Genetec Technology Berhad

(Registration No. 199701030038 (445537-W))

(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 March 2021

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Directors' report for the year ended 31 March 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

Principal activities

The Company is principally engaged in investment holding, designing and building of smart automation systems, customised factory automated equipment and integrated systems from conceptual design, development of prototype to mass replication of equipment, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	**Company RM**
Loss for the year attributable to:		
Owners of the Company	4,245,409	4,032,058
Non-controlling interests	140,908	-
	4,386,317	4,032,058

Reserves and provisions

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

Dividends

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

Directors of the Company

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

Chin Kem Weng
Sow Ewe Lee
Tan Moon Teik
Hew Voon Foo
Teh Kim Seng
Ong Phoe Be (appointed on 18 August 2020)
Chen Khai Voon (resigned on 23 June 2020)

Directors' interests in shares

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

	Number of ordinary shares			
	At 1.4.2020/ date of appointment	**Bought**	**Sold**	**At 31.3.2021**
Interests in the Company:				
Chin Kem Weng				
- Direct	3,652,505	^ 380,000	-	4,032,505
Sow Ewe Lee				
- Direct	200,000	^ 200,000	-	400,000
Tan Moon Teik				
- Direct	2,304,600	* 794,000	-	3,098,600
Hew Voon Foo				
- Direct	100,000	-	(100,000)	-
Teh Kim Seng				
- Direct	100,000	-	-	100,000
Ong Phoe Be				
- Direct	110,200	-	(30,000)	80,200

^ *Allotted pursuant to the ESOS*
* *Including 350,000 underlying shares allotted pursuant to Employees' Share Option Scheme ("ESOS")*

Directors' interests in shares (continued)

	Number of options over ordinary shares			
	At 1.4.2020	Granted (2020 ESOS)	Exercised (2010 ESOS)	At 31.3.2021
Chin Kem Weng	380,000	560,000	(380,000)	560,000
Sow Ewe Lee	200,000	500,000	(200,000)	500,000
Tan Moon Teik	350,000	500,000	(350,000)	500,000
Hew Voon Foo	-	100,000	-	100,000
Teh Kim Seng	-	100,000	-	100,000

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

Directors' benefits

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

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

Issue of shares and debentures

During the financial year, the Company issued:

a) 1,602,900 new ordinary shares for cash pursuant to the exercise of 2010 employees' share option scheme at a weighted average exercise price of RM1.01 per ordinary share.

b) 1,675,100 new ordinary shares for cash pursuant to the exercise of 2020 employees' share option scheme at a weighted average exercise price of RM1.37 per ordinary share.

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

There were no debentures issued during the financial year.

Options granted over unissued shares

2010 Employees' Share Option Scheme (2010 ESOS)

At an extraordinary general meeting held on 5 August 2010, the Company's shareholders approved the establishment of 2010 ESOS of not more than 15% of the issued share capital of the Company at any point in time during the tenure of the 2010 ESOS, to eligible Directors and employees of the Group. On 19 August 2015, the Board of Directors of the Company had given its approval to extend the existing 2010 ESOS which was expiring on 29 September 2015 ("Expiry Date") for a further five (5) years from the Expiry Date.

The salient features of the 2010 ESOS scheme are as follows:

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

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

iii) The option price shall be determined based on the weighted average market price of the Company's ordinary shares for the five (5) market days preceding the date of offer with a discount of not more than ten percent (10%).

iv) The ESOS shall be in force for a period of five (5) years from the date of implementation of the Proposed 2010 ESOS. However, an extension to the scheme may be effected by the Company upon recommendation from the Option Committee, subject to an aggregate duration of ten (10) years from the date of commencement.

During the financial year ended 31 March 2021, there were 1,602,900 share options being exercised pursuant to the 2010 Share Option Scheme. No share options under 2010 ESOS were outstanding as all the options previously granted were lapsed upon expiry on 29 September 2020.

2020 Employees' Share Option Scheme (2020 ESOS)

At an extraordinary general meeting held on 27 August 2020, the Company's shareholders approved the establishment of 2020 ESOS of not more than 15% of the total number of issued shares of the Company at any point in time during the tenure of the 2020 ESOS, to eligible Directors and employees of the Group. The 2020 ESOS serves to replace the 2010 ESOS which had expired on 29 September 2020.

The salient features of the 2020 ESOS scheme are as follows:

i) Eligible employees are those who must be at least eighteen (18) years of age, employed on a full time basis and have been in the employment of the Group for a period of at least six (6) months of continuous service.

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

iii) The option price shall be determined based on the weighted average market price of the Company's ordinary shares for the five (5) market days preceding the date of offer with a discount of not more than ten percent (10%).

Options granted over unissued shares (continued)

2020 Employees' Share Option Scheme (2020 ESOS) (continued)

iv) The ESOS shall be in force for a period of five (5) years from the date of implementation of the Proposed 2020 ESOS. However, an extension to the scheme may be effected by the Company upon recommendation from the 2020 ESOS Committee, subject to an aggregate duration of ten (10) years from the date of commencement.

The Company offered 6,594,000 share options at an exercise price of RM1.37 per share to eligible Directors and employees of the Group. During the financial year ended 31 March 2021, there were 1,675,100 share options being exercised pursuant to the 2020 Share Option Scheme.

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

	Date of offer	Exercise price	At 1.4.2020	Exercised	Forfeited	At 31.3.2021
2010 ESOS	19 December 2017	RM1.01	1,635,500	(1,602,900)	(32,600)	-
2020 ESOS	9 October 2020	RM1.37	6,594,000	(1,675,100)	-	4,918,900

Indemnity and insurance costs

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

Other statutory information

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

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

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

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

Other statutory information (continued)

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The significant event is disclosed in Note 28 to the financial statements.

Subsequent event

The subsequent event is disclosed in Note 29 to the financial statements.

Auditors

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

The auditors’ remuneration is disclosed in Note 20 to the financial statements.

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

Chin Kem Weng
Director

Sow Ewe Lee
Director

Bandar Baru Bangi, Selangor

Date: 29 July 2021

Genetec Technology Berhad

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Statements of financial position as at 31 March 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Assets					
Property, plant and equipment	3	35,723,927	34,115,429	17,178,904	15,530,398
Right-of-use assets	4	300,297	255,437	58,453	49,903
Goodwill	5	5,059,876	5,059,876	-	-
Investments in subsidiaries	6	-	-	18,346,809	18,346,809
Deferred tax assets	15	3,735,873	2,489,938	3,735,873	2,489,938
Total non-current assets		44,819,973	41,920,680	39,320,039	36,417,048
Inventories	7	11,651,778	11,589,387	7,943,106	3,801,678
Trade and other receivables	9	24,195,205	43,774,774	15,527,420	35,071,395
Prepayments		335,213	155,592	260,477	123,274
Current tax assets		-	175,487	-	97,288
Other investment	10	11,572,260	5,389,014	11,572,260	5,389,014
Cash and cash equivalents	11	31,828,765	15,687,803	23,183,254	10,389,418
Total current assets		79,583,221	76,772,057	58,486,517	54,872,067
Total assets		124,403,194	118,692,737	97,806,556	91,289,115
Equity					
Share capital		68,759,932	63,171,144	68,759,932	63,171,144
Reserves		8,996,804	11,942,398	8,978,931	11,909,886
Equity attributable to owners of the Company	12	77,756,736	75,113,542	77,738,863	75,081,030
Non-controlling interests		6,500,198	6,541,442	-	-
Total equity		84,256,934	81,654,984	77,738,863	75,081,030
Liabilities					
Loans and borrowings	13	8,064,597	8,942,621	1,367,254	2,273,014
Lease liabilities		164,539	127,786	23,269	17,751
Deferred tax liabilities	15	1,319,009	1,128,359	-	-
Total non-current liabilities		9,548,145	10,198,766	1,390,523	2,290,765
Loans and borrowings	13	10,242,507	6,404,135	9,278,925	5,704,040
Lease liabilities		149,185	135,629	36,927	34,251
Derivative financial liabilities	8	434,002	1,334,920	434,002	1,334,920
Trade and other payables	16	19,511,149	18,964,303	8,538,019	6,844,109
Current tax liabilities		261,272	-	389,297	-
Total current liabilities		30,598,115	26,838,987	18,677,170	13,917,320
Total liabilities		40,146,260	37,037,753	20,067,693	16,208,085
Total equity and liabilities		124,403,194	118,692,737	97,806,556	91,289,115

The notes on pages 18 to 90 are an integral part of these financial statements.

Genetec Technology Berhad
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Statements of profit or loss and other comprehensive income for the year ended 31 March 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	17	97,078,092	80,332,272	58,884,175	57,728,777
Cost of sales		(84,363,216)	(65,444,719)	(49,338,641)	(43,317,786)
Gross profit		12,714,876	14,887,553	9,545,534	14,410,991
Other income		6,094,662	6,754,093	4,724,693	5,315,157
Administrative expenses		(9,435,766)	(7,493,137)	(7,085,213)	(4,826,761)
Distribution expenses		(6,608,386)	(3,630,239)	(6,138,255)	(3,157,977)
Other expenses		(6,847,226)	(10,395,194)	(5,277,840)	(14,809,180)
Net gain/(loss) on impairment of financial instruments		128,751	(577,724)	29,440	(852,762)
Results from operating activities		(3,953,089)	(454,648)	(4,201,641)	(3,920,532)
Finance income		45,938	113,472	41,615	95,546
Finance costs	18	(917,880)	(981,348)	(529,195)	(601,078)
Loss before tax		(4,825,031)	(1,322,524)	(4,689,221)	(4,426,064)
Tax benefit	19	438,714	422,998	657,163	189,627
Loss for the year	20	(4,386,317)	(899,526)	(4,032,058)	(4,236,437)
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		298,376	(407,365)	-	-
Total other comprehensive income/(expense) for the year, net of tax		298,376	(407,365)	-	-
Total comprehensive expense for the year		(4,087,941)	(1,306,891)	(4,032,058)	(4,236,437)

The notes on pages 18 to 90 are an integral part of these financial statements.

Registration No. 199701030038 (445537-W)

Statements of profit or loss and other comprehensive income for the year ended 31 March 2021 (continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Loss attributable to:					
Owners of the Company		(4,245,409)	(166,026)	(4,032,058)	(4,236,437)
Non-controlling interests		(140,908)	(733,500)	-	-
Loss for the year		(4,386,317)	(899,526)	(4,032,058)	(4,236,437)
Total comprehensive expense attributable to:					
Owners of the Company		(4,046,697)	(437,323)	(4,032,058)	(4,236,437)
Non-controlling interests		(41,244)	(869,568)	-	-
Total comprehensive expense for the year		(4,087,941)	(1,306,891)	(4,032,058)	(4,236,437)
Basic loss per ordinary share (sen):	22	(9.73)	(0.39)		
Diluted loss per ordinary share (sen):	22	(9.35)	(0.39)		

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Genetec Technology Berhad
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Consolidated statement of changes in equity for the year ended 31 March 2021

		/-------------------*Attributable to owners of the Company*-------------------/						
			/----*Non-Distributable*----/		*Distributable*			
Group	**Note**	**Share capital RM**	**Share option reserve RM**	**Translation reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 April 2019		63,016,265	1,049,735	(1,175,663)	12,563,669	75,454,006	7,904,134	83,358,140
Foreign currency translation differences for foreign operations		-	-	(271,297)	-	(271,297)	(136,068)	(407,365)
Total other comprehensive expense for the year		-	-	(271,297)	-	(271,297)	(136,068)	(407,365)
Loss for the year		-	-	-	(166,026)	(166,026)	(733,500)	(899,526)
Total comprehensive expense for the year		-	-	(271,297)	(166,026)	(437,323)	(869,568)	(1,306,891)
Share options exercised	14	154,879	(58,020)	-	-	96,859	-	96,859
Share options forfeited		-	(2,238)	-	2,238	-	-	-
		154,879	(60,258)	-	2,238	96,859	-	96,859
Dividends by a subsidiary to non-controlling interests	6.2	-	-	-	-	-	(493,124)	(493,124)
Total transactions with owners of the Company		154,879	(60,258)	-	2,238	96,859	(493,124)	(396,265)
At 31 March 2020		63,171,144	989,477	(1,446,960)	12,399,881	75,113,542	6,541,442	81,654,984
		Note 12.1	Note 12.2	Note 12.3				

The notes on pages 18 to 90 are an integral part of these financial statements.

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Consolidated statement of changes in equity for the year ended 31 March 2021 (continued)

Group	Note	*Attributable to owners of the Company* *Non-Distributable* Share capital RM	Share option reserve RM	Translation reserve RM	*Distributable* Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2020		63,171,144	989,477	(1,446,960)	12,399,881	75,113,542	6,541,442	81,654,984
Foreign currency translation differences for foreign operations		-	-	198,712	-	198,712	99,664	298,376
Total other comprehensive income for the year		-	-	198,712	-	198,712	99,664	298,376
Loss for the year		-	-	-	(4,245,409)	(4,245,409)	(140,908)	(4,386,317)
Total comprehensive expense for the year		-	-	198,712	(4,245,409)	(4,046,697)	(41,244)	(4,087,941)
Share options exercised	14	5,588,788	(1,674,971)	-	-	3,913,817	-	3,913,817
Share options forfeited		-	(19,723)	-	19,723	-	-	-
Share-based payment transactions		-	2,776,074	-	-	2,776,074	-	2,776,074
Total transactions with owners of the Company		5,588,788	1,081,380	-	19,723	6,689,891	-	6,689,891
At 31 March 2021		68,759,932	2,070,857	(1,248,248)	8,174,195	77,756,736	6,500,198	84,256,934
		Note 12.1	Note 12.2	Note 12.3				

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Statement of changes in equity for the year ended 31 March 2021

Company	Note	/------------*Attributable to owners of the Company*---------/ Share capital RM	*Non-distributable* Share option reserve RM	*Distributable* Retained earnings RM	Total equity RM
At 1 April 2019		63,016,265	1,049,735	15,154,608	79,220,608
Loss and total comprehensive expense for the year		-	-	(4,236,437)	(4,236,437)
Share options exercised	14	154,879	(58,020)	-	96,859
Share options forfeited		-	(2,238)	2,238	-
Total transactions with owners of the Company		154,879	(60,258)	2,238	96,859
At 31 March 2020/1 April 2020		63,171,144	989,477	10,920,409	75,081,030
Loss and total comprehensive expense for the year		-	-	(4,032,058)	(4,032,058)
Share options exercised	14	5,588,788	(1,674,971)	-	3,913,817
Share options forfeited		-	(19,723)	19,723	-
Share-based payment transactions		-	2,776,074	-	2,776,074
Total transactions with owners of the Company		5,588,788	1,081,380	19,723	6,689,891
At 31 March 2021		68,759,932	2,070,857	6,908,074	77,738,863
		Note 12.1	Note 12.2		

The notes on pages 18 to 90 are an integral part of these financial statements.

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Statements of cash flows for the year ended 31 March 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities					
Loss before tax		(4,825,031)	(1,322,524)	(4,689,221)	(4,426,064)
Adjustments for:					
Depreciation of property, plant and equipment	3	2,485,973	2,334,381	1,128,726	995,739
Depreciation of right-of-use assets		208,518	127,321	49,353	33,268
Finance costs	18	917,880	981,348	529,195	601,078
Interest income		(45,938)	(113,472)	(41,615)	(95,546)
Dividend income		-	-	-	(513,251)
Gain on disposal of property, plant and equipment, net		(37,657)	(14,826)	(4,999)	(52)
Equity settled share-based payment transactions		2,776,074	-	2,389,175	-
Impairment loss on amounts due from subsidiaries		-	-	10,711	592,781
Impairment loss on trade receivables		226,386	370,522	226,386	266,537
Impairment loss on other receivables		-	213,758	-	-
Write down of inventories		56,444	71,380	56,444	22,924
Fair value gain on other investment		(183,246)	(346,536)	(183,246)	(346,536)
Net unrealised derivative loss		434,002	1,334,920	434,002	1,334,920
Net unrealised foreign exchange gain		(157,903)	(1,468,087)	(82,087)	(1,215,054)
Impairment loss on investment in a subsidiary		-	-	-	10,200,000
Impairment loss on goodwill		-	5,500,000	-	-
Reversal of impairment loss on trade receivables		(355,137)	(6,556)	(266,537)	(6,556)
Operating profit/(loss) before working capital changes		1,500,365	7,661,629	(443,713)	7,444,188

Statements of cash flows for the year ended 31 March 2021 (continued)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities (continued)					
Operating profit/(loss) before working capital changes (continued)		1,500,365	7,661,629	(443,713)	7,444,188
Changes in working capital:					
Inventories		(118,835)	(4,347,806)	(4,197,872)	786,017
Trade and other receivables		18,522,295	4,520,894	18,675,113	(694,520)
Prepayments		(179,621)	34,950	(137,203)	5,821
Trade and other payables and derivative financial liabilities		555,853	1,089,532	1,726,278	953,642
Cash generated from operations		20,280,057	8,959,199	15,622,603	8,495,148
Tax refunded		-	950,823	-.	656,286
Tax paid		(179,812)	(211,056)	(102,187)	(120,219)
Net cash from operating activities		20,100,245	9,698,966	15,520,416	9,031,215
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(3,009,814)	(490,874)	(2,777,233)	(395,293)
Interest received		45,938	113,472	41,615	95,546
Dividend received		-	-	-	513,251
Proceeds from disposal of property, plant and equipment		80,000	220,561	5,000	61
Proceeds from disposal of other investment		2,000,000	-	2,000,000	-
Acquisition of other investment		(8,000,000)	(3,500,000)	(8,000,000)	(3,500,000)
Net cash used in investing activities		(8,883,876)	(3,656,841)	(8,730,618)	(3,286,435)

Statements of cash flows for the year ended 31 March 2021 (continued)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from financing activities					
Dividends paid to non-controlling interest		-	(493,124)	-	-
Proceeds from issuance of shares		3,913,817	96,859	3,913,817	96,859
Net drawndown/(repayment) of trade finance facilities		3,617,468	(997,255)	3,617,468	(997,255)
Repayment of term loans		(1,135,533)	(1,034,833)	(683,165)	(629,505)
Interest paid on loans and borrowings		(917,880)	(981,348)	(529,195)	(601,078)
Net repayment of finance lease liabilities		(648,587)	(404,183)	(265,178)	(251,768)
Payment of lease liabilities	(iii)	(203,069)	(119,343)	(49,709)	(31,169)
Net cash from/(used in) financing activities		4,626,216	(3,933,227)	6,004,038	(2,413,916)
Net increase in cash and cash equivalents		15,842,585	2,108,898	12,793,836	3,330,864
Effect of exchange rate fluctuations on cash held		298,377	(407,365)	-	-
Cash and cash equivalents at beginning of financial year	(ii)	15,687,803	13,986,270	10,389,418	7,058,554
Cash and cash equivalents at end of financial year	(ii)	31,828,765	15,687,803	23,183,254	10,389,418

The notes on pages 18 to 90 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 March 2021 (continued)

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,136,814 (2020: RM1,300,874) and RM2,777,233 (2020: RM395,293) respectively, of which RM1,127,000 (2020: RM810,000) and Nil (2020: Nil) were acquired by means of finance leases.

(ii) 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	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	11	31,828,765	15,687,803	23,183,254	10,389,418

(iii) Cash outflows for leases as a lessee

		Group		Company	
	Note	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Included in net cash from operating activities					
Payment relating to leases of low value assets	20	25,019	23,880	14,850	21,000
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	18	19,035	12,329	3,291	3,331
Payment of lease liabilities	13	203,069	119,343	49,709	31,169
Total cash outflows for leases		247,123	155,552	67,850	55,500

Genetec Technology Berhad

(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2021 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 2021 do not include other entities.

The Company is principally engaged in investment holding, designing and building of smart automation systems, customised factory automated equipment and integrated systems from conceptual design, development of prototype to mass replication of equipment, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 29 July 2021.

1. Basis of preparation

(a) Statement of compliance

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts and* MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS, interpretation and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Covid-19 – Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

The Group and the Company plan to apply the abovementioned amendments where applicable:

- from the annual period beginning on 1 April 2021 for those amendments that are effective for annual periods beginning on or after 1 June 2020, 1 January 2021 and 1 April 2021;

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

- from the annual period beginning on 1 April 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 April 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(i) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or a group of cash-generating units) to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or a group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the goodwill impairment assessment are disclosed in Note 5.

(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 7 and Note 20.

(iii) Impairment of receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. The Group and the Company assess the risk of loss of each customer individually based on their financial information, past trend of payments, letter of undertaking from banks and external credit ratings, where applicable. The impairment losses made during the financial year are shown in Note 24.

(iv) Impairment of investments in subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amount of investments in subsidiaries is assessed by reference to the value in use of respective subsidiaries. Value in use is the present value of the projected future cash flows derived from the business operations of respective subsidiaries discounted with appropriate discount rates. The discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect the income and cash flows. Significant judgement is made to determine the future growth of respective subsidiaries and the discount rates to be applied in deriving the present value of the projected future cash flows. The key assumptions used in the investments in subsidiaries impairment assessment are disclosed in Note 6.

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.

2. Significant accounting policies (continued)

(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, if any, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

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

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

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

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

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Acquisition of non-controlling interests

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

(iv) Loss of control

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

(v) Non-controlling interests

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

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

(vi) Transactions eliminated on consolidation

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

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(b) ***Fair value through profit or loss***

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

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

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

Financial liabilities

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

(a) Fair value through profit or loss

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

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

a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

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

b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

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

(b) Amortised cost

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

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

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

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

(iv) Regular way purchase or sale of financial assets

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

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

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

(v) Derecognition

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition (continued)

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

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

2. Significant accounting policies (continued)

(e) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) Recognition and initial measurement

(a) As a lessee

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

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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

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

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

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

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

(b) As a lessor

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

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

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor (continued)

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

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

(iii) Subsequent measurement

(a) As a lessee

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

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

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

(b) As a lessor

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

2. Significant accounting policies (continued)

(f) Goodwill

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

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

(g) Inventories

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

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

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

(h) 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.

(i) Impairment

(i) Financial assets

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

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

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

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

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

The Group and the Company assess the risk of loss of each customer individually based on their financial information, past trend of payments, letter of undertaking from banks and external credit ratings, where applicable.

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

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

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

(ii) Other assets

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

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

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.

2. Significant accounting policies (continued)

(j) Equity instruments

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

Ordinary shares

Ordinary shares are classified as equity.

(k) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Share-based payment transactions

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

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.

2. Significant accounting policies (continued)

(k) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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

(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) Revenue

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

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

(i) the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform;

(ii) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(ii) Interest income

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

(iii) Rental income

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

(iv) Dividend income

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

(n) Borrowing costs

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

(o) Affiliate company

An affiliate company is a company owned by a substantial shareholder who also served as a Director of the Company during the year.

(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.

2. Significant accounting policies (continued)

(p) Income tax (continued)

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

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

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

(q) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

(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.

2. Significant accounting policies (continued)

(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.

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 2019	2,846,590	30,563,176	6,894,656	9,074,327	2,637,824	52,016,573
Additions	-	-	215,874	1,085,000	-	1,300,874
Disposals	-	-	(31,360)	(1,130,000)	(55,961)	(1,217,321)
At 31 March 2020/1 April 2020	2,846,590	30,563,176	7,079,170	9,029,327	2,581,863	52,100,126
Additions	-	-	1,291,962	2,623,102	221,750	4,136,814
Disposals	-	-	-	(201,000)	(38,000)	(239,000)
At 31 March 2021	2,846,590	30,563,176	8,371,132	11,451,429	2,765,613	55,997,940
Depreciation						
At 1 April 2019	665,009	4,762,226	4,414,429	5,917,227	903,011	16,661,902
Depreciation for the year	56,932	613,467	494,334	766,889	402,759	2,334,381
Disposals	-	-	(30,792)	(924,833)	(55,961)	(1,011,586)
At 31 March 2020/1 April 2020	721,941	5,375,693	4,877,971	5,759,283	1,249,809	17,984,697
Depreciation for the year	56,932	613,467	540,952	869,522	405,100	2,485,973
Disposals	-	-	-	(158,658)	(37,999)	(196,657)
At 31 March 2021	778,873	5,989,160	5,418,923	6,470,147	1,616,910	20,274,013
Carrying amounts						
At 1 April 2019	2,181,581	25,800,950	2,480,227	3,157,100	1,734,813	35,354,671
At 31 March 2020/1 April 2020	2,124,649	25,187,483	2,201,199	3,270,044	1,332,054	34,115,429
At 31 March 2021	2,067,717	24,574,016	2,952,209	4,981,282	1,148,703	35,723,927

3. Property, plant and equipment (continued)

Company	Land RM	Buildings RM	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor Vehicles RM	Total RM
Cost						
At 1 April 2019	2,846,590	13,128,649	4,365,714	4,342,111	1,705,533	26,388,597
Additions	-	-	120,293	275,000	-	395,293
Disposal	-	-	(27,361)	-	-	(27,361)
At 31 March 2020/1 April 2020	2,846,590	13,128,649	4,458,646	4,617,111	1,705,533	26,756,529
Additions	-	-	1,059,381	1,496,102	221,750	2,777,233
Disposal	-	-	(38,000)	-	-	(38,000)
At 31 March 2021	2,846,590	13,128,649	5,480,027	6,113,213	1,927,283	29,495,762
Depreciation						
At 1 April 2019	665,009	2,679,301	2,637,275	3,275,700	1,000,459	10,257,744
Depreciation for the year	56,932	262,573	277,762	133,713	264,759	995,739
Disposals	-	-	(27,352)	-	-	(27,352)
At 31 March 2020/1 April 2020	721,941	2,941,874	2,887,685	3,409,413	1,265,218	11,226,131
Depreciation for the year	56,932	262,573	311,433	230,688	267,100	1,128,726
Disposals	-	-	-	-	(37,999)	(37,999)
At 31 March 2021	778,873	3,204,447	3,199,118	3,640,101	1,494,319	12,316,858
Carrying amounts						
At 1 April 2019	2,181,581	10,449,348	1,728,439	1,066,411	705,074	16,130,853
At 31 March 2020/1 April 2020	2,124,649	10,186,775	1,570,961	1,207,698	440,315	15,530,398
At 31 March 2021	2,067,717	9,924,202	2,280,909	2,473,112	432,964	17,178,904

3. Property, plant and equipment (continued)

3.1 Security

At 31 March 2021, land and buildings of the Group and of the Company with carrying amounts of RM26,641,733 (2020: RM27,312,132) and RM11,991,919 (2020: RM12,311,424) respectively are charged to a bank as security for term loans granted to the Group and the Company (see Note 13).

3.2 Leased assets

Included in the property, plant and equipment of the Group and the Company are plant and machineries and motor vehicles acquired under hire purchase agreements with carrying amounts of RM2,314,426 (2020: RM1,745,466) and RM338,572 (2020: RM618,004) respectively.

4. Right-of-use assets

	Buildings RM
Group	
At 1 April 2019	-
Addition	382,758
Depreciation	(127,321)
At 31 March 2020/1 April 2020	255,437
Addition	253,378
Depreciation	(208,518)
At 31 March 2021	300,297
Company	
At 1 April 2019	-
Addition	83,171
Depreciation	(33,268)
At 31 March 2020/1 April 2020	49,903
Addition	57,903
Depreciation	(49,353)
At 31 March 2021	58,453

4.1 Extension options

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

4. Right-of-use assets (continued)

4.1 Extension options (continued)

Group	Lease liabilities recognised (discounted) RM	Future lease payments included in lease liabilities (discounted) RM	Historical rate of exercise of extension options %
Buildings	313,724	313,724	100

Company	Lease liabilities recognised (discounted) RM	Future lease payments included in lease liabilities (discounted) RM	Historical rate of exercise of extension options %
Buildings	60,196	60,196	100

4.2 Significant judgements and assumptions in relation to lease

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

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

5. Goodwill

	Group RM
Cost	
At 1 April 2019/31 March 2020/1 April 2020/31 March 2021	20,559,876
Accumulated impairment loss	
At 1 April 2019	(10,000,000)
Impairment loss	(5,500,000)
At 31 March 2020/1 April 2020/31 March 2021	(15,500,000)
Carrying amount	
At 1 April 2019	10,559,876
At 31 March 2020/1 April 2020/31 March 2021	5,059,876

5. Goodwill (continued)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Company's subsidiary, CLT Engineering Sdn. Bhd., which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the business unit is derived based on value in use calculations, determined by discounting the pre-tax cash flow projections. The financial budget 2022 approved by the Board of Directors is used as the base in the preparation of cash flow projections. The cash flows beyond 2022 are projected for a four-year period and extrapolated to terminal value using estimated growth rates stated below. The growth rate does not exceed the average historical growth rate over the long term for the industry.

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

- There will be no material change in structure and principal activities of cash-generating units.

- Sales for year 2022 are expected to increase by 35% and are expected to grow at 3% per annum from year 2023 to 2026 (2020: 3%).

- Gross profit margin will be at 15% from year 2022 to 2026 (2020: from 14% to 15%).

- General and administrative expenses are expected to increase at 3% (2020: 3%) per annum taking into account inflationary pressure on prices.

- A pre-tax discount rate of 14% (2020: 14%) was applied in determining the recoverable amount of the cash-generating unit. The discount rate was estimated based on the industry-specific context.

- Terminal growth rate is expected to be at 3% (2020: 3%) per annum.

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

5. Goodwill (continued)

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

The above estimates are particularly sensitive to the discount rate, sales growth, terminal growth rate and gross profit margin. The sensitivity analysis is presented at below:-

- No impairment loss would have occurred had the discount rate increased by 1%.
- No impairment loss would have occurred had the future planned revenue decreased by 3%.
- No impairment loss would have occurred had the terminal growth rate decreased by 1%.
- No impairment loss would have occurred had the gross profit margin decreased by 1% from year 2022 to 2026.

6. Investments in subsidiaries

	Note	Company RM
Cost		
At 1 April 2019/31 March 2020/1 April 2020		31,456,804
Addition*		-
At 31 March 2021		31,456,804
Accumulated impairment loss		
At 1 April 2019		(2,909,995)
Impairment loss		(10,200,000)
At 31 March 2020/1 April 2020/31 March 2021	6.1	(13,109,995)
Carrying amount		
At 1 April 2019		28,546,809
At 31 March 2020/1 April 2020/31 March 2021		18,346,809

* In the previous financial year, the Company incorporated a new wholly-owned subsidiary in Shanghai, China known as Genetec Technology (Shanghai) Private Limited with a registered capital of RMB2 million. As at 31 March 2021, the Company has yet to transfer any amount to the said subsidiary as paid up capital.

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021	2020
CLT Engineering Sdn. Bhd.	Malaysia	Fabrication of machine parts and toolings for equipment and replications of systems and equipment.	51%	51%
FAS Manufacturing Sdn. Bhd. @	Malaysia	Fabrication of machine parts and tooling for equipment. The Company has temporarily ceased operations.	100%	100%
FAS Technology Solution Sdn. Bhd. @	Malaysia	Design and development of standard automated industrial equipment. The Company has temporarily ceased operations.	100%	100%
Genetec Global Technologies, Inc. #, @	United States of America	Dormant.	100%	100%
Genetec Technology (Shanghai) Private Limited #, @	China	Dormant.	100%	100%
Subsidiary of Genetec Global Technologies, Inc.				
IP Systems, Inc. #, @	United States of America	Dormant.	60%	60%

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

6. Investments in subsidiaries (continued)

6.1 Accumulated impairment loss

	Company	
	2021	**2020**
	RM	**RM**
CLT Engineering Sdn. Bhd. ("CLTE")	12,900,000	12,900,000
FAS Manufacturing Sdn. Bhd. ("FASM")	149,998	149,998
FAS Technology Solution Sdn. Bhd. ("FAST")	59,997	59,997
	13,109,995	13,109,995

Impairment testing for investment in CLTE

The recoverable amount of investment in CLTE was based on its value in use, determined by discounting future cash flows to be generated by CLTE based on the financial budgets approved by the Board of Directors and was based on the following key assumptions:

- There will be no material change in structure and principal activities of cash-generating units.

- Sales for year 2022 are expected to increase by 35% and are expected to grow at 3% per annum from year 2023 to 2026 (2020: 3%).

- Gross profit margin will be at 15% from year 2022 to 2026 (2020: from 14% to 15%).

- General and administrative expenses are expected to increase at 3% (2020: 3%) per annum taking into account inflationary pressure on prices.

- A pre-tax discount rate of 14% (2020: 14%) was applied in determining the recoverable amount of the cash-generating unit. The discount rate was estimated based on the industry-specific context.

- Terminal growth rate is expected to be at 3% (2020: 3%) per annum.

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

The above estimates are particularly sensitive to the discount rate, sales growth, terminal growth rate and gross profit margin. The sensitivity analysis is presented at below:-

- No impairment loss would have occurred had the discount rate increased by 1%.

- No impairment loss would have occurred had the future planned revenue decreased by 3%.

- No impairment loss would have occurred had the terminal growth rate decreased by 1%.

6. Investments in subsidiaries (continued)

6.1 Accumulated impairment loss (continued)

- No impairment loss would have occurred had the gross profit margin decreased by 1% from year 2022 to 2026.

6.2 Non-controlling interests in subsidiaries

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

2021	CLTE	Other subsidiaries	Total
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI (RM)	12,547,312	(6,047,114)	6,500,198
Loss allocated to NCI (RM)	(140,908)	-	(140,908)

Summarised financial information before intra-group elimination As at 31 March	**RM**
Non-current assets	18,786,867
Current assets	21,863,038
Non-current liabilities	(8,157,622)
Current liabilities	(6,885,522)
Net assets	25,606,761
Year ended 31 March	**RM**
Revenue	40,826,279
Loss for the year	(287,566)
Cash flows from operating activities	4,874,220
Cash flows used in investing activities	(1,475,735)
Cash flows used in financing activities	(53,975)
Net increase in cash and cash equivalents	3,344,510

6. Investments in subsidiaries (continued)

6.2 Non-controlling interests in subsidiaries (continued)

2020	**CLTE**	**Other subsidiaries**	**Total**
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI (RM)	12,688,220	(6,146,778)	6,541,442
Loss allocated to NCI (RM)	(733,500)	-	(733,500)
Summarised financial information before intra-group elimination			
As at 31 March	**RM**		
Non-current assets	18,790,563		
Current assets	21,924,113		
Non-current liabilities	(7,908,016)		
Current liabilities	(6,912,333)		
Net assets	25,894,327		
Dividend paid to NCI	493,124		
Year ended 31 March	**RM**		
Revenue	22,781,585		
Loss for the year	(1,496,939)		
Cash flows from operating activities	246,652		
Cash flows used in investing activities	(667,157)		
Cash flows used in financing activities	(1,211,687)		
Net decrease in cash and cash equivalents	(1,632,192)		

7. Inventories

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Raw materials	842,685	293,413	523,276	160,013
Consumables	477,379	927,793	401,870	927,451
Work-in-progress	10,331,714	10,368,181	7,017,960	2,714,214
	11,651,778	11,589,387	7,943,106	3,801,678
Recognised in profit or loss:				
Inventories recognised as cost of sales	63,312,824	45,501,854	34,195,035	29,618,151
Write down to net realisable value	56,444	71,380	56,444	22,924

The write-down is included in cost of sales.

8. Derivative financial liabilities

	2021 Nominal value RM	2021 Liabilities RM	2020 Nominal value RM	2020 Liabilities RM
Group and Company				
Derivatives held at fair value through profit or loss and represented at fair value:				
- Forward exchange contracts	43,379,840	(434,002)	43,597,170	(1,334,920)

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

9. Trade and other receivables

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade					
Trade receivables		19,200,628	39,925,719	10,798,380	32,728,686
Non-trade					
Other receivables	9.1	4,586,424	3,636,153	4,099,924	2,259,964
Amounts due from subsidiaries	9.2	-	-	5,280,819	4,862,486
Deposits		408,153	212,902	216,726	77,977
		4,994,577	3,849,055	9,597,469	7,200,427
Impairment loss on amounts due from subsidiaries	9.2	-	-	(4,868,429)	(4,857,718)
		4,994,577	3,849,055	4,729,040	2,342,709
		24,195,205	43,774,774	15,527,420	35,071,395

9.1 Included in other receivables for the Group and the Company are advances to suppliers of RM3,982,661 (2020: RM2,128,352).

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

10. Other investment

The amount represents placement in a unit trust fund ("Fund"), of which the market value and the market price per unit of the Fund as at 31 March 2021 were RM11,572,260 and RM0.536 (2020: RM5,389,014 and RM0.535) respectively. The Group and the Company recognised the investment held as a financial asset at fair value through profit or loss. The Group and the Company held 21,590,038 (2020: 10,072,923) units of the Fund as at 31 March 2021.

11. Cash and cash equivalents

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash and bank balances	31,828,765	15,687,803	23,183,254	10,389,418

12. Capital and reserves

Share capital

	Group and Company			
	Amount 2021 RM	**Number of shares 2021**	**Amount 2020 RM**	**Number of shares 2020**
Ordinary shares, issued and fully paid:				
At beginning of financial year	63,171,144	42,361,300	63,016,265	42,265,400
Issued for cash pursuant to ESOS	5,588,788	3,278,000	154,879	95,900
At end of financial year	68,759,932	45,639,300	63,171,144	42,361,300
	Note 12.1			

12.1 Ordinary shares

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

12.2 Share option reserve

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

During the year, RM19,723 (2020: RM2,238) was transferred from the reserve to retained earnings upon forfeiture of the options upon resignation of employees.

Further details of the share options are disclosed in Note 14.

12.3 Translation reserve

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

13. Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-current				
Finance lease liabilities	1,404,650	1,061,763	18,477	197,407
Term loans (secured)	6,659,947	7,880,858	1,348,777	2,075,607
	8,064,597	8,942,621	1,367,254	2,273,014
Current				
Finance lease liabilities	668,828	533,302	178,930	265,178
Revolving loans (secured)	2,000,000	2,000,000	2,000,000	2,000,000
Bankers' acceptances (secured)	6,386,456	2,768,988	6,386,456	2,768,988
Term loans (secured)	1,187,223	1,101,845	713,539	669,874
	10,242,507	6,404,135	9,278,925	5,704,040
	18,307,104	15,346,756	10,646,179	7,977,054

Security

The term loans, revolving loans and bankers' acceptances of the Group and of the Company are secured over the properties of the Group and the Company (see Note 3.1) and supported by a letter of negative pledge and corporate guarantee issued by the Company.

Loan covenants

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

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

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

iii) Valuation report issued by a valuation firm selected from the banker's panel of valuers, evidencing the Open Market Value of the land and building at not less than RM14 million in Genetec Technology Berhad.

13. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities were payable as follows:

Group	Future minimum lease payments 2021 RM	Interest 2021 RM	Present value of minimum lease payments 2021 RM	Future minimum lease payments 2020 RM	Interest 2020 RM	Present value of minimum lease payments 2020 RM
Less than one year	771,092	(102,264)	668,828	607,488	(74,186)	533,302
Between one and five years	1,530,445	(125,795)	1,404,650	1,150,086	(88,323)	1,061,763
	2,301,537	(228,059)	2,073,478	1,757,574	(162,509)	1,595,065
Company						
Less than one year	184,244	(5,314)	178,930	281,904	(16,726)	265,178
Between one and five years	18,574	(97)	18,477	202,818	(5,411)	197,407
	202,818	(5,411)	197,407	484,722	(22,137)	462,585

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

Group	Finance lease liabilities RM	Lease liabilities RM	Bankers' acceptances - secured RM	Revolving loans - secured RM	Term loans - secured RM	Total liabilities from financing activities RM
At 1 April 2019	1,189,248	382,758	3,766,243	2,000,000	10,017,536	17,355,785
Drawdown	810,000	-	10,778,655	-	-	11,588,655
Repayment	(404,183)	(119,343)	(11,775,910)	-	(1,034,833)	(13,334,269)
At 31 March 2020/ 1 April 2020	1,595,065	263,415	2,768,988	2,000,000	8,982,703	15,610,171
Acquisition of new lease	-	253,378	-	-	-	253,378
Drawdown	1,127,000	-	18,663,497	2,000,000	-	21,790,497
Repayment	(648,587)	(203,069)	(15,046,029)	(2,000,000)	(1,135,533)	(19,033,218)
At 31 March 2021	2,073,478	313,724	6,386,456	2,000,000	7,847,170	18,620,828

13. Loans and borrowings (continued)

Finance lease liabilities (continued)

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

Company	**Finance lease liabilities RM**	**Lease liabilities RM**	**Bankers' acceptances - secured RM**	**Revolving loans - secured RM**	**Term loans - secured RM**	**Total liabilities from financing activities RM**
At 1 April 2019	714,353	83,171	3,766,243	2,000,000	3,374,986	9,938,753
Repayment	(251,768)	(31,169)	(997,255)	-	(629,505)	(1,909,697)
At 31 March 2020/ 1 April 2020	462,585	52,002	2,768,988	2,000,000	2,745,481	8,029,056
Acquisition of new lease	-	57,903	-	-	-	57,903
Drawdown	-	-	18,663,497	2,000,000	-	20,663,497
Repayment	(265,178)	(49,709)	(15,046,029)	(2,000,000)	(683,165)	(18,044,081)
At 31 March 2021	197,407	60,196	6,386,456	2,000,000	2,062,316	10,706,375

14. Share option programme

On 2 January 2018, the Group granted share options to eligible Directors and employees to subscribe for the ordinary shares in the Company pursuant to the Employees' Share Option Scheme approved by the shareholders of the Company on 5 August 2010 ("2010 ESOS"). This scheme has expired on 29 September 2020.

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

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

Grant date	**Number of options**	**Vesting conditions**	**Options Life**
2 January 2018	5,323,600	None	2.75 years
22 October 2020	6,594,000	None	5.00 years

14. Share option programme (continued)

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

Grant Date	Weighted average exercise price RM	At 1.4.2020	Granted	Exercised	Forfeited	At 31.3.2021
2 January 2018	1.01	1,635,500	-	(1,602,900)	(32,600)	-
22 October 2020	1.37	-	6,594,000	(1,675,100)	-	4,918,900
		1,635,500	6,594,000	(3,278,000)	(32,600)	4,918,900

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

	Group and Company	
	2020 ESOS	2010 ESOS
Fair value at grant date (RM)	0.421	0.605
Weighted average share price (RM)	3.96	1.18
Share price at grant date (RM)	1.58	1.21
Weighted volatility (weighted average volatility) (%)	14	66
Expected dividend (%)	0	0
Option life (expected weighted average life) (years)	5	2.75

Value of employee services received for the issue of share option

	Group 2021 RM	Company 2021 RM
Share options granted in 2021	2,776,074	2,776,074
Total expenses recognised as share-based payment	2,776,074	2,389,175

The share options expense is not recognised in full in profit or loss of the Company as certain amounts have been recharged to the subsidiary.

15. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Group						
Property, plant and equipment	-	-	(2,347,485)	(3,265,773)	(2,347,485)	(3,265,773)
Provisions	1,414,679	2,001,666	-	-	1,414,679	2,001,666
Unutilised tax losses	3,301,126	2,078,712	-	-	3,301,126	2,078,712
Others	159,754	546,974	(111,210)	-	48,544	546,974
Tax assets/ (liabilities)	4,875,559	4,627,352	(2,458,695)	(3,265,773)	2,416,864	1,361,579
Set off of tax	(1,139,686)	(2,137,414)	1,139,686	2,137,414	-	-
Net deferred tax assets/ (liabilities)	3,735,873	2,489,938	(1,319,009)	(1,128,359)	2,416,864	1,361,579
Company						
Property, plant and equipment	-	-	(1,060,907)	(1,024,860)	(1,060,907)	(1,024,860)
Provisions	1,410,776	1,407,318	-	-	1,410,776	1,407,318
Unutilised tax losses	3,301,126	2,078,712	-	-	3,301,126	2,078,712
Others	98,907	28,768	(14,029)	-	84,878	28,768
Tax assets/ (liabilities)	4,810,809	3,514,798	(1,074,936)	(1,024,860)	3,735,873	2,489,938
Set off of tax	(1,074,936)	(1,024,860)	1,074,936	1,024,860	-	-
Net deferred tax assets/ (liabilities)	3,735,873	2,489,938	-	-	3,735,873	2,489,938

15. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	13,754,692	8,661,301	13,754,692	8,661,301

The unutilised tax losses of the Group and the Company of RM13,754,692 (2020: RM8,661,301) expire in 2025 under the current tax legislation.

Movement in temporary differences during the year

	At 1.4.2019 RM	Recognised in profit or loss (Note 19) RM	At 31.3.2020/ 1.4.2020 RM	Recognised in profit or loss (Note 19) RM	At 31.3.2021 RM
Group					
Property, plant and equipment	(2,954,545)	(311,228)	(3,265,773)	918,288	(2,347,485)
Provisions	1,723,028	278,638	2,001,666	(586,987)	1,414,679
Unutilised tax losses	1,970,308	545,417	2,515,725	785,402	3,301,127
Other temporary differences	22,570	87,391	109,961	(61,418)	48,543
	761,361	600,218	1,361,579	1,055,285	2,416,864
Company					
Property, plant and equipment	(1,007,352)	(17,508)	(1,024,860)	(36,047)	(1,060,907)
Provisions	1,323,252	84,066	1,407,318	3,458	1,410,776
Unutilised tax losses	1,941,008	137,704	2,078,712	1,222,415	3,301,127
Other temporary differences	(129,515)	158,283	28,768	56,109	84,877
	2,127,393	362,545	2,489,938	1,245,935	3,735,873

16. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade				
Trade payables	13,183,861	10,235,385	7,430,431	3,822,379
Amount due to a subsidiary	-	-	235,014	-
	13,183,861	10,235,385	7,665,445	3,822,379
Non-trade				
Other payables	5,943,914	8,309,168	515,722	2,668,473
Accruals	383,374	419,750	356,852	353,257
	6,327,288	8,728,918	872,574	3,021,730
	19,511,149	18,964,303	8,538,019	6,844,109

17. Revenue

The Group generates revenue primarily from production of industrial automation products (see Note 17.2).

17.1 Disaggregation of revenue

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contracts with customers				
Industrial automation products	97,078,092	80,332,272	58,884,175	57,728,777
Timing and recognition				
At a point in time	97,078,092	80,332,272	58,884,175	57,728,777

17. Revenue (continued)

17.2 Nature of goods and services

Nature of goods and services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Industrial automation products	Revenue is recognised when the products are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Assurance warranty that products will perform in accordance with the agreed specifications for a reasonable time period from the date of delivery.

17. Revenue (continued)

17.3 Transaction price allocated to the remaining performance obligations

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

18. Finance costs

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	367,624	525,456	137,690	208,151
- Finance lease liabilities	113,643	62,364	16,726	30,136
- Interest expense on lease liabilities	19,035	12,329	3,291	3,331
- Bankers' acceptances	183,432	187,576	183,432	187,575
- Revolving loans	136,828	105,925	136,828	105,925
- Other finance costs	97,318	87,698	51,228	65,960
	917,880	981,348	529,195	601,078

19. Tax benefit

Recognised in profit or loss

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current tax expense				
- Current year	129,146	27,233	128,109	22,931
- Under provision in prior years	487,425	149,987	460,663	149,987
	616,571	177,220	588,772	172,918
Deferred tax benefit				
- Origination and reversal of temporary differences	(42,134)	998,433	(17,686)	1,359,610
- Over provision in prior years	(1,013,151)	(1,598,651)	(1,228,249)	(1,722,155)
	(1,055,285)	(600,218)	(1,245,935)	(362,545)
Total tax benefit	(438,714)	(422,998)	(657,163)	(189,627)

19. Tax benefit (continued)

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Reconciliation of effective tax benefit				
Loss for the year	(4,386,317)	(899,526)	(4,032,058)	(4,236,437)
Total tax benefit	(438,714)	(422,998)	(657,163)	(189,627)
Loss excluding tax	(4,825,031)	(1,322,524)	(4,689,221)	(4,426,064)
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	(1,158,008)	(317,406)	(1,125,413)	(1,062,255)
Non-deductible expenses	1,564,617	1,426,253	1,555,433	2,527,977
Tax exempt income	(319,597)	(83,181)	(319,597)	(83,181)
Over provision in prior years	(525,726)	(1,448,664)	(767,586)	(1,572,168)
	(438,714)	(422,998)	(657,163)	(189,627)

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

The Group's subsidiary, CLT Engineering Sdn. Bhd. (CLTE) 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 by the Company from the pioneer services during the pioneer period will be 70% tax exemption on its statutory income for a period of 5 years and CLTE will be fully exempted from income tax during the pioneer period.

20. Loss for the year

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Loss for the year is arrived at after charging:				
Auditors' remunerations				
Audit fees:				
- KPMG Malaysia	170,000	155,000	120,000	110,000
- Other auditors	5,000	5,000	-	-
Non audit fees:				
- KPMG Malaysia	15,000	15,000	15,000	15,000
Material expenses/(income)				
Depreciation of property, plant and equipment	2,485,973	2,334,381	1,128,726	995,739
Depreciation of right-of-use assets	208,518	127,321	49,353	33,268
Net derivative (gain)/loss				
- realised	(1,158,990)	396,544	(1,158,990)	396,544
- unrealised	434,002	1,334,920	434,002	1,334,920
Impairment losses on:				
- goodwill	-	5,500,000	-	-
- investment in a subsidiary	-	-	-	10,200,000
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	1,667,090	1,695,587	1,216,946	1,315,970
- Wages, salaries and others	17,580,970	16,331,294	11,897,656	11,845,790
- Share-based payment	2,776,074	-	2,389,175	-
Write-down of inventories	56,444	71,380	56,444	22,924
Interest income	(45,938)	(113,472)	(41,615)	(95,546)
Gain on disposal of property, plant and equipment, net	(37,657)	(14,826)	(4,999)	(52)
Fair value gain on other investment	(183,246)	(346,536)	(183,246)	(346,536)
Net loss/(gain) on foreign exchange:				
- realised	2,783,431	(402,287)	1,748,302	(450,548)
- unrealised	(157,903)	(1,468,087)	(82,087)	(1,215,054)
Dividend income	-	-	-	(513,251)
Rental income	(726,000)	(726,000)	-	-

20. Loss for the year (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Expenses arising from leases				
Expenses relating to leases of low value assets	25,019	23,880	14,850	21,000
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost				
Impairment loss				
- Trade receivables	226,386	370,522	226,386	266,537
- Other receivables	-	213,758	-	-
- Amounts due from subsidiaries	-	-	10,711	592,781
Reversal of impairment loss				
- Trade receivables	(355,137)	(6,556)	(266,537)	(6,556)

21. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors:				
- Remuneration	1,799,982	2,149,825	1,285,832	1,635,675
- Fees	229,310	240,000	229,310	240,000
- Other short-term employee benefits	274,450	111,950	214,450	51,950
	2,303,742	2,501,775	1,729,592	1,927,625
Other key management personnel	1,440,888	1,845,015	1,440,888	1,845,015
	3,744,630	4,346,790	3,170,480	3,772,640

22. Loss per ordinary share

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 March 2021 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	**2020**
	RM	**RM**
Loss for the year attributable to owners of the Company:	(4,245,409)	(166,026)
Weighted average number of ordinary shares	43,632,588	42,295,036
	2021	**2020**
	Sen	**Sen**
Basic loss per ordinary share	(9.73)	(0.39)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 March 2021 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2021	**2020**
Weighted average number of ordinary shares at 31 March (basic)	43,632,588	42,295,036
Effect of share options on issue	1,791,803	302,284
Weighted average number of ordinary shares at 31 March (diluted)	45,424,391	42,597,320

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

	2021	**2020**
	Sen	**Sen**
Diluted loss per ordinary share	(9.35)	(0.39)

23. Operating segment

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

Geographical segments

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

Geographical information

	Revenue	
	2021	**2020**
Group	**RM**	**RM**
Domestic	17,139,584	10,413,868
Asia	40,798,645	36,368,085
Europe	8,857,308	32,401,862
North America	30,282,555	1,148,457
	97,078,092	80,332,272

Major customers

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

	Revenue
2021	**RM**
All common control companies of:	
- Customer A*	35,144,046
- Customer B*	14,978,744
- Customer C*	28,201,479

	Revenue
2020	**RM**
All common control companies of:	
- Customer A*	23,821,973
- Customer B*	45,902,894
- Customer C*, @	-

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

@ The revenue of Customer C accounted for less than 10% of the Group's revenue.

24. Financial instruments

24.1 Categories of financial instruments

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

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

Group	Carrying Amount RM	AC RM	FVTPL RM
2021			
Financial assets			
Trade and other receivables^	20,212,544	20,212,544	-
Other investment	11,572,260	-	11,572,260
Cash and cash equivalents	31,828,765	31,828,765	-
	63,613,569	52,041,309	11,572,260
Financial liabilities			
Derivative financial liabilities	(434,002)	-	(434,002)
Loans and borrowings	(18,307,104)	(18,307,104)	-
Trade and other payables	(19,511,149)	(19,511,149)	-
	(38,252,255)	(37,818,253)	(434,002)
2020			
Financial assets			
Trade and other receivables^	41,646,422	41,646,422	-
Other investment	5,389,014	-	5,389,014
Cash and cash equivalents	15,687,803	15,687,803	-
	62,723,239	57,334,225	5,389,014
Financial liabilities			
Derivative financial liabilities	(1,334,920)	-	(1,334,920)
Loans and borrowings	(15,346,756)	(15,346,756)	-
Trade and other payables	(18,964,303)	(18,964,303)	-
	(35,645,979)	(34,311,059)	(1,334,920)

^ Exclude advances to suppliers

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

Company	Carrying Amount RM	AC RM	FVTPL RM
2021			
Financial assets			
Trade and other receivables^	11,544,759	11,544,759	-
Other investment	11,572,260	-	11,572,260
Cash and cash equivalents	23,183,254	23,183,254	-
	46,300,273	34,728,013	11,572,260
Financial liabilities			
Derivative financial liabilities	(434,002)	-	(434,002)
Loans and borrowings	(10,646,179)	(10,646,179)	-
Trade and other payables	(8,538,019)	(8,538,019)	-
	(19,618,200)	(19,184,198)	(434,002)
2020			
Financial assets			
Trade and other receivables^	32,943,043	32,943,043	-
Other investment	5,389,014	-	5,389,014
Cash and cash equivalents	10,389,418	10,389,418	-
	48,721,475	43,332,461	5,389,014
Financial liabilities			
Derivative financial liabilities	(1,334,920)	-	(1,334,920)
Loans and borrowings	(7,977,054)	(7,977,054)	-
Trade and other payables	(6,844,109)	(6,844,109)	-
	(16,156,083)	(14,821,163)	(1,334,920)

^ Exclude advances to suppliers

24. Financial instruments (continued)

24.2 Net gains and losses arising from financial instruments

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Net gains/(losses) arising on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	908,235	(1,384,929)	908,235	(1,384,929)
Financial assets measured at amortised cost	(2,405,574)	1,771,844	(1,589,404)	1,185,818
Financial liabilities measured at amortised cost	(963,144)	(1,347,071)	(534,951)	(878,510)
	(2,460,483)	(960,156)	(1,216,120)	(1,077,621)

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

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

24.4.1 Receivables

Risk management objectives, policies and processes for managing the risk

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

24. Financial instruments (continued)

24.4 Credit risk (continued)

24.4.1 Receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

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

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

The Group has concentration of credit risk through the Group's two major customers which represent 76% (2020: 91%) of total trade receivables. Management constantly monitors the recovery of these outstanding balances and is confident of their recoverability.

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

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

	Group		**Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Domestic	2,703,266	879,058	578,724	673,842
Asia	13,510,459	13,997,022	7,232,753	7,005,205
Europe	1,158,031	24,174,876	1,158,031	24,174,876
North America	1,828,872	874,763	1,828,872	874,763
	19,200,628	39,925,719	10,798,380	32,728,686

24. Financial instruments (continued)

24.4 Credit risk (continued)

24.4.1 Receivables (continued)

Impairment losses

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

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables as at 31 March 2021.

Group	**Gross carrying amount RM**	**Loss allowance RM**	**Net balance RM**
2021			
Not past due	9,099,473	(72,223)	9,027,250
Past due 1 - 30 days	1,243,771	(672)	1,243,099
Past due more than 30 days	9,083,770	(153,491)	8,930,279
	19,427,014	(226,386)	19,200,628
2020			
Not past due	4,442,196	(13,225)	4,428,971
Past due 1 - 30 days	1,936,779	(87,876)	1,848,903
Past due more than 30 days	34,129,775	(481,930)	33,647,845
	40,508,750	(583,031)	39,925,719
Company			
2021			
Not past due	3,672,464	(72,223)	3,600,241
Past due 1 - 30 days	67,452	(672)	66,780
Past due more than 30 days	7,284,850	(153,491)	7,131,359
	11,024,766	(226,386)	10,798,380
2020			
Not past due	2,270,040	(13,225)	2,256,815
Past due 1 - 30 days	1,354,985	(85,485)	1,269,500
Past due more than 30 days	29,370,198	(167,827)	29,202,371
	32,995,223	(266,537)	32,728,686

24. Financial instruments (continued)

24.4 Credit risk (continued)

24.4.1 Receivables (continued)

Impairment losses (continued)

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

	Group RM	Company RM
Balance at 1 April 2019	219,065	6,556
Amount reversed	(6,556)	(6,556)
Net remeasurement of loss allowance	370,522	266,537
Balance at 31 March 2020/1 April 2020	583,031	266,537
Amount reversed	(355,137)	(266,537)
Amount written off	(227,894)	-
Net remeasurement of loss allowance	226,386	226,386
Balance at 31 March 2021	226,386	226,386

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

24.4.2 Bank balances placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Bank balances placed with licensed banks of the Group and the Company arise as part of the requirements for working capital management purposes. These banks have low credit risks. In addition, some of the bank balances are insured by government agency. Consequently, the management does not expect the licensed banks and financial institutions to fail to meet their obligations.

Exposure to credit risk, credit quality and collateral

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

Impairment losses

As at the end of the reporting period, there was no indication of impairment on bank balances placed with licensed banks, accordingly, loss allowance is not provided for.

24. Financial instruments (continued)

24.4 Credit risk (continued)

24.4.3 Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

During the year, an additional allowance for impairment losses on amounts due from subsidiaries of RM10,711 (2020: RM592,781) was made. The accumulated impairment losses at end of the reporting period was RM4,868,429 (2020: RM4,857,718).

24.4.4 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to 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 RM35,500,000 (2020: RM35,500,000) representing the granted banking facilities of the subsidiary as at the end of the reporting period.

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

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

24. Financial instruments (continued)

24.4 Credit risk (continued)

24.4.5 Other receivables

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

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

During the year, an additional allowance for impairment losses on other receivables of Nil (2020: RM213,758) was made. The accumulated impairment losses at the end of the reporting period was Nil (2020: RM1,666,983).

24.5 Liquidity risk

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

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

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

24. Financial instruments (continued)

24.5 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/ Discount rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2021							
Non-derivative financial liabilities							
Finance lease liabilities	2,073,478	2.31 - 3.40	2,301,537	771,092	572,662	957,783	-
Lease liabilities	313,724	3.63 - 5.33	331,724	160,113	114,733	56,878	-
Secured term loans	7,847,170	3.64 - 7.00	9,216,588	1,511,765	1,498,353	2,647,473	3,558,997
Bankers' acceptances	6,386,456	1.40 - 4.07	6,414,434	6,414,434	-	-	-
Revolving loans	2,000,000	3.70 - 3.71	2,018,635	2,018,635	-	-	-
Trade and other payables	19,511,149	-	19,511,149	19,511,149	-	-	-
	38,131,977	-	39,794,067	30,387,188	2,185,748	3,662,134	3,558,997
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	434,002	-	43,813,842	43,813,842	-	-	-
Inflow	-	-	(43,379,840)	(43,379,840)	-	-	-
	38,565,979		40,228,069	30,821,190	2,185,748	3,662,134	3,558,997

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM	Contractual interest rate/ Discount rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2020							
Non-derivative financial liabilities							
Finance lease liabilities	1,595,065	2.31 - 3.40	1,757,574	607,488	528,402	621,684	-
Lease liabilities	263,415	4.80	281,856	144,628	51,829	85,399	-
Secured term loans	8,982,703	4.64 - 7.00	11,150,432	1,553,029	1,553,005	3,586,320	4,458,078
Bankers' acceptances	2,768,988	4.05 - 5.45	2,778,305	2,778,305	-	-	-
Revolving loans	2,000,000	5.13	2,025,720	2,025,720	-	-	-
Trade and other payables	18,964,303	-	18,964,303	18,964,303	-	-	-
	34,574,474		36,958,190	26,073,473	2,133,236	4,293,403	4,458,078
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	1,334,920	-	44,932,090	44,932,090	-	-	-
Inflow	-	-	(43,597,170)	(43,597,170)	-	-	-
	35,909,394		38,293,110	27,408,393	2,133,236	4,293,403	4,458,078

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest/ Discount rate %	Contractual cash flows RM	Under 1 Year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2021							
Non-derivative financial liabilities							
Finance lease liabilities	197,407	2.37 - 3.20	202,818	184,244	18,574	-	-
Lease liabilities	60,196	3.63 - 4.80	62,200	38,400	23,800	-	-
Secured term loans	2,062,316	7.00	2,275,581	835,363	821,951	618,267	-
Bankers' acceptances	6,386,456	1.40 - 4.07	6,414,434	6,414,434	-	-	-
Revolving loans	2,000,000	3.70 - 3.71	2,018,635	2,018,635	-	-	-
Trade and other payables	8,538,019	-	8,538,019	8,538,019	-	-	-
Financial guarantees	-	-	35,500,000	35,500,000	-	-	-
	19,244,394		55,011,687	53,529,095	864,325	618,267	-
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	434,002	-	43,813,842	43,813,842	-	-	-
Inflow	-	-	(43,379,840)	(43,379,840)	-	-	-
	19,678,396		55,445,689	53,963,097	864,325	618,267	-

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate/ Discount rate %	Contractual cash flows RM	Under 1 Year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
2020							
Non-derivative financial liabilities							
Finance lease liabilities	462,585	2.37 - 3.20	484,722	281,904	202,818	-	-
Lease liabilities	52,002	4.80	54,000	36,000	18,000	-	-
Secured term loans	2,745,481	7.00	3,131,010	840,760	840,736	1,449,514	-
Bankers' acceptances	2,768,988	4.05 - 5.45	2,778,305	2,778,305	-	-	-
Revolving loans	2,000,000	5.13	2,025,720	2,025,720	-	-	-
Trade and other payables	6,844,109	-	6,844,109	6,844,109	-	-	-
Financial guarantees	-	-	35,500,000	35,500,000	-	-	-
	14,873,165		50,817,866	48,306,798	1,061,554	1,449,514	-
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	1,334,920	-	44,932,090	44,932,090	-	-	-
Inflow	-	-	(43,597,170)	(43,597,170)	-	-	-
	16,208,085		52,152,786	49,641,718	1,061,554	1,449,514	-

24. Financial instruments (continued)

24.6 Market risk

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

24.6.1 Currency risk

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

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***	***THB***
Group	**RM**	**RM**	**RM**
2021			
Trade receivables	16,461,106	36,255	-
Cash and cash equivalents	21,128,799	5,269	434
Forward exchange contracts	(434,002)	-	-
Trade payables	(957,316)	(377,201)	(226,861)
	36,198,587	(335,677)	(226,427)
2020			
Trade receivables	35,063,883	-	-
Cash and cash equivalents	7,546,921	17,299	1,740
Forward exchange contracts	(1,334,920)	-	-
Trade payables	(184,762)	(499,128)	(499,485)
	41,091,122	(481,829)	(497,745)

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in		
	USD	***SGD***	***THB***
Company	**RM**	**RM**	**RM**
2021			
Trade receivables	10,219,656	-	-
Cash and cash equivalents	18,950,339	5,269	434
Forward exchange contracts	(434,002)	-	-
Trade payables	(15,963)	(5,340)	(226,861)
	28,720,030	(71)	(226,427)
2020			
Trade receivables	32,058,612	-	-
Cash and cash equivalents	7,257,757	4,219	440
Forward exchange contracts	(1,334,920)	-	-
Trade payables	(68,884)	(85,463)	(426,127)
	37,912,565	(81,244)	(425,687)

Currency risk sensitivity analysis

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

A 10% (2020: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss			
	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	(2,751,093)	(3,122,925)	(2,182,722)	(2,881,355)
SGD	25,511	36,619	5	6,175
THB	17,208	37,829	17,208	32,352

A 10% (2020: 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed rate instruments				
Financial liabilities	(8,773,658)	(4,627,468)	(6,644,059)	(3,283,575)
Floating rate instruments				
Financial liabilities	(9,847,170)	(10,982,703)	(4,062,316)	(4,745,481)

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.

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss			
	10 bp increase 2021 RM	**10 bp decrease 2021 RM**	**10 bp increase 2020 RM**	**10 bp decrease 2020 RM**
Group				
Floating rate instruments	(7,484)	7,484	(8,347)	8,347
Company				
Floating rate instruments	(3,087)	3,087	(3,607)	3,607

24.6.3 Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

Equity price risk sensitivity analysis

A 10% (2020: 10%) increase in Net Asset Value ("NAV") of the unit trust fund at the end of the reporting period would have increased post-tax profit or loss by RM879,492 (2020: RM409,565). A 10% (2020: 10%) decrease in NAV would have had equal but opposite effect on post-tax profit or loss. This analysis assumes that all other variables remained constant and ignores any impact of forecasted sales and purchases.

24.7 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.

24. Financial instruments (continued)

24.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2021										
Financial assets										
Other investment	-	11,572,260	-	11,572,260	-	-	-	-	11,572,260	11,572,260
Financial liabilities										
Forward exchange contracts	-	(434,002)	-	(434,002)	-	-	-	-	(434,002)	(434,002)
Term loans – secured	-	-	-	-	-	-	(7,847,170)	(7,847,170)	(7,847,170)	(7,847,170)
Finance lease liabilities	-	-	-	-	-	-	(2,153,916)	(2,153,916)	(2,153,916)	(2,073,478)
	-	(434,002)	-	(434,002)	-	-	(10,001,086)	(10,001,086)	(10,435,088)	(10,354,650)
2020										
Financial assets										
Other investment	-	5,389,014	-	5,389,014	-	-	-	-	5,389,014	5,389,014
Financial liabilities										
Forward exchange contracts	-	(1,334,920)	-	(1,334,920)	-	-	-	-	(1,334,920)	(1,334,920)
Term loans – secured	-	-	-	-	-	-	(8,982,703)	(8,982,703)	(8,982,703)	(8,982,703)
Finance lease liabilities	-	-	-	-	-	-	(1,665,059)	(1,665,059)	(1,665,059)	(1,595,065)
	-	(1,334,920)	-	(1,334,920)	-	-	(10,647,762)	(10,647,762)	(11,982,682)	(11,912,688)

24. Financial instruments (continued)

24.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2021										
Financial assets										
Other investment	-	11,572,260	-	11,572,260	-	-	-	-	11,572,260	11,572,260
Financial liabilities										
Forward exchange contracts	-	(434,002)	-	(434,002)	-	-	-	-	(434,002)	(434,002)
Term loans - secured	-	-	-	-	-	-	(2,062,316)	(2,062,316)	(2,062,316)	(2,062,316)
Finance lease liabilities	-	-	-	-	-	-	(197,052)	(197,052)	(197,052)	(197,407)
	-	(434,002)	-	(434,002)	-	-	(2,259,368)	(2,259,368)	(2,693,370)	(2,693,725)
2020										
Financial assets										
Other investment	-	5,389,014	-	5,389,014	-	-	-	-	5,389,014	5,389,014
Financial liabilities										
Forward exchange contracts	-	(1,334,920)	-	(1,334,920)	-	-	-	-	(1,334,920)	(1,334,920)
Term loans - secured	-	-	-	-	-	-	(2,745,481)	(2,745,481)	(2,745,481)	(2,745,481)
Finance lease liabilities	-	-	-	-	-	-	(471,785)	(471,785)	(471,785)	(462,585)
	-	(1,334,920)	-	(1,334,920)	-	-	(3,217,266)	(3,217,266)	(4,552,186)	(4,542,986)

24. Financial instruments (continued)

24.7 Fair value information (continued)

Policy on transfer between levels

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

Level 2 fair value

Derivatives

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

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either directions).

Level 3 fair value

Fair value of financial instruments not carried at fair value

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

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

25. Capital management

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

The debt-to-equity ratios at 31 March 2021 and 31 March 2020 were as follows:

		Group	
	Note	**2021**	**2020**
		RM	**RM**
Total loans and borrowings	13	18,307,104	15,346,756
Less: Cash and cash equivalents	11	(31,828,765)	(15,687,803)
		(13,521,661)	(341,047)
Total equity		84,256,934	81,654,984
Debt-to-equity ratio		-	-

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

The significant loan covenants of the Group and the Company are disclosed in Note 13. There was no breach of covenants during the financial year.

26. 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	
	2021	**2020**
	RM	**RM**
Guarantees given to financial institutions for banking facilities granted to a subsidiary	35,500,000	35,500,000

27. Related parties

Identity of related parties

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

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

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation which is disclosed in Note 21, are shown below. The balances related to the below transactions are shown in Notes 9 and 16. The impairment loss made on the balances with related parties is disclosed in Note 9.

	Group		**Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Subsidiaries				
Purchases	-	-	2,632,363	178,089
Back charge of share options expense	-	-	(386,899)	-
Subsidiaries of an affiliate company				
Purchases	716,726	501,091	431,163	337,492

As at 31 March 2021, the balances outstanding owing to subsidiaries of an affiliate company who is owned by a substantial shareholder, KVC Industrial Supplies Sdn. Bhd. and TSA Industries Sdn. Bhd. are RM175,311 (2020: RM247,276) and RM42,404 (2020: RM5,883) respectively.

28. Significant event

Effect of COVID-19

The coronavirus ("COVID-19") pandemic was announced by the World Health Organisation as a global emergency as outbreaks occurred in countries across the world including Malaysia. The COVID-19 pandemic has resulted in disruptions to businesses and various macro-economic impact. In view of the uncertainties in the global market condition resulted from the COVID-19 pandemic, the Group has adopted prudent measures in cost expansion whilst increasing the Group production capacity to meet the Group customers' demand. The developments of COVID-19 situation have been monitored closely by the Group to minimise any impacts that may arise from COVID-19 pandemic.

The Group has taken into consideration the impact of COVID-19 outbreak in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 March 2021 and concluded that there are no significant impact on the recognition and measurement of the assets and liabilities at the financial year end.

29. Subsequent event

Private Placement

On behalf of the Company's Board of Directors, KAF Investment Bank Berhad had on 22 February 2021 announced that the Company proposed to undertake a private placement exercise involving the issuance of up to 5,055,820 new ordinary shares ("Proposed Private Placement"). The application pursuant to the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa") on 2 March 2021. Bursa had vide its letter dated 9 March 2021 approved the listing and quotation of up to 5,055,820 new ordinary shares in the Company to be issued pursuant to the Proposed Private Placement subject to certain conditions as per announcement made.

The Private Placement was completed on 17 June 2021. A total of 4,572,200 new Genetec Shares were placed out pursuant to the Private Placement to identified investors. The 2,280,000 and 2,292,200 placement shares with issued price per Placement Share of RM3.42 and RM3.33 respectively were listed and quoted on the ACE Market of Bursa on 4 June 2021 and 17 June 2021 raising a total of RM15,430,626 for the Company pursuant to the Private Placement.

There were no shares being issued pursuant to the Private Placement during the year ended 31 March 2021.

Genetec Technology Berhad
(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 8 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the financial year then ended.

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

Chin Kem Weng
Director

Sow Ewe Lee
Director

Bandar Baru Bangi, Selangor

Date: 29 July 2021

Genetec Technology Berhad
(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Tan Kon Hoan**, the officer primarily responsible for the financial management of Genetec Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 90 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Bandar Baru Bangi in the State of Selangor Darul Ehsan on 29 July 2021.

Tan Kon Hoan

Before me:
Hazlin Binti Mohamed
No. B448
Commissioners for oaths
Bandar Baru Bangi
Selangor Darul Ehsan

KPMG PLT
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENETEC TECHNOLOGY BERHAD

(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Genetec Technology Berhad, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(i) Revenue recognition

Refer to Note 17 to the financial statements and Note 2(m)(i) - significant accounting policy.

The key audit matter

Revenue is an important measure used to evaluate performance of the Group and the Company. Revenue is recognised when control over a product or service has been transferred to customer.

We identified revenue recognition as a key audit matter because there was a risk that revenue might be overstated because of the pressure on the Group and the Company to achieve performance targets.

How the matter was addressed in our audit

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

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

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

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

Key Audit Matters (continued)

(i) Revenue recognition (continued)

How the matter was addressed in our audit (continued)

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

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

(ii) Valuation of goodwill

Refer to Note 5 to the financial statements and Note 2(f) - significant accounting policy.

The key audit matter

The Group assesses the goodwill for impairment annually. The Group's goodwill on consolidation amounted to RM5,059,876 as of 31 March 2021. There was a risk that the carrying value of the Group's goodwill may not be recovered from future cash flows which may be affected by future market or economic conditions. We identified valuation of goodwill as a key audit matter because of the inherent uncertainty involved in projecting and discounting future cash flows.

How the matter was addressed in our audit

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

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

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

Key Audit Matters (continued)

(iii) Valuation of investments in subsidiaries

Refer to Note 6 to the financial statements and Note 1(d)(iv) - impairment of investments in subsidiaries.

The key audit matter

At 31 March 2021, the Company's statement of financial position includes investments in subsidiaries amounted to RM18,346,809. The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The carrying amount of the investments in subsidiaries of RM18,346,809 comprises predominantly of the investment in a subsidiary which operates in the fabrication of machine parts and toolings industry.

Impairment assessment on investments in subsidiaries is considered to be a key audit matter due to the significance of the investment amount to the Company's statement of financial position and of the judgement involved in the assessment of the recoverable amount of the investment by the Company. The recoverable amount was determined based on the value in use of the operating subsidiaries. The judgemental areas include the future results of the subsidiaries and the discount rate applied to the cash flow projections.

How the matter was addressed in our audit

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

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

We also considered the adequacy of the Company's disclosures in the financial statements in respect of investments in subsidiaries and the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matter

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

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

Chan Kah Mun
Approval Number: 03350/01/2022 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 29 July 2021