Bhd for the financial year ended 31 March 2013 was RM18,480 (2012: RM14,702).

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Loss for the year attributable to:		
Owners of the Company	25,919,830	16,744,337
Non-controlling interests	6,173,354	-
Loss for the year	32,093,184	16,744,337

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

The Directors do not recommend any dividend to be paid in respect of the financial year under review.

DIRECTORS OF THE COMPANY

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

Chin Kem Weng
Tan Moon Teik
Lam Choon Wah
Hew Voon Foo
Wong Wai Tzing
Teh Kim Seng
Chen Khai Voon
Ong Phoe Be (Alternate Director to Chen Khai Voon)
Ronnie J. Ortscheid (resigned on 31 May 2013)

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 year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.4.2012	Bought	Sold	At 31.3.2013
Shareholdings in which Directors have interests				
In the Company				
Chin Kem Weng #				
- Direct	54,600,000	-	-	54,600,000
Tan Moon Teik #				
- Direct	86,602,000	-	(5,000,000)	81,602,000
Chen Khai Voon #				
- Indirect	96,500,000	-	-	96,500,000
Hew Voon Foo				
- Indirect	40,000	-	-	40,000
Ong Phoe Be #				
- Direct	2,400,000	-	-	2,400,000
Ronnie J. Ortscheid #				
- Direct	-	750,000	-	750,000

By virtue of their interests in the shares of the Company, Chin Kem Weng, Tan Moon Teik, Chen Khai Voon, Ong Phoe Be and Ronnie J. Ortscheid are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest pursuant to Section 6A(4) of the Companies Act, 1965.

None of the other Directors holding office at 31 March 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

The salient features of the scheme are as follows:

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

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

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

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

v) No option shall be granted for less than one hundred (100) ordinary shares or more than the maximum allowable allotment and shall be in multiples of one hundred (100) ordinary shares.

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

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of profit or loss and other comprehensive income 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 financial statement of the Group and of the Company misleading, or

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, except for the impairment loss on goodwill (Note 4) and the classification of its business operations in the United States of America ("U.S.A") as discontinued operations due to the cessation of business (Note 21) as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 March 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

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

CHIN KEM WENG

TAN MOON TEIK

Bandar Baru Bangi, Selangor

Date: 3 July 2013

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	Group			Company		
		31.3.2013 RM	31.3.2012 RM Restated	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Assets							
Property, plant and equipment	3	48,714,048	42,974,604	28,351,844	19,279,446	19,480,925	19,784,043
Goodwill	4	20,559,876	38,215,484	26,014,665	-	-	-
Investments in subsidiaries	5	-	-	-	26,656,809	26,656,809	26,656,809
Investment in an associate	6	105,896	159,648	20,648	49,000	49,000	49,000
Deferred tax assets	7	-	455,305	-	-	-	-
Total non-current assets		69,379,820	81,805,041	54,387,157	45,985,255	46,186,734	46,489,852
Inventories	8	30,098,763	20,399,360	16,163,160	22,096,486	11,642,203	3,799,618
Derivative financial assets	9	91,897	265,900	798,061	91,897	252,400	721,694
Trade and other receivables	10	20,652,546	62,731,764	40,555,485	9,861,059	36,962,593	29,553,265
Tax recoverable		883,056	2,234,984	-	473,151	98,151	-
Cash and cash equivalents	11	10,702,677	2,592,080	15,004,724	9,444,374	905,653	8,545,472
Total current assets		62,428,939	88,224,088	72,521,430	41,966,967	49,861,000	42,620,049
Assets classified as held for sale	12	3,720,048	-	-	-	-	-
Total assets		135,528,807	170,029,129	126,908,587	87,952,222	96,047,734	89,109,901

	Note	Group 31.3.2013 RM	Group 31.3.2012 RM Restated	Group 1.4.2011 RM	Company 31.3.2013 RM	Company 31.3.2012 RM	Company 1.4.2011 RM
Equity							
Share capital		35,173,800	35,173,800	35,173,800	35,173,800	35,173,800	35,173,800
Share premium		18,378,913	18,378,913	18,378,913	18,378,913	18,378,913	18,378,913
Reserves		(6,564,155)	19,312,723	19,362,967	1,210,564	17,954,901	16,572,262
Total equity attributable to owners of the Company		46,988,558	72,865,436	72,915,680	54,763,277	71,507,614	70,124,975
Non-controlling interests		1,016,757	10,130,111	8,625,592	-	-	-
Total equity	13	48,005,315	82,995,547	81,541,272	54,763,277	71,507,614	70,124,975
Liabilities							
Loans and borrowings	14	21,410,230	20,285,497	8,719,256	7,896,260	6,533,502	6,762,874
Deferred tax liabilities	7	317,133	317,133	585,582	130,000	130,000	130,000
Total non-current liabilities		21,727,363	20,602,630	9,304,838	8,026,260	6,663,502	6,892,874
Loans and borrowings	14	25,347,658	39,273,424	18,652,690	9,209,969	7,940,470	4,462,187
Trade and other payables	15	22,583,914	27,157,528	15,881,904	15,952,716	9,936,148	7,511,985
Current tax liabilities		3,678	-	1,527,883	-	-	117,880
Total current liabilities		47,935,250	66,430,952	36,062,477	25,162,685	17,876,618	12,092,052
Total liabilities		69,662,613	87,033,582	45,367,315	33,188,945	24,540,120	18,984,926
Liabilities classified as held for sale	12	17,860,879	-	-	-	-	-
Total equity and liabilities		135,528,807	170,029,129	126,908,587	87,952,222	96,047,734	89,109,901

The notes on pages 41 to 95 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Group 2013 RM	Group 2012 RM Restated	Company 2013 RM	Company 2012 RM
Revenue	16	123,112,099	123,037,570	83,029,649	52,755,841
Cost of sales		(106,027,815)	(102,336,307)	(67,250,756)	(44,451,451)
Gross profit		17,084,284	20,701,263	15,778,893	8,304,390
Other income		3,532,055	729,504	3,841,689	3,573,362
Distribution expenses		(2,955,811)	(2,192,379)	(2,370,553)	(1,541,416)
Administrative expenses		(8,787,089)	(8,291,768)	(5,839,265)	(4,039,637)
Other expenses		(14,420,885)	(554,772)	(27,120,113)	(445,351)
Results from operating activities		(5,547,446)	10,391,848	(15,709,349)	5,851,348
Finance income		130,642	101,126	87,007	91,663
Finance costs	19	(2,688,686)	(2,283,639)	(1,063,054)	(938,131)
Operating (loss)/profit		(8,105,490)	8,209,335	(16,685,396)	5,004,880
Share of (loss)/profit of equity accounted investees, net of tax		(53,752)	139,000	-	-
(Loss)/Profit before tax		(8,159,242)	8,348,335	(16,685,396)	5,004,880
Tax income/(expense)	20	289,170	1,204,418	(58,941)	(104,861)
(Loss)/Profit from continuing operations		(7,870,072)	9,552,753	(16,744,337)	4,900,019
Discontinued operations					
Loss from discontinued operations, net of tax	21	(24,223,112)	(738,571)	-	-
(Loss)/Profit for the year	17	(32,093,184)	8,814,182	(16,744,337)	4,900,019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

		Group		Company	
	Note	**2013 RM**	**2012 RM Restated**	**2013 RM**	**2012 RM**
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		42,952	(84,008)	-	-
Total other comprehensive income/(expense) for the year, net of tax		42,952	(84,008)	-	-
Total comprehensive (expense)/income for the year		(32,050,232)	8,730,174	(16,744,337)	4,900,019
(Loss)/Profit attributable to:					
Owners of the Company		(25,919,830)	4,048,028	(16,744,337)	4,900,019
Non-controlling interests		(6,173,354)	4,766,154	-	-
(Loss)/Profit for the year		(32,093,184)	8,814,182	(16,744,337)	4,900,019
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(25,876,878)	3,964,020	(16,744,337)	4,900,019
Non-controlling interests		(6,173,354)	4,766,154	-	-
Total comprehensive (expense)/income for the year		(32,050,232)	8,730,174	(16,744,337)	4,900,019
Basic (loss)/earnings per ordinary share (sen):	22				
from continuing operations		(2.12)	1.31		
from discontinued operations		(5.25)	(0.16)		
		(7.37)	1.15		

The notes on pages 41 to 95 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

Group	Share capital RM	Share premium RM	Translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interests RM	Total equity RM
	Attributable to owners of the Company						
	Non-distributable			*Distributable*			
At 1 April 2011	35,173,800	18,378,913	(3,170)	19,366,137	72,915,680	8,625,592	81,541,272
Foreign currency translation differences for foreign operations	-	-	(84,008)	-	(84,008)	-	(84,008)
Total other comprehensive expense for the year	-	-	(84,008)	-	(84,008)	-	(84,008)
Profit for the year	-	-	-	4,048,028	4,048,028	4,766,154	8,814,182
Total comprehensive income for the year	-	-	(84,008)	4,048,028	3,964,020	4,766,154	8,730,174
Dividends to owners of the Company	-	-	-	(3,517,380)	(3,517,380)	-	(3,517,380)
Total distribution to owners	-	-	-	(3,517,380)	(3,517,380)	-	(3,517,380)
Acquisition of subsidiaries	-	-	-	-	-	(480,914)	(480,914)
Acquisition of non-controlling interests	-	-	-	(496,884)	(496,884)	159,279	(337,605)
Changes in ownership interests in subsidiaries	-	-	-	(496,884)	(496,884)	(321,635)	(818,519)
Total transactions with owners	-	-	-	(4,014,264)	(4,014,264)	(321,635)	(4,335,899)
Dividends to non-controlling interests	-	-	-	-	-	(2,940,000)	(2,940,000)
At 31 March 2012/1 April 2012	35,173,800	18,378,913	(87,178)	19,399,901	72,865,436	10,130,111	82,995,547
	Note 13	Note 13	Note 13	Note 13			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

Group	Share capital RM	Share premium RM	Translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interests RM	Total equity RM
	Attributable to owners of the Company						
	Non-distributable			*Distributable*			
At 31 March 2012/ 1 April 2012	35,173,800	18,378,913	(87,178)	19,399,901	72,865,436	10,130,111	82,995,547
Foreign currency translation differences for foreign operations	-	-	42,952	-	42,952	-	42,952
Total other comprehensive income for the year	-	-	42,952	-	42,952	-	42,952
Loss for the year	-	-	-	(25,919,830)	(25,919,830)	(6,173,354)	(32,093,184)
Total comprehensive expense for the year	-	-	42,952	(25,919,830)	(25,876,878)	(6,173,354)	(32,050,232)
Dividends to non-controlling interests	-	-	-	-	-	(2,940,000)	(2,940,000)
At 31 March 2013	35,173,800	18,378,913	(44,226)	(6,519,929)	46,988,558	1,016,757	48,005,315
	Note 13	Note 13	Note 13	Note 13			

The notes on pages 41 to 95 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

Company	Attributable to owners of the Company			
	Non-distributable		Distributable	
	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
At 1 April 2011	35,173,800	18,378,913	16,572,262	70,124,975
Total comprehensive income for the year	-	-	4,900,019	4,900,019
Dividend paid to owners	-	-	(3,517,380)	(3,517,380)
Total distribution to owners	-	-	(3,517,380)	(3,517,380)
At 31 March 2012/1 April 2012	35,173,800	18,378,913	17,954,901	71,507,614
Total comprehensive expense for the year	-	-	(16,744,337)	(16,744,337)
At 31 March 2013	35,173,800	18,378,913	1,210,564	54,763,277
	Note 13	Note 13	Note 13	

The notes on pages 41 to 95 are an integral part of these financial statements.

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from operating activities					
(Loss)/Profit before tax from:					
- continuing operations		(8,159,242)	8,348,335	(16,685,396)	5,004,880
- discontinued operations	21	(23,767,575)	(1,160,936)	-	-
		(31,926,817)	7,187,399	(16,685,396)	5,004,880
Adjustments for:					
Depreciation of property, plant and equipment		3,089,661	2,670,821	1,276,035	1,228,239
Finance costs		3,378,666	2,823,168	1,063,054	938,131
Finance income		(130,642)	(111,553)	(87,007)	(91,663)
(Gain)/Loss on disposal of property, plant and equipment		(3,096,432)	(7,909)	(175,506)	2,436
Property, plant and equipment written off		323,790	276,073	-	-
Dividend income		-	-	(3,060,000)	(3,060,000)
Bad debts written off		3,327,835	-	-	-
Amount due from subsidiaries written off		-	-	25,427,223	-
Impairment loss on amounts due from subsidiaries		-	-	842,208	354,208
Impairment loss on goodwill		17,655,608	1,214,670	-	-
Inventories written off		555,794	-	555,794	-
Share of loss/(profit) of equity accounted investees		53,752	(139,000)	-	-
Unrealised derivative gain		(91,897)	(265,900)	(91,897)	(252,400)
Unrealised foreign exchange gain		(335,017)	(128,266)	(308,752)	(157,252)
Waiver of amount owing to director		-	(991,763)	-	-
Operating (loss)/profit before working capital changes		(7,195,699)	12,527,740	8,755,756	3,966,579
Changes in working capital:					
Inventories		(10,255,196)	(4,236,200)	(11,010,076)	(7,842,585)
Trade and other receivables		38,364,311	(20,452,315)	1,138,952	(6,915,153)
Trade and other payables		3,968,301	9,719,579	6,270,870	2,454,726
Cash generated from/(used in) operations		24,881,717	(2,441,196)	5,155,502	(8,336,433)
Dividend received		-	-	3,060,000	3,060,000
Income tax refund		2,533,364	183,969	-	183,969
Income tax paid		(888,822)	(3,096,284)	(433,941)	(504,861)
Net cash generated from/(used in) operating activities		26,526,259	(5,353,511)	7,781,561	(5,597,325)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(8,267,984)	(15,750,302)	(609,150)	(643,605)
Acquisition of subsidiaries, net of cash acquired	29.2(iv)	-	(7,775,576)	-	-
Acquisition of non-controlling interest	29.2(iii)	-	(337,605)	-	-
Interest received from deposits		130,642	111,553	87,007	91,663
Proceeds from disposal of property, plant and equipment		5,185,795	321,889	360,100	3,832
Net cash used in investing activities		(2,951,547)	(23,430,041)	(162,043)	(548,110)
Cash flows from financing activities					
Dividends paid to non-controlling interest		(2,940,000)	(2,940,000)	-	-
Dividends paid to owners of the Company		-	(3,517,380)	-	(3,517,380)
(Repayment)/Drawdown of trade finance facilities		(12,710,076)	19,559,426	(2,141,702)	3,464,702
Drawdown/(Repayment) of term loans		6,201,461	6,710,280	4,320,563	(373,640)
Interest paid on loans and borrowings		(3,378,666)	(2,823,168)	(1,063,054)	(938,131)
Repayment of finance lease liabilities		(1,316,529)	(774,485)	(196,604)	(129,935)
Net cash (used in)/generated from financing activities		(14,143,810)	16,214,673	919,203	(1,494,384)
Net increase/(decrease) in cash and cash equivalents		9,430,902	(12,568,879)	8,538,721	(7,639,819)
Effect of exchange rate fluctuation on cash held		154,271	(91,511)	-	-
Cash and cash equivalents at 1 April		2,344,334	15,004,724	905,653	8,545,472
Cash and cash equivalents at 31 March		11,929,507	2,344,334	9,444,374	905,653

	Note	Group 2013 RM	Group 2012 RM Restated	Company 2013 RM	Company 2012 RM
Cash and cash equivalents comprise of:-					
Continuing operations					
- Cash and bank balances		9,615,919	2,586,739	8,357,616	900,312
- Deposits placed with licensed banks		1,086,758	5,341	1,086,758	5,341
- Bank overdraft	14	(606,189)	-	-	-
Discontinued operations	12	1,833,019	(247,746)	-	-
		11,929,507	2,344,334	9,444,374	905,653

(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 RM12,127,681 (2012: RM16,038,086) and RM1,259,150 (2012: RM931,389) respectively, of which RM3,859,697 (2012: RM287,784) and RM650,000 (2012: RM287,784) respectively were acquired by means of finance lease.

The notes on pages 41 to 95 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 Group and the Company as at and for the year ended 31 March 2013 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 an associate. The financial statements of the Company as at and for the year ended 31 March 2013 do not include other entities.

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

The financial statements were authorised for issue by the Board of Directors on 3 July 2013.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The transition to MFRSs has no financial impact to the financial statements of the Group and of the Company.

The Group and the Company have early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)

- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 April 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 April 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the other standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

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

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

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group's goodwill as at 31 March 2013 is RM20,559,876 (31 March 2012: RM38,215,484; 1 April 2011: RM26,014,665) and had been partially impaired.

(ii) Impairment of amount due from subsidiaries

The Company determined that there were no expected repayments from its U.S.A subsidiaries and fully impaired the amounts due from its subsidiaries as at 31 March 2013.

(iii) Impairment of trade receivables

During the year, the management determined that the expected cash flows from trade receivables of its U.S.A. subsidiaries, namely Systems South, Inc. was not probable subsequent to the cessation of its operations. The management made a full impairment loss on its trade receivables as at 31 March 2013. The receivables from the other U.S.A subsidiaries are carried at estimated recoverable amount as determined by the management.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 April 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

Acquisitions on or after 1 April 2011

For acquisitions on or after 1 April 2011, 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.

Acquisitions before 1 April 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 April 2011. Goodwill arising from acquisitions before 1 April 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Accounting of non-controlling interests

The Group treats 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 subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates 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. 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 the profit or loss and the comprehensive income for the year between non-controlling interests and the 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 date 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.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2011 which are reported using the exchange rates at the dates of the acquisitions. 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 foreign currency translation reserve (“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, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

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

Financial liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

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

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

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

(iv) 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the 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 or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land is stated at cost. Other 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. The cost of self-constructed assets also includes the cost of materials and direct labour. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. 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 - 12 years
Plant and machinery	10 years
Motor vehicles	5 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

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

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

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

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

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

(ii) Amortisation

Amortisation is based on cost of an asset less its residual value.

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

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 cost of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

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

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

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale or distribution.

(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 and pledged deposits.

(j) Impairment

(i) Financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) 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 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 to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset 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 (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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 stated at cost on initial recognition and are not remeasured subsequently.

(i) 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. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payments 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 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.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present 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.

(n) Revenue and other income

(i) Goods sold

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

(ii) 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.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Borrowing costs (continued)

Borrowing cost 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) Affiliate

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

(q) 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 financial 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, and 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.

The amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other case, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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 liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (continued)

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.

(r) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(s) Earnings per 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 comprises convertible notes and share options granted to employees.

(t) 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. An operating segments' operating 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.

(u) 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.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM	Buildings RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Assets under construction RM	Total RM
Cost							
At 1 April 2011	3,406,590	14,434,420	4,547,156	11,104,160	1,746,487	-	35,238,813
Acquisition through business combinations	834,400	615,599	152,446	235,600	-	-	1,838,045
Additions	-	-	1,796,644	2,014,639	69,359	12,157,444	16,038,086
Disposals	-	-	(231,113)	-	(355,004)	-	(586,117)
Written-off	-	-	(307,503)	-	-	-	(307,503)
Effect of exchange rates changes	-	-	4,809	3,054	69	-	7,932
At 31 March 2012/ 1 April 2012	4,240,990	15,050,019	5,962,439	13,357,453	1,460,911	12,157,444	52,229,256
Additions	-	5,387,246	2,089,761	3,613,404	1,037,270	-	12,127,681
Disposals	(560,000)	(1,127,056)	(495,547)	(361,232)	(833,499)	-	(3,377,334)
Written-off	-	-	(352,639)	-	-	-	(352,639)
Transfer	-	12,157,444	-	(126,500)	-	(12,157,444)	(126,500)
Effect of exchange rates changes	-	-	8,007	4,059	56	-	12,122
Transfer to assets held for sale (Note 12)	-	-	(968,285)	(435,381)	(6,004)	-	(1,409,670)
At 31 March 2013	3,680,990	31,467,653	6,243,736	16,051,803	1,658,734	-	59,102,916
Depreciation							
At 1 April 2011	209,553	620,755	1,608,565	3,795,071	653,025	-	6,886,969
Depreciation for the year	56,932	305,152	677,774	1,299,103	331,860	-	2,670,821
Disposals	-	-	(61,509)	-	(210,628)	-	(272,137)
Written-off	-	-	(31,430)	-	-	-	(31,430)
Effect of exchange rates changes	-	-	385	-	44	-	429
At 31 March 2012/ 1 April 2012	266,485	925,907	2,193,785	5,094,174	774,301	-	9,254,652
Depreciation for the year	56,932	379,716	748,975	1,547,939	356,099	-	3,089,661
Disposals	-	(155,246)	(239,852)	(284,941)	(607,932)	-	(1,287,971)
Written-off	-	-	(28,849)	(126,500)	-	-	(155,349)
Effect of exchange rates changes	-	-	1,368	712	49	-	2,129
Transfer to assets held for sale (Note 12)	-	-	(395,850)	(105,003)	(13,401)	-	(514,254)
At 31 March 2013	323,417	1,150,377	2,279,577	6,126,381	509,116	-	10,388,868

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Land RM	Buildings RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Asset under construction RM	Total RM
Carrying amounts							
At 1 April 2011	3,197,037	13,813,665	2,938,591	7,309,089	1,093,462	-	28,351,844
At 31 March 2012/ 1 April 2012	3,974,505	14,124,112	3,768,654	8,263,279	686,610	12,157,444	42,974,604
At 31 March 2013	3,357,573	30,317,276	3,964,159	9,925,422	1,149,618	-	48,714,048

Company	Land RM	Buildings RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost						
At 1 April 2011	2,846,590	13,417,527	2,800,378	5,902,550	1,180,588	26,147,633
Additions	-	-	631,145	295,300	4,944	931,389
Disposals	-	-	(11,183)	-	-	(11,183)
At 31 March 2012/1 April 2012	2,846,590	13,417,527	3,420,340	6,197,850	1,185,532	27,067,839
Additions	-	-	352,448	34,400	872,302	1,259,150
Disposals	-	-	-	(30,550)	(758,999)	(789,549)
At 31 March 2013	2,846,590	13,417,527	3,772,788	6,201,700	1,298,835	27,537,440
Depreciation						
At 1 April 2011	209,553	607,606	1,479,388	3,516,449	550,594	6,363,590
Depreciation for the year	56,932	268,351	271,331	420,511	211,114	1,228,239
Disposals	-	-	(4,915)	-	-	(4,915)
At 31 March 2012/1 April 2012	266,485	875,957	1,745,804	3,936,960	761,708	7,586,914
Depreciation for the year	56,932	268,350	286,489	419,110	245,154	1,276,035
Disposals	-	-	-	(30,548)	(574,407)	(604,955)
At 31 March 2013	323,417	1,144,307	2,032,293	4,325,522	432,455	8,257,994
Carrying amounts						
At 1 April 2011	2,637,037	12,809,921	1,320,990	2,386,101	629,994	19,784,043
At 31 March 2012/1 April 2012	2,580,105	12,541,570	1,674,536	2,260,890	423,824	19,480,925
At 31 March 2013	2,523,173	12,273,220	1,740,495	1,876,178	866,380	19,279,446

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Security

At 31 March 2013, properties of the Group and of the Company with carrying amounts of RM30,078,358 (31.3.2012: RM26,594,853; 1.4.2011: RM14,734,763) and RM12,621,392 (31.3.2012: RM12,896,206; 1.4.2011: RM13,171,019) respectively are charged to a bank as securities for term loans granted to the Group and the Company (see Note 14).

3.2 Leased assets

At 31 March 2013, the net carrying amounts of property, plant and equipment acquired under hire purchase agreements are as follows:

		Group			Company	
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Plant and machinery	4,474,982	2,452,743	2,447,933	245,055	273,885	-
Motor vehicles	896,467	228,283	750,229	747,996	182,340	303,900
	5,371,449	2,681,026	3,198,162	993,051	456,225	303,900

3.3 Land

Included in the carrying amounts of land are:

		Group			Company	
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Freehold land	834,400	1,394,400	560,000	-	-	-
Leasehold land	2,523,173	2,580,105	2,637,037	2,523,173	2,580,105	2,637,037
	3,357,573	3,974,505	3,197,037	2,523,173	2,580,105	2,637,037

4. GOODWILL

	Group RM
Cost	
1 April 2011	26,266,210
Acquisition through business combinations	13,415,489
At 31 March 2012/1 April 2012/31 March 2013	39,681,699
Impairment loss	
At 1 April 2011	251,545
Impairment loss during the year	1,214,670
At 31 March 2012/1 April 2012	1,466,215
Impairment loss during the year	17,655,608
At 31 March 2013	19,121,823

4. GOODWILL (CONTINUED)

	Group RM
Carrying amounts	
At 1 April 2011	26,014,665
At 31 March 2012/1 April 2012	38,215,484
At 31 March 2013	20,559,876

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's business units acquired, which represents the lowest level within the Group, at which the goodwill is monitored for internal management purposes.

Due to continuing losses incurred, the Group ceased the business operations of its subsidiaries in the United States of America during the year. As there is no future economical value to be generated from the existing goodwill relating to these operations, the Group fully impaired the value of this goodwill and recognised an impairment loss of RM17,655,608 in other operating expenses of the Group.

The recoverable amounts of its other business units were based on value in use calculations. These calculations were determined based on post-tax cash flow projections based on financial budget 2014 approved by management and the cash flows beyond 2014 are projected for a four-year period and extrapolated to terminal value using estimated growth rates stated below. The growth rate does not exceed the average historical growth rate over the long term for the industry.

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

- There will be no material change in structure and principal activities of cash-generating units.
- Sales are expected to grow at 5% per annum.
- Gross profit margin is expected to be constant.
- General and administration expenses are expected to increase at 5% per annum taking into account inflationary pressure on prices.
- A pre-tax discount rate of 5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the average effective borrowing rate of the Group for the past few years.
- Terminal growth rate are expected to be 5% per annum.

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

5. INVESTMENTS IN SUBSIDIARIES

	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Unquoted shares, at cost	26,866,804	26,866,804	26,866,804
Less: Accumulated impairment losses	(209,995)	(209,995)	(209,995)
	26,656,809	26,656,809	26,656,809

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Company	Group's effective interest 31.3.2013 %	31.3.2012 %	1.4.2011 %	Country of incorporation	Principal activities
CLT Engineering Sdn. Bhd.	51	51	51	Malaysia	Fabrication of machine parts and toolings for equipment and replications of systems and equipment.
FAS Manufacturing Sdn. Bhd.	60	60	60	Malaysia	Fabrication of machine parts and tooling for equipments. The company has temporarily ceased operations.
FAS Technology Solution Sdn. Bhd.	60	60	60	Malaysia	Design and development of standard automated industrial equipment. The company has temporarily ceased operations.
Genetec Global Technologies, Inc.#	100	100	100	United States of America	Investment holding. This company was classified as discontinued operation during the year.
Subsidiary of CLT Engineering Sdn. Bhd.					
CLT Engineering (Thailand) Co., Ltd.#@	51	51	-	Thailand	Provision of fabrication system integration and engineering services and products.
Subsidiaries of Genetec Global Technologies, Inc.					
Systems South, Inc.#	85	85	80	United States of America	Design and manufacturing of custom equipment solutions. The company was classified as discontinued operation during the year.
IP Systems, Inc. #	60	60	-	United States of America	Manufacture of custom nuclear gloveboxes and hot cells, pharmaceutical isolators, and sterilization systems. The company was classified as discontinued operation during the year.
Genetec Technology Automation, Inc.# ^	100	-	-	United States of America	Provision of system design and engineering services and products. The company was classified as discontinued operation during the year.

^ Incorporated during the year

Subsidiaries consolidated based on unaudited financial statements.

@ Audited by firm of auditor other than KPMG.

6. INVESTMENT IN AN ASSOCIATE

	Group			Company		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Unquoted shares outside Malaysia, at cost	49,000	49,000	49,000	49,000	49,000	49,000
Share of post-acquisition profit/(losses)	56,896	110,648	(28,352)	-	-	-
	105,896	159,648	20,648	49,000	49,000	49,000

The details of the associate are as follows:

Name of associate	Principal activities	Country of incorporation	Effective ownership interest 31.3.2013 %	Effective ownership interest 31.3.2012 %	Effective ownership interest 1.4.2011 %	Financial year end
TGT Technology Limited	Provision of engineering and technical services including designing of machine, machinery equipment and accessories of industrial products.	Thailand	49	49	49	31 December

Summary financial information on the associate, not adjusted for the percentage ownership held by the Group:

	Revenue (100%) RM	Profit/(Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
31 March 2013				
TGT Technology Limited*	1,022,503	(109,697)	242,715	105,095
31 March 2012				
TGT Technology Limited#	1,259,053	285,109	360,595	113,278
1 April 2011				
TGT Technology Limited^	1,252,743	30,359	190,278	238,781

* Results of this associate is based on audited financial statements as at 31 December 2012 and management financial statements from 1 January 2013 to 31 March 2013. Results of this associate is not material to the Group.

Results of this associate was based on audited financial statements as at 31 December 2011 and management financial statements from 1 January 2012 to 31 March 2012. Results of this associate was not material to the Group.

^ Results of this associate was based on audited financial statements as at 31 December 2010 and management financial statements from 1 January 2011 to 31 March 2011. Results of this associate was not material to the Group.

7. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax (assets)/liabilities

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

	Assets			Liabilities			Net		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Group									
Property, plant and equipment	-	-	-	847,260	847,260	1,111,582	847,260	847,260	1,111,582
Unutilised tax losses	(540,859)	(996,164)	-	-	-	-	(540,859)	(996,164)	-
Others	-	-	(526,000)	10,732	10,732	-	10,732	10,732	(526,000)
Tax (assets)/ liabilities	(540,859)	(996,164)	(526,000)	857,992	857,992	1,111,582	317,133	(138,172)	585,582
Set off of tax	540,859	540,859	526,000	(540,859)	(540,859)	(526,000)	-	-	-
Net tax (assets)/ liabilities	-	(455,305)	-	317,133	317,133	585,582	317,133	(138,172)	585,582
Company									
Property, plant and equipment	-	-	-	196,000	196,000	196,000	196,000	196,000	196,000
Others	(66,000)	(66,000)	(66,000)	-	-	-	(66,000)	(66,000)	(66,000)
Net tax (assets)/ liabilities	(66,000)	(66,000)	(66,000)	196,000	196,000	196,000	130,000	130,000	130,000
Set off of tax	66,000	66,000	66,000	(66,000)	(66,000)	(66,000)	-	-	-
Net tax (assets)/ liabilities	-	-	-	130,000	130,000	130,000	130,000	130,000	130,000

Unrecognised deferred tax assets

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

	Group		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Unabsorbed capital allowances	-	(172,500)	(190,000)
Unutilised tax losses	(16,064,000)	(3,623,500)	(2,373,000)
Deductible temporary differences	-	-	119,000
	(16,064,000)	(3,796,000)	(2,444,000)

7. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets (continued)

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

	At 1.4.2011 RM	Recognised in profit or loss RM	Arising from business combinations RM	At 31.3.2012/ 1.4.2012 RM	Recognised in profit or loss RM	At 31.3.2013 RM
Group						
Property, plant and equipment	1,111,582	(349,739)	85,417	847,260	-	847,260
Unutilised tax losses	-	(324,285)	(671,879)	(996,164)	455,305	(540,859)
Other temporary differences	(526,000)	(102,207)	638,939	10,732	-	10,732
	585,582	(776,231)	52,477	(138,172)	455,305	317,133
		Note 20			Note 20	

	At 1.4.2011 RM	Recognised in profit or loss RM	At 31.3.2012/ 1.4.2012 RM	Recognised in profit or loss RM	At 31.3.2013 RM
Company					
Property, plant and equipment	196,000	-	196,000	-	196,000
Other temporary differences	(66,000)	-	(66,000)	-	(66,000)
	130,000	-	130,000	-	130,000
		Note 20		Note 20	

8. INVENTORIES

	Group			Company		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
At cost:						
Raw materials	513,461	520,648	630,877	240,355	278,472	235,102
Consumables	3,100,362	4,083,006	4,909,408	957,390	1,284,533	1,929,837
Work-in-progress	26,296,439	15,141,451	10,192,808	20,715,499	9,878,012	1,568,474
Finished goods	188,501	654,255	430,067	183,242	201,186	66,205
	30,098,763	20,399,360	16,163,160	22,096,486	11,642,203	3,799,618

8. INVENTORIES (CONTINUED)

	Group 31.3.2013 RM	Group 31.3.2012 RM	Group 1.4.2011 RM	Company 31.3.2013 RM	Company 31.3.2012 RM	Company 1.4.2011 RM
Recognised in profit or loss:						
Inventories recognised as cost of sales	80,879,585	75,591,046	78,150,570	52,278,732	33,402,465	49,954,528
Inventories written off	555,794	-	39,606	555,794	-	39,606

9. DERIVATIVE FINANCIAL ASSETS

	Group 31.3.2013 RM	Group 31.3.2012 RM	Group 1.4.2011 RM	Company 31.3.2013 RM	Company 31.3.2012 RM	Company 1.4.2011 RM
Financial assets at fair value through profit or loss and represented at fair value:						
- Forward contracts	91,897	265,900	798,061	91,897	252,400	721,694

10. TRADE AND OTHER RECEIVABLES

	Note	Group 31.3.2013 RM	Group 31.3.2012 RM	Group 1.4.2011 RM	Company 31.3.2013 RM	Company 31.3.2012 RM	Company 1.4.2011 RM
Trade							
Trade receivables		17,871,044	52,499,974	34,644,745	8,382,784	20,473,132	18,402,921
Subsidiaries	10.1	-	-	-	4,714	3,825	872,127
		17,871,044	52,499,974	34,644,745	8,387,498	20,476,957	19,275,048
Non-trade							
Other receivables		287,984	4,334,990	2,393,935	277,790	107,311	115,128
Subsidiaries	10.1	-	-	-	3,986,877	16,770,449	11,821,439
Deposits	10.2	359,261	359,220	2,028,505	143,318	125,765	67,745
Prepayments	10.3	2,134,257	5,537,580	1,488,300	1,052,453	2,626,780	1,064,366
		2,781,502	10,231,790	5,910,740	5,460,438	19,630,305	13,068,678
Less: Impairment loss on subsidiaries		-	-	-	(3,986,877)	(3,144,669)	(2,790,461)
		2,781,502	10,231,790	5,910,740	1,473,561	16,485,636	10,278,217
		20,652,546	62,731,764	40,555,485	9,861,059	36,962,593	29,553,265

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

10.1 The trade balances due from subsidiaries are subject to normal trade terms.

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

10.2 Included in deposits of the Group at 1 April 2011 was an amount of RM1,679,996 being advances paid for the acquisition of a piece of leasehold land together with a building on the land. The remaining balance has been paid in the financial year ended 31 March 2012.

10.3 Included in prepayments of the Group and of the Company is an amount of RM1,530,435 (31.3.2012: RM4,923,269; 1.4.2011: RM1,318,901) and RM958,205 (31.3.2012: RM2,489,069; 1.4.2011: RM1,048,730) respectively, being advances paid to suppliers for goods acquired.

11. CASH AND CASH EQUIVALENTS

	Group			Company		
	31.3.2013 RM	31.3.2012 RM Restated	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Cash and bank balances	9,615,919	2,586,739	14,999,516	8,357,616	900,312	8,540,264
Deposits placed with licensed banks	1,086,758	5,341	5,208	1,086,758	5,341	5,208
	10,702,677	2,592,080	15,004,724	9,444,374	905,653	8,545,472

12. DISPOSAL GROUP HELD FOR SALE

The United States of America ("U.S.A") subsidiaries, namely IP Systems Inc., Systems South Inc., Genetec Technology Automation Inc., and its holding company Genetec Global Technologies Inc. ("GGT") are presented as a disposal group held for sale following the event mentioned below.

In February 2013, the management of the Group had committed to a plan to cease and scale down its U.S.A operations. The decision is consistent with the Group's strategy to focus on profitable businesses and to divest subsidiaries which have been consistently underperforming over the years. At 31 March 2013, the assets and liabilities relating to GGT and its subsidiaries have been presented separately as a disposal group held for sale in the Group's statement of financial position under "assets classified as held for sale" and "liabilities classified as held for sale".

The major classes of assets and liabilities of GGT and its subsidiaries as at 31 March 2013 are as follows:

	Note	Group 2013 RM
Assets classified as held for sale		
Property, plant and equipment	12.1	895,416
Inventories	12.2	3,631
Trade receivables	12.3	871,344
Other receivables, deposits and prepayments		116,638
Cash and cash equivalents		1,833,019
		3,720,048

12. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

	Group 2013 RM
Liabilities classified as held for sale	
Trade and other payables	8,541,915
Loans and borrowings	9,318,964
	17,860,879

Cumulative expense recognised in other comprehensive income

The cumulative expenses recognised in other comprehensive income relating to the disposal group is RM42,952 which relates to foreign currency translation differences included under foreign exchange reserve of the Group.

12.1 Property, plant and equipment held for sale comprise the following:

	Group 2013 RM
Cost	1,409,670
Accumulated depreciation	(514,254)
	895,416

12.2 The inventories held for sale and carried at cost comprise:

Raw materials and work-in-progress	3,631

12.3 Receivables are carried at recoverable amount.

13. CAPITAL AND RESERVES

Share capital

	Group and Company					
	Amount 31.3.2013 RM	Number of shares 31.3.2013	Amount 31.3.2012 RM	Number of shares 31.3.2012	Amount 1.4.2011 RM	Number of shares 1.4.2011
Ordinary shares of RM0.10 each:						
Authorised						
At 1 April	50,000,000	500,000,000	50,000,000	500,000,000	25,000,000	250,000,000
Created during the year	-	-	-	-	25,000,000	250,000,000
At 31 March	50,000,000	500,000,000	50,000,000	500,000,000	50,000,000	500,000,000

13. CAPITAL AND RESERVES (CONTINUED)

Share capital (continued)

	Group and Company					
	Amount 31.3.2013 RM	Number of shares 31.3.2013	Amount 31.3.2012 RM	Number of shares 31.3.2012	Amount 1.4.2011 RM	Number of shares 1.4.2011
Issued and fully paid						
At 1 April	35,173,800	351,738,000	35,173,800	351,738,000	12,131,200	121,312,000
Issued during the year	-	-	-	-	9,600,000	96,000,000
Bonus issue	-	-	-	-	12,161,200	121,612,000
Issue of shares under ESOS	-	-	-	-	1,281,400	12,814,000
At 31 March	35,173,800	351,738,000	35,173,800	351,738,000	35,173,800	351,738,000

Share premium

The reserve comprises premium paid on subscription of shares in the Company over and above par value of the shares.

Translation reserve

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

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank and distribute all of its distributable reserves at 31 March 2013 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the Section 108 tax credit as at 31 March 2013 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

14. LOANS AND BORROWINGS

	Group			Company		
	31.3.2013 RM	31.3.2012 RM Restated	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Non-current						
Finance lease liabilities	3,397,836	1,729,861	1,956,382	385,071	149,463	-
Term loans (secured)	18,012,394	18,555,636	6,762,874	7,511,189	6,384,039	6,762,874
	21,410,230	20,285,497	8,719,256	7,896,260	6,533,502	6,762,874
Current						
Finance lease liabilities	1,536,746	740,870	651,785	310,456	92,668	84,282
Bankers' acceptances (secured)	18,828,171	21,027,639	13,623,000	5,323,000	-	-
Bankers' acceptances (unsecured)	-	3,014,000	-	-	3,014,000	-
Foreign currency loan	-	450,702	-	-	450,702	-
Line of credit	-	8,690,085	-	-	-	-
Revolving credits (secured)	-	4,000,000	4,000,000	-	4,000,000	4,000,000
Term loans (secured)	4,376,552	1,102,382	377,905	3,576,513	383,100	377,905
Bank overdraft (secured)	606,189	247,746	-	-	-	-
	25,347,658	39,273,424	18,652,690	9,209,969	7,940,470	4,462,187
	46,757,888	59,558,921	27,371,946	17,106,229	14,473,972	11,225,061

Security

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

Significant covenants

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

i) Maximum gearing of 2.0 times.
ii) Minimum tangible net worth at RM12,000,000.
iii) Valuation report issued by a valuation firm which is acceptable to the banker's panel of valuers upon completion of the property to be financed, evidencing the Open Market Value of the land and the completed building at not less than RM10 million.

14. LOANS AND BORROWINGS (CONTINUED)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 31.3.2013 RM	Interest 31.3.2013 RM	Present value of minimum lease payments 31.3.2013 RM	Future minimum lease payments 31.3.2012 RM	Interest 31.3.2012 RM	Present value of minimum lease payments 31.3.2012 RM	Future minimum lease payments 1.4.2011 RM	Interest 1.4.2011 RM	Present value of minimum lease payments 1.4.2011 RM
Group									
Less than one year	1,754,748	(218,002)	1,536,746	871,535	(130,665)	740,870	784,482	(132,697)	651,785
Between one and five years	3,585,701	(187,865)	3,397,836	1,869,264	(139,403)	1,729,861	2,170,059	(213,677)	1,956,382
	5,340,449	(405,867)	4,934,582	2,740,799	(270,068)	2,470,731	2,954,541	(346,374)	2,608,167
Company									
Less than one year	336,708	(26,252)	310,456	104,568	(11,900)	92,668	86,078	(1,796)	84,282
Between one and five years	397,299	(12,228)	385,071	156,852	(7,389)	149,463	-	-	-
	734,007	(38,480)	695,527	261,420	(19,289)	242,131	86,078	(1,796)	84,282

15. TRADE AND OTHER PAYABLES

	Note	Group 31.3.2013 RM	Group 31.3.2012 RM	Group 1.4.2011 RM	Company 31.3.2013 RM	Company 31.3.2012 RM	Company 1.4.2011 RM
Trade							
Trade payables		11,545,702	20,252,367	11,369,113	6,941,415	7,996,720	5,407,338
Subsidiaries	15.1	-	-	-	40,818	14,512	-
Associate	15.1	138,205	7,459	-	138,205	7,459	-
		11,683,907	20,259,826	11,369,113	7,120,438	8,018,691	5,407,338
Non-trade							
Other payables		1,391,643	1,520,785	654,554	433,207	293,497	400,383
Accruals		9,504,353	5,356,170	3,858,237	8,395,060	1,603,213	1,704,264
Associate	15.1	4,011	20,747	-	4,011	20,747	-
		10,900,007	6,897,702	4,512,791	8,832,278	1,917,457	2,104,647
		22,583,914	27,157,528	15,881,904	15,952,716	9,936,148	7,511,985

15. TRADE AND OTHER PAYABLES (CONTINUED)

15.1 Amounts due to subsidiaries and an associate

The trade balances due to subsidiaries and an associate are subject to normal trade terms.

The non-trade balances due to an associate are unsecured, interest free and are repayable on demand.

16. REVENUE

	Continuing operations		Discontinued operations Note 21		Consolidated	
	2013 RM	2012 RM Restated	2013 RM	2012 RM Restated	2013 RM	2012 RM
Group						
Automation products	123,112,099	123,037,570	36,192,897	32,395,942	159,304,996	155,433,512
Company						
Automation products	83,029,649	52,755,841	-	-	83,029,649	52,755,841

17. (LOSS)/PROFIT FOR THE YEAR

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit for the year is arrived at after charging:				
Audit fees:				
- KPMG Malaysia				
Current year	184,000	117,000	100,000	55,000
Under provision in prior year	32,950	-	23,000	-
- Other auditors	4,000	201,783	-	-
Non audit fees:				
- KPMG Malaysia	57,000	12,000	57,000	12,000
Depreciation of property, plant and equipment	3,089,661	2,670,821	1,276,035	1,228,239
Derivative realised loss	-	87,616	-	87,616
Finance costs:				
- finance lease liabilities	256,817	180,798	27,175	8,407
- bankers' acceptances	907,658	741,700	265,881	143,736
- line of credit	352,073	15,123	-	-
- bank loans	1,414,056	1,295,809	584,028	641,751
- overdraft	6,142	120,926	2,986	3,948
- bank charges and commitment fees	441,920	468,812	182,984	140,289
Bad debts written off	3,327,835	-	-	-
Amount due from subsidiaries written off	-	-	25,427,223	-
Impairment loss on:				
- amounts due from subsidiaries	-	-	842,208	354,208
- goodwill	17,655,608	1,214,670	-	-

17. (LOSS)/PROFIT FOR THE YEAR (CONTINUED)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit for the year is arrived at after charging:				
Inventories written off	555,794	-	555,794	-
Loss on disposal of property, plant and equipment, net	-	-	-	2,436
Loss on foreign exchange:				
- realised	1,112,957	66,172	989,902	25,699
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	2,057,747	1,755,882	1,168,295	837,151
- Wages, salaries and others	45,633,001	34,374,402	11,526,898	8,758,802
Property, plant and equipment written off	323,790	276,073	-	-
Rental expense on properties	1,734,248	1,153,961	-	-
Rental of motor vehicles	24,484	43,843	-	-
and after crediting:				
Derivative gain				
- realised	325,220	26,606	325,220	-
- unrealised	91,897	265,900	91,897	252,400
Dividend received	-	-	3,060,000	3,060,000
Finance income from deposits	130,642	111,553	87,007	91,663
Gain on disposal of property, plant and equipment, net	3,096,432	7,909	175,506	-
Gain on foreign exchange				
- realised	378	5,700	-	-
- unrealised	335,017	128,266	308,752	157,252
Rental income	-	126,400	-	-
Waiver of amount due to director	-	991,763	-	-

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors:				
- Remuneration	1,344,627	1,915,480	395,500	365,370
- Fees	132,000	187,000	132,000	123,000
- Other short term employee benefits	98,969	95,400	20,349	17,400
	1,575,596	2,197,880	547,849	505,770

During the year, in addition to the above benefits received from the Group and the Company, one of the Directors of the Company received payment for services rendered to the Group and the Company in the normal course of business amounting to RM186,500 (2012: RM183,790).

19. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM Restated	2013 RM	2012 RM
Continuing operations:				
Interest expense				
- Bank borrowings	1,279,999	1,077,195	437,566	342,957
- Term loans	966,767	779,323	442,504	454,886
- Others	441,920	427,121	182,984	140,288
	2,688,686	2,283,639	1,063,054	938,131
Discontinued operations				
Finance costs	689,980	539,529	-	-
	3,378,666	2,823,168	1,063,054	938,131

20. TAX (INCOME)/EXPENSE

Recognised in profit or loss

	Note	Group		Company	
		2013 RM	2012 RM Restated	2013 RM	2012 RM
Continuing operations					
Current tax (income)/expense					
- current year		-	589,082	-	150,000
- prior year		(289,170)	(1,439,634)	58,941	(45,139)
		(289,170)	(850,552)	58,941	104,861
Deferred tax expense					
- origination and reversal of temporary differences		-	(353,866)	-	-
		(289,170)	(1,204,418)	58,941	104,861
Discontinued operations					
Current tax expense		232	-	-	-
Deferred tax expense		455,305	(422,365)	-	-
	21	455,537	(422,365)	-	-
Total tax expense/(income)		166,367	(1,626,783)	58,941	104,861

20. TAX (INCOME)/EXPENSE (CONTINUED)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Reconciliation of tax expense				
(Loss)/Profit for the year				
- Continuing operations	(7,870,072)	9,552,753	(16,744,337)	4,900,019
- Discontinued operations	(24,223,112)	(738,571)	-	-
	(32,093,184)	8,814,182	(16,744,337)	4,900,019
Total tax expense/(income)				
- Continuing operations	(289,170)	(1,204,418)	58,941	104,861
- Discontinued operations	455,537	(422,365)	-	-
	166,367	(1,626,783)	58,941	104,861
(Loss)/Profit before tax				
- Continuing operations	(8,159,242)	8,348,335	(16,685,396)	5,004,880
- Discontinued operations	(23,767,575)	(1,160,936)	-	-
	(31,926,817)	7,187,399	(16,685,396)	5,004,880
Income tax using Malaysian tax rate of 25%	(7,981,704)	1,796,850	(4,171,349)	1,251,220
Effect of deferred tax assets not recognised	6,154,888	338,000	-	-
Non-deductible expenses	7,697,202	1,414,924	7,305,247	262,710
Non-taxable income	(863,546)	(684,703)	(738,399)	(684,703)
Tax incentive (Pioneer status)*	(2,405,177)	(2,763,956)	(2,395,499)	(679,227)
Effect of different tax rates in foreign jurisdictions	(2,146,126)	80,389	-	-
	455,537	181,504	-	150,000
(Over)/Under provision in prior year				
- current tax	(289,170)	(1,439,634)	58,941	(45,139)
- deferred tax	-	(368,653)	-	-
	166,367	(1,626,783)	58,941	104,861

* The Company was granted pioneer status tax incentive by the Malaysian Industrial Development Authority ("MIDA") in respect of its "Automated Machine and Equipment, and Related Modules" activities for a period of 5 years commencing 15 September 2005 and 26 January 2007 respectively and subject to additional 5 years extension period upon expiry. The incentives were successfully extended for a further period of 5 years.

The Group's subsidiary, CLT Engineering Sdn Bhd was also granted pioneer status incentives by MIDA in respect of its "Automated Assembly and Testing Machine, and Related Module" activities for a period of 5 years commencing 18 October 2010 and subject to additional 5 years extension period upon expiry.

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

21. DISCONTINUED OPERATIONS

In February 2013, the Group decided to cease and scale down its business operations in United States of America ("U.S.A") following continuing losses incurred by the U.S.A subsidiaries. Systems South Inc., IP Systems Inc., Genetec Technology Automation Inc. and its holding company Genetec Global Technologies Inc.. These entities were classified as discontinued operations as at 31 March 2013 and the comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operations separately from continuing operations.

Loss attributable to the discontinued operations was as follows:

Results of discontinued operation

		Group	
	Note	2013 RM	2012 RM
Revenue	16	36,192,897	32,395,942
Expenses		(59,960,472)	(33,556,878)
Results from operating activities		(23,767,575)	(1,160,936)
Tax (expense)/income	20	(455,537)	422,365
Loss for the year		(24,223,112)	(738,571)
Included in the results from operating activities are:			
Depreciation of property, plant and equipment		375,248	253,912

The loss from discontinued operations of RM24,223,112 (2012: RM738,571) is attributable entirely to the owners of the Company.

		Group 2013 RM	Group 2012 RM
Cash flows generated from/(used in) discontinued operations			
Net cash generated from operating activities		2,417,676	970,170
Net cash generated from/(used in) investing activities		3,821,290	(13,601,262)
Net cash (used in)/generated from financing activities		(4,325,863)	12,290,381
Effect on cash flows		1,913,103	(340,711)

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 31 March 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2013 RM	**2012 RM Restated**
(Loss)/Profit for the year		
- Continuing operations	(7,870,072)	9,552,753
- Discontinued operations	(24,223,112)	(738,571)
	(32,093,184)	8,814,182
Less: (Loss)/Profit attributable to non-controlling interest:		
- Continuing operations	(403,715)	4,930,422
- Discontinued operations	(5,769,639)	(164,268)
	(6,173,354)	4,766,154
(Loss)/Profit attributable to ordinary shareholders		
- Continuing operations	(7,466,357)	4,622,331
- Discontinued operations	(18,453,473)	(574,303)
	(25,919,830)	4,048,028
Weighted average number of ordinary shares at 1 April 2012/31 March 2013	351,738,000	351,738,000

	2013 Sen	**2012 Sen Restated**
Basic (loss)/earnings per ordinary share		
- from continuing operations	(2.12)	1.31
- from discontinued operations	(5.25)	(0.16)

Diluted earnings per ordinary share

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

23. 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 on at least a quarterly basis. No segment reporting is presented as the Group operates solely in the industrial automation segment.

Geographical segments

The industrial automation segment is managed on a worldwide basis, but operates manufacturing facilities and sales offices mainly in Malaysia and the United States of America.

23. OPERATING SEGMENT (CONTINUED)

Geographical segments (continued)

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

Group Geographical information	Revenue 2013 RM	 2012 RM	Non-current assets 2013 RM	 2012 RM
Continuing operations				
Malaysia	121,077,735	123,020,738	65,848,871	46,686,932
Other countries	2,034,364	16,832	3,425,053	3,061,963
	123,112,099	123,037,570	69,273,924	49,748,895
Discontinued operations				
United States of America	36,192,897	32,395,942	-	31,441,193
	159,304,996	155,433,512	69,273,924	81,190,088

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss - Designated upon initial recognition ("FVTPL-DUIR"); and
(c) Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount RM	L&R RM	FVTPL -DUIR RM
Financial assets			
31 March 2013			
Derivatives	91,897	-	91,897
Trade and other receivables, excluding prepayments	18,518,289	18,518,289	-
Cash and cash equivalents	10,702,677	10,702,677	-
	29,312,863	29,220,966	91,897
31 March 2012			
Derivatives	265,900	-	265,900
Trade and other receivables, excluding prepayments	57,194,184	57,194,184	-
Cash and cash equivalents	2,592,080	2,592,080	-
	60,052,164	59,786,264	265,900
1 April 2011			
Derivatives	798,061	-	798,061
Trade and other receivables, excluding prepayments	39,067,185	39,067,185	-
Cash and cash equivalents	15,004,724	15,004,724	-
	54,869,970	54,071,909	798,061

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

Group	Carrying amount RM	FL RM
Financial liabilities		
31 March 2013		
Loans and borrowings	46,757,888	46,757,888
Trade and other payables	22,583,914	22,583,914
	69,341,802	69,341,802
31 March 2012		
Loans and borrowings	59,558,921	59,558,921
Trade and other payables	27,157,528	27,157,528
	86,716,449	86,716,449
1 April 2011		
Loans and borrowings	27,371,946	27,371,946
Trade and other payables	15,881,904	15,881,904
	43,253,850	43,253,850

Company	Carrying amount RM	L&R RM	FVTPL -DUIR RM
Financial assets			
31 March 2013			
Derivatives	91,897	-	91,897
Trade and other receivables, excluding prepayments	8,808,606	8,808,606	-
Cash and cash equivalents	9,444,374	9,444,374	-
	18,344,877	18,252,980	91,897
31 March 2012			
Derivatives	252,400	-	252,400
Trade and other receivables, excluding prepayments	34,335,813	34,335,813	-
Cash and cash equivalents	905,653	905,653	-
	35,493,866	35,241,466	252,400
1 April 2011			
Derivatives	721,694	-	721,694
Trade and other receivables, excluding prepayments	28,488,899	28,488,899	-
Cash and cash equivalents	8,545,472	8,545,472	-
	37,756,065	37,034,371	721,694

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

Company	Carrying amount RM	FL RM
Financial liabilities		
31 March 2013		
Loans and borrowings	17,106,229	17,106,229
Trade and other payables	15,952,716	15,952,716
	33,058,945	33,058,945
31 March 2012		
Loans and borrowings	14,473,972	14,473,972
Trade and other payables	9,936,148	9,936,148
	24,410,120	24,410,120
1 April 2011		
Loans and borrowings	11,225,061	11,225,061
Trade and other payables	7,511,985	7,511,985
	18,737,046	18,737,046

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Net gains/(losses) arising on:				
Fair value through profit or loss				
- Designated upon initial recognition	417,117	204,890	417,117	164,784
Loans and receivables	(3,974,754)	135,802	(26,863,574)	(174,457)
Financial liabilities measured at amortised cost	(2,688,686)	(2,567,923)	(1,063,055)	(894,585)
	(6,246,323)	(2,227,231)	(27,509,512)	(904,258)

24.3 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

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 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 given to banks for credit facilities granted to subsidiaries.

24.4.1 Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has concentration of credit risk through the Group's major customers which represents 79% (2012: 85%) of total trade receivable. The Directors are closely monitoring the Group's credit risk exposure to these major customers and are confident in recovering the amount.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured 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 exposure of credit risk for receivables (excluding amount due from subsidiaries) as at the end of the reporting period by geographic region was:

	Group			Company		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Domestic	9,520,467	39,604,277	15,399,075	1,686,131	13,640,750	3,468,659
Asia	6,875,961	8,023,431	17,086,528	5,857,213	6,711,591	14,537,655
North America	1,461,280	4,782,371	2,143,764	839,440	120,791	396,607
Others	13,336	89,895	15,378	-	-	-
	17,871,044	52,499,974	34,644,745	8,382,784	20,473,132	18,402,921

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.1 Receivables (continued)

Impairment losses

The Group and Company maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables (excluding amount due from subsidiaries) as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
31 March 2013			
Not past due	12,788,814	-	12,788,814
Past due 0 - 30 days	3,697,234	-	3,697,234
Past due more than 30 days	1,384,996	-	1,384,996
	17,871,044	-	17,871,044
31 March 2012			
Not past due	36,338,126	-	36,338,126
Past due 0 - 30 days	7,112,112	-	7,112,112
Past due more than 30 days	9,049,736	-	9,049,736
	52,499,974	-	52,499,974
1 April 2011			
Not past due	23,715,503	-	23,715,503
Past due 0 - 30 days	2,209,715	-	2,209,715
Past due more than 30 days	8,719,527	-	8,719,527
	34,644,745	-	34,644,745
Company			
31 March 2013			
Not past due	5,778,148	-	5,778,148
Past due 0 - 30 days	2,604,636	-	2,604,636
Past due more than 30 days	-	-	-
	8,382,784	-	8,382,784
31 March 2012			
Not past due	10,692,788	-	10,692,788
Past due 0 - 30 days	4,115,733	-	4,115,733
Past due more than 30 days	5,664,611	-	5,664,611
	20,473,132	-	20,473,132
1 April 2011			
Not past due	13,385,457	-	13,385,457
Past due 0 - 30 days	1,770,011	-	1,770,011
Past due more than 30 days	3,247,453	-	3,247,453
	18,402,921	-	18,402,921

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.1 Receivables (continued)

Impairment losses (continued)

As at 31 March 2013, an impairment loss of RM3,327,835 relating to the trade receivables of Systems South Inc. ("SSI") was made as the management experienced difficulties pursuing collections from SSI customers subsequent to the cessation of its operations.

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

24.4.2 Bank balances and deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only placed bank balances and deposits with licensed banks domestically. The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication of impairment of bank balances and deposits placed with licensed banks.

24.4.3 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 amount in the Company's statement of financial position.

Impairment losses

During the year, the Company wrote off RM25,427,223 of amount due from subsidiaries. A further allowance for impairment losses on amounts due from subsidiaries amounting to RM842,208 (2012: RM354,208) was made, resulting in a total year end impairment of RM3,986,877 (2012: RM3,144,669). For the remaining net balances, the Directors are confident that no further allowances are required and the balances are recoverable.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

24.4.4 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 its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM50,655,415 (31.3.2012: RM54,154,800; 1.4.2011: RM13,623,000). Included in the amount are financial guarantees provided to U.S.A subsidiaries amounting to RM5,729,366, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

24.5 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 when they fall due.

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

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
31 March 2013							
Non-derivative financial liabilities							
Finance lease liabilities	4,934,582	2.37 – 3.00	5,340,449	1,754,748	1,754,748	1,830,953	-
Secured term loans	22,388,946	***, #	30,244,977	5,684,413	3,929,307	6,389,352	14,241,905
Bankers' acceptances	18,828,171	3.27 - 5.16	19,557,583	19,557,583	-	-	-
Bank overdraft	606,189	^	606,189	606,189	-	-	-
Trade and other payables	22,583,914	-	22,583,914	22,583,914	-	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
31 March 2012							
Non-derivative financial liabilities							
Finance lease liabilities	2,470,731	2.98 - 6.46	2,740,799	871,535	1,313,124	556,140	-
Secured term loans	19,658,018	*	27,152,735	2,264,651	2,267,101	6,816,199	15,804,784
Revolving credits	4,000,000	**	4,200,400	4,200,400	-	-	-
Bankers' acceptances	24,041,639	3.09 - 4.89	24,931,863	24,931,863	-	-	-
Foreign currency loan	450,702	1.95	459,491	459,491	-	-	-
Line of credit	8,690,085	2.00 - 3.00	8,923,975	8,923,975	-	-	-
Bank overdraft	247,746	^^	247,746	247,746	-	-	-
Trade and other payables	27,157,528	-	27,157,528	27,157,528	-	-	-
1 April 2011							
Non-derivative financial liabilities							
Finance lease liabilities	2,608,167	2.98 - 6.46	2,954,541	784,482	626,306	1,543,753	-
Secured term loans	7,140,779	*	9,650,162	819,185	823,630	2,470,605	5,536,742
Revolving credits	4,000,000	**	4,292,000	4,292,000	-	-	-
Bankers' acceptances	13,623,000	2.70 - 4.22	14,094,356	14,094,356	-	-	-
Trade and other payables	15,881,904	-	15,881,904	15,881,904	-	-	-
Company							
31 March 2013							
Non-derivative financial liabilities							
Finance lease liabilities	695,527	2.37 - 3.00	734,007	336,708	293,138	104,161	-
Secured term loans	11,087,702	*	14,161,571	4,308,822	2,553,716	2,510,087	4,788,946
Bankers' acceptances	5,323,000	4.40 - 5.16	5,577,706	5,577,706	-	-	-
Trade and other payables	15,952,716	-	15,952,716	15,952,716	-	-	-
31 March 2012							
Non-derivative financial liabilities							
Finance lease liabilities	242,131	3.00 - 3.56	261,420	104,568	156,852	-	-
Secured term loans	6,767,139	*	9,008,275	827,783	830,233	2,505,594	4,844,665
Revolving credits	4,000,000	**	4,200,400	4,200,400	-	-	-
Bankers' acceptances	3,014,000	4.16 - 4.89	3,150,384	3,150,384	-	-	-
Foreign currency loan	450,702	1.95	459,491	459,491	-	-	-
Trade and other payables	9,936,148	-	9,936,148	9,936,148	-	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
1 April 2011							
Non-derivative financial liabilities							
Finance lease liabilities	84,282	3.56	86,078	86,078	-	-	-
Secured term loans	7,140,779	*	9,650,162	819,185	823,630	2,470,605	5,536,742
Revolving credits	4,000,000	**	4,292,000	4,292,000	-	-	-
Trade and other payables	7,511,985	-	7,511,985	7,511,985	-	-	-

* Represents lenders' cost of funds rate plus a fixed rate of 0.15%-3.00%

** Represents lenders' cost of funds rate plus a fixed rate of 1.00%.

*** Represents lenders' cost of funds rate plus a fixed rate of 3.00% and base lending rate ("BLR") plus a fixed rate of 0.15% - 0.50%.

\# Represents base lending rate ("BLR") minus a fixed rate of 0.185%.

^ Represents base lending rate ("BLR") plus a fixed rate of 1.25%-1.50%.

^^ Represents U.S.A Daily One Month London Interbank Offered Rate ("LIBOR") plus a fixed rate of 2.75%.

24.6 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.

24.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

In the management of foreign currency risk, the Group and the Company enter into foreign currency forward 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 currency of the Company entities) risk, based on carrying amounts as at the end of the reporting period was:

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

	Denominated in		
	USD RM	SGD RM	EUR RM
Group			
31 March 2013			
Trade and other receivables	7,441,499	259,924	-
Cash and cash equivalents	7,480,094	18,322	5,320
Forward contracts	91,897	-	-
Trade and other payables	(415,143)	(116,289)	(140,026)
	14,598,347	161,957	(134,706)
31 March 2012			
Trade and other receivables	16,612,824	-	12,320
Cash and cash equivalents	758,785	-	-
Forward contracts	265,900	-	-
Trade and other payables	(3,885,927)	(195,942)	-
Loans and borrowings	(13,528,359)	-	-
	223,223	(195,942)	12,320
1 April 2011			
Trade and other receivables	18,698,886	-	-
Cash and cash equivalents	2,662,656	-	-
Forward contracts	798,061	-	-
Trade and other payables	(418,116)	-	-
	21,741,487	-	-
Company			
31 March 2013			
Trade and other receivables	5,620,041	251,461	-
Cash and cash equivalents	7,291,691	8,322	5,320
Forward contracts	91,897	-	-
Trade and other payables	(415,143)	(116,289)	(140,026)
	12,588,486	143,494	(134,706)
31 March 2012			
Trade and other receivables	10,257,154	-	12,320
Amount due from subsidiaries	13,629,606	-	-
Cash and cash equivalents	217,979	-	-
Forward contracts	252,400	-	-
Trade and other payables	(76,274)	(152,498)	-
Foreign currency loan	(450,702)	-	-
	23,830,163	(152,498)	12,320

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

	Denominated in USD RM	SGD RM	EUR RM
Company			
1 April 2011			
Trade and other receivables	15,200,146	-	-
Amount due from subsidiaries	7,081,525	-	-
Cash and cash equivalents	1,015,057	-	-
Forward contracts	721,694	-	-
Trade and other payables	(384,961)	-	-
	23,633,461	-	-

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group 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.

	Group Profit or loss 2013 RM	Group Profit or loss 2012 RM	Company Profit or loss 2013 RM	Company Profit or loss 2012 RM
USD	(1,094,876)	(16,742)	(944,136)	(1,787,262)
SGD	(12,147)	14,696	(10,762)	11,437
EUR	10,103	(924)	10,103	(924)

A 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

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 were:

		Group			Company	
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Fixed rate instruments						
Financial assets	1,086,758	5,341	5,208	1,086,758	5,341	5,208
Financial liabilities	(4,934,582)	(2,921,433)	(2,608,167)	(695,527)	(692,833)	(84,282)
	(3,847,824)	(2,916,092)	(2,602,959)	391,231	(687,492)	(79,074)
Floating rate instruments						
Financial liabilities	(41,823,306)	(56,637,488)	(24,763,779)	(16,410,702)	(13,781,139)	(11,140,779)

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

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

	Profit or loss			
	30 bp increase 2013 RM	30 bp decrease 2013 RM	30 bp increase 2012 RM	30 bp decrease 2012 RM
Group				
Floating rate instruments	(94,102)	94,102	(127,434)	127,434
Company				
Floating rate instruments	(36,924)	36,924	(31,008)	31,008

24.7 Fair value of financial instruments

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	31.3.2013		31.3.2012		1.4.2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group						
Forward exchange contracts	91,897	91,897	265,900	265,900	798,061	798,061
Secured term loans	22,388,946	22,388,946	19,658,018	19,658,018	7,140,779	7,140,779
Finance lease liabilities	4,934,582	4,669,296	2,470,731	2,386,709	2,608,167	2,473,508
Company						
Forward exchange contracts	91,897	91,897	252,400	252,400	721,694	721,694
Secured term loans	11,087,702	11,087,702	6,767,139	6,767,139	7,140,779	7,140,779
Finance lease liabilities	695,527	660,692	242,131	236,884	84,282	84,282

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value of financial instruments (continued)

Derivatives

The fair value of forward exchange contracts is determined using quoted forward rates at the end of the reporting period.

Non-derivative financial assets and 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. The fair values of secured bank loans of the Group and the Company approximate their carrying amounts as they are floating rate loans. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	Group			Company		
	31.3.2013	31.3.2012	1.4.2011	31.3.2013	31.3.2012	1.4.2011
Secured term loans	6.23%	6.38%	6.45%	6.53%	6.75%	6.45%
Finance lease liabilities	2.66%	2.70%	2.95%	2.59%	2.70%	2.95%

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels has been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical asset or liability.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2013				
Financial assets				
Derivative financial assets	-	91,897	-	91,897
2012				
Financial assets				
Derivative financial assets	-	265,900	-	265,900

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value of financial instruments (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
2013				
Financial assets				
Derivative financial assets	-	91,897	-	91,897
2012				
Financial assets				
Derivative financial assets	-	252,400	-	252,400

25. 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 2013, 31 March 2012 and 1 April 2011 were as follows:

			Group	
	Note	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Total borrowings	14	46,757,888	59,558,921	27,371,946
Less: Cash and cash equivalents	11	(10,702,677)	(2,592,080)	(15,004,724)
		36,055,211	56,966,841	12,367,222
Total equity		48,005,315	82,995,547	81,541,272
Debt-to-equity ratio		0.75	0.69	0.15

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

26. CAPITAL COMMITMENTS

	Group		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Capital expenditure commitments			
Property, plant and equipment			
Contracted but not provided for and payable within one year	-	2,296,900	10,350,000

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		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Guarantees given to financial institutions for facilities granted to the subsidiaries	50,655,415	54,154,800	13,623,000

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 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 or common significant influence. 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 includes all the Directors of the Group.

The Group has related party relationships with its subsidiaries, associate, and key management personnel.

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Subsidiaries				
Purchases	-	-	1,314,433	593,215
Sales	-	-	(2,601,130)	(72,160)
Dividend income	-	-	(3,060,000)	(3,060,000)

28. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Subsidiaries of an affiliate company				
Purchases	2,039,267	3,500,162	1,406,881	1,141,716
Associate				
Servicing fee	1,001,716	879,103	1,001,716	879,103
Purchases	11,187	435,429	11,187	435,429

In the opinion of the Directors, the terms and conditions for the above transactions are based on normal trade terms. All the outstanding balances are unsecured and expected to be settled in cash.

Information regarding outstanding balances arising from subsidiaries are disclosed in Note 10 and 15. As at 31 March 2013, the balances outstanding to subsidiaries of an affiliate company, KVC Industrial Supplies Sdn. Bhd., TSA Industries Sdn. Bhd and Cotel Precision Industries Sdn. Bhd. are RM512,939 (31.3.2012: RM725,499; 1.4.2011: RM224,776), RM61,578 (31.3.2012: RM38,431; 1.4.2011: RM65,933) and RM1,333 (31.3.2012: Nil; 1.4.2011: Nil), respectively. The balance outstanding to an associate, TGT Technology Limited amounts to RM142,216 (31.3.2012: RM28,206; 1.4.2011: Nil).

29. BUSINESS COMBINATIONS

29.1 Incorporation of a new wholly-owned subsidiary

In May 2012, Genetec Global Technologies, Inc. incorporated a new wholly-owned subsidiary in the United States of America, Genetec Technology Automation, Inc., with a total issued and paid up capital of USD100 comprising 100 shares.

29.2 Prior year incorporation and acquisition of subsidiaries

The Group incorporated the following subsidiaries during the year ended 31 March 2012:

i) In April 2011, Genetec Global Technologies, Inc. (“GGT”) acquired 60% equity interest in IP Systems, Inc. from a third party in the United States of America, for a total consideration of USD2,250,000 (approximately RM6,823,193) satisfied by cash.

ii) In April 2011, CLT Engineering Sdn. Bhd., a 51% owned subsidiary of the Company, acquired the entire equity interest in CLT Engineering (Thailand) Co., Ltd. from a third party in Thailand, for a total consideration of RM1,450,000 satisfied by cash.

iii) In December 2011, GGT acquired an additional 5% equity interest in Systems South, Inc. from a third party in the United States of America, for a total consideration of USD105,500 (approximately RM337,605) satisfied by cash.

29. BUSINESS COMBINATIONS (CONTINUED)

29.2 Prior year incorporation and acquisition of subsidiaries (continued)

iv) The fair values of assets acquired and liabilities assumed in the acquisition of the subsidiaries mentioned in Note 29.2(i) and (ii) and their cash flow effects are as follows:

	At dates of acquisitions RM	Fair value adjustment RM	At fair value RM
Property, plant and equipment	1,496,377	341,668	1,838,045
Goodwill	4,317,103	-	4,317,103
Deferred tax assets/(liabilities)	32,940	(85,417)	(52,477)
Current assets	1,325,818	-	1,325,818
Current liabilities	(2,578,371)	-	(2,578,371)
Borrowings	(6,156,224)	-	(6,156,224)
Net identifiable assets and liabilities	(1,562,357)	256,251	(1,306,106)
Non-controlling interest			480,914
Goodwill on consolidation			9,098,386
Consideration paid, satisfied by cash			8,273,194
Cash and cash equivalents acquired			(497,618)
Net cash outflow			7,775,576

The goodwill recognised on the acquisitions is attributable mainly to the products and customers of the business' work force and synergies expected to be achieved from integrating the subsidiaries to the Group's existing industrial automation business.

30. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 March 2013, the comparative information presented in these financial statements for the year ended 31 March 2012 and in the preparation of the opening MFRS statement of financial position at 1 April 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

31. COMPARATIVE FIGURES

Certain comparatives have been restated to reflect the classification of the U.S.A operational results as discontinued operations. The changes in comparative figures are as stated below:

	Group 31.3.2012	
	As restated RM	As previously stated RM
Statements of financial position		
Cash and cash equivalents	2,592,080	2,344,334
Loans and borrowings	59,558,921	59,311,175
Statements of profit or loss and other comprehensive income		
Revenue	123,037,570	155,433,512
Cost of sales	(102,336,307)	(127,481,076)
Other income	729,504	995,460
Distribution expenses	(2,192,379)	(3,962,663)
Administrative expenses	(8,291,768)	(14,578,156)
Other expenses	(554,772)	(647,063)
Finance income	101,126	111,553
Finance costs	(2,283,639)	(2,823,168)
Tax expense	1,204,418	1,626,783
Loss from discontinued operations	(738,571)	-
Earnings per ordinary share		
Profit/(Loss) attributable to ordinary shareholders		
- Continuing operations	4,622,331	4,048,028
- Discontinued operations	(574,303)	-
	4,048,028	4,048,208
Basic (loss)/earnings per ordinary share (sen)		
- from continuing operations	1.31	1.15
- from discontinued operations	(0.16)	-
	1.15	1.15
Statements of cash flows		
Cash and cash equivalents comprise of:-		
- Continuing operations	2,592,080	2,344,334
- Discontinued operations	(247,746)	-
	2,344,334	2,344,334

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

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2013 into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		**Company**	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total retained earnings of the Company and its subsidiaries				
- realised	(22,477,344)	25,096,223	939,915	17,675,382
- unrealised	195,558	532,347	270,649	279,519
	(22,281,786)	25,628,570	1,210,564	17,954,901
Total share of retained earnings from an associate				
- realised	56,896	110,648	-	-
	(22,224,890)	25,739,218	1,210,564	17,954,901
Less: Consolidation adjustments	15,704,961	(6,339,317)	-	-
Total (accumulated losses)/retained earnings	(6,519,929)	19,399,901	1,210,564	17,954,901

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

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 32 to 95 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

CHIN KEM WENG

TAN MOON TEIK

Bandar Baru Bangi, Selangor

Date: 3 July 2013

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Tan Kon Hoan**, the officer primarily responsible for the financial management of Genetec Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 95 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 3 July 2013.

TAN KON HOAN

Before me:
No. W493
LEE CHIN HIN
Commissioners for Oaths
Kuala Lumpur, Federal Territory

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GENETEC TECHNOLOGY BERHAD

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Genetec Technology Berhad, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 95.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements 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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 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, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

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

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 32 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 1(a) to the financial statements, Genetec Technology Berhad adopted Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, changes in equity and cash flows for the year ended 31 March 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRSs and IFRSs, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the year then ended.

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

KPMG
Firm Number: AF 0758
Chartered Accountants

SIEW CHIN KIANG @ SEOW CHIN KIANG
Approval Number: 2012/11/14(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 3 July 2013

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

LIST OF PROPERTIES HELD BY THE GROUP
AS AT 31 MARCH 2013

No.	Address	Approximate tenure/ Year of expiry	Description/ Existing use	Land area / Built-up area (sq. ft.)	Net book value @ 31.03.13 (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	12,621	5	31 March 08
2.	No. 59, Jalan P/21, Selaman Industrial Park, Seksyen 10, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	99 years expiring in 2098	Leasehold 1½ - storey detached factory/ Office building	22,723 / 13,603	2,175	8	20 March 06
3.	Lot 11734, Persiaran Subang Indah, Sungai Penaga Industrial Estate, 47610 Subang Jaya, Selangor Darul Ehsan.	99 years expiring in 2090	Leasehold 1½ - storey office and factory	81,911 / 49,217	17,457	23	15 June 2011

ADDITIONAL COMPLIANCE INFORMATION

1. SHARE BUY-BACKS

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

2. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There were no exercise of options, warrants and convertible securities during the financial year other than that offered under the Employees' Share Scheme as disclosed in the Directors' Report and Note 13 to the Audited Financial Statements.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR")

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

4. SANCTIONS AND/OR PENALTIES

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

5. NON-AUDIT FEES

Non-audit fees paid out or payable to external auditors by the Group for the financial year ended 31 March 2013 was RM57,000 (2012: RM12,000).

6. PROFIT ESTIMATE, FORECAST OR PROJECTION

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

7. VARIATION IN RESULTS

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

8. PROFIT GUARANTEE

No profit guarantee had been given by the Company during the financial year.

9. MATERIAL CONTRACTS

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

(i) On 20 December 2011, Genetec Global Technologies, Inc. ("**GGT**") had further acquired another five (5) shares on common stock of Systems South, Inc. ("**SSI**") for a cash consideration of USD105,500. Following the further acquisition 5% equity interest, SSI became a 85%-owned subsidiary of GGT.

(ii) On 17 May 2012, GGT incorporated a new wholly-owned subsidiary in the United States of America, Genetec Technology Automation, Inc. ("**GTA**") with a total issued and paid-up capital of USD100 comprising 100 shares.

10. RECURRENT RELATED PARTY TRANSACTIONS

The significant recurrent related party transactions conducted during the financial year ended 31 March 2013 were as follows:

ADDITIONAL COMPLIANCE INFORMATION

	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 and Major Shareholder of Genetec. He is also a Director and Major Shareholder of CLT.	Sale of machines and components	2,601,000
		Chin Kem Weng is a Director and Major Shareholder of Genetec. He is also a Director and indirect Major Shareholder of CLT (via his shareholding in Genetec).	Purchase of fabrication parts	1,314,433
2.	Cotel Precision Industries Sdn Bhd ("Cotel")	Chen Khai Voon is a Director and indirect Major Shareholder of Genetec (via his shareholdings in KVC Corporation Sdn Bhd (formerly known as ATIS Corporation Sdn Bhd) ("KVC Corp")). He is also an indirect Major Shareholder of Cotel (via his shareholdings in KVC Corp).	Purchase of precision measuring instruments	8,043
		KVC Corp is a Major Shareholder of Genetec and also and indirect Major Shareholder of Cotel (via its shareholdings in KVC).		
3.	KVC Industrial Supplies Sdn Bhd ("KVC")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also a Director and an indirect Major Shareholder of KVC (via his shareholdings in KVC Corp).	Purchase of electrical and electronic products	1,904,081
		KVC Corp is a common Major Shareholder of both Genetec and KVC and also an indirect Major Shareholder of CLT (via its shareholdings in Genetec).		
4.	TSA Industries Sdn Bhd ("TSA")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also a Director and an indirect Major Shareholder of TSA (via his shareholdings in KVC Corp).	Purchase of industrial hardware products	127,143
		KVC Corp is a common Major Shareholder of both Genetec and TSA and also an indirect Major Shareholder of CLT (via its shareholdings in Genetec).		
5.	TGT Technology Limited ("TGT")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also an indirect Major Shareholder of TGT (via his direct shareholdings in KVC Corp and indirect shareholding in Genetec).	Servicing fees for designing machines	1,001,716
		Chin Kem Weng is a Director and Major Shareholder of Genetec. He is also a Director and an indirect Major Shareholder of TGT (via his shareholdings in Genetec).	Purchase of electrical components	11,187
		KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of TGT (via its shareholdings in Genetec).		

Class of shares : Ordinary Shares of RM0.10 each
Voting rights : One vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Category	No. of holders	No. of shares	Percentage (%)
1 – 99	1	50	0.00
100 – 1,000	37	20,250	0.01
1,001 – 10,000	164	1,216,000	0.34
10,001 – 100,000	349	15,745,100	4.48
100,001 – 17,586,899	137	109,035,552	31.00
17,586,900 and above (5% of issued securities)	3	225,721,048	64.17
Total	691	351,738,000	100.00

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

	Direct		Indirect	
Name	No. of shares held	% of Issued capital	No. of shares held	% of Issued capital
Chin Kem Weng	54,600,000	15.52	-	-
Tan Moon Teik	81,602,000	23.20	-	-
Lam Choon Wah	-	-	-	-
Chen Khai Voon	-	-	96,500,000*	27.44
Hew Voon Foo	-	-	40,000#	0.01
Wong Wai Tzing	-	-	-	-
Teh Kim Seng	-	-	-	-
Ong Phoe Be	2,400,000	0.68	-	-

Note: * Deemed interest through KVC Corporation Sdn Bhd (formerly known as ATIS Corporation Sdn Bhd).
Deemed interested through his spouse.

Other than as stated above, there has been no changes in the deemed interest of directors in related companies as disclosed in page 29 of this Annual Report since the close of the financial year ended 31 March 2013.

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	Direct		Indirect	
Name	No. of shares held	% of Issued capital	No. of shares held	% of Issued capital
KVC Corporation Sdn Bhd (formerly known as ATIS Corporation Sdn Bhd)	96,500,000	27.44	-	-
Tan Moon Teik	81,602,000	23.20	-	-
Chin Kem Weng	54,600,000	15.52	-	-
Chen Khai Voon	-	-	96,500,000*	27.44

Note: * Deemed interested through KVC Corporation Sdn Bhd (formerly known as ATIS Corporation Sdn Bhd).

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2013

30 LARGEST SHAREHOLDERS

	Name	No. of shares held	Percentage (%)
1	KVC CORPORATION SDN BHD (FORMERLY KNOWN AS ATIS CORPORATION SDN BHD)	96,500,000	27.44
2	TAN MOON TEIK	81,602,000	23.20
3	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KEM WENG	47,619,048	13.54
4	TAN KOK ANG	9,065,000	2.58
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LEE HEONG	7,200,000	2.05
6	CHIN KEM WENG	6,980,952	1.98
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEANG CHEE LEONG	5,000,000	1.42
8	LEONG KAH KONG	4,587,700	1.30
9	CHIA HEE CHONG	4,521,000	1.29
10	WANNEE BOONYASIRIWAT	4,296,000	1.22
11	NGU LIONG TING	3,219,200	0.92
12	HENG LIANG KEA	2,875,700	0.82
13	PUA FUN SEANG	2,836,000	0.81
14	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD	2,620,000	0.74
15	ALLEN LIK-HOOK TING	2,520,000	0.72
16	ONG PHOE BE	2,400,000	0.68
17	YEO TEIK HOCK	2,346,000	0.67
18	SOW EWE LEE	2,329,000	0.66
19	CHIN LEE HEONG	2,052,700	0.58
20	LIM GHEE TATT	1,818,000	0.52
21	OOI ENG SUN	1,534,000	0.44
22	SONG KOK FULL	1,480,000	0.42
23	CHIN KIT SEN	1,410,000	0.40
24	GOH YIK YONG	1,340,000	0.38
25	NAZRIN BINTI MOHD YUSOFF	960,500	0.27
26	WONG HAH	904,000	0.26
27	ENG CHEE ONN	880,000	0.25
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN SOO KHIM	858,000	0.24
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOY YOKE	854,000	0.24
30	ENG CHEE KEONG	820,000	0.23
		303,428,800	86.27

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of Genetec Technology Berhad (the "**Company**") will be held at Multi-Purpose Hall, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, on Wednesday, 14 August 2013 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

Please refer to Note A To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the reports of the Directors and Auditors thereon.

Ordinary Resolution

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

1 Lam Choon Wah

2 Wong Wai Tzing

3 To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

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

4 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT, subject to the Companies Act, 1965, Articles of Association of the Company and approvals from the relevant governmental and/or regulatory authorities, full authority be given to the Directors of the Company pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

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

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be given for the Company and/or its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2 of the Circular to Shareholders dated 23 July 2013 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and/or its subsidiaries, on arm length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and the Proposed Renewal of Shareholders' Mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such authority shall continue to be in force until:-

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

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

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

whichever is the earlier.

AND THAT authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

BY ORDER OF THE BOARD

LOW SOOK KUAN
MAICSA 7047833
Company Secretary

Selangor Darul Ehsan
23 July 2013

Notes:

1. A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1)(b) of the Companies Act, 1965 shall not apply. However, his attendance at the general meeting shall automatically revoke the proxy form and proxy's authority.

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

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

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

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

6. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia (Attention: The company secretary) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

7. For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Fifteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 6 August 2013. Only a depositor whose name appears on the Record of Depositors as at 6 August 2013 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) or authorised representative to attend and vote on his/her stead.

Note A

This agenda is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements and hence this agenda is not put forward for voting.

Explanatory Notes on Special Business

1. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   The Ordinary Resolution 4, if passed, will give authority to the Directors of the Company, from the date of the abovementioned Annual General Meeting ("**AGM**") to allot and issue shares up to an aggregate amount not exceeding ten per centum (10%) of the issued share capital of the Company at any time and for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company, unless revoked or varied at a general meeting.

   The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the Fourteenth AGM of the Company and which will lapse at the conclusion of the Fifteenth AGM. A renewal of this authority is being sought at the Fifteenth AGM.

   Should any new shares be issued pursuant to this authority, the proceeds raised from the issuance of the said new shares would be utilised for working capital purposes and/or business expansion or strategic merger and acquisition.

   As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

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

   For Ordinary Resolution 5, please refer to the Circular to Shareholders dated 23 July 2013 which is despatched together with this Annual Report for detailed information of the Proposed Renewal of Shareholders' Mandate.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING ("AGM")

1. RE-ELECTION OF DIRECTORS

The following are the Directors standing for re-election at the AGM pursuant to Article 92 of the Articles of Association of the Company:-

- Lam Choon Wah
- Wong Wai Tzing

Further details and profiles of these Directors are set out in Board of Directors and Analysis of Shareholdings – Directors' Shareholdings.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT THE BOARD OF DIRECTORS' MEETINGS

There were five (5) Board Meetings held during the financial year ended 31 March 2013. Details of attendance of the Directors are set out in the Statement on Corporate Governance of this Annual Report.

3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

Date	:	Wednesday, 14 August 2013
Time	:	10.00 a.m.
Place	:	Multi-Purpose Hall, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan

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Genetec Technology BERHAD
(445537-W)

PROXY FORM

No. of shares held	

I/We ______________________________ NRIC/Co. No. ______________________
(FULL NAME OF MEMBER(S) IN CAPITAL LETTERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION)

of ____
(FULL ADDRESS)

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

Proxy	(a)	and/or * failing (a), (b)
Name	*(FULL NAME OF PROXY IN CAPITAL LETTER AS PER NRIC/PASSPORT)*	
NRIC/ passport no.		
Address	*(FULL ADDRESS)*	
Proportion of shareholdings (%)		

* Please delete as appropriate

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Multi-Purpose Hall, 2nd Floor, Lot 5, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, on Wednesday, 14 August 2013 at 10.00 a.m. and at any adjournment thereof as indicated below:

ORDINARY RESOLUTION		FOR	AGAINST
1	Re-election of director – Lam Choon Wah		
2	Re-election of director – Wong Wai Tzing		
3	Re-appointment of Auditors and their remuneration – KPMG		
4	Authority to allot and issue shares		
5	Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

** If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "Chairman of the Meeting" and inserted the name(s) of the person(s) desired.*
(Please indicate with an "X" in the spaces provided whether you wish your vote to be cast for or against the resolution. If no instruction as to voting is given, your proxy will vote or abstain from voting at his/her discretion.)

Dated this .... day of 2013

....
Signature/ Common Seal of shareholder(s)

Notes:

1. A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1)(b) of the Companies Act, 1965 shall not apply. However, his attendance at the general meeting shall automatically revoke the proxy form and proxy's authority.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia (Attention: The company secretary) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Fifteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 6 August 2013. Only a depositor whose name appears on the Record of Depositors as at 6 August 2013 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) or authorised representative to attend and vote on his/her stead.

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AFFIX
STAMP

The company secretary
GENETEC TECHNOLOGY BERHAD
Lot 7, Jalan P10/11, Seksyen 10
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Malaysia

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

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