Genetec Technology BERHAD

(445537 - W)

2016
ANNUAL REPORT

INSIDE THIS

ANNUAL REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

HEW VOON FOO
Chairman &
Independent Non-Executive Director

CHIN KEM WENG
Managing Director

TAN MOON TEIK
Executive Director

WONG WAI TZING
Independent Non-Executive Director

TEH KIM SENG
Independent Non-Executive Director

CHEN KHAI VOON
Non-Independent Non-Executive Director

ONG PHOE BE
Alternate Director 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

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

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

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

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

WEBSITE

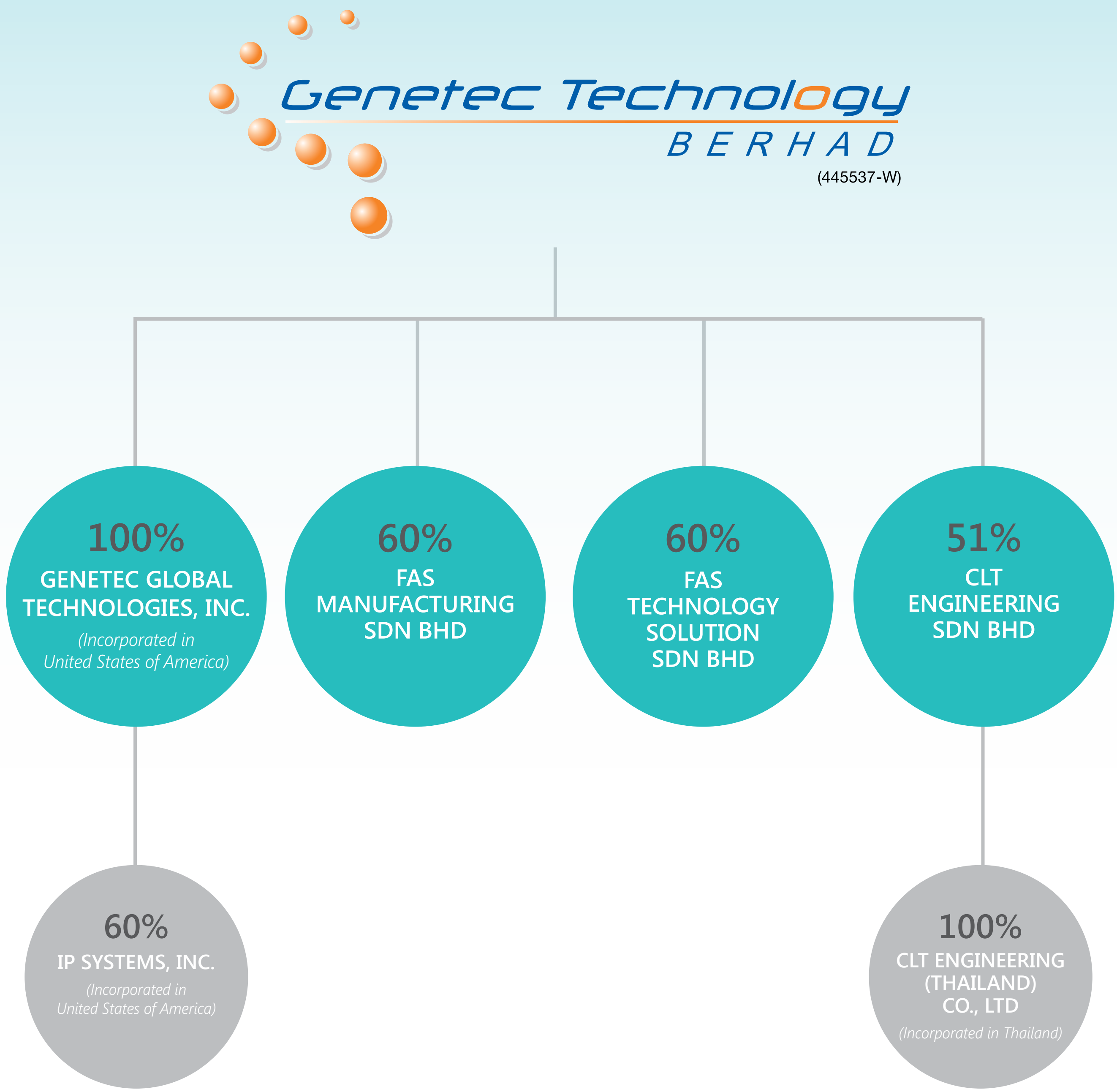
www.genetec.net

EMAIL

genetec@genetec.net

CORPORATE STRUCTURE

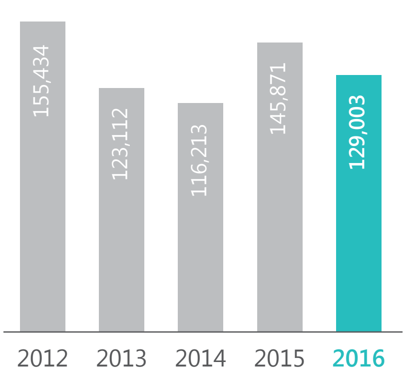
As at 4 July 2016



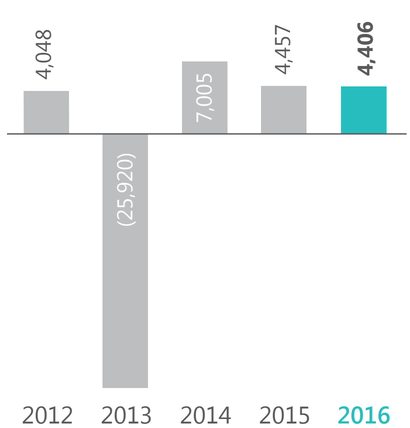
FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
OPERATING RESULTS					
Revenue	155,434	123,112	116,213	145,871	**129,003**
EBITDA/(LBITDA)	12,681	(2,381)	4,668	8,960	**12,641**
Profit/(Loss) Before Tax	7,187	(8,159)	(830)	3,663	**8,266**
Profit/(Loss) After Tax	8,814	(32,093)	4,912	4,970	**6,794**
Net Profit/(Loss) Attributable to Owners of the Company	4,048	(25,920)	7,005	4,457	**4,406**
KEY BALANCE SHEET DATA					
Total Assets	169,781	135,529	112,762	161,675	**103,551**
Paid-up Capital	35,174	35,174	35,174	35,174	**35,174**
Capital and Reserves	82,996	48,005	52,582	61,213	**67,658**
PROFITABILITY RATIOS					
Return on Total Assets (%)	5	(24)	4	3	**7**
Return on Average Equity (%)	11	(49)	10	9	**11**
GEARING RATIO					
Net Debt to Capital and Reserves (Times)	0.69	0.75	0.50	0.46	**0.14**
VALUATION					
Basic Earnings/(Loss) per Ordinary Share (Sen)	11.51	(73.69)	19.92	12.67	**12.53**

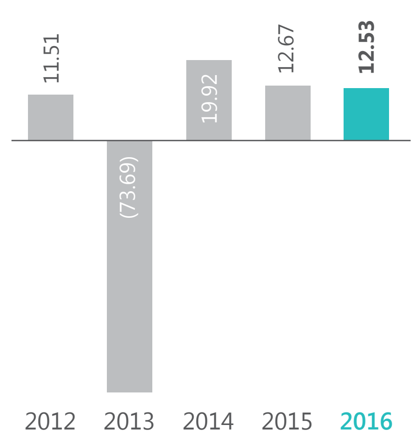
REVENUE (RM'000)



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



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



BOARD OF DIRECTORS

HEW VOON FOO

Independent Non-Executive Director | Malaysian | Aged 55

- *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 46

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 companies and listed corporations.

TAN MOON TEIK

Executive Director | Malaysian | Aged 45

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 companies and listed corporations.

CHEN KHAI VOON

Non-Independent Non-Executive Director | Malaysian | Aged 56

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

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

BOARD OF DIRECTORS

WONG WAI TZING
Independent Non-Executive Director | Malaysian | Aged 58

- *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 companies and listed corporations.

TEH KIM SENG
Independent Non-Executive Director | Malaysian | Aged 49

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

Mr Teh was appointed to the Board of the Company on 26 January 2011. He holds a Bachelor of Laws from Leeds University, England and received the Master of Laws from Cambridge University, England in 1989. With over 23 years of experience in the legal, mergers and acquisition, corporate finance, venture capital and financial services arenas, Mr Teh founded and 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 companies and listed corporations in Malaysia.

ONG PHOE BE
Alternate Director To Chen Khai Voon | Malaysian | Aged 46

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 companies and listed corporations.

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 in the Statement on Corporate Governance of this Annual Report.

CHAIRMAN'S STATEMENTS
AND REVIEW OF OPERATIONS

ON BEHALF OF THE BOARD OF DIRECTORS OF GENETEC TECHNOLOGY BERHAD, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016.

For the financial year ended 31 March 2016, the Group recorded a revenue of RM129 million, a decrease of 11.6% from the preceding year's revenue of RM145.9 million. Despite the decrease in revenue, the Group managed to close the financial year with higher profit before tax of RM8.3 million as compared to a profit before tax of RM3.7 million for the preceding year, mainly due to improved efficiency and recognition of foreign exchange gain.

Revenue from our key Hard Disk Drive ("**HDD**") sector for the current year contributes 65% of the Group's revenue as compared to 84% for the preceding year, a decrease of 19% arising from the lower demand in the HDD sector and stiff competition from other main players in the HDD sector. On the other hand, our Automotive sector, which is the Group's secondary business sector has a significant growth of 20% contributing 29% (2015: 9%) to the Group's revenue. The remaining 6% revenue was generated from home appliances and semiconductor sectors.

Moving forward, we will continue to strengthen our human resource, information, research on new technologies and quality systems to maintain our competitive edge as a technology driven company. Continuous programs to strengthen the experience, expertise and exposure of the R&D and engineering team have always been the Group's top priority. Our proprietary technical know-how continues to differentiate us from industry peers. With our competitive strength, we are optimistic to secure more niche customers particularly from the HDD and Automotive sectors.

CHAIRMAN'S STATEMENTS AND REVIEW OF OPERATIONS

DIVIDEND

There was no dividend declared or paid for the financial year ended 31 March 2016 as we remained prudent in our efforts to preserve capital and enhance the liquidity position of the Group.

BUSINESS OUTLOOK

The business environment ahead remains challenging and the Group will continue to focus on strengthening cost controls and improving productivity across all business sectors. Overall, the business outlook for year 2017 is expected to remain positive with opportunities arising in the Automotive sector. According to Moody's Report 2016, the business outlook for European auto suppliers is still positive with revenue and profit growth poised to remain strong. Analysts further expect light vehicle sales to grow by 4.7% in 2016 and 3.1% in 2017 due to strong demand in China. We anticipate sales from the Automotive sector to grow further next financial year and it is the Group's intention to venture into new market segment within the Automotive sector.

We anticipate the HDD sector to remain challenging ahead. As such, as part of our diversification strategy, we are actively developing more R&D into non HDD for further growth of the Group.

Given all these positive factors, coupled with our ready platform and acute technology, barring unforeseen circumstances, we anticipate that the Group's operations will continue to be profitable for the year ahead.

A WORD OF APPRECIATION

On behalf of the Board of Directors, 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 the stakeholders 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**" or the "**Code**") 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 clear functions reversed for the Board. 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 assumed the following principal roles and responsibilities of the Board in enhancing Board's effectiveness in the pursuit of corporate objectives:

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

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

The Board Charter would be reviewed and updated periodically as and when the need arises in accordance with any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is published on the Company's website at www.genetec.net since 2013.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.1 Roles and Responsibilities (continued)

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

- review and approve the quarterly unaudited consolidated results
- approve the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2016
- review the Group's strategic plans
- approve the Group and Company's budget
- approve the Company's Annual Report (which includes the Statement on Corporate Governance, Statement on Risk Management and Internal Control, Audit Committee Report and Corporate Social Responsibility Statement)
- approve the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate
- review the Risk Management report and register
- approve the re-appointment of the External Auditors as recommended by the Audit Committee
- approve the revised Terms of Reference of Nomination Committee and Risk Management Committee
- discuss on the succession planning for the Company's senior management
- note the annual return of the Company for submission to Bursa Malaysia Securities Berhad

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

1.2 Board Composition and Balance

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

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

There is an Alternate Director on the Board.

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

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of control, power and authority. The Chairman is responsible for leading and ensuring the adequacy and effectiveness of the Board's performance and governance process, and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated. The Managing Director implements the Group's decision and policies as adopted by the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

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 of this Annual Report.

1. BOARD OF DIRECTORS (continued)

1.2 Board Composition and Balance (continued)

The Independent Directors are independent of the management and are free from any and all business or other relationship which may materially affect or interfere with the exercise of their independent judgement. 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. The Board would ensure that it undertakes an assessment of its independent directors annually.

The Board does not have any Independent Director who has served more than nine (9) years as at the date of this Statement, calculated consecutively or cumulatively. Currently, the Company does not set term limits for Independent Directors as the Board believes that continued contribution by Directors provides benefits to the Board and the Group as a whole.

The Board noted the Code's recommendation in relation to limiting the tenure of Independent Director to nine (9) years of service. However, the Board believes that independence of a director cannot be determined solely based on the tenure of service as the tenure of service does not interfere with their exercise of judgment and ability to act in the best interest of the Group. The Board may, in appropriate case and subject to the assessment of Nomination Committee, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to service as Independent Directors subject to shareholders' approval.

The Board is satisfied with the current size and composition which constitute an effective Board with diverse mix of skills, experience and professional background facilitated good discussions and encouraged contributions and participations from all the Directors.

1.3 Board Meetings

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

During the financial year ended 31 March 2016, five (5) Board meetings were held. The details of the Directors' attendances are as follows:-

Director	Meeting Attendance	%
Chin Kem Weng	4/5	80
Tan Moon Teik	5/5	100
Chen Khai Voon	5/5	100
Hew Voon Foo	5/5	100
Wong Wai Tzing	4/5	80
Teh Kim Seng	5/5	100

The Board has a formal schedule of matters specifically reserved for decision making such as establishment of new business, annual strategic plan, approval of major capital expenditure, acquisition and disposal of business or appraise business proposal and any other strategic issues that affect or may affect the Company's business to ensure that the direction and control of the Group is firmly in its hand.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.3 Board Meetings (continued)

At least three (3) days prior to each Board meeting, the Directors are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the agenda to be deliberated upon and to obtain further explanation or clarification to facilitate the decision-making process and enable them to arrive at an informed decision. All matters discussed and resolutions passed at the Board meetings are properly recorded in the minutes of meetings.

1.4 Access to Information and Advice

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

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

1.5 Company Secretary

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

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

1.6 Appointment to the Board

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

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

In compliance with the Listing Requirements, all of the Directors do not hold more than five (5) directorships of listed issuers at any one time. This is to ensure that the Directors devote sufficient time in discharging their responsibilities.

1. BOARD OF DIRECTORS (continued)

1.7 Re-election and Re-appointment 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.

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

Section 129(6) of the Companies Act, 1965 states that Directors who have attained or are over the age of seventy (70) years shall retire at every AGM and entitled for re-appointment and to hold office until the next AGM.

1.8 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. The Executive Directors are not paid directors' fees.

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

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

The details of the remuneration of the Directors of the Company on Group basis in respect of the financial year ended 31 March 2016 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Salaries	1,180,595	-	1,180,595
Fees	-	180,000	180,000
Bonuses	237,500	-	237,500
Benefits-in-kind	83,950	-	83,950
Total	**1,502,045**	**180,000**	**1,682,045**

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (continued)

1.8 Directors' Remuneration (continued)

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

Range of Remuneration	Number of Directors Executive Directors	 Non-Executive Directors
Below RM50,000	-	3
RM50,001 - RM100,000	-	1
RM450,001 - RM500,000	1	-
RM1,050,001 - RM1,100,000	1	-
Total	**2**	**4**

1.9 Directors' Training

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

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

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

- Changes to Auditors Reporting
- Strategic Planning Training Workshop

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

In addition, the company secretary also receives regular updates on training programmes from various organisations including the regulators, these updates are circulated to the Directors for their consideration.

1.10 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)

1.11 Sustainability

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

2. THE BOARD COMMITTEES

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

2.1 Audit Committee ("AC")

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

2.2 Nomination Committee ("NC")

The present members of the NC are:-

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

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

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

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

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

The Board will recommend to shareholders the Directors proposed for re-election or re-appointment at the AGM, in accordance with the Articles of Association and upon recommendation of the NC after evaluating the performance of the individual Director. In determining whether to recommend a Director for re-election, the Director's past attendance at meetings and training programmes, participation and contribution to the Boardroom activities will be duly considered by the NC.

STATEMENT ON CORPORATE GOVERNANCE

2. THE BOARD COMMITTEES (continued)

2.2 Nomination Committee ("NC") (continued)

The performance of the Board as a whole as well as Board Committees and individual Directors are assessed annually via an evaluation survey questionnaires in order to enhance its effectiveness, strength and to identify areas for improvement. The NC assesses the individual director based on the criteria calibre and personality, experience, integrity, competence that can be committed by each of the said persons to effectively discharge his role as a director. The NC reviews the Board as a whole as well as the Board Committees based on recommended best practices/criteria taking into account the composition, mix of skills, experience and core competencies, decision making process, Boardroom activities, effective communications and Board and Board Committee meeting procedures, where the results are deliberated upon and reported to the Board accordingly.

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

- Review the composition of the Board and Board Committees, nominating the directors who are due for retirement and are eligible to stand for re-election;
- Assess and evaluate the effectiveness of Directors through self and peer assessments, the effectiveness of the Board as a whole and the Board Committees;
- Assess the independence of the Independent Non-Executive Directors of the Company.

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

2.3 Remuneration Committee ("RC")

The present members of the RC are:-

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

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

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

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

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

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

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

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

2. THE BOARD COMMITTEES (continued)

2.4 Risk Management Committee ("RMC")

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

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

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

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

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

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

The 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	Sow Ewe Lee	Chief Operating Officer (holding company)
4	Tan Kon Hoan	Financial Controller
5	Lam Choon Wah	Chief Operation Officer (subsidiary)

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

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

STATEMENT ON
CORPORATE GOVERNANCE

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

The Company 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.

3.2 Annual Report and General Meeting

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

General meetings are important avenues for shareholders to exercise their ownership rights and to access and engage in dialogue with the Board and management. The Company's AGM remains as the principal forum for dialogue with shareholders who are encouraged to attend and participate in the proceedings. The Chairman of the meeting will inform the shareholders that all the resolutions set out in the notice of any general meeting shall be voted by poll in accordance with the provisions of Listing Requirements at the commencement of the general meeting and provide sufficient time to address issues raised, if any. 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, the Board will only evaluate and consider adopting electronic voting for substantive resolution at its general meetings in future and to ensure accurate and efficient outcomes of the voting process.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board is mindful of its responsibility to present a balanced and fair assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the Bursa Securities. The AC assists in reviewing the information disclosed to ensure accuracy and adequacy. The Directors are responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the Company's state of affairs and the results of the Company's business operations for the financial year. A statement by the Directors on their responsibilities in preparing the financial statements is set out in Directors' Responsibility Statement of this Annual Report.

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

4. ACCOUNTABILITY AND AUDIT (continued)

4.2 Suitability and Independence of External Auditors

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

The AC has obtained the assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and their firm's internal policy.

4.3 Corporate Disclosure Policy

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

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

4.4 Risk Management and Internal Control

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

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

The Statement on Risk Management and Internal Control is set out in this Annual Report.

4.5 Whistle Blowing Policy

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

STATEMENT ON CORPORATE GOVERNANCE

4. ACCOUNTABILITY AND AUDIT (continued)

4.6 External Audit

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

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

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

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

The Board has reviewed and deliberated this Statement. The Board is satisfied that to the best of its knowledge that the Company has fulfilled its obligations in accordance with all of the applicable laws; regulations and guildlines on corporate governance. This Statement was approved by the Board on 12 July 2016.

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

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

c) Human Rights

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

CORPORATE SOCIAL RESPONSIBILITY

WORKPLACE (continued)

d) Health and Safety

We strive to maintain a safe and healthy working environment for all our employees. The Company has a Safety and Health Committee which overseas and ensures the health and safety policies and procedures adheres to the safety measures of the Occupational Safety and Health Act or any other applicable safety rules. Preventive actions are taken to mitigate risks such as:

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

ENVIRONMENT

a) Energy Savings

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

b) Green Environment

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

MARKETPLACE

a) Ethical Business Culture

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

b) Investor Relations

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

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

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

BOARD RESPONSIBILITY

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

RISK MANAGEMENT FRAMEWORK

The Board has reviewed the adequacy and effectiveness of the risk management framework and believes firmly that risk management is essential for continued profitability and to safeguard shareholders' investment. Hence, the Group has established a system of risk management and internal control systems comprising of clear accountabilities, company procedures/policies, budgeting and evaluation process. The Group selects appropriate control objectives and procedures from the IS0 9001 and Group's standard operating policies to mitigate the risks and negative outcome. The Board meets on a quarterly basis to discuss matters brought to its attention as well as to carry out the review of any potential risks. Strategic risks pertaining to the Group's business are overseen directly by the Board.

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

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

INTERNAL AUDIT

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

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL AUDIT (continued)

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

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

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.

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 organisational and reporting structure has been established at all levels within the Group and is 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 satisfaction as project quality and deliverables have a direct impact on the Group's bottom line.

Control Activities

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

Information and Communication

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

INTERNAL CONTROL SYSTEM (continued)

Monitoring

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2016, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

(b) is factually inaccurate.

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

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and effectiveness of the risk management and internal control of the Group.

CONCLUSION

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

This statement was made in accordance with a resolution of the Board dated 12 July 2016.

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 including the Chairman, the Board shall, within three (3) months of that event, appoint amongst such other Non-Executive Directors or Independent Director in case of the Chairman, 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 to 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.

TERMS OF REFERENCE (continued)

Authority (continued)

(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).

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 matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; the going concern assumption; compliance with accounting standards and other legal requirements.
(e) the External Auditors' 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.

(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.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (continued)

Functions (continued)

(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.

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 to 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 and management team of the Company.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 March 2016. 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	4/5
Teh Kim Seng	5/5
Chen Khai Voon	5/5

The company secretary attended all the meetings of the Audit Committee held during the financial year. Other members of the Board and employees also attended the meetings upon the invitation by the Audit Committtee.

AUDIT COMMITTEE REPORT

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

The Audit Committee met at scheduled times, with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a detailed manner. The minutes of each meeting held were distributed to each Board member at subsequent Board meeting. The Audit Committee Chairman reported on each meeting to Board members.

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

Financial Reporting

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

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

External Audit

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

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

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

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

(v) The Audit Committee had met twice with the External Auditors without the presence of executive board members and management team of the Company.

Internal Audit

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

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

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

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

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

AUDIT COMMITTEE REPORT

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

Related Party Transactions

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

(ii) Reviewed the procedures and guidelines on related party transactions/recurrent related party transactions established by the Group and conflict of interest situation (if any) that with the objective of ensuring all the transactions are carried on normal commercial terms and are not to the detrimental of the Company's minority shareholders.

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

Other matters

(i) Reviewed and recommended the Statement on Risk Management and Internal Control; and Audit Committee Report for Board approval.

INTERNAL AUDIT FUNCTIONS/ACTIVITIES AND COSTS

The Group's internal audit functions are outsourced to, CGRM Infocomm Sdn Bhd, an independent professional firm, who reports directly to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. CGRM Infocomm Sdn Bhd is totally independent and maintains its objectivity during the conduct of audits as it does not involve in day-to-day operations of the Group. The director in-charge is a Certified Internal Auditor and professional member of the Institute of Internal Auditors with many years of internal audit experience.

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

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

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

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTIONS/ACTIVITIES AND COSTS (continued)

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

(a) prepared the 2-year risk-based internal audit plan, which is reviewed and approved by the Audit Committee. The plan was reviewed and updated where necessary by the Audit Committee;

(b) completed 5 reviews as per the approved risk-based internal audit plan for the current financial year which includes project management, sales and business development, strategic business planning and business continuity, supply chain management and warehouse management;

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

(d) prepared internal audit reports and presented them to the Audit Committee on a quarterly basis, on the internal audit findings on risk management, control and governance issues identified during the risk based audits, together with recommendations and management's agreed action plans for improvements to close the findings/issues;

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

The costs of the internal audit function paid to CGRM Infocomm Sdn Bhd for the financial year ended 31 March 2016 was RM37,585.16 (2015: RM14,500).

FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the year ended 31 March 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	4,406,066	1,371,226
Non-controlling interests	2,387,780	-
	6,793,846	1,371,226

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

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

Chin Kem Weng
Tan Moon Teik
Hew Voon Foo
Wong Wai Tzing
Teh Kim Seng
Chen Khai Voon
Ong Phoe Be (Alternate Director to Chen Khai Voon)

DIRECTORS' REPORT

For the year ended 31 March 2016

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.10 each			
	At 1.4.2015	Bought	Sold	At 31.3.2016
Interests in the Company:				
Chin Kem Weng				
- Direct	28,926,700	-	(7,932,200)	20,994,500
- Indirect *	-	985,600	(985,600)	-
Tan Moon Teik				
- Direct	23,602,000	-	(5,000,000)	18,602,000
Chen Khai Voon				
- Indirect ^	76,000,000	-	(27,200,000)	48,800,000
Ong Phoe Be				
- Direct	2,400,000	-	(2,200,000)	200,000

* *In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests of the spouse of Chin Kem Weng in the shares of the Company shall be treated as the interests of Chin Kem Weng also.*

^ *Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of Chen Khai Voon's shareholding in KVC Corporation Sdn. Bhd..*

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that 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 2016 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 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.

DIRECTORS' REPORT

For the year ended 31 March 2016

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.

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

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

OTHER STATUTORY INFORMATION

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

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

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

DIRECTORS' REPORT

For the year ended 31 March 2016

OTHER STATUTORY INFORMATION (continued)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

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

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

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

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

In the opinion of the Directors, except for the net gains and losses on foreign exchange and derivatives as disclosed in Note 19 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 March 2016 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.

SUBSEQUENT EVENTS

Share consolidation exercise and amendment to the Memorandum of Association

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

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

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

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

Potential issue of new ordinary shares

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

DIRECTORS' REPORT

For the year ended 31 March 2016

SUBSEQUENT EVENT (continued)

Potential issue of new ordinary shares (continued)

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

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

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: 12 July 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	Group		Company	
		2016	2015	2016	2015
		RM	RM	RM	RM
Assets					
Property, plant and equipment	3	40,121,082	42,117,117	16,236,194	17,287,138
Goodwill	4	20,559,876	20,559,876	-	-
Investments in subsidiaries	5	-	-	31,246,809	31,246,809
Deferred tax assets	6	-	1,016,453	-	1,016,453
Total non-current assets		60,680,958	63,693,446	47,483,003	49,550,400
Inventories	7	12,282,283	26,730,197	11,440,751	16,282,579
Derivative financial assets	8	1,954,603	-	1,954,603	-
Trade and other receivables	9	19,088,749	48,957,920	8,893,898	25,205,435
Prepayments	10	158,868	2,916,498	158,268	1,589,732
Current tax assets		417,937	359,527	230,298	120,939
Other investment	11	300,000	-	300,000	-
Cash and cash equivalents	12	8,667,709	19,017,393	4,959,267	16,711,546
Total current assets		42,870,149	97,981,535	27,937,085	59,910,231
Total assets		103,551,107	161,674,981	75,420,088	109,460,631
Equity					
Share capital		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
Reserves		8,580,651	4,114,415	6,470,452	5,099,226
Equity attributable to owners of the Company		62,133,364	57,667,128	60,023,165	58,651,939
Non-controlling interests		5,524,171	3,545,462	-	-
Total equity	13	67,657,535	61,212,590	60,023,165	58,651,939
Liabilities					
Loans and borrowings	14	12,762,727	13,864,611	4,843,856	5,025,679
Deferred tax liabilities	6	779,402	187,133	592,269	-
Total non-current liabilities		13,542,129	14,051,744	5,436,125	5,025,679
Loans and borrowings	14	5,282,262	33,328,533	4,203,131	18,170,438
Derivative financial liabilities	8	-	4,651,513	-	4,171,763
Trade and other payables	15	17,069,181	48,430,601	5,757,667	23,440,812
Total current liabilities		22,351,443	86,410,647	9,960,798	45,783,013
Total liabilities		35,893,572	100,462,391	15,396,923	50,808,692
Total equity and liabilities		103,551,107	161,674,981	75,420,088	109,460,631

The notes on pages 46 to 99 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	16	129,003,499	145,870,955	68,541,101	90,444,426
Cost of sales		(114,076,812)	(130,754,362)	(60,963,892)	(78,964,768)
Gross profit		14,926,687	15,116,593	7,577,209	11,479,658
Other income		12,991,084	1,718,618	6,853,858	241,578
Distribution expenses		(2,387,776)	(2,174,546)	(1,862,820)	(1,709,103)
Administrative expenses		(6,352,585)	(5,842,447)	(4,036,817)	(3,520,825)
Other expenses		(9,235,388)	(2,848,195)	(4,804,584)	(2,735,046)
Results from operating activities		9,942,022	5,970,023	3,726,846	3,756,262
Finance income		146,551	66,456	117,945	53,087
Finance costs	17	(1,822,770)	(2,373,225)	(1,001,608)	(1,126,193)
Profit before tax		8,265,803	3,663,254	2,843,183	2,683,156
Tax expense	18	(1,471,957)	1,306,872	(1,471,957)	1,265,806
Profit for the year	19	6,793,846	4,970,126	1,371,226	3,948,962
Other comprehensive expense, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(348,901)	(749,072)	-	-
Total other comprehensive expense for the year, net of tax		(348,901)	(749,072)	-	-
Total comprehensive income for the year		6,444,945	4,221,054	1,371,226	3,948,962

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	Group		Company	
		2016	**2015**	**2016**	**2015**
		RM	**RM**	**RM**	**RM**
Profit attributable to:					
Owners of the Company		4,406,066	4,456,838	1,371,226	3,948,962
Non-controlling interests		2,387,780	513,288	-	-
Profit for the year		6,793,846	4,970,126	1,371,226	3,948,962
Total comprehensive income attributable to:					
Owners of the Company		4,466,236	4,088,783	1,371,226	3,948,962
Non-controlling interests		1,978,709	132,271	-	-
Total comprehensive income for the year		6,444,945	4,221,054	1,371,226	3,948,962
Basic earnings per ordinary share (sen):	21	12.53	12.67		

The notes on pages 46 to 99 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company						
	Non-distributable			*Distributable*			
Group	**Share capital**	**Share premium**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 April 2014	35,173,800	18,378,913	(459,624)	485,256	53,578,345	(996,809)	52,581,536
Foreign currency translation differences for foreign operations	-	-	(368,055)	-	(368,055)	(381,017)	(749,072)
Total other comprehensive expense for the year	-	-	(368,055)	-	(368,055)	(381,017)	(749,072)
Profit for the year	-	-	-	4,456,838	4,456,838	513,288	4,970,126
Total comprehensive income for the year	-	-	(368,055)	4,456,838	4,088,783	132,271	4,221,054
Increase in investment in a subsidiary	-	-	-	-	-	4,410,000	4,410,000
At 31 March 2015/1 April 2015	35,173,800	18,378,913	(827,679)	4,942,094	57,667,128	3,545,462	61,212,590
Foreign currency translation differences for foreign operations	-	-	60,170	-	60,170	(409,071)	(348,901)
Total other comprehensive income for the year	-	-	60,170	-	60,170	(409,071)	(348,901)
Profit for the year	-	-	-	4,406,066	4,406,066	2,387,780	6,793,846
Total comprehensive income for the year	-	-	60,170	4,406,066	4,466,236	1,978,709	6,444,945
At 31 March 2016	35,173,800	18,378,913	(767,509)	9,348,160	62,133,364	5,524,171	67,657,535
	Note 13	Note 13	Note 13				

The notes on pages 46 to 99 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

Company	Share capital	Share premium	Retained earnings	Total equity
	← Attributable to owners of the Company →			
	← Non-distributable →		Distributable	
	RM	RM	RM	RM
At 1 April 2014	35,173,800	18,378,913	1,150,264	54,702,977
Profit and total comprehensive income for the year	-	-	3,948,962	3,948,962
At 31 March 2015/1 April 2015	35,173,800	18,378,913	5,099,226	58,651,939
Profit and total comprehensive income for the year	-	-	1,371,226	1,371,226
At 31 March 2016	35,173,800	18,378,913	6,470,452	60,023,165
	Note 13	Note 13		

The notes on pages 46 to 99 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from operating activities					
Profit before tax		8,265,803	3,663,254	2,843,183	2,683,156
Adjustments for:					
Depreciation of property, plant and equipment	3	2,552,509	2,924,008	1,178,432	1,258,213
Finance costs	17	1,822,770	2,373,225	1,001,608	1,126,193
Interest income		(115,452)	(66,456)	(86,846)	(53,087)
Loss on disposal of property, plant and equipment, net		583,352	21,670	654,115	39,000
Property, plant and equipment written off		5,517	254,976	5,517	254,976
Impairment loss on amounts due from subsidiaries		-	-	1,000	35,554
Inventories written off		114,118	2,478,524	114,118	2,478,524
Loss on disposal of an associate		-	129,831	-	-
(Reversal of)/Impairment loss on trade receivables		(31,900)	227,199	(31,900)	205,813
Write down of inventories		578,001	1,317,410	100,766	519,473
Unrealised derivative (gain)/loss		(1,954,603)	4,651,513	(1,954,603)	4,171,763
Unrealised foreign exchange loss/(gain)		676,583	(839,013)	246,464	(464,700)
Operating profit before working capital changes		12,496,698	17,136,141	4,071,854	12,254,878
Changes in working capital:					
Inventories		13,755,795	(16,488,344)	4,626,944	(12,366,825)
Trade and other receivables, prepayments and derivative financial assets		31,943,691	(26,107,767)	17,510,118	(6,085,190)
Trade and other payables and derivative financial liabilities		(35,974,506)	21,529,265	(21,837,589)	14,993,219
Cash generated from/(used in) operations		22,221,678	(3,930,705)	4,371,327	8,796,082
Income tax refunded		516,362	576,976	257,704	298,162
Income tax paid		(438,007)	(512,368)	(230,298)	(270,938)
Net cash from/(used in) operating activities		22,300,033	(3,866,097)	4,398,733	8,823,306

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(831,882)	(2,208,773)	(819,299)	(562,005)
Proceeds from disposal of investment in an associate		-	49,000	-	49,000
Interest received from deposits		115,452	66,456	86,846	53,087
Increase in investment in a subsidiary		-	-	-	(4,590,000)
Subscription of shares in a subsidiary by non-controlling interests		-	4,410,000	-	-
Proceeds from disposal of property, plant and equipment		577,179	2,327,504	432,179	15,000
Placement in other investment		(300,000)	-	(300,000)	-
Net cash (used in)/from investing activities		(439,251)	4,644,187	(600,274)	(5,034,918)
Cash flows from financing activities					
Net (repayment)/drawdown of trade finance facilities		(26,597,285)	19,295,350	(13,969,818)	11,038,883
Repayment of term loans		(1,383,577)	(3,344,764)	(476,408)	(2,004,048)
Interest paid on loans and borrowings		(1,822,770)	(2,373,225)	(1,001,608)	(1,126,193)
Repayment of finance lease liabilities		(1,185,367)	(2,164,909)	(102,904)	(282,549)
Net cash (used in)/from financing activities		(30,988,999)	11,412,452	(15,550,738)	7,626,093
Net (decrease)/increase in cash and cash equivalents		(9,128,217)	12,190,542	(11,752,279)	11,414,481
Effect of exchange rate fluctuations on cash held		(613,988)	(93,932)	-	-
Cash and cash equivalents at 1 April	(i)	18,409,914	6,313,304	16,711,546	5,297,065
Cash and cash equivalents at 31 March	(i)	8,667,709	18,409,914	4,959,267	16,711,546

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

(i) Cash and cash equivalents

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

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		RM	**RM**	**RM**	**RM**
Cash and bank balances	12	8,667,709	18,926,110	4,959,267	16,620,263
Deposits placed with licensed banks	12	-	91,283	-	91,283
Bank overdraft	14	-	(607,479)	-	-
		8,667,709	18,409,914	4,959,267	16,711,546

(ii) 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 RM1,457,435 (2015: RM2,208,773) and RM1,219,299 (2015: RM562,005) respectively, of which RM625,553 (2015: Nil) and RM400,000 (2015: Nil) were acquired by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2016 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 12 July 2016.

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.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts**
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)**
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations**
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants**
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers (Amendments)*

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

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective from a date yet to be confirmed

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

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

- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for those marked with "*" which are not applicable to the Group and the Company.

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

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

- from the annual period beginning on 1 April 2019 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019.

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

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

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

The Group will assess the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

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

The Group will assess the financial impact that may arise from the adoption of MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

(iii) MFRS 16, *Leases*

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

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

(iv) Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempted from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates and judgments are based on the Directors’ best knowledge of current events and actions, actual results may differ from these estimates.

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

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or a group of cash-generating units) to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or a group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group’s goodwill as at 31 March 2016 is RM20,559,876 (2015: RM20,559,876).

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

(ii) Inventories write-down

Inventories write-down is made based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The amount written down during the financial year is shown in Note 19.

(iii) Impairment of receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

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

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

(iii) Acquisition of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. 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, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. 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 if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates 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.

(b) Foreign currency

(i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the 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 or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

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

Financial liabilities

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts (continued)

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

(iv) Regular way purchase or sale of financial assets

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

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

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

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

(v) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

Land is measured at cost less any accumulated impairment losses. 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.

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.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

Leasehold land	50 years
Buildings	50 years
Electrical equipment, renovation, furniture and fittings	5 - 12 years
Plant and machineries	10 years
Motor vehicles	5 years

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

(e) Leased assets

(i) Finance lease

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

NOTES TO THE FINANCIAL STATEMENTS

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **Leased assets** (continued)

(i) **Finance lease** (continued)

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

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

(ii) **Operating lease**

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

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

(f) **Intangible assets**

Goodwill

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

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

(g) **Inventories**

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

The cost of inventories is measured based on first-in-first-out formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) **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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment

(i) Financial assets

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

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

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax 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 a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

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

Ordinary shares

Ordinary shares are classified as equity.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate.

(iii) Share-based payment transactions

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(l) Provisions

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

(m) Revenue and other income

(i) Goods sold

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

(ii) Interest income

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

(iii) Rental income

Rental income from sub-leased property is recognised as other income.

(iv) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Borrowing costs

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

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

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

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

(o) Affiliate

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

(p) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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 comprise share options granted to employees.

(r) Operating segments

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

(s) Contingencies

Contingent liabilities

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

(t) Fair value measurement

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM	Buildings RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Total RM
Cost						
At 1 April 2014	3,680,990	31,467,653	6,701,287	15,351,003	1,661,884	58,862,817
Additions	-	-	736,832	1,471,941	-	2,208,773
Disposals	-	-	(20,957)	(5,792,382)	(64,415)	(5,877,754)
Written-off	-	(288,878)	(34,245)	-	-	(323,123)
At 31 March 2015/1 April 2015	3,680,990	31,178,775	7,382,917	11,030,562	1,597,469	54,870,713
Additions	-	-	680,854	6,500	770,081	1,457,435
Disposals	-	-	(852,063)	(1,527,795)	(792,169)	(3,172,027)
Written-off	-	-	(8,537)	-	-	(8,537)
Effect of movements in exchange rates	145,186	141,144	9,935	14,441	-	310,706
At 31 March 2016	3,826,176	31,319,919	7,213,106	9,523,708	1,575,381	53,458,290
Depreciation						
At 1 April 2014	380,349	1,783,888	2,887,265	7,543,388	831,425	13,426,315
Depreciation for the year	56,932	659,766	650,641	1,273,740	282,929	2,924,008
Disposals	-	-	(13,023)	(3,473,996)	(41,561)	(3,528,580)
Written-off	-	(51,998)	(16,149)	-	-	(68,147)
At 31 March 2015/1 April 2015	437,281	2,391,656	3,508,734	5,343,132	1,072,793	12,753,596
Depreciation for the year	56,932	660,423	599,396	975,671	260,087	2,552,509
Disposals	-	-	(248,022)	(1,156,690)	(606,784)	(2,011,496)
Written-off	-	-	(3,020)	-	-	(3,020)
Effect of movements in exchange rates	-	32,155	7,236	6,228	-	45,619
At 31 March 2016	494,213	3,084,234	3,864,324	5,168,341	726,096	13,337,208
Carrying amounts						
At 1 April 2014	3,300,641	29,683,765	3,814,022	7,807,615	830,459	45,436,502
At 31 March 2015/1 April 2015	3,243,709	28,787,119	3,874,183	5,687,430	524,676	42,117,117
At 31 March 2016	3,331,963	28,235,685	3,348,782	4,355,367	849,285	40,121,082

3. **PROPERTY, PLANT AND EQUIPMENT** (continued)

Company	Land	Buildings	Electrical equipment, renovation, furniture and fittings	Plant and machineries	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM
Cost						
At 1 April 2014	2,846,590	13,417,527	4,035,637	6,201,700	1,298,835	27,800,289
Additions	-	-	512,562	49,443	-	562,005
Disposals	-	-	-	(108,000)	-	(108,000)
Written-off	-	(288,878)	(34,245)	-	-	(323,123)
At 31 March 2015/1 April 2015	2,846,590	13,128,649	4,513,954	6,143,143	1,298,835	27,931,171
Additions	-	-	668,271	6,500	544,528	1,219,299
Disposals	-	-	(852,063)	(1,527,795)	(415,283)	(2,795,141)
Written-off	-	-	(8,537)	-	-	(8,537)
At 31 March 2016	2,846,590	13,128,649	4,321,625	4,621,848	1,428,080	26,346,792
Depreciation						
At 1 April 2014	380,349	1,412,657	2,325,315	4,735,232	654,414	9,507,967
Depreciation for the year	56,932	268,350	313,389	399,883	219,659	1,258,213
Disposals	-	-	-	(54,000)	-	(54,000)
Written-off	-	(51,998)	(16,149)	-	-	(68,147)
At 31 March 2015/1 April 2015	437,281	1,629,009	2,622,555	5,081,115	874,073	10,644,033
Depreciation for the year	56,932	262,573	304,107	352,387	202,433	1,178,432
Disposals	-	-	(248,022)	(1,156,690)	(304,135)	(1,708,847)
Written-off	-	-	(3,020)	-	-	(3,020)
At 31 March 2016	494,213	1,891,582	2,675,620	4,276,812	772,371	10,110,598
Carrying amounts						
At 1 April 2014	2,466,241	12,004,870	1,710,322	1,466,468	644,421	18,292,322
At 31 March 2015/1 April 2015	2,409,309	11,499,640	1,891,399	1,062,028	424,762	17,287,138
At 31 March 2016	2,352,377	11,237,067	1,646,005	345,036	655,709	16,236,194

3.1 Security

At 31 March 2016, land and buildings of the Group and of the Company with carrying amounts of RM30,588,060 (2015: RM31,196,428) and RM13,589,444 (2015: RM13,908,949) respectively are charged to a bank as security for term loans granted to the Group and the Company (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Leased assets

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Plant and machineries	360,514	2,632,133	-	-
Motor vehicles	727,174	481,559	535,453	399,075
	1,087,688	3,113,692	535,453	399,075

3.3 Land

Included in the carrying amounts of land are:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Freehold land	979,586	834,400	-	-
Leasehold land with unexpired lease period of more than 50 years	2,352,377	2,409,309	2,352,377	2,409,309
	3,331,963	3,243,709	2,352,377	2,409,309

4. GOODWILL

	Group	
	2016	**2015**
	RM	**RM**
Cost	20,559,876	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.

The recoverable amounts of the business units are based on value in use calculations. These calculations were determined based on pre-tax cash flow projections based on financial budget 2017 approved by the Board of Directors. The cash flows beyond 2017 are projected for a five-year period and extrapolated to terminal value using estimated growth rates stated below. The growth rate does not exceed the average historical growth rate over the long term for the industry.

NOTES TO THE FINANCIAL STATEMENTS

4. GOODWILL (continued)

Impairment testing for cash-generating units containing goodwill (continued)

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

- There will be no material change in structure and principal activities of cash-generating units.
- Sales are expected to grow at 5.0% per annum.
- Gross profit margin is expected to be constant.
- General and administrative expenses are expected to increase at 5.0% per annum taking into account inflationary pressure on prices.
- A post-tax discount rate of 7.0% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the post-tax weighted average cost of capital of the Group.
- Terminal growth rate is expected to be 3.0% 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).

Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Unquoted shares, at cost	31,456,804	31,456,804
Less: Accumulated impairment losses	(209,995)	(209,995)
	31,246,809	31,246,809

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016	2015
CLT Engineering Sdn. Bhd.	Malaysia	Fabrication of machine parts and toolings for equipment and replications of systems and equipment.	51%	51%

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2016	2015
FAS Manufacturing Sdn. Bhd. @	Malaysia	Fabrication of machine parts and tooling for equipment. The company has temporarily ceased operations.	60%	60%
FAS Technology Solution Sdn. Bhd. @	Malaysia	Design and development of standard automated industrial equipment. The company has temporarily ceased operations.	60%	60%
Genetec Global Technologies, Inc. #	United States of America	The company is dormant.	100%	100%
Subsidiary of CLT Engineering Sdn. Bhd.				
CLT Engineering (Thailand) Co., Ltd. @	Thailand	Provision of fabrication system integration and engineering services and products.	51%	51%
Subsidiary of Genetec Global Technologies, Inc.				
IP Systems, Inc. #	United States of America	The company is dormant.	60%	60%

\# *Subsidiaries consolidated based on unaudited financial statements.*
@ *Audited by firm of auditors other than KPMG.*

5. **INVESTMENTS IN SUBSIDIARIES** (continued)

Non-controlling interest in subsidiaries

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

	CLT Engineering Sdn. Bhd.	Other subsidiaries with immaterial NCI	Total
2016			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI (RM)	11,734,070	(6,209,899)	5,524,171
Profit allocated to NCI (RM)	1,890,784	496,996	2,387,780
Summarised financial information before intra-group elimination			
As at 31 March	**RM**		
Non-current assets	21,839,602		
Current assets	16,379,555		
Non-current liabilities	(8,020,587)		
Current liabilities	(6,251,489)		
Net assets	23,947,081		
Year ended 31 March			
Revenue	60,016,535		
Profit for the year	3,858,742		
Cash flows from operating activities	17,257,696		
Cash flows from investing activities	161,021		
Cash flows from financing activities	(15,438,526)		
Net increase in cash and cash equivalents	1,980,191		

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interest in subsidiaries (continued)

	CLT Engineering Sdn. Bhd.	Other subsidiaries with immaterial NCI	Total
2015			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI (RM)	9,843,286	(6,297,824)	3,545,462
Profit allocated to NCI (RM)	890,374	(377,086)	513,288
Summarised financial information before intra-group elimination			
As at 31 March	**RM**		
Non-current assets	22,979,996		
Current assets	40,959,461		
Non-current liabilities	(8,940,647)		
Current liabilities	(34,910,471)		
Net assets	20,088,339		
Year ended 31 March			
Revenue	55,228,245		
Profit for the year	1,817,090		
Cash flows from operating activities	(11,238,600)		
Cash flows from investing activities	(793,815)		
Cash flows from financing activities	12,786,498		
Net increase in cash and cash equivalents	754,083		

NOTES TO THE FINANCIAL STATEMENTS

6. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Group						
Property, plant and equipment	-	-	(1,341,557)	(1,335,858)	(1,341,557)	(1,335,858)
Unutilised tax losses	629,053	-	-	-	629,053	-
Others	-	2,165,178	(66,898)	-	(66,898)	2,165,178
Tax assets/(liabilities)	629,053	2,165,178	(1,408,455)	(1,335,858)	(779,402)	829,320
Set off of tax	(629,053)	(1,148,725)	629,053	1,148,725	-	-
Net tax assets/(liabilities)	-	1,016,453	(779,402)	(187,133)	(779,402)	829,320
Company						
Property, plant and equipment	-	-	(1,154,424)	(1,148,725)	(1,154,424)	(1,148,725)
Unutilised tax losses	629,053	-	-	-	629,053	-
Others	-	2,165,178	(66,898)	-	(66,898)	2,165,178
Tax assets/(liabilities)	629,053	2,165,178	(1,221,322)	(1,148,725)	(592,269)	1,016,453
Set off of tax	(629,053)	(1,148,725)	629,053	1,148,725	-	-
Net tax assets/(liabilities)	-	1,016,453	(592,269)	-	(592,269)	1,016,453

Unrecognised deferred tax assets

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Unabsorbed capital allowances	153,000	2,384,000	-	-
Unutilised tax losses	9,330,000	9,330,000	-	-
Other temporary differences	(1,552,000)	(6,305,000)	2,115,000	-
	7,931,000	5,409,000	2,115,000	-

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

NOTES TO THE FINANCIAL STATEMENTS

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

Movement in temporary differences during the year

	At 1.4.2014 RM	Recognised in profit or loss (Note 18) RM	At 31.3.2015/ 1.4.2015 RM	Recognised in profit or loss (Note 18) RM	At 31.3.2016 RM
Group					
Property, plant and equipment	(847,260)	(488,598)	(1,335,858)	(5,699)	(1,341,557)
Unutilised tax losses	540,859	(540,859)	-	629,053	629,053
Other temporary differences	(252,080)	2,417,258	2,165,178	(2,232,076)	(66,898)
	(558,481)	1,387,801	829,320	(1,608,722)	(779,402)
Company					
Property, plant and equipment	(196,000)	(952,725)	(1,148,725)	(5,699)	(1,154,424)
Unutilised tax losses	-	-	-	629,053	629,053
Other temporary differences	(175,348)	2,340,526	2,165,178	(2,232,076)	(66,898)
	(371,348)	1,387,801	1,016,453	(1,608,722)	(592,269)

7. INVENTORIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Raw materials	82,014	289,586	37,729	171,005
Consumables	986,244	988,090	188,997	217,313
Work-in-progress	11,214,025	25,388,760	11,214,025	15,830,500
Finished goods	-	63,761	-	63,761
	12,282,283	26,730,197	11,440,751	16,282,579
Recognised in profit or loss:				
Inventories recognised as cost of sales	88,106,690	101,899,242	46,575,121	61,580,205
Write down to net realisable value	578,001	1,317,410	100,766	519,473
Inventories written off	114,118	2,478,524	114,118	2,478,524

NOTES TO THE FINANCIAL STATEMENTS

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Derivatives held at fair value through profit or loss and represented at fair value:				
- Forward exchange contracts	1,954,603	(4,651,513)	1,954,603	(4,171,763)

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

9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2016	2015	2016	2015
		RM	RM	RM	RM
Trade					
Trade receivables		17,497,065	48,154,266	8,147,335	24,704,532
Non-trade					
Other receivables		1,306,834	491,711	616,875	350,866
Amount due from subsidiaries	9.1	-	-	4,229,863	4,228,863
Deposits		284,850	311,943	129,688	150,037
		1,591,684	803,654	4,976,426	4,729,766
Impairment loss on amounts due from subsidiaries		-	-	(4,229,863)	(4,228,863)
		1,591,684	803,654	746,563	500,903
		19,088,749	48,957,920	8,893,898	25,205,435

9.1 Amount due from subsidiaries

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

10. PREPAYMENTS

Included in prepayments of the Group and the Company is an amount of RM62,620 (2015: Group: RM2,871,783 ; Company: RM1,548,577) being advances paid to suppliers for goods acquired.

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER INVESTMENT

The amount represents a placement in unit trust fund ("Fund"), in which the market value and the market price per unit of the Fund as at 31 March 2016 were RM300,000 and RM1.00 respectively. During the year, the Company recognised the investment held as a financial asset at fair value through profit or loss. The Company held 300,000 units of the Fund as at 31 March 2016.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	8,667,709	18,926,110	4,959,267	16,620,263
Deposits placed with licensed banks	-	91,283	-	91,283
	8,667,709	19,017,393	4,959,267	16,711,546

13. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2016	2016	2015	2015
	RM		RM	
Ordinary shares of RM0.10 each				
Authorised				
At 1 April/31 March	50,000,000	500,000,000	50,000,000	500,000,000
Issued and fully paid				
At 1 April/31 March	35,173,800	351,738,000	35,173,800	351,738,000

Ordinary shares

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

Share premium

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

NOTES TO THE FINANCIAL STATEMENTS

13. CAPITAL AND RESERVES (continued)

Translation reserve

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

14. LOANS AND BORROWINGS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Non-current				
Finance lease liabilities	472,183	95,611	328,719	-
Term loans (secured)	12,290,544	13,769,000	4,515,137	5,025,679
	12,762,727	13,864,611	4,843,856	5,025,679
Current				
Finance lease liabilities	182,499	1,118,885	71,281	102,904
Revolving loans (secured)	-	6,000,000	-	6,000,000
Bankers' acceptances (secured)	3,623,065	24,220,350	3,623,065	11,592,883
Term loans (secured)	1,476,698	1,381,819	508,785	474,651
Bank overdraft (secured)	-	607,479	-	-
	5,282,262	33,328,533	4,203,131	18,170,438
	18,044,989	47,193,144	9,046,987	23,196,117

Security

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

Loan covenants

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

i) Maximum gearing of 2.0 times in Genetec Technology Berhad and CLT Engineering Sdn. Bhd..

ii) Minimum tangible net worth at RM12,000,000 in CLT Engineering Sdn. Bhd..

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 building at not less than RM 10 million in Genetec Technology Berhad.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2016 RM	Interest 2016 RM	Present value of minimum lease payments 2016 RM	Future minimum lease payments 2015 RM	Interest 2015 RM	Present value of minimum lease payments 2015 RM
Group						
Less than one year	212,322	(29,823)	182,499	1,164,883	(45,998)	1,118,885
Between one and five years	519,006	(46,823)	472,183	98,336	(2,725)	95,611
	731,328	76,646	654,682	1,263,219	(48,723)	1,214,496
Company						
Less than one year	91,081	(19,800)	71,281	104,113	(1,209)	102,904
Between one and five years	364,319	(35,600)	328,719	-	-	-
	455,400	55,400	400,000	104,113	(1,209)	102,904

15. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Trade					
Trade payables		10,074,251	33,387,186	4,350,702	17,277,949
Amount due to subsidiary	15.1	-	-	-	175
		10,074,251	33,387,186	4,350,702	17,278,124
Non-trade					
Other payables		5,784,017	11,531,751	288,997	5,256,494
Accruals		1,210,913	3,511,664	1,117,968	906,194
		6,994,930	15,043,415	1,406,965	6,162,688
		17,069,181	48,430,601	5,757,667	23,440,812

15. TRADE AND OTHER PAYABLES (continued)

15.1 Amount due to subsidiary

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

16. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Industrial automation products	129,003,499	145,870,955	68,541,101	90,444,426

17. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	856,878	968,394	363,945	415,659
- Finance lease liabilities	51,078	132,049	1,209	11,019
- Bankers' acceptances	633,058	844,182	391,667	356,970
- Revolving loans	188,033	157,253	188,033	157,253
- Other finance costs	93,723	271,347	56,754	185,292
	1,822,770	2,373,225	1,001,608	1,126,193

NOTES TO THE FINANCIAL STATEMENTS

18. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Current tax expense				
- Current year	-	153,342	-	150,000
- Over provision in prior years	(136,765)	(72,413)	(136,765)	(28,005)
	(136,765)	80,929	(136,765)	121,995
Deferred tax expense/(benefit)				
- Origination and reversal of temporary differences	1,355,024	(1,203,904)	1,355,024	(1,203,904)
- Under/(Over) provision in prior years	221,916	(183,897)	221,916	(183,897)
- Effect of changes in tax rate	31,782	-	31,782	-
	1,608,722	(1,387,801)	1,608,722	(1,387,801)
Total tax expense	1,471,957	(1,306,872)	1,471,957	(1,265,806)
Reconciliation of tax expense				
Profit for the year	6,793,846	4,970,126	1,371,226	3,948,962
Total tax expense	1,471,957	(1,306,872)	1,471,957	(1,265,806)
Profit excluding tax	8,265,803	3,663,254	2,843,183	2,683,156
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	1,983,793	915,814	682,364	670,789
Effect of deferred tax assets not recognised	605,220	141,876	507,584	-
Utilisation of previously unrecognised deferred tax assets	-	(627,750)	-	-
Non-deductible expenses	217,167	399,608	179,108	155,417
Non-taxable income	(80,398)	-	(14,032)	-
Tax incentive (Pioneer status)*	(1,370,758)	(1,880,110)	-	(1,880,110)
	1,355,024	(1,050,562)	1,355,024	(1,053,904)
(Over)/Under provision in prior years				
- Current tax	(136,765)	(72,413)	(136,765)	(28,005)
- Deferred tax	221,916	(183,897)	221,916	(183,897)
- Effect of changes in tax rate	31,782	-	31,782	-
	1,471,957	(1,306,872)	1,471,957	(1,265,806)

NOTES TO THE FINANCIAL STATEMENTS

18. TAX EXPENSE (continued)

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

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

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

19. PROFIT FOR THE YEAR

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Profit for the year is arrived at after charging:				
Audit fees:				
- KPMG Malaysia	138,000	138,000	98,000	98,000
- Other auditors	7,886	9,000	-	-
Non audit fees:				
- KPMG Malaysia	20,000	20,000	20,000	20,000
Depreciation of property, plant and equipment	2,552,509	2,924,008	1,178,432	1,258,213
Net derivative loss				
- realised	3,816,829	630,420	3,766,688	630,420
- unrealised	-	4,651,513	-	4,171,763
Impairment loss on:				
- amounts due from subsidiaries	-	-	1,000	35,554
- trade receivables	-	227,199	-	205,813
Inventories written off	114,118	2,478,524	114,118	2,478,524
Loss on disposal of property, plant and equipment, net	583,352	21,670	654,115	39,000
Net loss on foreign exchange:				
- unrealised	676,583	-	246,464	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	1,683,315	1,714,227	1,118,964	1,188,620
- Wages, salaries and others	20,545,081	18,915,587	10,975,856	11,146,365
Property, plant and equipment written off	5,517	254,976	5,517	254,976
Write down of inventories	578,001	1,317,410	100,766	519,473
Rental expense on properties	49,800	108,000	-	-
Rental of motor vehicles and equipment	37,515	9,312	-	-

NOTES TO THE FINANCIAL STATEMENTS

19. PROFIT FOR THE YEAR (continued)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
and after crediting:				
Interest income from deposits	115,452	66,456	86,846	53,087
Gain on disposal investment	31,099	-	31,099	-
Reversal of impairment loss on trade receivables	31,900	-	31,900	-
Net gain on foreign exchange				
- realised	6,233,894	2,281,088	4,735,258	2,072,169
- unrealised	-	839,013	-	464,700
Net derivative gain				
- unrealised	1,954,603	-	1,954,603	-
Rental income	762,000	1,288,898	-	-

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors:				
- Remuneration	1,942,787	1,082,000	1,102,787	452,000
- Fees	180,000	132,000	180,000	132,000
- Other short-term employee benefits	113,050	103,190	23,950	24,570
	2,235,837	1,317,190	1,306,737	608,570

NOTES TO THE FINANCIAL STATEMENTS

21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2016	**2015**
	RM	**RM**
		Restated
Profit attributable to ordinary shareholders	4,406,066	4,456,838
Issued ordinary shares at beginning of the year	351,738,000	351,738,000
Effect of share consolidation	(316,564,200)	(316,564,200)
Weighted average number of ordinary shares	35,173,800	35,173,800

	2016	**2015**
	sen	**sen**
		Restated
Basic earnings per ordinary share	12.53	12.67

Diluted earnings per ordinary share

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

Share consolidation exercise

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

i) reduced the number of ordinary shares by ratio of 10 : 1, and
ii) increased the par value of the ordinary shares from RM0.10 each to RM1.00 each as disclosed in Note 27.

The previous year's earnings per ordinary share has been restated based on the profit attributable to ordinary shareholders of RM4,456,838 and weighted average number of shares outstanding during the year of 35,173,800 ordinary shares after taking into consideration the share consolidation effect of 316,564,200 ordinary shares.

The exercise mentioned above did not have any effects on the paid-up share capital of the Company, substantial shareholders' shareholdings in the Company, consolidated gearing and consolidated earnings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

21. EARNINGS PER ORDINARY SHARE (continued)

Potential issue of new ordinary shares

On 19 August 2015, KAF Investment Bank Berhad ("KAF"), on behalf of the Company, had announced that the Company proposed to undertake a special issue of up to 21,681,000 new ordinary shares of RM0.10 each in the Company, representing up to approximately 6.16% of the existing issued and paid-up share capital of the Company to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry as disclosed in Note 27.

22. OPERATING SEGMENT

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

Geographical segments

The industrial automation segment operates manufacturing facilities and sales offices mainly in Malaysia. Accordingly, segmental information based on geographical segments is not presented.

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

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

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

Group	Carrying amount RM	L&R RM	FVTPL -HFT RM
Financial assets			
2016			
Derivative financial assets	1,954,603	-	1,954,603
Trade and other receivables	19,088,749	19,088,749	-
Other investment	300,000	-	300,000
Cash and cash equivalents	8,667,709	8,667,709	-
	30,011,061	27,756,458	2,254,603
2015			
Trade and other receivables	48,957,920	48,957,920	-
Cash and cash equivalents	19,017,393	19,017,393	-
	67,975,313	67,975,313	-

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.1 Categories of financial instruments (continued)

Group (continued)	**Carrying amount RM**	**FL RM**	**FVTPL -HFT RM**
Financial liabilities			
2016			
Loan and borrowings	18,044,989	18,044,989	-
Trade and other payables	17,069,181	17,069,181	-
	35,114,170	35,114,170	-
2015			
Derivative financial liabilities	4,651,513	-	4,651,513
Loan and borrowings	47,193,144	47,193,144	-
Trade and other payables	48,430,601	48,430,601	-
	100,275,258	95,623,745	4,651,513

Company	**Carrying amount RM**	**L&R RM**	**FVTPL -HFT RM**
Financial assets			
2016			
Derivative financial assets	1,954,603	-	1,954,603
Trade and other receivables	8,893,898	8,893,898	-
Other investment	300,000	-	300,000
Cash and cash equivalents	4,959,267	4,959,267	-
	16,107,768	13,853,165	2,254,603
2015			
Trade and other receivables	25,205,435	25,205,435	-
Cash and cash equivalents	16,711,546	16,711,546	-
	41,916,981	41,916,981	-

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.1 Categories of financial instruments (continued)

Company (continued)	**Carrying amount RM**	**FL RM**	**FVTPL -HFT RM**
Financial liabilities			
2016			
Loan and borrowings	9,046,987	9,046,987	-
Trade and other payables	5,757,667	5,757,667	-
	14,804,654	14,804,654	-
2015			
Derivative financial liabilities	4,171,763	-	4,171,763
Loan and borrowings	23,196,117	23,196,117	-
Trade and other payables	23,440,812	23,440,812	-
	50,808,692	46,636,929	4,171,763

23.2 Net gains and losses arising from financial instruments

	Group		**Company**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Net gains/(losses) arising on:				
Fair value through profit or loss				
- Held for trading	(1,831,127)	(5,281,933)	(1,780,986)	(4,802,183)
Loans and receivables	6,379,176	2,959,358	4,886,078	2,348,589
Financial liabilities measured at amortised cost	(2,497,283)	(2,373,225)	(1,281,146)	(1,126,193)
	2,050,766	(4,695,800)	1,823,946	(3,579,787)

23.3 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

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.4 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.

23.4.1 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 two major customers which represent 94% (2015: 91%) of total trade receivables. 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 stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Domestic	7,581,442	43,489,593	4,226,171	21,012,719
Asia	3,981,727	4,228,136	3,921,164	3,691,813
North America	5,933,896	436,537	-	-
	17,497,065	48,154,266	8,147,335	24,704,532

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.4 Credit risk (continued)

23.4.1 Receivables (continued)

Impairment losses

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

	Gross RM	Individual impairment RM	Net RM
Group			
2016			
Not past due	11,607,999	-	11,607,999
Past due 1 - 30 days	681,034	-	681,034
Past due more than 30 days	5,208,032	-	5,208,032
	17,497,065	-	17,497,065
2015			
Not past due	43,884,097	-	43,884,097
Past due 1 - 30 days	2,462,955	-	2,462,955
Past due more than 30 days	2,034,413	(227,199)	1,807,214
	48,381,465	(227,199)	48,154,266
Company			
2016			
Not past due	2,571,975	-	2,571,975
Past due 1 - 30 days	582,458	-	582,458
Past due more than 30 days	4,992,902	-	4,992,902
	8,147,335	-	8,147,335
2015			
Not past due	22,797,521	-	22,797,521
Past due 1 - 30 days	581,490	-	581,490
Past due more than 30 days	1,531,334	(205,813)	1,325,521
	24,910,345	(205,813)	24,704,532

23. FINANCIAL INSTRUMENTS (continued)

23.4 Credit risk (continued)

23.4.1 Receivables (continued)

Impairment losses (continued)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At 1 April	227,199	-	205,813	-
Impairment loss recognised	-	227,199	-	205,813
Impairment loss written off	(195,299)	-	(173,913)	-
Reversal of impairment loss	(31,900)	-	(31,900)	-
At 31 March	-	227,199	-	205,813

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

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

Risk management objectives, policies and processes for managing the risk

Bank balances and deposits placed with licensed banks and other investment with a financial institution of the Group and the Company arise as part of the requirements for working capital 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 and other investment with a financial institution as the management does not expect the licensed banks and financial institution to fail to meet their obligations.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only placed bank balances and deposits with licensed banks and other investment with a financial institution 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 and other investment with a financial institution.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.4 Credit risk (continued)

23.4.3 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

A further allowance for impairment losses on amounts due from subsidiaries amounting to RM1,000 (2015: RM35,554) was made, resulting in a total year end impairment of RM4,229,863 (2015: RM4,228,863).

23.4.4 Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM41,500,000 (2015: RM45,300,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

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

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

23.5 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.

23. FINANCIAL INSTRUMENTS (continued)

23.5 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2016							
Non-derivative financial liabilities							
Finance lease liabilities	654,682	2.39 - 2.78	731,328	212,322	137,496	381,510	-
Secured term loans	13,767,242	5.00 - 7.35	18,664,254	2,244,516	1,961,824	4,713,716	9,744,198
Bankers' acceptances	3,623,065	2.39 - 6.08	3,627,930	3,627,930	-	-	-
Trade and other payables	17,069,181	-	17,069,181	17,069,181	-	-	-
	35,114,170		40,092,693	23,153,949	2,099,320	5,095,226	9,744,198
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	21,198,307	21,198,307	-	-	-
Inflow	(1,954,603)	-	(23,152,910)	(23,152,910)	-	-	-
	33,159,567		38,138,090	21,199,346	2,099,320	5,095,226	9,744,198

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2015							
Non-derivative financial liabilities							
Finance lease liabilities	1,214,496	2.37 - 2.98	1,263,219	1,164,883	98,336	-	-
Secured term loans	15,150,819	5.00 - 7.35	20,911,346	2,244,811	2,244,811	5,105,216	11,316,508
Bankers' acceptances	24,220,350	3.66 - 5.27	24,254,383	24,254,383	-	-	-
Revolving loans	6,000,000	5.50 - 5.53	6,115,392	6,115,392	-	-	-
Bank overdraft	607,479	^	607,479	607,479	-	-	-
Trade and other payables	48,430,601	-	48,430,601	48,430,601	-	-	-
	95,623,745		101,582,420	82,817,549	2,343,147	5,105,216	11,316,508
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	4,651,513	-	63,688,113	63,688,113	-	-	-
Inflow	-	-	(59,036,600)	(59,036,600)	-	-	-
	100,275,258		106,233,933	87,469,062	2,343,147	5,105,216	11,316,508

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

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2016							
Non-derivative financial liabilities							
Finance lease liabilities	400,000	2.77	455,400	91,081	91,081	273,238	-
Secured term loans	5,023,922	7.00	6,522,117	844,415	844,415	2,533,204	2,300,083
Bankers' acceptances	3,623,065	2.39 - 6.08	3,627,930	3,627,930	-	-	-
Trade and other payables	5,757,667	-	5,757,667	5,757,667	-	-	-
Financial guarantees	-	-	41,500,000	41,500,000	-	-	-
	14,804,654		57,863,114	51,821,093	935,496	2,806,442	2,300,083
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	21,198,307	21,198,307	-	-	-
Inflow	(1,954,603)	-	(23,152,910)	(23,152,910)	-	-	-
	12,850,051		55,908,511	49,866,490	935,496	2,806,442	2,300,083
2015							
Non-derivative financial liabilities							
Finance lease liabilities	102,904	2.37 - 2.98	104,113	104,113	-	-	-
Secured term loans	5,500,330	7.00	7,369,110	844,711	844,711	2,534,132	3,145,556
Bankers' acceptances	11,592,883	3.66 - 4.58	11,626,916	11,626,916	-	-	-
Revolving loans	6,000,000	5.50 - 5.53	6,115,392	6,115,392	-	-	-
Trade and other payables	23,440,812	-	23,440,812	23,440,812	-	-	-
Financial guarantees	-	-	45,300,000	45,300,000	-	-	-
	46,636,929		93,956,343	87,431,944	844,711	2,534,132	3,145,556
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	4,171,763	-	54,327,863	54,327,863	-	-	-
Inflow	-	-	(50,156,100)	(50,156,100)	-	-	-
	50,808,692		98,128,106	91,603,707	844,711	2,534,132	3,145,556

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.6 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.

23.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in	
	USD	**SGD**
Group	**RM**	**RM**
2016		
Trade receivables	12,149,248	287,363
Cash and cash equivalents	6,335,205	4,342
Forward exchange contracts	1,954,603	-
Trade payables	(307,504)	(154,933)
	20,131,552	136,772
2015		
Trade receivables	22,912,691	1,492,446
Cash and cash equivalents	16,787,886	4,342
Forward exchange contracts	(4,651,513)	-
Trade payables	(7,540,628)	(911,207)
	27,508,436	585,581

23. FINANCIAL INSTRUMENTS (continued)

23.6 Market risk (continued)

23.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in	
	USD	SGD
Company	RM	RM
2016		
Trade and other receivables	6,214,411	226,800
Cash and cash equivalents	4,015,996	4,342
Forward exchange contracts	1,954,603	-
Trade and other payables	(221,652)	(118,070)
	11,963,358	113,072
2015		
Trade and other receivables	20,227,042	1,453,005
Cash and cash equivalents	15,798,049	4,342
Forward exchange contracts	(4,171,763)	-
Trade and other payables	(6,220,622)	(284,388)
	25,632,706	1,172,959

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities and the Company 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% (2015: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have 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 and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity and Profit or loss			
	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
USD	(1,529,998)	(2,063,133)	(909,215)	(1,922,453)
SGD	(10,395)	(43,919)	(8,593)	(87,972)

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.6 Market risk (continued)

23.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

A 10% (2015: 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.

23.6.2 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed rate instruments				
Financial assets	-	91,283	-	91,283
Financial liabilities	(4,277,747)	(25,434,846)	(4,023,065)	(11,695,787)
	(4,277,747)	(25,343,563)	(4,023,065)	(11,604,504)
Floating rate instruments				
Financial liabilities	(13,767,242)	(21,758,297)	(5,023,922)	(11,500,330)

23. FINANCIAL INSTRUMENTS (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Equity and Profit or loss			
	10 bp increase 2016 RM	10 bp decrease 2016 RM	10 bp increase 2015 RM	10 bp decrease 2015 RM
Group				
Floating rate instruments	(10,463)	10,463	(16,319)	16,319
Company				
Floating rate instruments	(3,818)	3,818	(8,625)	8,625

23.6.3 Other price risk

The Group and the Company are not significantly exposed to any other price risk.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.7 Fair value information

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

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016										
Group										
Financial assets										
Forward exchange contracts	-	1,954,603	-	1,954,603	-	-	-	-	1,954,603	1,954,603
Other investment	-	300,000	-	300,000	-	-	-	-	300,000	300,000
	-	2,254,603	-	2,254,603	-	-	-	-	2,254,603	2,254,603
Financial liabilities										
Term loans - secured	-	-	-	-	-	-	(13,767,242)	(13,767,242)	(13,767,242)	(13,767,242)
Finance lease liabilities	-	-	-	-	-	-	(708,837)	(708,837)	(708,837)	(654,682)
	-	-	-	-	-	-	(14,476,079)	(14,476,079)	(14,476,079)	(14,421,924)
Company										
Financial assets										
Forward exchange contracts	-	1,954,603	-	1,954,603	-	-	-	-	1,954,603	1,954,603
Other investment	-	300,000	-	300,000	-	-	-	-	300,000	300,000
	-	2,254,603	-	2,254,603	-	-	-	-	2,254,603	2,254,603
Financial liabilities										
Term loans - secured	-	-	-	-	-	-	(5,023,922)	(5,023,922)	(5,023,922)	(5,023,922)
Finance lease liabilities	-	-	-	-	-	-	(439,478)	(439,478)	(439,478)	(400,000)
	-	-	-	-	-	-	(5,463,400)	(5,463,400)	(5,463,400)	(5,423,922)

23. FINANCIAL INSTRUMENTS (continued)

23.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2015										
Group										
Financial liabilities										
Forward exchange contracts	-	(4,651,513)	-	(4,651,513)	-	-	-	-	(4,651,513)	(4,651,513)
Term loans - secured	-	-	-	-	-	-	(15,150,819)	(15,150,819)	(15,150,819)	(15,150,819)
Finance lease liabilities	-	-	-	-	-	-	(1,260,914)	(1,260,914)	(1,260,914)	(1,214,496)
	-	(4,651,513)	-	(4,651,513)	-	-	(16,411,733)	(16,411,733)	(21,063,246)	(21,016,828)
Company										
Financial liabilities										
Forward exchange contracts	-	(4,171,763)	-	(4,171,763)	-	-	-	-	(4,171,763)	(4,171,763)
Term loans - secured	-	-	-	-	-	-	(5,500,330)	(5,500,330)	(5,500,330)	(5,500,330)
Finance lease liabilities	-	-	-	-	-	-	(102,904)	(102,904)	(102,904)	(102,904)
	-	(4,171,763)	-	(4,171,763)	-	-	(5,603,234)	(5,603,234)	(9,774,997)	(9,774,997)

Policy on transfer between levels

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

Level 2 fair value

Derivatives

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

Non-derivative financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.7 Fair value information (continued)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

Level 3 fair value

Fair value of financial instruments not carried at fair value

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

- Term loans - The fair value of term loans is estimated to approximate their carrying amount as these are variable rate borrowings.
- Finance lease liabilities - The fair value of finance lease liabilities are estimated based on discounted cash flows using prevailing market rates of similar lease agreements.

24. 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 2016 and 31 March 2015 were as follows:

	Note	Group 2016 RM	Group 2015 RM
Total borrowings	14	18,044,989	47,193,144
Less: Cash and cash equivalents	12	(8,667,709)	(19,017,393)
		9,377,280	28,175,751
Total equity		67,657,535	61,212,590
Debt-to-equity ratio		0.14	0.46

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

25. 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	
	2016	2015
	RM	RM
Guarantees given to financial institutions for facilities granted to a subsidiary	41,500,000	45,300,000

26. RELATED PARTIES

Identity of related parties

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

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

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation which is disclosed in Note 20 are shown below. The balances related to the below transactions are shown in Notes 9 and 15.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Subsidiaries				
Purchases	-	-	19,460	7,799
Sales	-	-	(8,749)	(78,601)
Subsidiaries of an affiliate company				
Purchases	999,842	1,634,219	439,811	962,807
Sales	(10,123)	-	-	-
Associate - former				
Servicing fee	-	901,425	-	901,425
Purchases	-	4,778	-	4,778

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTIES (continued)

Significant related party transactions (continued)

As at 31 March 2016, 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 RM84,423 (2015: RM544,273), RM9,879 (2015: RM7,945) and RM1,325 (2015: RM400), respectively.

27. SUBSEQUENT EVENTS

Share consolidation exercise and amendment to the Memorandum of Association

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

i) Proposed share consolidation of every ten ordinary shares of RM0.10 each into one ordinary share of RM1.00 each.
ii) Proposed amendment to the Memorandum of Association to facilitate the proposed share consolidation.

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

Potential issue of new ordinary shares

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries				
- realised	(5,415,295)	(12,010,787)	5,354,580	3,618,074
- unrealised	498,618	1,753,750	1,115,872	1,481,152
	(4,916,677)	(10,257,037)	6,470,452	5,099,226
Less: Consolidation adjustments	14,264,837	15,199,131	-	-
Total retained earnings	9,348,160	4,942,094	6,470,452	5,099,226

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 38 to 98 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 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 on page 99 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: 12 July 2016

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 38 to 99 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 12 July 2016.

Tan Kon Hoan

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

INDEPENDENT AUDITORS' REPORT

To the members of Genetec Technology Berhad
(Company No. 445537-W)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Genetec Technology Berhad, which comprise the statements of financial position as at 31 March 2016 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 98.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 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 2016 and of their financial performance and cash flows for the financial 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 on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To the members of Genetec Technology Berhad
(Company No. 445537-W)
(Incorporated in Malaysia)

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 28 on page 99 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 or International 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

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: 2012/11/16(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 12 July 2016

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 4 July 2016

No.	Address	Approximate tenure/Year of expiry	Description/ Existing use	Land area/ Built-up area (sq. ft.)	Net book value @ 31.03.16 (RM'000)	Age of building (years)	Date of acquisition
1.	Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	99 years expiring in 2098	Leasehold/ Land with 3 storey office and factory	61,450/ 44,405	11,565	8	31 March 2008
2.	No. 59, Jalan P/21, Selaman Industrial Park, Seksyen 10, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	99 years expiring in 2098	Leasehold 1½ - storey detached factory/Office building	22,723/ 13,603	2,024	11	20 March 2006
3.	Lot 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan.	99 years expiring in 2090	Leasehold 1½ - storey office and factory	81,911/ 49,217	16,404	26	15 June 2011
4.	No. 75/113 Village, No. 11, Khrongkarn MMC Factory Alley, Phaholyothin Road (Highway 1), Khong Nueng Sub-district, Khong Luang District, Pathumthani Province, Bangkok, Thailand.	Freehold	Land with 2 storey factory-cum-office	570/910	1,574	6	11 March 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 31 March 2016 was RM20,000 (2015: RM20,000).

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 substantial shareholders' interests.

ADDITIONAL COMPLIANCE INFORMATION

10) RECURRENT RELATED PARTY TRANSACTIONS

The significant recurrent related party transactions conducted during the financial year ended 31 March 2016 were as follows:

	Related Parties	Relationship with Genetec Group	Nature of Transactions with Genetec Group	Amount (RM)
1.	CLT Engineering Sdn Bhd ("**CLT**")	Tan Moon Teik is a Director of Genetec. He is also a Director and Major Shareholder of CLT Chin Kem Weng is a Director of Genetec. He is also a Director and an indirect Major Shareholder of CLT (via his shareholding in Genetec)	Sale of machines and components Purchase of fabrication parts	8,749 19,460
2.	Cotel Precision Industries Sdn Bhd ("**Cotel**")	Chen Khai Voon is a Director and indirect Major Shareholder of Genetec (via his shareholdings in KVC Corporation Sdn Bhd ("**KVC Corp**"). He is also an indirect Major Shareholder of Cotel (via his shareholdings in KVC Corp, KVC Properties Sdn. Bhd. and KVC) KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of Cotel (via its shareholdings in KVC Properties Sdn. Bhd. and KVC)	Purchase of precision measuring instruments	11,588
3.	KVC Industrial Supplies Sdn Bhd ("**KVC**")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also a Director and an indirect Major Shareholder of KVC (via his shareholdings in KVC Corp and KVC Properties Sdn. Bhd.) KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of KVC (via its shareholdings in KVC Properties Sdn. Bhd.)	Purchase of electrical and electronic products Sale of fabrication parts	946,497 10,123
4.	TSA Industries Sdn Bhd ("**TSA**")	Chen Khai Voon is a Director and an indirect Major Shareholder of Genetec (via his shareholdings in KVC Corp). He is also a Director and an indirect Major Shareholder of TSA (via his shareholdings in KVC Corp and KVC Properties Sdn. Bhd.) KVC Corp is a Major Shareholder of Genetec and also an indirect Major Shareholder of TSA (via its shareholdings in KVC Properties Sdn. Bhd.)	Purchase of industrial hardware	41,757

ANALYSIS OF SHAREHOLDINGS

As at 4 July 2016

Class of shares : Ordinary Shares of RM1.00 each
Voting rights : One vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Category	No. of holders	No. of shares	Percentage (%)
1 – 99	83	2,369	0.01
100 – 1,000	726	524,630	1.49
1,001 – 10,000	1,794	8,072,860	22.95
10,001 – 100,000	385	11,579,721	32.92
100,001 – 1,758,689	25	6,154,570	17.50
1,758,690 and above (5% of issued securities)	3	8,839,650	25.13
Total	**3,016**	**35,173,800**	**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	2,099,450	5.97	-	-
Tan Moon Teik	1,860,200	5.29	-	-
Chen Khai Voon	-	-	4,880,000 *	13.87
Hew Voon Foo	-	-	-	-
Wong Wai Tzing	-	-	-	-
Teh Kim Seng	-	-	-	-
Ong Phoe Be	20,000	0.06	-	-

Note:

* *Deemed interested through KVC Corporation Sdn Bhd*

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	4,880,000	13.87	-	-
Chin Kem Weng	2,099,450	5.97	-	-
Tan Moon Teik	1,860,200	5.29	-	-
Chen Khai Voon	-	-	4,880,000 *	13.87

Note:

* *Deemed interested through KVC Corporation Sdn Bhd*

ANALYSIS OF SHAREHOLDINGS

As at 4 July 2016

30 LARGEST SHAREHOLDERS

	Name	No. of shares held	Percentage (%)
1	KVC CORPORATION SDN BHD	4,880,000	13.87
2	CHIN KEM WENG	2,099,450	5.97
3	TAN MOON TEIK	1,860,200	5.29
4	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH*	1,510,170	4.29
5	HSBC NOMINEES (ASING) SDN BHD *MORGAN STANLEY & CO. INTERNATIONAL PLC*	363,300	1.03
6	LAI CHIE KING	310,000	0.88
7	CHIN CHENG AUN	290,000	0.82
8	O PAU KIANG	288,000	0.82
9	LIM POH FONG	265,530	0.75
10	NG EE CHEE	256,800	0.73
11	ALLEN LIK-HOOK TING	252,000	0.72
12	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JEGA DEVAN A/L M NADCHATIRAM*	200,000	0.57
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG ZEN KAI*	200,000	0.57
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR BHOOPINDAR SINGH A/L HARBANS SINGH*	194,720	0.55
15	KOH SOH HONG	185,000	0.53
16	LIM GHEE TATT	165,000	0.47
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FOONG CHEE PENG*	160,000	0.45
18	LIOW SIN CHOW	150,000	0.43
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *YONG LOY HUAT*	150,000	0.43
20	CHEW PAIK WAN	144,250	0.41
21	LOO WEE KIN	130,400	0.37
22	MOHAMED AZAM SHAH BIN AZIZ MOHAMMED	130,000	0.37
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MOHAD NASIR BIN MUDA*	127,000	0.36
24	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ROGER CHIN BOON TAT*	120,000	0.34
25	LIM POH ENG	114,100	0.32
26	ONG YEW BENG	110,000	0.31
27	OOI CHENG AIK	105,000	0.30
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN OIY POW*	100,000	0.28
29	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG CHENG HUAT*	100,000	0.28
30	LOW AH LIN	100,000	0.28
		15,060,920	**42.82**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth 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, 24 August 2016 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Explanatory Note 1)***

2. To approve the payment of Directors' fees for the financial year ended 31 March 2016. ***Ordinary Resolution 1***

3. To re-elect the following Directors who are retiring in accordance with Article 92 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Tan Moon Teik ***Ordinary Resolution 2***
   (b) Wong Wai Tzing ***Ordinary Resolution 3***

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

AS SPECIAL BUSINESS:

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

5. **Authority to Issue Shares Pursuant to 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, authority be given to the Directors of the Company pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares from the unissued share 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 the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.

   AND THAT such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***Ordinary Resolution 5 (Please refer to Explanatory Note 2)***

NOTICE OF ANNUAL GENERAL MEETING

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

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be given for the Company and/or its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2 of the Circular to Shareholders dated 26 July 2016 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;

(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."

Ordinary Resolution 6 (Please refer to Explanatory Note 3)

7. **Proposed Amendments to the Articles of Association of the Company**

"THAT the proposed amendments to the Articles of Association of the Company as set out in the Appendix I annexed to the Annual Report 2016 be approved and adopted."

Special Resolution 1 (Please refer to Explanatory Note 4)

BY ORDER OF THE BOARD

LOW SOOK KUAN (MAICSA 7047833)
Company Secretary

Selangor Darul Ehsan
26 July 2016

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.

NOTICE OF ANNUAL GENERAL MEETING

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 Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

7. For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Eighteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 18 August 2016. Only a depositor whose name appears on the Record of Depositors as at 18 August 2016 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.

Explanatory Notes to the Agenda:

1. Receipt of Audited Financial Statements and Reports

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.

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

The proposed Ordinary Resolution 5 is intended to renew the authority granted to the Directors of the Company at the Seventeenth Annual General Meeting ("**AGM**") of the Company held on 19 August 2015 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being (hereinafter referred to as the "**General Mandate**"). The Ordinary Resolution 5, if passed, this authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The Company has not issued any new shares pursuant to the General Mandate granted by the shareholders at the Seventeenth AGM of the Company and hence no proceed was raised therefrom.

The new General Mandate will provide flexibility to the Company for any fund raising activities for future investment project(s), business expansion and/or working capital purpose as the Directors may in their absolute discretion deem fit and to avoid any delay and cost in convening general meetings to approve such issue of shares.

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

For the proposed Ordinary Resolution 6, please refer to the Circular to Shareholders dated 26 July 2016 which is despatched together with this Annual Report for detailed information of the Proposed Renewal of Shareholders' Mandate.

4. Proposed Amendments to the Articles of Association of the Company

The proposed Special Resolution 1 is intended to align the Company's Articles of Association with the amendments made to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

ARTICLE NO.	EXISTING ARTICLES	PROPOSED ARTICLES
12	Modification of class rights If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is wound up, be varied with the consent in writing of the holders of three fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) holders present in person or representing by proxy, one third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution, the provisions of Section 152 of the Act shall apply with such adaptations as are necessary, apply.	Modification of class rights If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is wound up, be varied with the consent in writing of the holders of three fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) holders present in person or representing by proxy, one third (1/3) of the issued shares of the class. ~~and that any holder of shares of the class present in person or by proxy may demand a poll.~~ To every such Special Resolution, the provisions of Section 152 of the Act shall apply with such adaptations as are necessary, apply.
73	Chairman The Chairman (if any) of the Board of Directors or in his absence, a Deputy Chairman (if any) shall preside as chairman at every general meeting. If there is no such Chairman or Deputy Chairman or if at any meeting neither the Chairman nor the Deputy Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting or if neither of them is willing to act as chairman, the Directors present shall choose one (1) of their number to act or if one (1) Director only is present and is willing to act, he shall preside as chairman of the meeting. If no Director is present or if there is no Director chosen or if each of the Directors present declines to take the chair, the Members and/or proxies present and entitled to vote on a poll shall elect one (1) of their number to be the chairman of the meeting. The election of the Chairman shall be by a show of hands.	Chairman The Chairman (if any) of the Board of Directors or in his absence, a Deputy Chairman (if any) shall preside as chairman at every general meeting. If there is no such Chairman or Deputy Chairman or if at any meeting neither the Chairman nor the Deputy Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting or if neither of them is willing to act as chairman, the Directors present shall choose one (1) of their number to act or if one (1) Director only is present and is willing to act, he shall preside as chairman of the meeting. If no Director is present or if there is no Director chosen or if each of the Directors present declines to take the chair, the Members and/or proxies present and entitled to vote ~~on a poll~~ shall elect one (1) of their number to be the chairman of the meeting. The election of the Chairman shall be by a show of hands.

APPENDIX I

ARTICLE NO.	EXISTING ARTICLES	PROPOSED ARTICLES
75	Evidence of passing resolutions (1) At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:- (a) by the Chairman; (b) by any Member or Members present in person or by proxy and representing not less than one tenth (1/10) of the total voting rights of all Members having the right to vote at the meeting; or (c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth (1/10) of the total sum paid up on all the shares conferring that right. Provided that no poll shall be demanded on the election of a chairman for the meeting or on any question of adjournment of the meeting. (2) Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolutions. The demand for a poll may be withdrawn. (3) If any votes shall have been counted which ought not to have been counted, or might have been rejected, such error shall not vitiate the result of the voting unless in the opinion of the chairman of the meeting or any adjournment thereof, as the case may be, it shall be of sufficient importance to vitiate the result of the voting.	Evidence of passing resolutions ~~(1) At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-~~ ~~(a) by the Chairman;~~ ~~(b) by any Member or Members present in person or by proxy and representing not less than one tenth (1/10) of the total voting rights of all Members having the right to vote at the meeting; or~~ ~~(c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth (1/10) of the total sum paid up on all the shares conferring that right.~~ ~~Provided that no poll shall be demanded on the election of a chairman for the meeting or on any question of adjournment of the meeting.~~ ~~(2) Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolutions. The demand for a poll may be withdrawn.~~ ~~(3) If any votes shall have been counted which ought not to have been counted, or might have been rejected, such error shall not vitiate the result of the voting unless in the opinion of the chairman of the meeting or any adjournment thereof, as the case may be, it shall be of sufficient importance to vitiate the result of the voting.~~

APPENDIX I

ARTICLE NO.	EXISTING ARTICLES	PROPOSED ARTICLES
75 *(continued)*	Evidence of passing resolutions	Evidence of passing resolutions **At any general meeting any resolution set out in the notice of any general meeting or a resolution put to the vote of the meeting or in any notice of resolutions which may properly be moved and is intended to be moved at any general meeting shall be voted by poll.** **The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator, and verified by the independent scrutineer(s), as may be appointed by the Company or the chairman of the meeting for purpose of determining the outcome of the resolution(s) to be decided on poll.**
76	Polls If a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or as the chairman of the meeting directs, being not more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded, and the result of the poll shall be the resolution of the meeting at which the poll was demanded. The Chairman of the meeting may (and if so directed by the meeting) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 74, adjourn the meeting to some place and time to be fixed by him for the purpose of declaring the result of the poll. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The instrument appointing a proxy to vote shall be deemed also to confer authority to demand or join in demanding a poll, and a demand by a person as proxy for a Member shall be the same as a demand by the Member.	Polls ~~If a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or as the chairman of the meeting directs, being not more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded, and the result of the poll shall be the resolution of the meeting at which the poll was demanded. The Chairman of the meeting may (and if so directed by the meeting) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 74, adjourn the meeting to some place and time to be fixed by him for the purpose of declaring the result of the poll. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The instrument appointing a proxy to vote shall be deemed also to confer authority to demand or join in demanding a poll, and a demand by a person as proxy for a Member shall be the same as a demand by the Member.~~ **The poll shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman of the meeting directs, and the results of the poll shall be the resolution of the meeting.**

APPENDIX I

ARTICLE NO.	EXISTING ARTICLES	PROPOSED ARTICLES
78	Equalities of votes In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.	Equalities of votes In the case of an equality of votes, ~~whether on a show of hands or a poll,~~ the chairman of the meeting ~~at which the show of hands takes place or at which the poll is demanded~~ shall be entitled to a second or casting vote.
80	Vote of Member of unsound mind and person entitled to transfer A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll by his committee or by such other person who properly has the management of his estate and any such committee or other person may vote by proxy or attorney and any person entitled under the Article relating to transmission to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that such evidence as the Directors may require the authority of the person claiming to vote shall have been deposited at the office of the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote.	Vote of Member of unsound mind and person entitled to transfer A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, ~~whether on a show of hands or on a poll~~ by his committee or by such other person who properly has the management of his estate and any such committee or other person may vote by proxy or attorney and any person entitled under the Article relating to transmission to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that such evidence as the Directors may require the authority of the person claiming to vote shall have been deposited at the office of the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote.
83	Instrument appointing proxy to be in writing The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at a meeting. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	Instrument appointing proxy to be in writing The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at a meeting.~~ The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.~~

APPENDIX I

ARTICLE NO.	EXISTING ARTICLES	PROPOSED ARTICLES
86	Instrument appointing proxy to be deposited at the Office of the Company The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.	Instrument appointing proxy to be deposited at the Office of the Company The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. ~~or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.~~
88	Validity of vote given under proxy A vote given in accordance with the terms of an instrument of proxy or attorney or authority shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or proxy or of the authority under which the instrument of proxy was executed or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind or revocation or transfer as aforesaid has been received by the Company at its Office before the commencement of the meeting or adjourned meeting or in the case of a poll before the time appointed for taking of the poll, at which the instrument is used.	Validity of vote given under proxy A vote given in accordance with the terms of an instrument of proxy or attorney or authority shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or proxy or of the authority under which the instrument of proxy was executed or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind or revocation or transfer as aforesaid has been received by the Company at its Office before the commencement of the meeting or adjourned meeting ~~or in the case of a poll before the time appointed for taking of the poll,~~ at which the instrument is used.

APPENDIX I

ARTICLE NO.	EXISTING ARTICLES	PROPOSED ARTICLES
146	To whom copies of profit and loss accounts etc may be sent The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in that Section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' report shall not exceed four (4) months whilst the interval between the close of a financial year of the Company and the issue of the annual report relating to it shall not exceed six (6) months. A copy of each of such documents in printed form or in CD-ROM form or in such other form of electronic media shall not less than twenty-one (21) clear days before the date of the meeting be sent to every Member of and to every holder of debentures of the Company under the provisions of the Listing Requirements and the Act. The requisite number of copies of each of such documents as may be required by Bursa Securities and/or other stock exchange(s), if any, upon which the Company's shares may be listed shall at the same time be likewise sent to Bursa Securities and/or such other stock exchange(s) provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request.	To whom copies of profit and loss accounts etc may be sent The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in that Section. ~~The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' report shall not exceed four (4) months whilst t~~**T**he interval between the close of a financial year of the Company and the issue of the annual report ~~relating to it~~ **that includes annual audited financial statements together with the auditors' and directors' reports** shall not exceed ~~six (6)~~ **four (4)** months. A copy of each of such documents in printed form or in CD-ROM form or in such other form of electronic media shall not less than twenty-one (21) clear days before the date of the meeting be sent to every Member of and to every holder of debentures of the Company **and to every other person who is entitled to receive notice of general meetings from the Company** under the provisions of the Listing Requirements and the Act~~. The requisite number of copies of each of such documents as may be required by Bursa Securities and/or other stock exchange(s), if any, upon which the Company's shares may be listed shall at the same time be likewise sent to Bursa Securities and/or such other stock exchange(s)~~ provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. RE-ELECTION OF DIRECTORS

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

- Tan Moon Teik
- Wong Wai Tzing

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

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

There were five (5) Board meetings held during the financial year ended 31 March 2016. 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, 24 August 2016

Time : 10.00 a.m.

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

Genetec Technology BERHAD

(445537-W)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	

I/We ______________________________ NRIC/Co. No. ______________

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

of ____

(FULL ADDRESS)

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Eighteenth 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, 24 August 2016 at 10.00 a.m. and at any adjournment thereof as indicated below:

Ordinary Resolution		**For**	**Against**
1	Approval of Directors' fees		
2	Re-election of Director – Tan Moon Teik		
3	Re-election of Director – Wong Wai Tzing		
4	Re-appointment of Auditors and their remuneration – KPMG		
5	Authority to issue and allot shares		
6	Proposed Renewal of Shareholders' Mandate		
Special Resolution			
1	Proposed Amendments to the Articles of Association		

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

Dated this: ________ day of ____________________ 2016

____
Signature of Member/Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote in his stead. A proxy may but need not be a member of the Company 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*
7. *For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Eighteenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 18 August 2016. Only a depositor whose name appears on the Record of Depositors as at 18 August 2016 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.*

fold here

AFFIX
STAMP

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

fold here

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

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