CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of SAM Engineering & Equipment (M) Berhad ("Company" or "SAMEE") is committed in ensuring that the Company meets the principles and applies the practices of corporate governance as set out in the Malaysian Code on Corporate Governance 2021 ("Code").

The Board steadfastly believes that such principles and practices of the Code are essential to uphold the business integrity of the Company and its subsidiaries (collectively, the "Group") and to enhance shareholder value.

The Group in their conduct of business and management are not just guided by the Code but also by their Core Values which balances the commercial and financial success with the interests of all stakeholders. These Core Values are set out on the Company's website.

During the financial year ended 31 March 2023 ("FY2023"), the Board applied the corporate governance practices and complied with the legal requirements outlined in this statement. Please note that the following statement is to be read together with the Corporate Governance Report, which is available on the Company's website at http://www.sam-malaysia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 - BOARD RESPONSIBILITIES

Intended Outcome 1.0

- **Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.**

1.1 Strategic aims, values and standards

The Board plays a pivotal role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholder value.

The Board is responsible for the leadership, oversight and overall management of the Group. The Board comprises a combination of the Executive Director who has intimate knowledge of the business and the Non-Executive Directors with diversified industry/business backgrounds to bring broad business and commercial experience to the Group. The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long-term shareholders' value. It monitors and delegates the implementation of the strategic direction to the Management.

The Board reviews the strategic plan of the Group tabled by Management at its meeting. The review would cover the performance targets and long-term plans for the Group to be met by Management.

Upon the Board being satisfied with the said strategic plan, the Board would endorse the immediate implementation thereof by the Management. The Board would continue to monitor the plan to ensure its implementation.

The Board's role is to oversee the performance of the Management to determine whether the business is properly managed. The Board receives updates from Management at the quarterly Board meetings when reviewing the unaudited quarterly results. During such meetings, the Board participates actively in the discussions pertaining the performance of the Group.

The Board also has a set of matters reserved solely for its decisions. These include approving acquisitions and divestitures, major capital expenditures, projects and budgets, quarterly and annual financial statements, as well as, monitoring of financial and operating performance of the Group.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:

- Audit Committee ("AC")
- Risk & Sustainability Committee ("RSC"); and
- Nominating & Remuneration Committee ("NRC").

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 1 - BOARD RESPONSIBILITIES (Cont'd)

1.1 Strategic aims, values and standards (Cont'd)

The Chairman of each Board Committee will report to the Board the matters discussed at the Committee's meeting with emphasis on key issues deliberated at the Committee's meetings.

Each Committee operates within specific terms of reference that were drawn up with reference to the Code and the Board Committees discharge their duties in accordance to their respective Terms of Reference.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Group. The ultimate responsibility for decision-making on all matters lies with the Board.

1.2 The Chairman of the Board

Mr. Tan Kai Hoe is the Company's Non-Independent Non-Executive Chairman. He provides leadership and guidance to the Board and is responsible for ensuring effectiveness of the Board's performance. Mr. Tan Kai Hoe works closely with the rest of the Board members to establish and articulate clear policies and strategies, to be implemented by Management, for the benefit of all stakeholders.

1.3 Separation of position of Chairman and Chief Executive Officer ("CEO")

Mr. Peter Lim Hee Seng is the Company's CEO and Executive Director.

There is clear division of responsibilities of the Chairman and the CEO. The Board is led by the Non-Independent Non-Executive Chairman while the management is led by the CEO.

The roles and responsibilities of both the Chairman and the CEO are set out in the Board Charter which may be accessed at the Company's Website.

1.4 Chairman of the Board in Board Committees

The Chairman does not hold membership in any of the Board Committees after he ceased to be a member of NRC on 23 August 2022.

1.5 Qualified and competent Company Secretaries

In compliance with Practice 1.5 of the Code, the Board is supported by suitably qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidelines and legislations.

The Board may remove the Company Secretaries, and appoint a suitable replacement if the Company Secretaries fail to fulfil their functions.

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:

- Statutory duties as required under the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and Capital Markets and Services Act, 2007;
- Facilitating and attending Board Meetings and Board Committee Meetings, respectively;
- Facilitating and attending the General Meetings;
- Ensuring that Board Meetings and Board Committee Meetings, respectively are properly convened and the proceedings are properly recorded;
- Ensuring timely communication of the Board decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations of applicable jurisdictions;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 1 - BOARD RESPONSIBILITIES (Cont'd)

1.5 Qualified and competent Company Secretaries (Cont'd)

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks: (Cont'd)

- Facilitating the provision of information as may be requested by the Directors from time to time in an expeditious manner and ensuring adherence to Board policies and procedures;
- Facilitating the conduct of the assessments undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's reference;
- Assisting the Company on the lodgement of documents with relevant statutory and regulatory bodies;
- Assisting the Board to prepare announcements for release to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission Malaysia;
- Briefing the Board on the latest updates / guidelines issued by Bursa Securities and the Securities Commission Malaysia; and
- Rendering other advice and support to the Board and Management.

The Company Secretaries keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

1.6 Access to information and meeting materials

The Board recognises that the decision-making process is highly contingent on the quality of information furnished. All members of the Board have full unrestricted access to any information pertaining to the Group's business and affairs.

The Board is furnished with information and documents at least 7 days in advance of meetings (or a shorter time period when unavoidable) to allow them sufficient time to appreciate the issues being deliberated and to expedite the process of decision making. All information and documents furnished to the Board are comprehensive and encompasses both quantitative and qualitative factors to increase the quality of the Board's understanding and knowledge of the matter.

Management is invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. The Board has full unrestricted access to any information pertaining to the Group and its business affairs including verbal explanations from Management on related topics being deliberated, and the services of the Company Secretaries to ensure procedures are complied with. The Board may seek (upon approval of the Chairman) independent advice on any related matter at the expense of the Group.

All deliberations and decisions made at the Board meetings are recorded by the Company Secretaries including whether any Director abstained from voting or deliberating on a particular matter. Minutes of the meeting are circulated to the Board and the Management for review and comments in a timely manner before the minutes of the last Board meeting are confirmed at the next Board meeting.

The Board ordinarily meets at least four (4) times a year with additional meetings convened when urgent or important decisions are required between the scheduled meetings. During FY2023, the Board met on four (4) occasions where it deliberated upon and considered various matters. The attendance record of the Directors for FY2023 was satisfactory. This is evidenced by the attendance record of the Directors at the Board meetings during their tenure in office as set out in the below table:

Directors	Attendance
Tan Kai Hoe	4/4
Peter Lim Hee Seng (*Appointed on 24 August 2022*)	2/2
Shum Sze Keong	4/4
Datuk Dr. Wong Lai Sum	4/4
YM Tunku Afwida Binti Dato' Tunku Abdul Malek	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 1 - BOARD RESPONSIBILITIES (Cont'd)

1.6 Access to information and meeting materials (Cont'd)

Directors	Attendance
Suresh Natarajan	4/4
Ng Chee Kiet	4/4
Goh Wee Keng, Jeffrey (*Retired on 23 August 2022*)	1/1
Dato' Seri Wong Siew Hai (*Ceased on 23 August 2022*)	1/1
Lee Hock Chye (*Ceased on 23 August 2022*)	1/1

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Listing Requirements. During the intervals between Board Meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board Meeting.

It is a policy that Directors devote sufficient time and effort to carry out their responsibilities. This commitment is given to the Board at the time of their appointment as Directors.

The Board is satisfied with the amount of time committed by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Intended Outcome 2.0

- **There is demarcation of responsibilities between the board, board committees and management**
- **There is clarity in the authority of the board, its committees and individual directors**

2.1 Board Charter

The Board Charter, which is available on the Company's website, establishes clear and unambiguous functions and roles of the Board and those delegated to the Chairman, Board Committees, the CEO and the Management to enhance accountability.

The Board reviews the Board Charter from time to time to ensure its relevance in aiding the Board to discharge its duties and responsibilities in view of current laws and regulations. The Board Charter was last updated on 24 May 2022. The Board Charter is available on the Company's website.

Intended Outcome 3.0

- **The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness**
- **The Board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company**

3.1 Code of Ethics and the Anti-Bribery & Corruption Policy

The Standard Code of Conduct, Business Ethics, Conflicts of Interest which sets out such standards of ethics and conduct expected from the Board, Management and employees is available on the Company's website.

The Anti-Bribery and Corruption Policy which sets out the Company's zero-tolerance approach to bribery and corruption is also published on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 1 - BOARD RESPONSIBILITIES (Cont'd)

3.2 Whistleblowing Policy

The Whistleblowing Policy provides a safe channel for any concern/complaint about an actual or potential corporate fraud or breach of ethics that involves employees, Management or Directors of the Group to be properly raised. The Whistleblowing Policy is published on the Company's website.

Intended Outcome 4.0

- **The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success**

4.1 Strategic management of sustainability matters

The Company ensures sustainability through:

- the Board, which: (i) provides guidance on the key economic, business, environmental and social issues, ensuring best practices in sustainability in all critical decisions and actions; and (ii) plays the critical role in approving sustainability and risk management framework and deliberates on sustainability and risk governance issues;
- the RSC, which supports the Board in reviewing and recommending sustainability strategies and performance targets for the Company on a group basis; and
- the Sustainability Committee/Working Group ("SCWG"), which comprises heads and members of the Company's business units and divisions, takes care of the implementation, monitoring and delivery of the Environmental, Social and Governance ("ESG") initiatives and performance.

4.2 Communication of sustainability strategies, priorities and targets

The Company practices a holistic and consistent stakeholder engagement with businesses, organisations, and people that have a stake or an influence in the Company's business activities and long-term business planning. Details describing the Company's approach to stakeholder engagement are as set out in the Sustainability Statement.

4.3 Staying abreast with sustainability issues

The Company and the Board are constantly monitoring the industry trends, and taking steps to overcome operating challenges and meet stakeholder expectations, to produce long-term value to shareholders and stakeholders of the Group, and the community.

The Company had performed a materiality assessment during the previous financial year and the said risks and issues remain relevant for FY2023. Results have been presented in the Sustainability Statement.

4.4 Performance evaluations includes a review in addressing the company's material sustainability risks and opportunities

During the Annual Board Evaluation, the NRC had reviewed the Board's performance in formulating and overseeing Management's implementation of the Group's strategic and business plans that promote sustainability.

The Board, supported by the RSC, and Management, through the SCWG, had worked together in: (1) identifying the Group's material risks and sustainable development goals; and (2) addressing the same through proper measures and strategies, to achieve long-term growth and generate healthy returns for the shareholders.

During the financial year under review, the SCWG had carried out a number of measures to address the Company's sustainability risks and these are further described at the Sustainability Report of this Annual Report. These measures were implemented to keep track of, anticipate and prepare for appropriate responses and/or actions to tackle challenges to produce long-term value for the shareholders, stakeholders and to the community at large.

The RSC reports to the Board the material risks and steps taken to reduce and manage such risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 1 - BOARD RESPONSIBILITIES (Cont'd)

4.5 Designated person to manage sustainability

The RSC identified and appointed the Chief Operating Officer as the Chief Sustainability Officer.

The role of the Chief Sustainability Officer is to drive and oversee the sustainability strategy of the Group as well as to establish the ESG structures to ensure proper consideration of risks. He will be the liaison between management, shareholders and stakeholders to address sustainability issues.

During the year under review, the Chief Sustainability Officer led the SCWG to implement various initiatives as described in detail under the Sustainability Statement.

PART 2 - BOARD COMPOSITION

Intended Outcome 5.0

- **Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.**

5.1 Annual assessment of the Directors, Board as a whole and Board Committees

The NRC conducts an evaluation on an annual basis to appraise the effectiveness of the Board as a whole, the effectiveness of the Board Committees and the further required mix of skills and experiences to enhance Board's efficacy. Such evaluation of the Board covers board size, mix or composition, conduct of Board meetings and Directors' skills set matrix.

The Board Committees are assessed based on their roles and scope of work, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their duties.

The results of the evaluation are then collated, summarised and reported to the Board by the NRC Chairperson with an aim towards continuous improvement of the Board and Board Committees.

In addition to the foregoing, the NRC also assesses the independence of each of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board. All findings by the NRC are reported to the Board.

The NRC had conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM") in term of character, experience, integrity, competency and time in discharging their roles as Directors of the Company in accordance with the Directors' fit and proper policy of the Company. The NRC was of the view that the said retiring Directors met the fit and proper criteria, had discharged their duties effectively and had provided valuable contribution and leadership to the Group.

The Board recommends the said retiring Directors for re-election of the relevant directors at the forthcoming AGM. The names of the said Directors are set out in the Corporate Governance Report.

5.2 Board Composition

The following prescribed requirements have been fully complied by the Board:

- Paragraph 3.04(1) of the Listing Requirements which stipulates that at least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors; and
- Practice 5.2 of the Code, which state that at least half of the board comprises Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

5.2 Board Composition (Cont'd)

The Board composition as at FY2023 comprises seven (7) members out of which, four (4) are Independent Non-Executive Directors, details are set out below:

Directors	Designation
Tan Kai Hoe	Non-Independent Non-Executive Chairman
Peter Lim Hee Seng	Executive Director and CEO of the Group
Shum Sze Keong	Non-Independent Non-Executive Director
Datuk Dr. Wong Lai Sum	Independent Non-Executive Director
YM Tunku Afwida Binti Dato' Tunku Abdul Malek	Independent Non-Executive Director
Suresh Natarajan	Independent Non-Executive Director
Ng Chee Kiet	Independent Non-Executive Director

The profile of each Director is set out at the relevant section of this Annual Report.

The Directors, with each of their different background and specialisation, contribute to the Group a wide range of experience and expertise in areas such as finance, engineering, corporate affairs, marketing and operations.

The Independent Non-Executive Directors bring objective and independent judgement to the decision making of the Board and provide a capable check and balance to the Executive Director and Management. They contribute significantly in areas such as policy and strategy development, performance monitoring, allocation of resources as well as improving governance and controls.

Together with the Executive Director who has intimate knowledge of the business, the Board is constituted by individuals who are committed to business integrity and professionalism in all its activities and have proper understanding of and competence to deal with the current and emerging business issues.

5.3 Tenure of Independent Directors

The Board is mindful of the recent amendments to the Listing Requirements, in particular, a director cannot act as an independent director for more than 12 years and that the amendment shall be implemented on or after 1 June 2023.

With the foregoing amendment and the implementation thereof in mind, each of the Independent Directors continues to comply with the current definition of an Independent Director under paragraph 1.01 and Practice Note 13 of the Listing Requirements.

The Board is mindful of the practice in the Code, whereby the tenure of an independent director is subject to a cumulative term limit of nine (9) years. Upon completion of the nine (9) year tenure, an independent director may continue to serve on the board as a non-independent director. If the Board intends to retain an Independent Director as an independent director beyond the term limit of nine (9) years, it should justify and seek shareholders' approval annually through a two-tier voting process.

In ascertaining the independent status of the Directors, the Board continues to believe that tenure is not the most important assessment criteria. It is of the view that how a Director discharges the fiduciary duties are the primary concern, regardless of their status. In fact, continued tenure brings stability to the Board as the Group benefits from their mix of skills, professional and commercial experience, technical expertise in their relevant fields and competencies for informed and balanced decision-making by the Board.

As for the year under review, none of the independent directors have reached a cumulative tenure of nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

5.4 Appointment of Board and Senior Management based on objective criteria

The appointment of the Board and Senior Management is based on objective criteria, merit and with due regard to diversity in skills, experience, age, cultural background and gender.

The Company is guided by its "Directors' Fit and Proper Policy" to ensure that the appointment and re-election of the Directors are based on an identified objective criteria, e.g. character, integrity, relevant range of skills, knowledge, experience, competence and time commitment so that they are able to discharge their roles and responsibilities effectively in the best interest of the Company. The said policy may be accessed at the Company's website.

5.5 Utilisation of various sources in identification of potential candidates

The Board is responsible for the appointment of new Directors. The NRC has been delegated with the task of succession planning and conducting an initial selection, which includes an external search, before making a recommendation to the Board. The NRC has the authority to obtain the services of professional recruitment firms to identify candidates for directorship or seek independent professional advice whenever necessary.

As part of the role of the NRC, the NRC also evaluates the suitability of candidates for appointment to the Board based on, amongst others, experience, commitment (including time commitment), competency, and (if applicable) such relevant regulatory criteria for assessing independence. The NRC will then recommend the candidates for approval and appointment by the Board.

5.6 Board statement on the appointment or reappointment of Directors

The performance of retiring Directors who are recommended for re-election at the forthcoming AGM were assessed through the Board's annual evaluation.

A statement by the Board and the NRC on their satisfaction as to the performance and effectiveness of the retiring Directors who are offering themselves for re-election are set out at the notes accompanying the Notice of AGM.

The profile for the aforementioned Directors, including their nature of interest with the Company (if any), are set out at the Directors' Profile section of the Annual Report.

5.7 Nominating Committee

The NRC of the Company comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors.

The Chairman of the NRC is Datuk Dr. Wong Lai Sum and she is an Independent Non-Executive Director.

The Members of the NRC and their meeting attendance during their tenure in office for the financial year under review are set out below:

Designation	Directors	Attendance
Chairman	Datuk Dr. Wong Lai Sum (*Redesignated as Chairman on 23 August 2022*)	1/1
Members	Shum Sze Keong (*Appointed as member on 23 August 2022*)	1/1
	Suresh Natarajan (*Appointed as member on 23 August 2022*)	1/1
	Dato' Seri Wong Siew Hai (*Ceased on 23 August 2022*)	1/1
	Lee Hock Chye (*Ceased on 23 August 2022*)	1/1
	Tan Kai Hoe (*Ceased on 23 August 2022*)	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

5.7 Nominating Committee (Cont'd)

During the year, the NRC carried out the following activities:

(a) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, contribution of each Director, the effectiveness of the Board Committees and Board as a whole.
(b) Reviewed the Board Evaluation Report for FY2023.
(c) Reviewed the performance of the Directors and key officers of the Company for FY2023.
(d) Identified the Directors' due to retire by rotation and recommended to the Board, the reappointment of such Directors at the AGM.
(e) Reviewed the independent status of the Independent Non-Executive Directors.
(f) Reviewed the term of office and performance of Audit Committee.
(g) Reviewed the remuneration package for the Executive Director for FY2023.
(h) Reviewed and recommended the Directors' Fees and benefit payable to the Directors.
(i) Reviewed list of trainings attended by the Directors during the financial year.
(j) Reviewed the composition of the Board Committees of the Company.
(k) Reviewed the Directors' Fit and Proper Policy.
(l) Reviewed and recommended to the Board the appointment of Executive Director.

5.8 Gender diversity

The Board is of the opinion that there is no need for a formal gender diversity policy. The Group is committed to providing fair and equal opportunities and nurturing diversity within the Group.

However, the Board is mindful of the recommendation for Board diversity and the Listing Requirements where at least one Director shall be a female. In view of that, the NRC shall ensure that women candidates are identified during recruitment exercises.

Currently, Datuk Dr. Wong Lai Sum and YM Tunku Afwida Binti Dato' Tunku Abdul Malek are the female Directors on the Board.

5.9 Diversity of Board and Senior Management

The Board strongly advocates diversity at Board and Senior Management level to achieve greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment.

The Board strives to ensure that there is no discrimination on any basis, including but not limited to, race, age, ethnicity and gender when deciding the composition of the Board and in its hiring policy.

As set out in the Board Charter, the appointment of the Board and Senior Management is based on objective criteria, merit and with due regard to diversity in skills, experience, age, cultural background and gender. The Board Charter can be accessed at the Company's Website.

Intended Outcome 6.0

- **Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors**

6.1 Assessment on the effectiveness of the Board

As set out at paragraph 5.1, the Board through the NRC conducts an annual evaluation to appraise the effectiveness of the Board as a whole and the said evaluation of the Board covers board size, mix or composition, conduct of Board meetings and Directors' skills set matrix.

The Board is mindful and will consider the guidance provided under the Code that the Board should engage independent experts at least once every three (3) years, to facilitate objective and candid board evaluations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

6.1 Assessment on the effectiveness of the Board (Cont'd)

The Directors are also fully aware of the importance of keeping abreast with the latest changes and developments in the industries in which the Group operates as well as the economic, financial and governance issues in order to enhance the effectiveness in discharging their responsibilities as Directors.

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP"). During the year under review, the Directors attended various briefings, seminars, conferences, and speaking engagements covering areas including corporate governance, relevant industrial developments, financial, risk managements, leadership and global business developments.

Some of the training programmes attended by the Directors during the financial year under review includes the following:

Directors	Trainings
Tan Kai Hoe	• Integrated Reporting • Introduction on IT Security - Handling Personal Information - Handling Sensitive Information - Information Privacy & Security - Introduction to Information Security - Protecting your digital identity - Removable Media - Security Incident Response - Scams & Social Engineering - Situational Awareness - Vishing • IT Security & Data Protection - Creating Strong Passwords - Kevin Mitnick Security Awareness Training - CEO Fraud - An introduction to the General Data Protection Regulation (GDPR)
Peter Lim Hee Seng	• MAP • Integrated Reporting • Bursa's Enhanced Sustainability Reporting Framework 2022
Shum Sze Keong	• Integrated Reporting • Bursa's Enhanced Sustainability Reporting Framework 2022 • Cyber Security: What Directors need to know
Datuk Dr. Wong Lai Sum	• Integrated Reporting • 2022 Board & Audit Committee Priorities • Navigating ESG Data into Decisions • Pemudah Roundtable Discussions – Post-Pandemic • Economy, Public Policy and GLCs • SC Malaysia's Audit Oversight Board Conversation with Audit Committees • Bursa Malaysia Immersive Session: The Board "Agender" Gender Balanced Boardrooms • Sustainability Reporting Latest Development

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

6.1 Assessment on the effectiveness of the Board (Cont'd)

Some of the training programmes attended by the Directors during the financial year under review includes the following: (Cont'd)

Directors	Trainings
YM Tunku Afwida Binti Dato' Tunku Abdul Malek	• What Lies Ahead and Could Hard Truth - Global trends: Challenges faced by Telcos globally (group) and within segments - Local trends: Challenges and opportunities for Telcos and competitor landscape - Cold hard truth of TM's current position in reference to market trends • Climate Change and Principle-based Taxonomy (CCPT) • Annual Compliance Attestation • Unlocking TM's Value - Impact of new growth and evolved business profile on TM's valuation - Potential to unlock further TM's valuation from certain parts of valuation • Sustainability Governance, Management & Reporting – How Sustainability is operationalised & what it means to the Group • Khazanah Megatrends Forum 2022 – Development and its Complexities – Steering Our Way Through a Perfect Storm • Briefing by Amazon Web Services (AWS) • Demystifyng Cyber • FIDE Elective: Risk Management Committee – Banking Sector
Suresh Natarajan	• Integrated Reporting • Bursa's Enhanced Sustainability Reporting Framework 2022 • Sustainability and Its Impact on Organisation: What Directors Need to Know
Ng Chee Kiet	• Integrated Reporting • Bursa's Enhanced Sustainability Reporting Framework 2022 • Navigating ESG Data into Decisions • Assessing Your Organisation Culture • Cyber Security: What Directors need to know • Corporate Governance & Remuneration Practices for the ESG World • Industry 4.0 and Its Impact of Malaysian Capital Market • Conversation with Audit Committee – Session 1 • Board's At-A-Glance – Bursa's Enhanced Sustainability Reporting Framework • Navigating The ESG Risk in the Supply Chain

The Board had concluded that the Directors' Trainings for the FY2023 were adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

Intended Outcome 7.0

- **The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long terms objectives.**
- **Remuneration policies and decisions are made through a transparent and independent process.**

7.1 Remuneration Policy

The NRC is guided by way of an established Remuneration Policy in determining the remuneration package applicable to the Directors, the CEO and the CFO.

The remuneration package takes into account the scope of duty and responsibilities; the conditions and experience required; the ethical values, internal balances and strategic targets of the Company; the corporate and individual performances; and the current market rate within the industry and in comparable companies.

7.2 Remuneration Committee

The NRC also functions as the remuneration committee. Please see paragraph 5.7 for the details.

Intended Outcome 8.0

- **Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the company's performance.**

8.1 Remuneration of Directors

The remuneration of each director for FY2023 has been set out at the Corporate Governance Report.

For the period under review, each Director would be paid a Director's fee of RM75,000 per annum for serving as a member of the Board.

The Director serving as the Chairman of the relevant Board Committee receives an additional annual remuneration as set out below:

Board Committee	Chairman's Annual Remuneration
AC	RM10,000
NRC	RM7,500
RSC	RM7,500

The Directors who serve as ordinary members to the relevant Board Committee receive an additional annual remuneration of RM5,000.

The Directors' fees and remuneration are appropriate for their contribution, taking into consideration effort, commitment and time spent as well as the responsibilities involved.

All Non-Executive Directors would also be paid a meeting allowance of RM2,000 for each meeting attended. The Executive Director is not entitled to any meeting allowance.

The Board had determined that the remuneration for the Non-Executive Directors is appropriate, taking into account the experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, and Board Committees; and is competitive compared with the prevailing market practices. Each of the Non-Executive Directors abstained from deliberating and voting on his or her own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART 2 - BOARD COMPOSITION (Cont'd)

8.1 Remuneration Of Directors (Cont'd)

The NRC had also reviewed and deliberated on the Directors' fees and benefits payable to Directors for FY2023. The NRC recommended that, subject to shareholder approval at the upcoming AGM, the fees and benefits payable to the Directors shall be revised as set out below:

A.	Remuneration	Amount (RM)
(i)	For each member of the Board	90,000
(ii)	For the Chairman of the AC	10,000
(iii)	For the Chairperson of the NRC and the RSC, respectively	7,500
(iv)	For each of the committee members of the AC, NRC and the RSC, respectively	5,000
B.	**Allowances / Benefits**	
(i)	Meeting allowance for each Non-Executive Director per meeting	2,000
(ii)	Benefits-in-kind (for all Directors)	70,000 per annum (*for Non-Executive Directors, to allow flexible benefits to be reimbursed up to a sum of RM5,000 per Director*)

8.2 Remuneration of Senior Management

The Company considers the remuneration of the Senior Management to be sensitive and confidential in view of the competitive nature of the human resource market. Thus, the Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis. Furthermore, this is meant to preserve confidentiality, negative impact arising from the disclosure, and the larger need to maintain a stable work environment to meet long-term strategic goals.

The remuneration package of the employees of the Company has been benchmarked with the industry and remains in line with the industry practice. In addition, their annual increments and bonus payouts would be based on performance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 - AUDIT COMMITTEE

Intended Outcome 9.0

- **There is an effective and independent Audit Committee.**
- **The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.**

9.1 The Chairman of the Audit Committee is not the Chairman of the Board

The Company has complied with Practice 9.1 of the Code which stipulates that the Chairman of the AC is not the Chairman of the Board.

The AC is an independent Board Committee, led by an Independent Non-Executive Director, which assists the Board in the discharge of its responsibilities for corporate governance, internal controls and reporting.

The Terms of Reference of the AC is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

PART 1 - AUDIT COMMITTEE (Cont'd)

9.1 The Chairman of the Audit Committee is not the Chairman of the Board (Cont'd)

The members of the AC possess vast experience and skills in understanding and attending to matters falling under the purview of the AC. They are more than qualified to review the accuracy of the Group's financial statements from various perspectives in view of each member's skills and qualifications prior to recommendation of the same to the Board.

Further details pertaining to the AC is set out in the AC Report contained in this Annual Report.

9.2 Former key audit partner

The Terms of Reference of the AC requires the former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The Terms of Reference of the AC are set out on the Company's website.

Currently, none of the members of the AC were former audit partners overseeing the audit of the financial statements of the Group.

9.3 Suitability, objectivity and independence of the external auditor

The AC, in accordance with its Terms of Reference, would on an annual basis review and monitor the suitability and independence of the External Auditors.

The External Auditors have the obligation to bring to the attention of the Board, the AC and the Management any significant defects in the Group's systems of reporting, internal control and compliance with approved accounting standards as well as legal and regulatory requirements. The External Auditors of the Company are invited to attend at least two meetings of the AC a year without the presence of Management.

The AC annually assesses the External Auditors against a set of criteria that has been approved by the Board. The scope of assessment has been described in the AC Report and includes, amongst others, an assessment on the suitability, objectivity and independence of the External Auditors. All findings from the AC would be reported to the Board for further action, if any.

The Board, through the AC, has assessed and affirmed the independence, objectivity and suitability of the External Auditors to continue in office.

In compliance with the by-laws of the Malaysian Institute of Accountants ("MIA"), the Audit Partners would be rotated every seven (7) years to ensure objectivity, independence and integrity of the audit opinions. For FY2023, the Audit Partner had been changed.

The AC is satisfied with the competence and independence of the External Auditors and recommends the re-appointment of the External Auditors for shareholders' consideration at the AGM.

The Company appoints external service provider to undertake the internal audit function to ensure as complete an audit coverage of the Group's activities as possible. In view of this, the Company has established a seamless arrangement to meet the professional requirements of the External Auditors.

Details on the audit fees payable to External Auditors; the key features of the relationship between the AC and the External Auditors; and a summary of the activities of the AC during the financial year are set out in the AC Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

PART 1 - AUDIT COMMITTEE (Cont'd)

9.4 Composition of the Audit Committee

For the financial year under review, the AC comprises four (4) Non-Executive Directors, of which three (3) are Independent Directors.

This is in compliance with paragraph 15.09 (1) (b) of the Listing Requirements, which stipulates that "all the audit committee members must be non-executive directors, with a majority of them being independent directors".

9.5 Qualification of the Audit Committee

All members of the AC are financially literate, competent and with at least one (1) of them being a member of the MIA in fulfilling the requirement under paragraph 15.09(1)(c)(i) of the Listing Requirements.

The AC members acknowledge the need for continuous education and training. The training attended by the AC members are set out at the paragraph 6.1 herein.

PART 2 - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 10.0

- **Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**
- **The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.**

10.1 Establishment of risk management and internal control framework

The Board undertakes the overall responsibility for risk oversight and risk management. In view of this, the Board has in place, a structured enterprise risk management framework to identify, monitor, control and report on significant risks faced by the Group on a regular basis.

10.2 Features of its risk management and internal control framework

Details of the Group's enterprise-wide risk management framework has been outlined in the Statement on Risk Management and Internal Control of the Annual Report.

10.3 Risk & Sustainability Committee ("RSC")

The members of the RSC, comprises three (3) Non-Executive Directors of which two (2) are Independent and one (1) being Non-Independent Non-Executive Directors. The members of the RSC and their meeting attendance for the financial year under review have been set out below:

Designation	Directors	Attendance
Chairman	Suresh Natarajan (*Redesignated as Chairman on 23 August 2022*)	2/2
Members	Shum Sze Keong (*Redesignated as Member on 23 August 2022*)	2/2
	Ng Chee Kiet (*Appointed on 23 August 2022*)	1/1
	Dato' Seri Wong Siew Hai (*Ceased on 23 August 2022*)	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

PART 2 - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

10.3 Risk & Sustainability Committee ("RSC") (Cont'd)

Mr. Shum Sze Keong and Mr. Ng Chee Kiet are also the representatives of the AC that would report any identified significant risks to the RSC. During the year under review, there were no significant financial risks identified that were required to be reported to the RSC.

In addition, the AC has included, as part of its regular meeting agenda, the identification of risk areas which should be brought to the attention of the RSC.

The RSC has been tasked in line with its Terms of Reference to assist the Board with risk management (i.e., reviewing and recommending the risk management policies and strategies for the Group in managing overall risk exposure of the Group); and sustainability (i.e., reviewing and recommending sustainability strategies and performance in advancing the Group's sustainability ambition and direction).

During the year under review, the RSC carried out the following activities:

(a) Reviewed measures adopted by the management to address the COVID-19 pandemic in the workplace.
(b) Reviewed the report from the Sustainability Management Committee.
(c) Reviewed the effectiveness of the Group's strategies, policies, principles ad practices in accordance with the Sustainability Policy.
(d) Reviewed the Sustainability Statement for disclosure in the Group's Annual Report for FY2023.
(e) Reviewed the Group Insurance Renewal.

Intended Outcome 11.0

- **Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

11.1 Internal audit function

An independent Internal Audit function, which reports directly to the AC, has been established in line with the Code and the Listing Requirements. Detailed information on the Internal Audit function has been outlined in the AC Report of this Annual Report.

11.2 Disclosure pertaining to the audit function

The said independent Internal Audit function has been able to provide reasonable assurance that the Group's system of risk management and internal control is satisfactory and operating efficiently in line with the Risk Management Framework and the Internal Control Processes as described in the Statement on Risk Management and Internal Control in this Annual Report.

None of the Internal Audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their Internal Audit functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

PART 1 - COMMUNICATION WITH STAKEHOLDER

Intended Outcome 12.0

- **There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**
- **Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.**

12.1 Effective, transparent and regular communication with its stakeholders

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, individuals and institutional shareholders, on all issues relevant to the Group through the annual general meetings or the extraordinary general meetings.

At these general meetings, shareholders are given opportunities to seek clarification or provide feedback both about the resolutions being proposed or about the Group's operations/prospects in general. The Board will respond to all queries and take note of all suggestions put forth by shareholders. In situations whereby answers could not be provided immediately, the Chairman will undertake to furnish the shareholder with a written answer after the meeting.

The Company also holds briefings for fund managers, institutional investors and investment analysts.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company remains mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Such material and price-sensitive information is not released other than to the public through the proper channels.

The Board recognises that the Independent Directors are vital towards protecting the interests of shareholders. Shareholders and stakeholders can communicate their concerns to the Independent Directors through mail to the Company's registered address or via e-mail on the Company's website to independent@sam-malaysia.com.

12.2 Integrated Reporting

The Company had only recently achieved the status of a "Large Company" in financial year beginning 1 April 2023.

In that regard, both Management and Board are currently undertaking further research and training for the purpose of restructuring its current reporting style to that of an integrated reporting.

More manpower with relevant experience and knowledge of preparing the integrated report are also being sourced by the Company.

PART 2 - CONDUCT OF GENERAL MEETINGS

Intended Outcome 13.0

- **Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.**

13.1 Notice of AGM

The General Meeting serves as the principal platform for the Board and the Management to engage with shareholders pertaining to the Group's performance, corporate and business developments and any other matter affecting shareholders' interest.

The Company had served the notice of the Twenty-Eighth (28th) AGM to all shareholders not less than 28 days prior to the meeting for the purpose of providing the shareholders with sufficient time to consider the relevant proposed AGM resolutions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

PART 2 - CONDUCT OF GENERAL MEETINGS (Cont'd)

13.2 Attendance at AGM

All eight (8) members of the Board, the Company Secretary, External Auditors and the senior management had attended the fully virtual 28th AGM through video conferencing.

13.3 Leveraging on technology to facilitate communication with Shareholders

The Company had leveraged on technology to facilitate voting in absentia and remote participation by shareholders at shareholders' meeting through hosting its fully virtual 28th AGM held on 23 August 2022.

13.4 Meaningful engagement between Board, Senior Management and Shareholders

During the 28th AGM, the management had presented, amongst others, details of performance, key developments and financial results for the reporting year. The Board was satisfied with the current programme for the AGM and there have been no major contentious issues noted.

The Chairman of the Board had during the 28th AGM responded to queries received from the shareholders prior to the meeting and also other queries received through Remote Participation and Voting ("RPV") facilities during the meeting. Where appropriate, the Chairman had also directed relevant queries to the CEO and other members of the senior management for their responses to the received queries.

13.5 Virtual General Meeting

For the financial year under review, the Company held its AGM virtually.

Shareholders were advised to participate through RPV facilities provided by SS E Solutions Sdn Bhd via SSeP at https://sshsb.net.my/.

13.6 Publication of the Minutes of General Meeting

The minutes of AGM are circulated to shareholders and published on the company's website no later than 30 business days after the said AGM.

COMPLIANCE STATEMENT

The Board is satisfied that, to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the Code as well as the relevant Listing Requirements for the financial year under review.

This Statement is approved by the Board of Directors on 23 June 2023.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") is a Board Committee which assists the Board in the discharge of its responsibilities for, amongst others, corporate governance, internal controls and financial reporting.

OBJECTIVES

The key function of the AC is to assist the Board in fulfilling the following oversight objectives on the Group's activities:

(a) Oversee financial reporting;

(b) Review reports from Internal and External Auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with Group's policies;

(c) Ensure that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;

(d) Oversee the implementation of the Whistle Blowing Policy and Procedures for the Group;

(e) Oversee anti-corruption compliance matters and the implementation of the Anti-Bribery and Corruption Policy for the Group;

(f) Investigate any concerns received on possible improprieties within the Group; and

(g) Evaluate the internal and external audit processes.

The Board will review the Terms of Reference ("TOR") of the AC from time to time (if need arises) to ensure that the AC continues to carry out its functions effectively. The TOR has been made available on the Company's website at www.sam-malaysia.com.

COMPOSITION

The AC is comprised solely of Non-Executive Directors with a majority being Independent Directors. Their attendance at the 5 Committee meetings held during the financial year under review is tabulated below.

Designation	Designation	Attendance
Chairman	YM Tunku Afwida Binti Dato' Tunku Abdul Malek *(Independent Non-Executive Director)* ** Redesignated from member to Chairman on 23 August 2022*	4/5
Members	Datuk Dr. Wong Lai Sum *(Independent Non-Executive Director)* ** Redesignated from Chairman to member on 23 August 2022*	5/5
	Shum Sze Keong *(Non-Independent Non-Executive Director)*	5/5
	Ng Chee Kiet *(Independent Non-Executive Director)* ** Appointed on 24 May 2022*	4/4
	Lee Hock Chye *(Independent Non-Executive Director)* ** Ceased on 23 August 2022*	1/1

YM Tunku Afwida Binti Dato' Tunku Abdul Malek and Ng Chee Kiet are members of the Malaysian Institute of Accountants ("MIA"). The above composition of the AC meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which stipulates that at least one member of the AC must be a member of the MIA.

AUDIT COMMITTEE REPORT (Cont'd)

COMPOSITION (Cont'd)

All members of the AC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC.

The Nominating and Remuneration Committee ("NRC") had on 8 May 2023 reviewed the terms of office and performance of the AC members. Based on its review, the NRC is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the TOR and supported the Board in ensuring the Group upholds appropriate corporate governance standards and fulfilling its oversight responsibilities on matters relating to financial reporting and internal controls.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In line with the TOR, the AC held 5 meetings during the financial year and carried out the following activities:

Financial results

(a) Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of major accounting policies, major judgement areas, significant and unusual events and compliance with applicable accounting standards.

(b) Received verbal assurance from the CFO that adequate processes and controls were in place for an effective and efficient preparation of the quarterly consolidated financial statements.

External auditors

(a) Reviewed the External Auditors' scope of work, proposed audit fees and audit plan for the year under review.

(b) Met with the External Auditors twice, in the absence of management, to review the adequacy and effectiveness of the system of internal controls and any key audit matters arising from their interim and final audits. No major concerns were raised by the External Auditors.

(c) Reviewed and assessed the performance of the existing External Auditors of the Group.

(d) Reviewed the External Auditors' report and opinion of the External Auditors in relation to the audited financial statements of the Company and the Group, including any significant findings in relation to audit.

(e) Discussed reservations arising from the audit and any other matters the External Auditors had wished to discuss.

(f) Reviewed the assistance provided by the employees of the Group to the External Auditors and the overall conduct of the audit.

(g) Reviewed and evaluated the suitability and independence of the External Auditors, obtained assurance of independence from the External Auditors and recommended the re-appointment of the Group's External Auditors to the Board.

(h) Reviewed the Non-Audit Services and fees payable to External Auditors and its affiliates to ensure that the fees are within the threshold approved by the Board.

Internal Auditors

(a) Reviewed the adequacy and relevance of the scope, function, competency and resources of the Internal Auditors and that it has the necessary authority to carry out its work.

(b) Reviewed the internal audit plan adopted by the Internal Auditors.

AUDIT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

Internal Auditors (Cont'd)

(c) Reviewed the internal audit reports, audit recommendations made by the Internal Auditors and Management's responses to these recommendations and actions taken to improve the system of internal controls and procedures. Where appropriate, the AC has directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.

(d) Reviewed the implementation of the rectifications and improvements by the Management through follow-up audit reports from the Internal Auditors.

(e) Reported to the Board on the activities of the Internal Auditors and significant findings and results.

(f) Reviewed the assessment of the performance of the Internal Auditors.

(g) Reviewed the reports prepared by the Internal Auditors in relation to the related party transactions ("RPT") and recurrent related party transactions ("RRPT") entered into by the Group during the financial year under review.

(h) Reviewed the FY2023 Internal Audit budget.

(i) Reviewed and approved the FY2024 Internal Audit plan.

RPT and RRPT

(a) Reviewed the reports of RPT and RRPT to assess if the actual transacted amounts were within the prescribed approved limit.

(b) Reviewed and ensured that proper records are maintained to identify and capture all the RPT and RRPT.

(c) Reviewed the proposed renewal of existing and new shareholders' mandate for RRPT of a revenue and/or trading nature before recommending to the Board.

(d) Reviewed the non-recurrent related party transactions where the transactions were below 0.25% of percentage ratios, and not subject to announcement to Bursa Securities.

Others

(a) Reviewed the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls and risk management within the Group and also the AC Report prior to the Board's approval for inclusion in the Annual Report.

(b) Reviewed the AC Evaluation Report.

(c) Reviewed and approved the change of external auditors of a subsidiary.

(d) Identified significant risks related to fraud and cyber threats with a focus on controls.

(e) Reviewed the proposed procedures governing persons in the Privy List to insider and price sensitive information of the Group.

(f) Reviewed the Whistle Blowing Procedures.

AUDIT COMMITTEE REPORT (Cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an external service provider. The Internal Audit plan is approved by the AC covering three main areas namely internal controls, risk management and governance processes. Based on the audit plan approved by the AC, the audit work is conducted by the Internal Auditors. The Internal Auditors report directly to the AC.

As part of the audit work, the Internal Auditors would review the adequacy and effectiveness of the internal control systems, compliance with rules, regulations, policies and procedures and also evaluates efficiency of auditable areas approved by the AC through the Internal Audit Plan presented to the AC. The said audit provides reasonable assurance that such internal control system would continue to operate satisfactorily and effectively in the Group. The Internal Auditors also conducts investigations and interviews when required or at the request of the AC.

The Internal Auditors submit the Internal Audit report with audit findings and recommendations on areas of concern to the AC for its review and deliberation on a quarterly basis.

During the financial year, Internal Audit was conducted in the following areas:

(a) Procurement and Accounts Payable Management

(b) Human Resource Management

(c) Inventory Management

(d) Production Planning

The AC is pleased to confirm that all audit findings have been satisfactorily addressed by Management on a timely basis.

During the financial year, the total costs incurred for the internal audit services amounted to RM136,031.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements and quarterly announcements of results to shareholders, as well as, the Management Discussion and Analysis and the Sustainability Reporting section of the Annual Report. The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal control & risk management

The Board undertakes overall responsibility for risk oversight and risk management. In view of this, the Board has in place a structured enterprise risk management framework for the Group which is to identify, monitor, control and report on principal risks faced by the Group on a regular basis.

The AC will identify the risks from the internal audits carried out and refer to the Risk & Sustainability Committee ("RSC") and for RSC's further action and monitoring.

The RSC reviews and recommends risk management policies and strategies for the Group as well as assist the Board to discharge its risk management and statutory responsibilities in managing the overall risk exposure of the Group.

The key features and state of internal control and risk management of the Group is furnished in the Statement on Risk Management and Internal Control in this Annual Report.

AUDIT COMMITTEE REPORT (Cont'd)

ACCOUNTABILITY AND AUDIT (Cont'd)

Relationship with external auditors

The External Auditors of the Company fulfil an essential role on behalf of Company in giving an assurance to the shareholders and others, of the reliability of the financial statements of the Group. The External Auditors have an obligation to bring to the attention of the Board of Directors, the AC and Management any significant defects in the Group's systems of reporting, deficiencies in internal control and failure to comply with approved accounting standards and legal and regulatory requirements.

The audit fees payable by the Company and by the Group to the External Auditors and its affiliated firms or corporations amounted to RM70,000 and RM356,426 respectively. The non-audit fees payable by the Company and by the Group to the External Auditors and firms or corporations affiliated to the External Auditors amounted to RM42,000 and RM184,564 respectively.

The details of non-audit fees for the Company and the Group are stated below:

Nature of Services	Company RM	Group RM
Review of audit work papers done by third party auditor	30,000	30,000
Review of Statement on Risk Management and Internal Control	12,000	12,000
Income tax compliance matters for a subsidiary in Singapore	-	33,315
Application for licenses and incentives for a subsidiary in Thailand	-	109,249
Total	**42,000**	**184,564**

The Board, through the AC, assesses and affirms the independence and suitability of the External Auditors to continue in office annually. The scope of the assessment covers calibre of the audit firm, team, fees, scope and planning as well as quality of processes and performance, independence and objectivity and client communication. The Board has formalised a set of criteria on assessment on the independence and suitability of External Auditors as well as to govern circumstances under which contracts for provision of non-audit services could be entered into by the External Auditors.

This AC Report was approved by the Board of Directors on 24 May 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("Board") of SAM Engineering & Equipment (M) Berhad ("Company" or "SAMEE") affirms its overall responsibility for the system of internal control and risk management of the Company and its subsidiaries ("Group") and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial strategy and organisational, operational, regulatory and compliance control. However, the Board recognises that this system is designed to manage, rather than eliminate, the risk of not adhering to the Group's policies and achieving its goals and objectives. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

The adequacy and effectiveness of risk management and internal controls are reviewed by the Risk & Sustainability Committee ("RSC") and Audit Committee ("AC"), respectively through the Group's Enterprise Risk Management ("ERM") framework and regular internal audits conducted. The Group's ERM is conducted internally whereas the internal audits are carried out by internal auditors which are independent service providers. Internal control issues as well as actions taken by Management to address these issues are tabled by the internal auditors for deliberation during the AC meetings.

Each business unit and their supporting departments have implemented its own control processes under the leadership of the Chief Executive Officer ("CEO"), who is responsible for the Group's overall business and regulatory governance.

RISK MANAGEMENT

The Group has in place the ERM framework in accordance with the principles and guidelines outlined under the Committee of Sponsoring Organisation of the Treadway Commission's Enterprise Risk Management – Integrating with Strategy and Performance 2017 and is embedded in the Group's management systems. In order to identify, measure, assess and manage risks in our activities and ensure they are aligned with the Group's strategic objectives and regulatory requirements, we implemented a risk management framework to identify, measure, assess and manage risks faced by the Group.

The Board has delegated responsibility to the RSC to undertake the review of the risk management framework and risk dashboards, which detail the likelihood and impact of the significant risks and their corresponding action plans taken by Management to mitigate such risk.

The RSC is supported by the Chief Risk Officer, key management staff and the risk management section of the business units led by the head of each unit.

Enterprise Risk Management Framework

The Group's overall ERM framework is as illustrated in the diagram below:

Governance and Culture
• Board of directors provides oversight of the Group's strategic plans and their corresponding strategic; and carries out governance responsibilities to support Management in achieving strategy and business objectives for long term value creation • Management establishes operating structures in the pursuit of strategic and business objectives • Management defines the desired group-wide culture • Management demonstrates commitment to the Group's core values • Management is committed to build human capabilities in alignment with strategic and business objectives

Strategy and Objective Setting
• Management considers potential effects of business context on risk profile • Management defines risk appetite in the context of creating, preserving and realising value • Management evaluates alternative strategies and their potential impacts on risk profile • Management considers risks in formulating business objectives at various levels that align and support strategy

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT (Cont'd)

Enterprise Risk Management Framework (Cont'd)

Performance
• Management identifies risks that impact the performance of strategy and business objectives • Management assesses the severity of the identified risks • Management prioritises risks as the basis to select appropriate responses to risks • Management selects and implements risk responses • Management develops and evaluates portfolio view of risks

Review and Revision
• Management assesses changes that may substantially affect strategy and business objectives • Management reviews group performance and considers risks • Management pursues improvement in ERM

Information, Communication and Reporting
• Management leverages Group's information and technology systems to support ERM • Management uses existing communication channels to support ERM • Management reports on risk, culture and performance at different levels and across the Group

The framework is reviewed and revised as and when necessary to ensure it remains relevant and adequate to manage the Group's risks, which continue to evolve along with the changing business environment.

INTERNAL CONTROL SYSTEM

Key Internal Control Processes

1. Authority and Responsibility

   (a) The oversight responsibilities of the Board on matters relating to internal control, compliance and governance are delegated to the AC, through clearly defined Terms of Reference which are reviewed and revised when necessary.
   (b) The Group has a clear organisation structure with well-defined lines of reporting and appropriate levels of responsibility.
   (c) The Authority Limits Document is reviewed and revised when necessary to reflect the authorisation limits of Management.

2. Planning, Monitoring and Reporting

   (a) An annual planning and budgetary exercise is undertaken, deliberated and approved by the Board before implementation.
   (b) Updates on the Group's business and operations are provided to the Board at every meeting together with the financial performance variances.
   (c) The Chief Financial Officer ("CFO") is required to assure the AC that adequate processes and controls are in place for an effective and efficient financial close process in the preparation of each quarterly consolidated financial statements.

3. Policies and Procedures

   Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations as well as to detect and prevent fraud or other irregularities. Reviews are performed to ensure that documents remain current and relevant. The policies and procedures are documented and are reviewed and updated when applicable. Common Group policies are available on intranet for easy access by employees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL CONTROL SYSTEM (Cont'd)

Key Internal Control Processes (Cont'd)

4. Audits

   The AC assesses compliance with policies and procedures as well as relevant laws and regulations through internal audits performed. The internal auditors report directly to the AC to assist the AC in discharging their duties and responsibilities.

   The details of the activities carried out by the AC are reported in the Audit Committee Report in the 2023 Annual Report.

5. Conduct of Staff

   (a) A Standard of Conduct, Business Ethics and Conflicts of Interest is established for all employees and defines the ethical standards and conduct of work required.

   (b) A Whistle Blowing Policy is also established to provide an avenue for staff or any external party to report any improprieties including any breach or suspected breach of any law or regulation in a safe and confidential manner.

   (c) A Personnel Data Protection Policy is established for the management, control and protection of confidential information used by the Group to avoid leakage and improper use of such information.

   (d) An Anti-Bribery and Corruption Policy is established for the purpose of setting the Group's "top-down" tone for a zero-tolerance approach towards bribery and corruption.

   (e) Segregation of duties is practised whereby conflicting tasks are distributed amongst different employees to reduce the possibility of error and fraud.

6. Business Continuity Management

   The Company and its major subsidiaries have established the Business Continuity Management ("BCM") Policy which sets out the objectives, scope, strategies and emergency response procedures as well as the line of authority and responsibility for effective implementation of business continuity plan throughout the Group. In addition, Business Continuity Plans are established for critical business functions and critical application systems. These plans will be reviewed and updated from time to time when applicable. In addition, a disaster recovery mock run was also carried out on the core information technology systems to ascertain the preparedness in response to business disruption situations. Findings and feedbacks were gathered and analysed for continual improvement.

   * Note: SAM Precision (Thailand) Limited was excluded from the BCM.

7. Information Technology ("IT") Security and Cyber Resilience

   The security and resiliency of the Group's information and technology infrastructure is crucial to maintaining its business operations to meet customers' and stakeholders' expectations and in safeguarding its reputation. The Information Technology Cybersecurity and Incident Response Policy together with Information Technology Disaster Recovery Procedures have been established to ensure that the Group's information systems and data are properly safeguarded and adequately protected from major threats such as errors, frauds, privacy violations, service disruptions and natural disasters.

   Continuous and systematic reviews are conducted by the Group IT Department to identify potential threats including cyber threats and to enhance the technology infrastructure, processes and controls to strengthen the Group's ability to prevent, detect and respond to any potential business disruptions and systems failures. In addition, external consultants are engaged to carry out targeted assessments on IT core risks such as cyber security and resilience assessments to benchmark the existing IT capabilities against international standards and best practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

REVIEW OF THIS STATEMENT

RSC and AC

The AC and RSC have reviewed this Statement on Risk Management and Internal Control. Any lapses in internal controls has been adequately addressed in consultation with the internal auditors. The internal audits conducted throughout the year have not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 March 2023, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

Notwithstanding the fact that the Group's system of risk management and internal controls do not eliminate the possibility of collusion, deliberate circumvention of procedures by employees, fraud or other unforeseen circumstances, the Board has received assurance from the CEO and CFO that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects.

The Board is of the view that the system of internal control and risk management which are in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard shareholders' investment, the interest of customers, regulators, employees and other stakeholders, and the Group's assets.

The Statement on Risk Management and Internal Control was approved by the Board of Directors on 24 May 2023.

OTHER INFORMATION

1. Recurrent Related Party Transactions (RRPT) of revenue or trading nature for the year ended 31 March 2023

Details of RRPT made during the financial year ended 31 March 2023 pursuant to the shareholders' mandate obtained by the company at the Annual General Meeting held on 23 August 2022 are as follows:

Companies within the Group involved in RRPT	Nature of transactions	Related Party with whom the Group is transacting	Amount in RM'000	Interested Related Party	Relationship
SAMEE Group	Sales of aerospace parts and other precision tools	SAM Singapore Group	17,080	Tan Kai Hoe, Goh Wee Keng, Shum Sze Keong, Ng Boon Keat, Peter Lim Hee Seng, Temasek, Accuron, SAM Singapore	Tan Kai Hoe is the Non-Independent Non-Executive Chairman of SAMEE, Director and Deputy Chairman of SAM Singapore and Director, and President & CEO of Accuron. Goh Wee Keng is the Non-Independent Non-Executive Director of SAMEE, and the President and CEO and Director of SAM Singapore. He is also a Director of certain subsidiaries of SAMEE and SAM Singapore (including Aviatron and SAM (Suzhou) Co. Ltd) respectively. [N1] Peter Lim Hee Seng is the CEO of SAMEE, Alternate Director to Goh Wee Keng, Director of SAM (Suzhou) Co., Ltd, Aviatron and certain subsidiaries of SAMEE respectively. [N2] Shum Sze Keong is a Non-Independent Non-Executive Director of SAMEE and a Director of SAM Singapore. Ng Boon Keat, Chief Operating Officer of SAMEE Group, Director of certain subsidiaries of SAMEE and Aviatron. [N3]
	Sales of fabrication, machining services & special process services		4,491		
	Provision of corporate management services, engineering and administrative services		1,527		
	Purchase of fabrication machining special process services		(9,642)		
	Purchase of corporate management, engineering and administrative, fitting and quality assurance services		(6,294)		
	Rental of office, factory premises and machines		(6,293)		

OTHER INFORMATION (Cont'd)

1. Recurrent Related Party Transactions (RRPT) of revenue or trading nature for the year ended 31 March 2023 (Cont'd)

SAMEE	:	SAM Engineering & Equipment (M) Berhad
SAMEE Group	:	SAM Engineering & Equipment (M) Berhad and its subsidiaries
SAM Singapore	:	Singapore Aerospace Manufacturing Pte Ltd, the immediate holding company of SAMEE
SAM Singapore Group	:	SAM Singapore and its subsidiaries / associates excluding SAMEE Group
Aviatron	:	Aviatron (M) Sdn Bhd, a subsidiary of SAM Singapore
Accuron	:	Accuron Technologies Limited, the immediate holding company of SAM Singapore
Temasek	:	Temasek Holdings (Private) Limited, the immediate holding company of Accuron

Notes:

[N1] Mr. Goh Wee Keng retired as Non-Independent Non-Executive Director of SAMEE on 23 August 2022 and vacated his office as Director of all subsidiaries of SAMEE on 5 October 2022.

[N2] Mr. Peter Lim Hee Seng ceased as Alternate Director to Mr. Goh Wee Keng upon his retirement as Director of the Company on 23 August 2022. Peter was appointed as Executive Director of the Company on 24 August 2022 and resigned as a Director of Aviatron on 18 January 2023.

[N3] Mr. Ng Boon Keat resigned as Director of Aviatron on 6 January 2023.

2. Employees' Share Grant Scheme ("ESGS")

The ESGS was approved by shareholders at the Extraordinary General Meeting held on 14 August 2018. The ESGS is administered by the ESGS Committee which is appointed by the Board of Directors in accordance with the By-Laws of the ESGS.

The main features of the ESGS are as follows:

(a) The ESGS shall be in force for a period of 5 years from 30 November 2018 ("ESGS Period") and may be extended at the discretion of the Board upon the recommendation of the ESGS Committee, provided that the ESGS Period shall not in aggregate exceed a duration of 10 years from 30 November 2018, or such longer duration as may from time to time be permitted by the relevant authorities;

(b) The total number of shares which may be made available under the ESGS shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the ESGS Period;

(c) The ESGS Award was granted to the eligible employees in accordance to the By-Laws of ESGS with vesting conditions to be fulfilled before it is converted into the Company's shares. The Directors and senior management of the Group will not participate in the ESGS.

(d) The Company had made the following awards of shares under ESGS to the eligible employees:

Number of Shares Granted	Vesting Date
189,840	30 August 2022

(e) There were no shares granted to the Non-Executive Directors of the Company since the implementation of ESGS.

3. Material Contracts Involving Interests of Directors and Major Shareholders

There were no material contracts of the Company and its subsidiaries involving interests of directors and major shareholders for the financial year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

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

The Directors also have a general responsibility for taking steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was approved by the Board of Directors on 24 May 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

Principal activities

The principal activities of the Company are investment holding and provision of corporate management services.

There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is an indirect subsidiary of Temasek Holdings (Private) Limited, of which is incorporated in the Republic of Singapore and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

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

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	88,849	63,603

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

Since the end of the previous financial year, the amount of dividends declared and paid by the Company were as follows:

i) In respect of the financial year ended 31 March 2022:

- a first interim single tier dividend of 3.50 sen per ordinary share totalling RM18,948,986 declared on 24 May 2022 and paid on 18 August 2022.

ii) In respect of the financial year ended 31 March 2023:

- a first interim single tier dividend of 2.50 sen per ordinary share declared on 24 May 2023 and to be paid on 8 August 2023.

The Directors do not recommend any other dividend to be paid for the current financial year.

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Kai Hoe	
Shum Sze Keong	
Datuk Dr. Wong Lai Sum	
YM Tunku Afwida Binti Dato' Tunku Abdul Malek	
Suresh Natarajan	
Ng Chee Kiet	
Peter Lim Hee Seng	(Appointed on 24 August 2022; resigned on 23 August 2022 as alternate Director to Goh Wee Keng)
Dato' Seri Wong Siew Hai	(Vacated office on 23 August 2022)
Goh Wee Keng	(Retired on 23 August 2022)
Lee Hock Chye	(Vacated office on 23 August 2022)

Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the Company's subsidiaries during the financial year until the date of this report are as follows:

Peter Lim Hee Seng
Ng Boon Keat
Teh Mun Ling

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses and/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			
	Balance at 1.4.2022	Bought	(Sold)	Balance at 31.3.2023
Interests in the Company:				
Peter Lim Hee Seng				
Direct interests:				
- own	653,600	-	-	653,600
Interest in the related corporations:				
Singapore Telecommunications Limited				
Tan Kai Hoe				
Direct interests:				
- own	21,190	-	-	21,190

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Directors' interests in shares (Cont'd)

	Number of ordinary shares			
	Balance at 1.4.2022	Bought	(Sold)	Balance at 31.3.2023
Interest in the related corporations: (Cont'd)				
Singapore Telecommunications Limited (Cont'd)				
Shum Sze Keong				
Direct interests:				
- own	1,610	-	-	1,610
Indirect interests:				
- others [(1)]	1,610	-	-	1,610
Peter Lim Hee Seng				
Direct interests:				
- own	870	-	-	870
Suresh Natarajan				
Direct interests:				
- own	1,610	-	-	1,610
Mapletree Industrial Trust Management Ltd (Unit holdings in Mapletree Industrial Trust)				
Tan Kai Hoe				
Direct interests:				
- own	4,054	-	-	4,054
Peter Lim Hee Seng				
Direct interests:				
- own	7,900	-	-	7,900
SIA Engineering Company Limited				
Tan Kai Hoe				
Direct interests:				
- own	9,000	-	-	9,000

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Directors' interests in shares (Cont'd)

	Number of ordinary shares			
	Balance at 1.4.2022	Bought	(Sold)	Balance at 31.3.2023
Interest in the related corporations: (Cont'd)				
SIA Engineering Company Limited (Cont'd)				
Peter Lim Hee Seng				
Direct interests:				
- own	1,000	-	-	1,000
CapitaLand India Trust Management Pte. Ltd (formerly known as Ascendas Property Fund Trustee Pte. Ltd)				
Tan Kai Hoe				
Direct interests:				
- own	20,000	-	-	20,000
CapitaLand Investment Limited				
Tan Kai Hoe				
Direct interests:				
- own	5,000	-	-	5,000
CapitaLand Integrated Commercial Trust Management Limited				
Tan Kai Hoe				
Direct interests:				
- own	773	-	-	773
Singapore Airlines Limited				
Tan Kai Hoe				
Direct interests:				
- own	7,500	-	-	7,500

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Directors' interests in shares (Cont'd)

	Number of ordinary shares			
	Balance at 1.4.2022	Bought	(Sold)	Balance at 31.3.2023
Interest in the related corporations: (Cont'd)				
Singapore Technologies Engineering Ltd				
Tan Kai Hoe				
Direct interests:				
- own	2,000	-	-	2,000
StarHub Ltd				
Tan Kai Hoe				
Direct interests:				
- own	10,000	-	-	10,000
Paragon Reit Management Pte. Ltd. (formerly known as SPH Reit Management Pte. Ltd)				
Tan Kai Hoe				
Direct interests:				
- own	-	4,692 [2]	-	4,692

[1] Interests pursuant to Section 59(11)(c) of the Companies Act 2016
[2] Became a related corporation on 29 April 2022

None of the other Directors holding office at 31 March 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Directors' benefits (Cont'd)

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

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	557	-
Remuneration	146	-
	703	-

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

Issue of shares and debentures

During the financial year, the share capital of the Company increased from RM213,966,185 to RM214,784,016 pursuant to the issuance of Employees' Share Grant Scheme ("ESGS"). The Company issued 189,840 new ordinary shares pursuant to the ESGS at the issue price of RM4.3080 per share.

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year other than through the ESGS operated by the Company as disclosed in the financial statements.

Employees' Share Grant Scheme

At an Extraordinary General Meeting held on 14 August 2018, the Company's shareholders approved the establishment of an Employees' Share Grant Scheme ("ESGS") of up to 5% of the total number of issued shares of the Company to eligible employees of the Group. The ESGS is administered by the ESGS Committee in accordance with the By-Laws of the ESGS.

The salient features of the ESGS are, *inter alia*, as follows:

(a) The ESGS shall be in force for a period of 5 years from 30 November 2018 ("ESGS Period") and may be extended at the discretion of the Board upon the recommendation of the ESGS Committee, provided that the ESGS Period shall not in aggregate exceed a duration of 10 years from 30 November 2018, or such longer duration as may from time to time be permitted by the relevant authorities;

(b) The total number of shares which may be made available under the ESGS shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the ESGS Period;

(c) Eligible employees are employees employed by and are on the payroll of any company in the Group (excluding dormant subsidiaries) and his/her employment has been confirmed by the company, who are at least 18 years of age and is not undischarged bankrupt. The Directors and senior management of the Group will not participate in the ESGS;

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Employees' Share Grant Scheme (Cont'd)

(d) Not more than 10% of the aggregate number of shares to be issued under the ESGS shall be allocated to any individual eligible employee who, either singly or collectively through persons connected with the eligible employee, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and

(e) The shares issued pursuant to the ESGS shall rank pari passu in all respects with the existing ordinary shares of the Company.

Indemnity and insurance costs

During the financial year, the total cost of insurance amounting to RM151,216 was incurred by the Company to cover the Directors and officers of the Group and of the Company for a total sum insured of RM100 million.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company.

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

Auditors

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

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

	Group RM'000	Company RM'000
Audit fees	300	70
Non-audit fees	12	12
	312	82

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

……..…..

Tan Kai Hoe
Director

……..…..

Peter Lim Hee Seng
Director

Date: 23 June 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	**476,786**	295,907	**980**	1,000
Right-of-use assets	4	**38,003**	35,315	**460**	919
Intangible assets	5	**12,311**	10,706	**1,338**	507
Investments in subsidiaries	6	**-**	-	**316,789**	275,645
Deferred tax assets	7	**13,310**	4,796	**-**	-
Prepayments	8	**23,570**	22,712	**-**	-
Total non-current assets		**563,980**	369,436	**319,567**	278,071
Inventories	9	**481,113**	335,095	**-**	-
Contract assets	10	**191,841**	150,335	**-**	-
Trade and other receivables	8	**342,067**	316,639	**11,811**	7,720
Derivative financial assets	11	**2,370**	147	**-**	-
Current tax assets		**5,221**	4,446	**1**	5
Cash and bank balances		**21,045**	31,063	**529**	1,120
Total current assets		**1,043,657**	837,725	**12,341**	8,845
Total assets		**1,607,637**	1,207,161	**331,908**	286,916
Equity					
Share capital	12	**214,784**	213,967	**214,784**	213,967
Reserves	13	**600,080**	480,718	**105,238**	61,171
Equity attributable to owners of the Company		**814,864**	694,685	**320,022**	275,138

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities					
Loans and borrowings	14	**74,920**	5,852	**-**	-
Lease liabilities		**19,267**	20,408	**-**	472
Deferred income	16	**627**	8,266	**-**	-
Provisions	17	**812**	193	**-**	-
Deferred tax liabilities	7	**17,523**	13,471	**-**	-
Total non-current liabilities		**113,149**	48,190	**-**	472
Loans and borrowings	14	**404,601**	205,188	**-**	-
Lease liabilities		**10,885**	7,059	**472**	459
Deferred income	16	**207**	1,606	**-**	-
Trade and other payables	18	**241,177**	230,013	**11,414**	10,847
Contract liabilities	10	**-**	615	**-**	-
Derivative financial liabilities	11	**959**	872	**-**	-
Provisions	17	**8,151**	7,767	**-**	-
Current tax liabilities		**13,644**	11,166	**-**	-
Total current liabilities		**679,624**	464,286	**11,886**	11,306
Total liabilities		**792,773**	512,476	**11,886**	11,778
Total equity and liabilities		**1,607,637**	1,207,161	**331,908**	286,916

The notes on pages 111 to 194 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	19	**1,445,358**	1,147,645	**93,436**	39,683
Cost of sales		**(1,277,305)**	(1,018,883)	**-**	-
Gross profit		**168,053**	128,762	**93,436**	39,683
Other operating income		**27,679**	25,681	**190**	47
Distribution expenses		**(3,748)**	(2,298)	**(101)**	(196)
Administrative expenses		**(57,014)**	(42,473)	**(27,236)**	(21,850)
Net gain/(loss) on impairment of financial instruments and contract assets	21	**596**	537	**(10)**	(254)
Other operating expenses		**(5,545)**	(7,339)	**(2,655)**	(2,952)
Results from operating activities		**130,021**	102,870	**63,624**	14,478
Interest income		**111**	28	**-**	-
Finance costs	20	**(15,161)**	(2,447)	**(21)**	(34)
Net finance costs		**(15,050)**	(2,419)	**(21)**	(34)
Profit before tax	21	**114,971**	100,451	**63,603**	14,444
Tax expense	23	**(26,122)**	(24,996)	**-**	-
Profit for the year		**88,849**	75,455	**63,603**	14,444

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge		**2,588**	(1,219)	**-**	-
Foreign currency translation differences		**47,461**	8,488	**-**	-
Total other comprehensive income for the year, net of tax		**50,049**	7,269	**-**	-
Total comprehensive income for the year		**138,898**	82,724	**63,603**	14,444
Profit for the year attributable to:					
Owners of the Company		**88,849**	75,455	**63,603**	14,444
Total comprehensive income for the year attributable to:					
Owners of the Company		**138,898**	82,724	**63,603**	14,444
Basic/Diluted earnings per ordinary share (sen)	24	**16.41**	13.94		

The notes on pages 111 to 194 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Attributable to owners of the Company					
		Non-distributable			*Distributable*	
	Share capital RM'000	Employees' Share Grant Scheme reserve RM'000	Hedging reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2021	212,731	1,483	(36)	69,260	343,006	626,444
Other comprehensive (expense)/income for the year						
- Cash flow hedge	-	-	(1,219)	-	-	(1,219)
- Foreign currency translation differences	-	-	-	8,488	-	8,488
Total other comprehensive (expense)/income for the year	-	-	(1,219)	8,488	-	7,269
Profit for the year	-	-	-	-	75,455	75,455
Total comprehensive (expense)/income for the year	-	-	(1,219)	8,488	75,455	82,724
Transactions with owners of the Company						
- Dividend to owners of the Company (Note 25)	-	-	-	-	(14,929)	(14,929)
- Shares issued pursuant to ESGS (Note 12.1)	1,236	(1,236)	-	-	-	-
- Share-based payment transactions	-	446	-	-	-	446
	1,236	(790)	-	-	(14,929)	(14,483)
At 31 March 2022	213,967	693	(1,255)	77,748	403,532	694,685
	Note 12	Note 13				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

	Attributable to owners of the Company					
	Non-distributable				*Distributable*	
	Share capital RM'000	Employees' Share Grant Scheme reserve RM'000	Hedging reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2022	**213,967**	**693**	**(1,255)**	**77,748**	**403,532**	**694,685**
Other comprehensive income for the year						
- Cash flow hedge	-	-	**2,588**	-	-	**2,588**
- Foreign currency translation differences	-	-	-	**47,461**	-	**47,461**
Total other comprehensive income for the year	-	-	**2,588**	**47,461**	-	**50,049**
Profit for the year	-	-	-	-	**88,849**	**88,849**
Total comprehensive income for the year	-	-	**2,588**	**47,461**	**88,849**	**138,898**
Transactions with owners of the Company						
- Dividend to owners of the Company (Note 25)	-	-	-	-	**(18,949)**	**(18,949)**
- Shares issued pursuant to ESGS (Note 12.1)	**817**	**(817)**	-	-	-	-
- Share-based payment transactions	-	**230**	-	-	-	**230**
	817	**(587)**	-	-	**(18,949)**	**(18,719)**
At 31 March 2023	**214,784**	**106**	**1,333**	**125,209**	**473,432**	**814,864**
	Note 12		Note 13			

The notes on pages 111 to 194 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Attributable to owners of the Company			
		Non-distributable	*Distributable*	
	Share capital RM'000	Employees' Share Grant Scheme reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2021	212,731	1,483	60,963	275,177
Profit for the year representing total comprehensive income for the year	-	-	14,444	14,444
Transactions with owners of the Company				
- Share-based payment transactions	-	446	-	446
- Shares issued pursuant to ESGS (Note 12.1)	1,236	(1,236)	-	-
- Dividend to owners of the Company (Note 25)	-	-	(14,929)	(14,929)
	1,236	(790)	(14,929)	(14,483)
At 31 March 2022/1 April 2022	**213,967**	**693**	**60,478**	**275,138**
Profit for the year representing total comprehensive income for the year	**-**	**-**	**63,603**	**63,603**
Transactions with owners of the Company				
- Share-based payment transactions	**-**	**230**	**-**	**230**
- Shares issued pursuant to ESGS (Note 12.1)	**817**	**(817)**	**-**	**-**
- Dividend to owners of the Company (Note 25)	**-**	**-**	**(18,949)**	**(18,949)**
	817	**(587)**	**(18,949)**	**(18,719)**
At 31 March 2023	**214,784**	**106**	**105,132**	**320,022**
	Note 12	Note 13		

The notes on pages 111 to 194 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before tax		**114,971**	100,451	**63,603**	14,444
Adjustments for:					
Property, plant and equipment					
- depreciation	3	**55,513**	48,493	**491**	384
- gain on disposals		**(125)**	(146)	**-**	(3)
- written off		**251**	38	**10**	-
Right-of-use assets					
- depreciation	4	**10,597**	8,950	**459**	459
Amortisation of intangible assets	5	**2,849**	2,733	**253**	125
Amortisation of government grants	21	**(9,604)**	(9,048)	**-**	-
Fair value loss/(gain) on derivatives	21	**452**	(1,695)	**-**	-
Interest income		**(111)**	(28)	**(37)**	(2)
Interest expense	20	**13,659**	1,191	**-**	-
Accretion of interest on lease liabilities	20	**1,502**	1,256	**21**	34
Dividend income	19	**-**	-	**(67,563)**	(16,228)
Employees' Share Grant Scheme expenses	15	**230**	446	**125**	38
Net (gain)/loss on impairment on					
- trade receivables	21	**(463)**	(462)	**-**	-
- contract assets	21	**(133)**	(75)	**-**	-
- amount due from a subsidiary		**-**	-	**10**	254
- investments in subsidiaries	21	**-**	-	**15**	11
Provision for					
- warranties	17	**686**	1,270	**-**	-
- onerous contracts	17	**920**	-	**-**	-
Reversal of provision for					
- warranties	17	**(1,276)**	(2,168)	**-**	-
- onerous contracts	17	**-**	(33)	**-**	-
Operating profit/(loss) before changes in working capital		**189,918**	151,173	**(2,613)**	(484)

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Changes in working capital:					
Trade and other receivables		**(25,095)**	(81,748)	**(3,992)**	(4,587)
Inventories		**(147,307)**	(158,828)	**-**	-
Contract assets		**(31,346)**	(15,675)	**-**	-
Trade and other payables		**10,538**	78,346	**567**	5,161
Contract liabilities		**(615)**	(653)	**-**	-
Provisions		**686**	209	**-**	-
Cash (used in)/generated from operations		**(3,221)**	(27,176)	**(6,038)**	90
Dividends received		**-**	-	**67,563**	16,228
Income tax paid		**(29,215)**	(25,015)	**-**	-
Net cash (used in)/from operating activities		**(32,436)**	(52,191)	**61,525**	16,318
Cash flows from investing activities					
Purchase of plant and equipment	A	**(219,159)**	(47,708)	**(481)**	(539)
Additions to intangible assets	B	**(3,749)**	(680)	**(1,084)**	(235)
Increase in investments in subsidiaries		**-**	-	**(41,159)**	-
Interest received		**111**	28	**37**	2
Proceeds from disposals of plant and equipment		**364**	147	**-**	3
Capital grants received		**-**	13,593	**-**	-
Net cash used in investing activities		**(222,433)**	(34,620)	**(42,687)**	(769)

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from financing activities					
Dividends paid		**(18,949)**	(14,929)	**(18,949)**	(14,929)
Interest paid		**(15,161)**	(2,447)	**(21)**	(34)
Drawdown/(Repayment) of term loans		**73,962**	(6,490)	**-**	-
Drawdown of revolving credit		**194,519**	127,262	**-**	-
Payment of lease liabilities		**(9,819)**	(8,192)	**(459)**	(447)
Net cash from/(used in) financing activities		**224,552**	95,204	**(19,429)**	(15,410)
Net (decrease)/ increase in cash and cash equivalents		**(30,317)**	8,393	**(591)**	139
Cash and cash equivalents at beginning of year		**31,063**	16,107	**1,120**	981
Effect of exchange rate fluctuations		**20,299**	6,563	**-**	-
Cash and cash equivalents at end of year	C	**21,045**	31,063	**529**	1,120

Cash outflows for leases as a lessee

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Included in net cash (used in)/from operating activities:					
Payment relating to:					
- short-term leases	21	**2,093**	553	**223**	147
- leases of low-value assets	21	**178**	124	**22**	31
- interest on lease liabilities	20	**1,502**	1,256	**21**	34
Included in net cash from/(used in) financing activities:					
Payment of lease liabilities		**9,819**	8,192	**459**	447
Total cash outflows for leases		**13,592**	10,125	**725**	659

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

NOTES

A. Purchase of plant and equipment

During the financial year, the Group and the Company acquired plant and equipment by way of the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Acquired in cash	**219,159**	47,708	**481**	539
Prepayment in relation to purchase of plant and equipment	**(879)**	(19,748)	**-**	-
Decrease in amount due to vendor of plant and equipment	**(799)**	(853)	**-**	-
Total additions	**217,481**	27,107	**481**	539

B. Additions to intangible assets

During the financial year, the Group and the Company acquired intangible assets by way of the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Acquired in cash	**3,749**	680	**1,084**	235
Prepayment	**21**	(21)	**-**	-
Total additions	**3,770**	659	**1,084**	235

C. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise cash and bank balances as shown on the statements of financial position.

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

NOTES (Cont'd)

D. Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 April 2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Derecognition of lease RM'000	Effect of movement in exchange rates RM'000	At 31 March 2022 RM'000
Group						
Revolving credit	71,190	127,262	-	-	-	198,452
Term loans	19,078	(6,490)	-	-	-	12,588
Lease liabilities	34,186	(8,192)	1,450	(423)	446	27,467
	124,454	112,580	1,450	(423)	446	238,507

	At 1 April 2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement RM'000	Effect of movement in exchange rates RM'000	At 31 March 2023 RM'000
Group						
Revolving credit	**198,452**	**194,519**	**-**	**-**	**-**	**392,971**
Term loans	**12,588**	**73,962**	**-**	**-**	**-**	**86,550**
Lease liabilities	**27,467**	**(9,819)**	**10,118**	**525**	**1,861**	**30,152**
	238,507	**258,662**	**10,118**	**525**	**1,861**	**509,673**

NOTES (Cont'd)

D. Reconciliation of movements of liabilities to cash flows arising from financing activities (Cont'd)

	At 1 April 2021 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	At 31 March 2022/1 April 2022 RM'000	Net changes from financing cash flows RM'000	At 31 March 2023 RM'000
Company						
Lease liabilities	**-**	1,378	(447)	**931**	**(459)**	**472**

The notes on pages 111 to 194 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SAM Engineering & Equipment (M) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Plot 17, Hilir Sungai Keluang Tiga
Bayan Lepas Free Industrial Zone
Phase 4
11900 Penang

Registered office

Suite 18.05, MWE Plaza
No.8, Lebuh Farquhar
10200 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The principal activities of the Company are investment holding and provision of corporate management services. The principal activities of the subsidiaries are stated in Note 6 to the financial statements.

The immediate holding company is Singapore Aerospace Manufacturing Pte. Ltd. and the penultimate holding company is Accuron Technologies Limited. The ultimate holding company is Temasek Holdings (Private) Limited. All the above companies are incorporated in the Republic of Singapore.

These financial statements were authorised for issue by the Board of Directors on 23 June 2023.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of 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 have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

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

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

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

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective.

The Group and the Company do not plan to apply MFRS 17 and amendments to MFRS 17 that are effective for annual periods beginning on or after 1 January 2023 as they are not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(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 and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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 those disclosed in the following notes:

- Note 3.1 - Property, plant and equipment (impairment loss)
- Note 9.1 - Inventories

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, 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, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(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.

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

(ii) Financial instrument categories and subsequent measurement

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 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(g)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost are measured at fair value through profit or loss. This includes derivative financial assets (except for a 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 or 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 their 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 and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(g)(i)).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

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

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

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, *Financial Instruments* 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 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 the other comprehensive income and remaining amount of the change in fair value in the 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 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 gains or losses on derecognition are also recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets (Cont'd)

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) 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.

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(v) Hedge accounting (Cont'd)

(b) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(c) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(vi) 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 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 consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vii) 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. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

	Years
Buildings	30 - 50
Electrical installation and fittings	3 - 50
Factory equipment	5 - 10
Motor vehicles	5
Office equipment, furniture and fittings	3 - 10
Plant and machinery	5 - 10

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

(e) Leases

(i) Definition of a lease

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(i) Definition of a lease (Cont'd)

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

(ii) Recognition and initial measurement

As a lessee

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

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

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

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

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

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

(iii) Subsequent measurement

As a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

As a lessee (Cont'd)

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.

(f) Intangible assets

(i) Computer software

Computer software are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of the asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

- Computer software 2 - 6 years
- Development expenditure 5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(g) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group 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 over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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 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 or the Company's procedures for recovery amounts due.

(ii) Other assets

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(g) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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 (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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.

(h) Inventories

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

The cost of inventories is calculated using the first-in, first-out method 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 manufactured inventories, 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.

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(g)(i)).

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances 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.

(k) 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.

(i) Warranties

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

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(l) Revenue and other income

(i) Revenue from contracts with customers

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 or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

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

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

(ii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(l) Revenue and other income (Cont'd)

(iii) Interest income

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

(iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(m) Borrowing costs

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

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

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

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

(n) Income tax

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(n) Income tax (Cont'd)

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, being a tax incentive 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 which the unutilised tax incentive can be utilised.

(o) 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) Employees' Share Grant Scheme

The Company established an Employees' Share Grant Scheme ("ESGS") to eligible employees of the Group. The amount granted under the ESGS is a fixed sum as determined by the ESGS Committee and 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 ultimate amount 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.

(p) 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 convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (Cont'd)

(q) 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 segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer 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.

(r) Equity instruments

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

(i) Issued expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(s) Fair value measurements

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 value are categorised into different levels in a fair value hierarchy based on the input 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

	At 1 April 2022 RM'000	Additions RM'000	Disposals RM'000	Transfer RM'000	Written off RM'000	Reclassification RM'000	Effect of movements in exchange rates RM'000	At 31 March 2023 RM'000
Group								
Cost								
2023								
Freehold land	-	**38,799**	-	-	-	-	-	**38,799**
Buildings	**50,907**	**57,614**	-	-	-	**(45)**	**3,421**	**111,897**
Electrical installation and fittings	**20,575**	**18,290**	-	**(18)**	**(476)**	**36**	**1,235**	**39,642**
Factory equipment	**34,119**	**6,602**	-	**(754)**	**(924)**	**229**	**2,139**	**41,411**
Motor vehicles	**2,200**	**723**	-	-	**(171)**	-	**107**	**2,859**
Office equipment, furniture and fittings	**33,145**	**4,691**	**(11)**	**(9)**	**(609)**	**161**	**1,809**	**39,177**
Plant and machinery	**590,112**	**11,320**	**(928)**	**(31)**	**(1,095)**	**19,478**	**37,686**	**656,542**
Capital expenditure-in-progress	**1,336**	**79,442**	-	-	-	**(19,859)**	**98**	**61,017**
	732,394	**217,481**	**(939)**	**(812)**	**(3,275)**	-	**46,495**	**991,344**

3. Property, plant and equipment (Cont'd)

	At 1 April 2021 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	Effect of movements in exchange rates RM'000	At 31 March 2022 RM'000
Group							
Cost							
2022							
Buildings	50,259	-	-	-	-	648	50,907
Electrical installation and fittings	16,394	3,999	-	-	-	182	20,575
Factory equipment	30,714	3,079	(35)	(2)	-	363	34,119
Motor vehicles	2,179	7	(7)	-	-	21	2,200
Office equipment, furniture and fittings	30,233	2,753	(4)	(158)	-	321	33,145
Plant and machinery	562,115	14,274	(3,128)	(206)	9,986	7,071	590,112
Capital expenditure-in-progress	8,454	2,995	-	-	(9,986)	(127)	1,336
	700,348	27,107	(3,174)	(366)	-	8,479	732,394

3. Property, plant and equipment (Cont'd)

	At 1 April 2022 RM'000	Depreciation for the year RM'000	Disposals RM'000	Transfer RM'000	Written off RM'000	Effect of movements in exchange rates RM'000	At 31 March 2023 Accumulated depreciation RM'000	Accumulated impairment RM'000	Total at 31 March 2023 RM'000
Group									
Depreciation and impairment loss									
2023									
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	**23,386**	**2,398**	**-**	**-**	**-**	**1,592**	**27,376**	**-**	**27,376**
Electrical installation and fittings	**13,279**	**1,017**	**-**	**(13)**	**(476)**	**768**	**14,421**	**154**	**14,575**
Factory equipment	**26,149**	**2,761**	**-**	**(525)**	**(709)**	**1,675**	**29,293**	**58**	**29,351**
Motor vehicles	**2,011**	**60**	**-**	**-**	**(171)**	**100**	**2,000**	**-**	**2,000**
Office equipment, furniture and fittings	**28,363**	**2,755**	**(11)**	**(4)**	**(577)**	**1,578**	**32,062**	**42**	**32,104**
Plant and machinery	**343,299**	**46,522**	**(928)**	**(31)**	**(1,091)**	**21,381**	**409,152**	**-**	**409,152**
	436,487	**55,513**	**(939)**	**(573)**	**(3,024)**	**27,094**	**514,304**	**254**	**514,558**

3. Property, plant and equipment (Cont'd)

	At 1 April 2021 RM'000	Depreciation for the year RM'000	Disposals RM'000	Written off RM'000	Effect of movements in exchange rates RM'000	At 31 March 2022 Accumulated depreciation RM'000	Accumulated impairment RM'000	Total at 31 March 2022 RM'000
Group								
Depreciation and impairment loss								
2022								
Buildings	21,263	1,837	-	-	286	23,386	-	23,386
Electrical installation and fittings	12,090	1,051	-	-	138	13,125	154	13,279
Factory equipment	23,638	2,250	(34)	(2)	297	26,091	58	26,149
Motor vehicles	1,965	34	(7)	-	19	2,011	-	2,011
Office equipment, furniture and fittings	25,815	2,426	(4)	(158)	284	28,321	42	28,363
Plant and machinery	301,694	40,895	(3,128)	(168)	4,006	343,299	-	343,299
	386,465	48,493	(3,173)	(328)	5,030	436,233	254	436,487

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Property, plant and equipment (Cont'd)

	At 31 March 2023 RM'000	At 31 March 2022 RM'000	At 1 April 2021 RM'000
Group			
Carrying amounts			
Freehold land	**38,799**	-	-
Buildings	**84,521**	27,521	28,996
Electrical installation and fittings	**25,067**	7,296	4,304
Factory equipment	**12,060**	7,970	7,076
Motor vehicles	**859**	189	214
Office equipment, furniture and fittings	**7,073**	4,782	4,418
Plant and machinery	**247,390**	246,813	260,421
Capital expenditure-in-progress	**61,017**	1,336	8,454
	476,786	295,907	313,883

	At 1 April 2022 RM'000	Additions RM'000	Written off RM'000	At 31 March 2023 RM'000
Company				
Cost				
Motor vehicles	**523**	**-**	**-**	**523**
Office equipment, furniture and fittings	**3,424**	**429**	**(18)**	**3,835**
Electrical installation and fittings	**1,018**	**52**	**-**	**1,070**
Factory equipment	**13**	**-**	**-**	**13**
	4,978	**481**	**(18)**	**5,441**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Property, plant and equipment (Cont'd)

	At 1 April 2021 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	At 31 March 2022 RM'000
Company (Cont'd)					
Cost (Cont'd)					
Motor vehicles	523	7	(7)	-	523
Office equipment, furniture and fittings	2,919	532	-	(27)	3,424
Electrical installation and fittings	1,018	-	-	-	1,018
Factory equipment	13	-	-	-	13
	4,473	539	(7)	(27)	4,978

	At 1 April 2022 RM'000	Depreciation for the year RM'000	Written off RM'000	At 31 March 2023 RM'000
Company				
Depreciation				
Motor vehicles	**517**	**2**	**-**	**519**
Office equipment, furniture and fittings	**2,666**	**479**	**(8)**	**3,137**
Electrical installation and fittings	**782**	**10**	**-**	**792**
Factory equipment	**13**	**-**	**-**	**13**
	3,978	**491**	**(8)**	**4,461**

	At 1 April 2021 RM'000	Depreciation for the year RM'000	Disposal RM'000	Written off RM'000	At 31 March 2022 RM'000
Motor vehicles	523	1	(7)	-	517
Office equipment, furniture and fittings	2,317	376	-	(27)	2,666
Electrical installation and fittings	775	7	-	-	782
Factory equipment	13	-	-	-	13
	3,628	384	(7)	(27)	3,978

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Property, plant and equipment (Cont'd)

	At 31 March 2023 RM'000	At 31 March 2022 RM'000	At 1 April 2021 RM'000
Company			
Carrying amounts			
Motor vehicles	**4**	6	-
Office equipment, furniture and fittings	**698**	758	602
Electrical installation and fittings	**278**	236	243
	980	1,000	845

3.1 Impairment loss

As at 31 March 2023, property, plant and equipment of a subsidiary were tested for impairment where impairment indicators exist as a result of the increasing operating costs and labour cost which caused the subsidiary to incur losses. Accordingly, the Group carried out an impairment assessment on its property, plant and equipment.

The recoverable amount of the assets was determined based on value-in-use calculations by discounting future cash flows covering periods that approximate the remaining useful life of the assets. The values assigned to key assumptions (i.e. future sales growth and gross profit margin) represent the Director's assessment of future trends and customer demand which are based on both external and internal sources (historical data). A post-tax discount rate of 12% (2022: 11%) was applied to the calculations in determining the recoverable amount of the Group's aerospace non-current assets.

The recoverable amount was noted to be higher than the carrying amount of the subsidiary's non-current assets.

3.2 Security

Land and building with a total carrying amount of RM16,309,706 (2022: RM Nil) has been charged to the bank as security for credit facilities granted to the Group as disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Office equipment RM'000	Total RM'000
Group				
At 1 April 2021	10,519	32,130	121	42,770
Additions	-	1,421	29	1,450
Derecognition	-	(419)	(4)	(423)
Depreciation	(288)	(8,629)	(33)	(8,950)
Effect of movements in exchange rates	132	336	-	468
At 31 March 2022/1 April 2022	**10,363**	**24,839**	**113**	**35,315**
Addition	**-**	**10,118**	**-**	**10,118**
Remeasurement	**-**	**525**	**-**	**525**
Depreciation	**(310)**	**(10,251)**	**(36)**	**(10,597)**
Effect of movements in exchange rates	**693**	**1,941**	**8**	**2,642**
At 31 March 2023	**10,746**	**27,172**	**85**	**38,003**

	Building RM'000
Company	
At 1 April 2021	-
Addition	1,378
Depreciation	(459)
At 31 March 2022/1 April 2022	**919**
Depreciation	**(459)**
At 31 March 2023	**460**

The Group leases land, factory buildings and office equipment. The leases for land is for a period of 60 years, whereas the leases for factory buildings run between 3 to 10 years and office equipment for 5 years. Lease payments for factory buildings are subject to increase every 2 to 3 years to reflect current market rentals.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. Right-of-use assets (Cont'd)

4.1 Extension options

One of the lease of factory buildings contains extension option exercisable by the Group 3 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of exercise of extension options %
2023			
Group			
Buildings	**6,067**	**30,268**	**100**
2022			
Group			
Buildings	10,814	18,381	100

4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group entities 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 applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group entities 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.

4.3 Restriction imposed by lease

The lease contracts for certain buildings and office equipment prohibits the Group to sublease the leased assets. The Group is allowed to sublease the land with the approval from local authorities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. Intangible assets

	Development expenditure RM'000	Computer software RM'000	Total RM'000
Group			
Cost			
At 1 April 2021	16,855	10,765	27,620
Additions	2	657	659
Effect of movements in exchange rates	216	103	319
At 31 March 2022/1 April 2022	**17,073**	**11,525**	**28,598**
Additions	**1,391**	**2,379**	**3,770**
Effect of movements in exchange rates	**1,166**	**571**	**1,737**
At 31 March 2023	**19,630**	**14,475**	**34,105**

	Development expenditure RM'000	Computer software RM'000	Total RM'000
Group			
Amortisation and impairment loss			
At 1 April 2021			
Accumulated amortisation	6,356	8,369	14,725
Accumulated impairment loss	-	254	254
	6,356	8,623	14,979
Amortisation for the year	1,720	1,013	2,733
Effect of movements in exchange rates	94	86	180

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. Intangible assets (Cont'd)

	Development expenditure RM'000	Computer software RM'000	Total RM'000
Group (Cont'd)			
Amortisation and impairment loss (Cont'd)			
At 31 March 2022/1 April 2022			
Accumulated amortisation	**8,170**	**9,468**	**17,638**
Accumulated impairment loss	**-**	**254**	**254**
	8,170	**9,722**	**17,892**
Amortisation for the year	**1,649**	**1,200**	**2,849**
Effect of movements in exchange rates	**559**	**494**	**1,053**
At 31 March 2023			
Accumulated amortisation	**10,378**	**11,162**	**21,540**
Accumulated impairment loss	**-**	**254**	**254**
	10,378	**11,416**	**21,794**
Carrying amounts			
At 1 April 2021	10,499	2,142	12,641
At 31 March 2022	8,903	1,803	10,706
At 31 March 2023	**9,252**	**3,059**	**12,311**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. Intangible assets (Cont'd)

	Computer software RM'000
Company	
Cost	
At 1 April 2021	3,063
Addition	235
At 31 March 2022/1 April 2022	**3,298**
Addition	**1,084**
At 31 March 2023	**4,382**
Amortisation	
At 1 April 2021	2,666
Amortisation for the year	125
At 31 March 2022/1 April 2022	**2,791**
Amortisation for the year	**253**
At 31 March 2023	**3,044**
Carrying amounts	
At 1 April 2021	397
At 31 March 2022	507
At 31 March 2023	**1,338**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Investments in subsidiaries - Company

	2023 RM'000	2022 RM'000
Cost of investments	**356,719**	315,560
Less : Impairment loss	**(39,930)**	(39,915)
	316,789	275,645

During the current financial year, the Company recorded an impairment of RM15,000 (2022 : RM11,000) on its investment cost in a subsidiary after having assessed the recoverable amount of the said subsidiary of RM1,565,000 (2022 : RM1,068,000) determined based on fair value less cost to sell.

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2023 %	2022 %	
SAM Meerkat (M) Sdn. Bhd.	Malaysia	**100**	100	Design and assembly of modular or complete machine and equipment
SAM Tooling Technology Sdn. Bhd.	Malaysia	**100**	100	Design, development and manufacture of trim and form dies and suspension tooling for hard disk drive parts
Avitron Private Limited[(1)]	Republic of Singapore	**100**	100	Manufacture and assembly of aircraft equipment, spares, components and precision engineering parts
SAM Precision (M) Sdn. Bhd. ("SAMPM")	Malaysia	**100**	100	Fabrication of precision tools and machinery parts and manufacture of aircraft and other equipment parts, spares, components and precision engineering parts
Meerkat Precision Sdn. Bhd.	Malaysia	**100**	100	Manufacture of aircraft and other related equipment parts, spares, components and precision engineering parts, precision and engineering components

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Investments in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows (Cont'd):

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2023 %	2022 %	
SAM Technologies (M) Sdn. Bhd.	Malaysia	**100**	100	Dormant
Meerkat Integrator Sdn. Bhd.	Malaysia	**100**	100	Dormant
LKT Automation Sdn. Bhd.	Malaysia	**100**	100	Dormant
LKT Integration Sdn. Bhd.	Malaysia	**100**	100	Dormant
LKT Technology Sdn. Bhd.	Malaysia	**100**	100	Dormant
SAM Precision (Thailand) Limited ("SAMPT") [(2) and (3)]	Thailand	**100**	100	Manufacture of dies, jigs and parts and cutting tools for disk drives, electronics, semi-conductor and other industries and assembly of modular or complete machine and equipment
Held by SAMPM				
Meerkat Technology Pte. Ltd. [(1)]	Republic of Singapore	**100**	100	Dormant

Notes:

(1) Not audited by member firms of KPMG International.

(2) Audited by member firms of KPMG International.

(3) On 20 October 2022, the Company increased its investment in SAMPT by subscribing for additional new 70,200,000 ordinary shares of THB5 each amounting to THB351,000,000 (equivalent to RM41,159,000).

7. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Property, plant and equipment - capital allowance	**1,034**	1,013	**(26,470)**	(19,125)	**(25,436)**	(18,112)
Right-of-use assets	**-**	-	**(3,205)**	(3,959)	**(3,205)**	(3,959)
Lease liabilities	**3,644**	4,433	**-**	-	**3,644**	4,433
Provisions	**8,890**	3,410	**-**	-	**8,890**	3,410
Tax losses carry-forward	**6,939**	1,668	**-**	-	**6,939**	1,668
Unutilised reinvestment allowance	**4,955**	3,885	**-**	-	**4,955**	3,885
Deferred tax assets/(liabilities)	**25,462**	14,409	**(29,675)**	(23,084)	**(4,213)**	(8,675)
Set-off of tax	**(12,152)**	(9,613)	**12,152**	9,613	**-**	-
Net deferred tax assets/(liabilities)	**13,310**	4,796	**(17,523)**	(13,471)	**(4,213)**	(8,675)

Deferred tax assets and liabilities are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

7. Deferred tax assets/(liabilities) (Cont'd)

Movements in temporary differences during the year

	At 1 April 2021 RM'000	Recognised in profit or loss (Note 23) RM'000	Effect of movement in exchange rates RM'000	At 31 March 2022/1 April 2022 RM'000	Recognised in profit or loss (Note 23) RM'000	Effect of movement in exchange rates RM'000	At 31 March 2023 RM'000
Group							
Deferred tax assets/(liabilities)							
Property, plant and equipment							
- capital allowance	(9,512)	(9,532)	932	**(18,112)**	**(6,286)**	**(1,038)**	**(25,436)**
Right-of-use assets	(5,005)	1,110	(64)	**(3,959)**	**753**	**1**	**(3,205)**
Lease liabilities	5,320	(1,020)	133	**4,433**	**(715)**	**(74)**	**3,644**
Provisions	2,776	1,720	(1,086)	**3,410**	**5,777**	**(297)**	**8,890**
Tax losses carry-forward	1,649	-	19	**1,668**	**4,406**	**865**	**6,939**
Unutilised reinvestment allowance	-	3,885	-	**3,885**	**1,070**	**-**	**4,955**
	(4,772)	(3,837)	(66)	**(8,675)**	**5,005**	**(543)**	**(4,213)**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. Deferred tax assets/(liabilities) (Cont'd)

Unrecognised deferred tax assets

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

	2023 RM'000	2022 RM'000
Group		
Tax losses carry-forward	**64,746**	54,870
Capital allowance carry-forwards	**8,198**	7,486
Provisions and others	**5,853**	5,424
	78,797	67,780
Company		
Tax losses carry-forward	**11,463**	9,334
Capital allowance carry-forwards	**799**	87
Provisions and others	**5,853**	5,424
	18,115	14,845

As stipulated in the Finance Act 2021, the tax losses carry-forward as at 31 December 2018 and thereafter will only be available for carry forward up to a period of 10 consecutive years. Any amounts not utilised upon expiry will be disregarded.

The tax losses carry-forward will expire in the following year of assessments ("YA") under the current tax legislation of Malaysia as shown below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Expire in				
- YA2028	**45,274**	45,274	**4,829**	4,829
- YA2029	**2,159**	2,159	**2,159**	2,159
- YA2030	**2,346**	2,346	**2,346**	2,346
- YA2033	**2,129**	-	**2,129**	-
	51,908	49,779	**11,463**	9,334

The capital allowance carry-forwards and the tax losses carry-forward in certain foreign jurisdictions do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Trade and other receivables

	Note	2023 RM'000	2022 RM'000
Group			
Non-current			
Prepayments	8.1	**23,570**	22,712
Current			
Trade			
Amount due from:			
- immediate holding company	8.2	**2,930**	2,258
- related companies	8.2	**2,566**	1,459
Trade receivables		**284,403**	266,497
		289,899	270,214
Non-trade			
Amount due from immediate holding company	8.2	**112**	14
Other receivables		**9,263**	4,131
Deposits		**3,874**	4,602
Prepayments	8.1	**38,919**	37,678
		52,168	46,425
		342,067	316,639
		365,637	339,351

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Trade and other receivables (Cont'd)

	Note	2023 RM'000	2022 RM'000
Company			
Trade			
Amount due from:			
- immediate holding company	8.2	**35**	171
- subsidiaries	8.2	**2,797**	5,870
- a related company	8.2	**49**	-
		2,881	6,041
Non-trade			
Amount due from subsidiaries	8.2	**7,548**	179
Amount due from a related company	8.2	**76**	-
Other receivables		**84**	633
Deposits		**540**	452
Prepayments		**682**	415
		8,930	1,679
		11,811	7,720

8.1 Prepayments - Group

The non-current prepayments of the Group were paid for the purchase of property, plant and equipment amounting to RM23,570,000 (2022 : RM22,691,000) and intangible assets amounting to RM Nil (2022 : RM21,000).

The current prepayments of the Group comprise mainly payments made for trade purchases amounting to RM26,816,000 (2022 : RM26,445,000).

8.2 Amounts due from immediate holding company, subsidiaries and related companies

The trade amounts due from immediate holding company, subsidiaries and related companies are subject to normal trade terms.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. Inventories - Group

	2023 RM'000	2022 RM'000
Raw materials	**356,029**	252,053
Work-in-progress	**102,303**	79,350
Manufactured inventories	**22,781**	3,692
	481,113	335,095
Recognised in profit or loss:		
Inventories recognised as cost of sales	**1,263,282**	992,500
Write down to net realisable value included in cost of sales	**6,031**	3,495
Inventories written off included in cost of sales	**-**	3,770

9.1 Significant judgements and assumptions

The Directors review inventories for obsolescence and decline in net realisable value to below cost. Such review involves judgements and estimates.

In determining the amount of inventories to be written down or reversed, the Directors took into consideration the age of the inventories, likelihood of future consumption, rework and customer acceptance. Possible changes to these estimates could result in a revision to the carrying amount of the Group's inventories and profit or loss.

10. Contract assets/(liabilities) - Group

	2023 RM'000	2022 RM'000
Contract assets	**191,841**	150,335
Contract liabilities	**-**	(615)

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date for the manufacture of aircraft components, design and assembly of modular for equipment and related components and precision engineering parts. Typically, the amounts will be billed within 12 months and are expected to be collected based on the normal credit period extended to customers.

The contract liabilities relate to advance consideration received from customers in both the aerospace and equipment segments where revenue is recognised over time.

Changes to contract assets and contract liabilities during the year are as follows:

	2023 RM'000	2022 RM'000
Contract liabilities at the beginning of the period recognised as revenue	**615**	1,268

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. Derivative financial assets/(liabilities) - Group

	Nominal value RM'000	Current assets RM'000	Current liabilities RM'000
2023			
Derivatives used for hedging			
- Forward exchange contracts	**154,631**	**2,370**	**(959)**
2022			
Derivatives used for hedging			
- Forward exchange contracts	145,337	147	(872)

Forward exchange contracts are used to manage foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

12. Share capital - Group/Company

	2023		2022	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Issued and fully paid ordinary shares with no par value classified as equity instruments:				
At beginning of year	**213,967**	**541,400**	212,731	135,167
Issue of new ordinary shares pursuant to ESGS (Note 12.1)	**817**	**190**	1,236	183
Issue of bonus shares (Note 12.2)	**-**	**-**	-	406,050
At end of year	**214,784**	**541,590**	213,967	541,400

12.1 During the financial year, the Company issued 189,840 (2022 : 182,930) new ordinary shares pursuant to the ESGS at an issue price of RM4.3080 (2022 : RM6.7543) per share amounting to RM817,831 (2022 : RM1,235,564).

12.2 During the previous financial year, the Company also issued 406,049,691 new ordinary shares ("Bonus Shares") credited as fully paid on the basis of three Bonus Shares for every one existing ordinary share held pursuant to a bonus issue approved at an Extraordinary General Meeting convened on 16 February 2022. The Bonus Shares were allotted on 3 March 2022. As a result, the number of shares in issue of the Company were increased from 135,349,897 to 541,399,588 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Reserves

	Note	2023 RM'000	2022 RM'000
Group			
Non-distributable			
Employees' Share Grant Scheme reserve	13.1	**106**	693
Hedging reserve	13.2	**1,333**	(1,255)
Translation reserve	13.3	**125,209**	77,748
		126,648	77,186
Distributable			
Retained earnings		**473,432**	403,532
		600,080	480,718

	Note	2023 RM'000	2022 RM'000
Company			
Non-distributable			
Employees' Share Grant Scheme reserve	13.1	**106**	693
Distributable			
Retained earnings		**105,132**	60,478
		105,238	61,171

The movements in the reserves are disclosed in the statements of changes in equity.

13.1 Employees' Share Grant Scheme reserve

The reserve relates to the performance-based Employees' Share Grant Scheme operated by the Company as disclosed in Note 15 and is based on the cumulative fair value of the services received from the Group's eligible employees over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Reserves (Cont'd)

13.2 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

13.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and financial statements of certain subsidiaries from functional currency, U.S. Dollar ("USD") to the presentation currency.

14. Loans and borrowings - Group

	2023 RM'000	2022 RM'000
Non-current		
Unsecured		
Term loans - variable rate	**74,920**	5,852
Current		
Unsecured		
Term loans - variable rate	**11,630**	6,736
Revolving credit	**392,971**	198,452
	404,601	205,188
	479,521	211,040

Certain loans and borrowings of the Group are granted with corporate guarantee given by the Company and is secured by a legal charge over a piece of land and building as disclosed in Note 3.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. Employee benefits

At an Extraordinary General Meeting held on 14 August 2018, the Company's shareholders approved the establishment of the Employees' Share Grant Scheme ("ESGS") of up to 5% of the total number of issued shares of the Company to eligible employees of the Group. The ESGS is administered by the ESGS Committee in accordance with the By-Laws of the ESGS.

The salient features of the ESGS are, *inter alia*, as follows:

(a) The ESGS shall be in force for a period of 5 years from 30 November 2018 ("ESGS Period") and may be extended at the discretion of the Board upon the recommendation of the ESGS Committee provided that the ESGS Period shall not in aggregate exceed a duration of 10 years from 30 November 2018, or such longer duration as may from time to time be permitted by the relevant authorities;

(b) The total number of shares which may be made available under the ESGS shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the ESGS Period;

(c) Eligible employees are employees employed by and are on the payroll of any company in the Group (excluding dormant subsidiaries) and his/her employment has been confirmed by the company, who are at least 18 years of age and is not undischarged bankrupt. The Directors and senior management of the Group will not participate in the ESGS;

(d) Not more than 10% of the aggregate number of shares to be issued under the ESGS shall be allocated to any individual eligible employee who, either singly or collectively through persons connected with the eligible employee, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and

(e) The shares issued pursuant to the ESGS shall rank pari passu in all respects with the existing ordinary shares of the Company.

Value of employee services received for issue of ESGS

	2023 RM'000	2022 RM'000
Group		
ESGS granted during the year	**1,360**	-
Amount recognised as employee expense over vesting period as determined by ESGS Committee	**230**	446
Company		
ESGS granted during the year	**70**	-
Amount recognised as employee expense over vesting period as determined by ESGS Committee	**125**	38

RM105,000 (2022: RM408,000) of the ESGS expense were re-charged by the Company to the subsidiaries which benefited from the services of the employees.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. Deferred income - Group

	2023 RM'000	2022 RM'000
Non-current		
Government grants	**627**	8,266
Current		
Government grants	**207**	1,606
	834	9,872

Government grants

The Group received government grants for the purchase of plant and machinery and wages support to retain local employees during the period of economic uncertainty. The grants are amortised on a systematic basis over the useful life of the plant and machinery or the period in which the Group benefits from the services of the employees.

During the financial year, the Group has received additional government grants amounting to RM Nil (2022: RM13,593,000). During the financial year, RM9,604,000 (2022: RM9,048,000) was amortised and recognised as other income in profit or loss.

17. Provisions - Group

	Provision for warranties RM'000	Provision for onerous contracts RM'000	Total RM'000
At 1 April 2021	8,483	303	8,786
Provision during the year	1,270	-	1,270
Reversed to profit or loss	(2,168)	(33)	(2,201)
Effect of movements in exchange rates	102	3	105
At 31 March 2022/1 April 2022	**7,687**	**273**	**7,960**
Provision during the year	**686**	**920**	**1,606**
Reversed to profit or loss	**(1,276)**	**-**	**(1,276)**
Effect of movements in exchange rates	**646**	**27**	**673**
At 31 March 2023	**7,743**	**1,220**	**8,963**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. Provisions - Group (Cont'd)

	Provision for warranties RM'000	Provision for onerous contracts RM'000	Total RM'000
Presented as:			
Non-current	-	220	220
Current	8,483	83	8,566
At 1 April 2021	8,483	303	8,786
Non-current	-	193	193
Current	7,687	80	7,767
At 31 March 2022	7,687	273	7,960
Non-current	**-**	**812**	**812**
Current	**7,743**	**408**	**8,151**
At 31 March 2023	**7,743**	**1,220**	**8,963**

Warranties

Provision for warranties represent estimated liabilities for defects arising from products sold under warranty. The provision is based on management's estimate made from historical warranty data associated with the products and judgement on the probability of a defect arising from products sold.

Onerous contracts

A provision for onerous contracts is recognised when the costs of meeting the obligations under the contract exceed the economic benefits expected to be derived. The provision is measured at the present value of the expected costs required to fulfil the requirements of the contract in excess of the contracted revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. Trade and other payables

	Note	2023 RM'000	2022 RM'000
Group			
Trade			
Amount due to related companies	18.1	**2,584**	584
Trade payables		**116,413**	137,626
Trade accruals		**36,136**	28,307
		155,133	166,517
Non-trade			
Amount due to:			
- immediate holding company	18.1	**2,711**	1,496
- related companies	18.1	**697**	584
Other payables	18.2	**4,890**	6,597
Accrued expenses		**77,746**	54,819
		86,044	63,496
		241,177	230,013
Company			
Non-trade			
Amount due to:			
- immediate holding company	18.1	**1,268**	1,433
- subsidiaries	18.1	**1,806**	1,744
Other payables		**148**	564
Accrued expenses		**8,192**	7,106
		11,414	10,847

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. Trade and other payables (Cont'd)

18.1 Amounts due to immediate holding company, subsidiaries and related companies

The trade amount due to related companies is subject to normal trade terms.

The non-trade amounts due to immediate holding company, subsidiaries and related companies are unsecured, interest-free and payable on demand.

18.2 Other payables - Group

Included in other payables is RM1,270,000 (2022 : RM2,069,000) payable for the purchase of plant and equipment.

19. Revenue

	2023 RM'000	2022 RM'000
Group		
Revenue from contracts with customers	**1,445,358**	1,147,645
Company		
Revenue from contracts with customers		
- management fee	**25,836**	23,453
Other revenue		
- Dividend income from subsidiaries	**67,563**	16,228
- Interest income	**37**	2
	93,436	39,683

19. Revenue (Cont'd)

19.1 Disaggregation of revenue

	Aerospace		Equipment		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Primary geographical markets						
Malaysia	**11,398**	8,997	**58,304**	55,994	**69,702**	64,991
Asia (excluding Malaysia)	**11,083**	7,626	**678,697**	460,698	**689,780**	468,324
North America	**262,241**	206,253	**374,764**	374,707	**637,005**	580,960
Latin America	**746**	449	**-**	11	**746**	460
Europe	**43,619**	28,464	**4,506**	4,446	**48,125**	32,910
	329,087	251,789	**1,116,271**	895,856	**1,445,358**	1,147,645
Major products and service lines						
Manufacture of aircraft components, other aircraft related equipment parts, spares and precision engineering parts	**328,784**	251,701	**-**	-	**328,784**	251,701
Design and assembly of modular for equipment; manufacture of components and precision engineering parts for modular or complete machine and equipment	**-**	-	**916,994**	775,107	**916,994**	775,107
Manufacture of components, spares and precision engineering parts, design and assembly of modular or complete machine and equipment, trim and form dies, jigs and suspension tooling	**-**	-	**198,262**	120,434	**198,262**	120,434
Support services	**303**	88	**1,015**	315	**1,318**	403
	329,087	251,789	**1,116,271**	895,856	**1,445,358**	1,147,645

19. Revenue (Cont'd)

19.1 Disaggregation of revenue (Cont'd)

	Aerospace		Equipment		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Timing and recognition						
At a point in time	**-**	-	**694,828**	604,650	**694,828**	604,650
Over time	**329,087**	251,789	**421,443**	291,206	**750,530**	542,995
Total revenue from contracts with customers	**329,087**	251,789	**1,116,271**	895,856	**1,445,358**	1,147,645

	2023 RM'000	2022 RM'000
Company		
Primary geographical markets		
Malaysia	**23,711**	23,155
Asia (excluding Malaysia)	**2,125**	298
Total revenue from contracts with customers	**25,836**	23,453
Major service line and timing of recognition		
Management fee recognised at a point in time	**25,836**	23,453

19. Revenue (Cont'd)

19.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Manufacture of aircraft components and other aircraft related equipment parts, spares and precision engineering parts	Revenue is recognised over time as costs are incurred. Control of goods are transferred over time as the goods have no alternative use and there is an enforceable right to payment for performance completed to date.	Credit period within the industry standard.	Discounts may be offered for certain contracts determined on a case to case basis.	Returns are only applicable for products that do not meet customer's specifications.	Product warranties are assurance type warranty and do not form a separate performance obligation.
Design and assembly of modular for equipment; manufacture of components and precision engineering parts for modular or complete machine and equipment	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use criteria and the Group has rights to payment for work performed.	Credit period within the industry standard.	Not applicable.	Returns are only applicable for products that do not meet customer's specifications.	Product warranties are assurance type warranty and do not form a separate performance obligation.
Manufacture of components, spares and precision engineering parts, design and assembly of modular or complete machine and equipment, manufacture of trim and form dies and suspension tooling	Revenue is recognised at a point in time when the products/parts or machine are delivered and accepted by the customers.	Credit period within the industry standard.	Not applicable.	Returns only applicable for products that do not meet customer's specifications.	Product warranties are assurance type warranty and does not form a separate performance obligation.
Support services and management services	Revenue is recognised at a point in time when the service is performed or rendered.	Credit period within the industry standard.	Not applicable.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. Revenue (Cont'd)

19.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	2024 RM'000	2025 RM'000	Total RM'000
Group			
Design and assembly of modular for equipment	444,978	332,070	777,048

The above revenue does not have variable element in consideration.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and did not disclose information on transaction price allocated to remaining performance obligations that have original expected durations of one year or shorter.

20. Finance costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	**13,659**	1,191	**-**	-
Interest expense on lease liabilities	**1,502**	1,256	**21**	34
	15,161	2,447	**21**	34

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. Profit before tax

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit before tax is arrived at after charging/(crediting):					
Auditors' remuneration					
- Audit fees					
- KPMG PLT		**300**	249	**70**	60
- Affiliate of KPMG PLT		**70**	-	**-**	-
- Other auditors		**152**	192	**-**	-
- Non-audit fees					
- KPMG PLT		**12**	8	**12**	8
- Affiliate of KPMG PLT		**173**	134	**30**	18
Material expenses/(income)					
Impairment on investments in subsidiaries	6	**-**	-	**15**	11
Inventories written off		**-**	3,770	**-**	-
Personnel expenses:					
- Wages, salaries and others (including Directors' emoluments)		**177,707**	137,680	**17,541**	16,306
- Employees' Provident Fund contributions		**15,100**	11,597	**1,613**	1,459
Fair value loss/(gain) on derivatives		**452**	(1,695)	**-**	-
Foreign exchange loss/(gain):					
- Unrealised		**(716)**	**1,941**	**(112)**	**(6)**
- Realised		**203**	**615**	**111**	**45**
Government grants	a	**(1,462)**	**(4,080)**	**(190)**	**(38)**
Amortisation of government grants	16	**(9,604)**	**(9,048)**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. Profit before tax (Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit before tax is arrived at after charging/(crediting): (Cont'd)					
Expenses arising from leases					
Expenses relating to short-term leases	b	**2,093**	553	**223**	147
Expenses relating to leases of low-value assets	b	**178**	124	**22**	31
Net (gain)/loss on impairment of financial instruments and contract assets					
Financial assets at amortised cost		**(463)**	(462)	**10**	254
Contract assets		**(133)**	(75)	**-**	-
		(596)	(537)	**10**	254

Note a

Wages and operating expenses related subsidies from governments that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Note b

The Group and the Company lease IT equipment and apartments with contract terms ranging from 1 to 5 years. These leases are either short-term or for low-value items. The Group and the Company has elected not to recognise right-of-use assets and lease liabilities for such leases.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. Key management personnel compensation

Key management personnel compensation are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
- Fees	**557**	469	**557**	469
- Other emoluments	**146**	158	**146**	158
	703	627	**703**	627
Other key management personnel				
- Remuneration	**4,432**	3,839	**4,432**	3,305
- Employees' Provident Fund contributions	**366**	389	**366**	331
	4,798	4,228	**4,798**	3,636
	5,501	4,855	**5,501**	4,263

Other key management personnel comprise persons other than Directors of the Company, having authority and responsibility for planning and controlling the activities of the Group either directly or indirectly.

The estimated monetary value of benefits-in-kind receivable by key management personnel of the Group and of the Company amounted to RM59,789 and RM59,789 (2022 : RM52,553 and RM52,553) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. Tax expense

Major components of tax expense include:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense				
Malaysia				
- current year	**31,804**	25,075	**-**	-
- prior year	**(850)**	(3,824)	**-**	-
	30,954	21,251	**-**	-
Overseas				
- current year	**173**	121	**-**	-
- prior year	**-**	(213)	**-**	-
	173	(92)	**-**	-
Total income tax expense	**31,127**	21,159	**-**	-
Deferred tax expense				
- reversal of temporary differences	**(3,349)**	(2,734)	**-**	-
- prior year	**(1,656)**	6,571	**-**	-
	(5,005)	3,837	**-**	-
Total tax expense	**26,122**	24,996	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. Tax expense (Cont'd)

Reconciliation of tax expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	**88,849**	75,455	**63,603**	14,444
Total tax expense	**26,122**	24,996	**-**	-
Profit excluding tax	**114,971**	100,451	**63,603**	14,444
Income tax calculated using Malaysian tax rate at 24% (2022 : 24%)	**27,593**	24,108	**15,265**	3,467
Effect of different tax rates in foreign jurisdictions	**1,796**	984	**-**	-
Non-deductible expenses	**1,173**	3,547	**280**	170
Tax exempt income	**(1,799)**	(2,322)	**(16,330)**	(3,895)
Effect of tax incentives	**(2,779)**	(4,050)	**-**	-
Effect of deferred tax assets not recognised	**2,644**	258	**785**	258
Other items	**-**	(63)	**-**	-
	28,628	22,462	**-**	-
(Over)/Under provision in prior years	**(2,506)**	2,534	**-**	-
	26,122	24,996	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders of RM88,849,000 (2022 : RM75,455,000) and the weighted average number of ordinary shares outstanding, calculated as follows:

	2023	2022
Issue ordinary shares as at beginning of year	**541,399,588**	135,166,967
Effect of ESGS exercised during the year	**107,663**	179,923
Effect of bonus issue in year 2022	**-**	406,040,670
Weighted average number of ordinary shares at end of year	**541,507,251**	541,387,560
Basic earnings per ordinary share (sen)	**16.41**	13.94

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares.

25. Dividends - Company

2023

A first interim single tier dividend of 3.50 sen per ordinary share totalling RM18,948,986 for the financial year ended 31 March 2022 was declared on 24 May 2022 and paid on 18 August 2022.

Subsequent to the end of the financial year, the Company declared a first interim single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 March 2023 to be paid on 8 August 2023.

2022

A first interim single tier dividend of 11.03 sen per ordinary share totalling RM14,929,091 for the financial year ended 31 March 2022 was declared on 25 May 2021 and paid on 18 August 2021.

26. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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.

The Group has related party relationship with its holding companies and subsidiaries as disclosed in the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Related parties (Cont'd)

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The transactions were entered in the normal course of business and established under negotiated terms. The balances related to the below transactions are shown in Note 8 and Note 18.

i) Subsidiaries

	2023 RM'000	2022 RM'000
Company		
Allocation of share-based payments	**105**	408
Dividend income	**67,563**	16,228
Management fee income	**25,836**	23,050
Rental expense of office	**(480)**	(480)

ii) Immediate holding company

	2023 RM'000	2022 RM'000
Group		
Sales of aerospace parts and other precision tools	**10,929**	11,553
Dividend paid	**(13,550)**	(10,680)
Provision of corporate management services, engineering and administrative services	**243**	365
Purchase of corporate management services, engineering and administrative services/fitting and quality assurance services	**(5,407)**	(5,070)
Rental expense of office, factory premises and machine	**(4,009)**	(3,784)
Company		
Dividend paid	**(13,550)**	(10,680)
Purchase of corporate management services, engineering and administrative services/fitting and quality assurance services	**(3,720)**	(2,900)
Provision of corporate management services, engineering and administrative services	**35**	171

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Related parties (Cont'd)

Significant related party transactions (Cont'd)

iii) Related companies

	2023 RM'000	2022 RM'000
Group		
Sales of fabrication, machining services and special services	**4,491**	4,023
Sales of aerospace parts and other precision tools	**6,151**	3,355
Purchase of corporate management services, engineering and administrative services/fitting and quality assurance services	**(887)**	(822)
Purchase of fabrication/machining services/special process	**(9,642)**	(3,152)
Purchase of fabrication and machining parts and components	**-**	(1,032)
Rental of office, factory premises and machines	**(2,284)**	(1,947)
Provision of corporate management services, engineering and administrative services	**1,284**	232
Sales of equipment	**302**	-
Company		
Provision of corporate management services, engineering and administrative services	**1,284**	232

iv) There were no transactions with key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 22 to the financial statements.

27. Operating segment - Group

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Aerospace	Provides a dedicated end-to-end manufacturing solutions on critical engine parts and other related equipment parts
Equipment	Provides an array of equipment engineering and solutions for commercial, semiconductor and other industries

Performance is measured based on segment profit or loss before tax as included in the internal management reports that are reviewed by the CODM. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. Operating segment - Group (Cont'd)

Other non-reportable segment comprise investment holding activities and provision of intra-group management services which did not meet the quantitative thresholds for reportable segments.

Segment assets

The total of segment asset is measured on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

	Aerospace RM'000	Equipment RM'000	Elimination RM'000	Total RM'000
2023				
Revenue from external customers	**329,087**	**1,116,271**	**-**	**1,445,358**
Inter-segment revenue	**4,171**	**-**	**(4,171)**	**-**
Total revenue	**333,258**	**1,116,271**	**(4,171)**	**1,445,358**
(Loss)/Profit before tax (segment profit)	**(1,929)**	**116,900**	**-**	**114,971**
Included in the measure of segment profit are:				
- Write-down of inventories	**(5,250)**	**(781)**	**-**	**(6,031)**
- Depreciation and amortisation	**(51,775)**	**(17,184)**	**-**	**(68,959)**
- Amortisation of government grants	**(9,604)**	**-**	**-**	**(9,604)**
- Gain on disposal of property, plant and equipment	**75**	**50**	**-**	**125**
- Net gain on impairment of financial instruments and contract assets	**359**	**237**	**-**	**596**
Segment assets	**645,843**	**961,794**	**-**	**1,607,637**
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets				
- Additions to property, plant and equipment	**5,026**	**212,455**	**-**	**217,481**
- Additions to right-of-use assets	**7,031**	**3,087**	**-**	**10,118**
- Additions to intangible assets	**166**	**3,604**	**-**	**3,770**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. Operating segment - Group (Cont'd)

	Aerospace RM'000	Equipment RM'000	Elimination RM'000	Total RM'000
2022				
Revenue from external customers	251,789	895,856	-	1,147,645
Inter-segment revenue	3,088	-	(3,088)	-
Total revenue	254,877	895,856	(3,088)	1,147,645
(Loss)/Profit before tax (segment profit)	(11,662)	112,113	-	100,451
Included in the measure of segment profit are:				
- Write-down of inventories	(2,902)	(593)	-	(3,495)
- Inventories written off	-	(3,770)	-	(3,770)
- Depreciation and amortisation	(49,146)	(11,030)	-	(60,176)
- Amortisation of government grants	9,048	-	-	9,048
- Gain on disposal of property, plant and equipment	144	2	-	146
- Net (loss)/gain on impairment of financial instruments and contract assets	(380)	917	-	537
Segment assets	591,388	615,773	-	1,207,161
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets				
- Additions to property, plant and equipment	8,481	18,626	-	27,107
- Additions to right-of-use assets	29	1,421	-	1,450
- Additions to intangible assets	73	586	-	659

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. Operating segment - Group (Cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of the customers. Segment assets are based on the geographical location of the assets.

	Revenue RM'000	Non-current assets RM'000
Geographical information		
2023		
Malaysia	**69,702**	**237,546**
Asia (excluding Malaysia)	**689,780**	**326,434**
North America	**637,005**	**-**
Latin America	**746**	**-**
Europe	**48,125**	**-**
	1,445,358	**563,980**
2022		
Malaysia	64,991	215,453
Asia (excluding Malaysia)	468,324	153,983
North America	580,960	-
Latin America	460	-
Europe	32,910	-
	1,147,645	369,436

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. Operating segment - Group (Cont'd)

Major customers

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

Customer	Revenue 2023 RM'000	Revenue 2022 RM'000	Segment
Customer A	**417,019**	286,213	Equipment
Customer B	**299,845**	341,104	Equipment
Customer C	**237,514**	148,316	Equipment
Customer D	**149,806**	134,870	Aerospace
	1,104,184	910,503	

28. Capital commitments - Group

	2023 RM'000	2022 RM'000
Property, plant and equipment		
Contracted but not provided for	**68,339**	59,523

29. Financial instruments

29.1 Categories of financial instruments

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

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")
(c) Derivatives used for hedging

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL - DUIR RM'000	Derivatives used for hedging RM'000
Financial assets				
2023				
Group				
Trade and other receivables (excluding prepayments)	**303,148**	**303,148**	**-**	**-**
Cash and bank balances	**21,045**	**21,045**	**-**	**-**
Derivative financial assets	**2,370**	**-**	**526**	**1,844**
	326,563	**324,193**	**526**	**1,844**
2022				
Group				
Trade and other receivables (excluding prepayments)	278,961	278,961	-	-
Cash and bank balances	31,063	31,063	-	-
Derivative financial assets	147	-	147	-
	310,171	310,024	147	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
Financial assets		
2023		
Company		
Trade and other receivables (excluding prepayments)	**11,129**	**11,129**
Cash and bank balances	**529**	**529**
	11,658	**11,658**
2022		
Company		
Trade and other receivables (excluding prepayments)	7,305	7,305
Cash and bank balances	1,120	1,120
	8,425	8,425

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL - DUIR RM'000	Derivatives used for hedging RM'000
Financial liabilities				
2023				
Group				
Loans and borrowings	**479,521**	**479,521**	**-**	**-**
Trade and other payables	**241,177**	**241,177**	**-**	**-**
Derivative financial liabilities	**959**	**-**	**708**	**251**
	721,657	**720,698**	**708**	**251**
2022				
Group				
Loans and borrowings	211,040	211,040	-	-
Trade and other payables	230,013	230,013	-	-
Derivative financial liabilities	872	-	536	336
	441,925	441,053	536	336

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
Financial liabilities		
2023		
Company		
Other payables	**11,414**	**11,414**
2022		
Company		
Other payables	10,847	10,847

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net (losses)/gains on:				
Financial assets at amortised cost	**(2,408)**	(2,202)	**(82)**	(334)
Financial liabilities measured at amortised cost	**(10,278)**	(1,084)	**110**	43
Financial assets and financial liabilities at fair value through profit or loss:				
- Designated upon initial recognition				
- Recognised in profit or loss	**(452)**	1,695	**-**	-
Derivatives used for hedging:				
- Recognised in other comprehensive income/ (expense)	**2,588**	(1,219)	**-**	-
	(10,550)	(2,810)	**28**	(291)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for banking facilities granted to subsidiaries.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management monitors the exposure to credit risk on an ongoing basis. Credit evaluations are performed on customers as needed.

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

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The exposure to credit risk for trade receivables and contract assets as at the end of the reporting period by geographical region was:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Malaysia	**19,180**	11,858	**1,768**	5,750
Asia (excluding Malaysia)	**192,051**	135,728	**1,113**	291
North America	**252,222**	253,936	**-**	-
Europe	**18,131**	18,913	**-**	-
Latin America	**156**	114	**-**	-
	481,740	420,549	**2,881**	6,041

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure Expected Credit Loss ("ECLs") of trade receivables and contract assets for all segments. Consistent with the debt recovery process, invoices which are past due more than 90 days will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are based on published industry default rates, adjusted as necessary to reflect the Group's credit risk. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at year end which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2023			
Current (Not past due)	**472,644**	**(2,439)**	**470,205**
1 - 30 days past due	**8,793**	**(40)**	**8,753**
31 - 60 days past due	**822**	**(4)**	**818**
61 - 90 days past due	**233**	**(1)**	**232**
	482,492	**(2,484)**	**480,008**
Credit impaired			
More than 90 days past due	**1,955**	**(223)**	**1,732**
	484,447	**(2,707)**	**481,740**
Trade receivables	**291,372**	**(1,473)**	**289,899**
Contract assets	**193,075**	**(1,234)**	**191,841**
	484,447	**(2,707)**	**481,740**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group (Cont'd)			
2022			
Current (Not past due)	401,740	(2,872)	398,868
1 - 30 days past due	10,436	(96)	10,340
31 - 60 days past due	5,275	(56)	5,219
61 - 90 days past due	915	-	915
	418,366	(3,024)	415,342
Credit impaired			
More than 90 days past due	5,287	(80)	5,207
	423,653	(3,104)	420,549
Trade receivables	272,036	(1,822)	270,214
Contract assets	151,617	(1,282)	150,335
	423,653	(3,104)	420,549
Company			
2023			
Current (Not past due)	**2,881**	**-**	**2,881**
2022			
Current (Not past due)	6,041	-	6,041

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets of the Group during the year are shown below.

	Trade receivables Lifetime ECL RM'000	Contract assets RM'000	Total RM'000
Group			
Balance at 1 April 2021	2,255	1,350	3,605
Net remeasurement of loss allowance	(462)	(75)	(537)
Effect of movement in exchange rates	29	7	36
Balance at 31 March 2022/1 April 2022	**1,822**	**1,282**	**3,104**
Net remeasurement of loss allowance	**(463)**	**(133)**	**(596)**
Effect of movement in exchange rates	**114**	**85**	**199**
Balance at 31 March 2023	**1,473**	**1,234**	**2,707**

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

Cash and bank balances

The cash and bank balances are held with established banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies.

Other receivables

Other receivables are mainly value added tax receivables from local authorities.

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

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

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.

The advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payment of these advances, the Company considers the advances to be in default when the the subsidiary is not able to pay when demanded. The Company considers such advances to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The following tables provide information about the exposure to credit risk and ECLs for inter-company advances as at year end.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2023			
Low credit risk	**112**	**-**	**112**
2022			
Low credit risk	14	-	14

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

Inter-company advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Company			
2023			
Low credit risk	**7,624**	**-**	**7,624**
Credit impaired	**306**	**(306)**	**-**
	7,930	**(306)**	**7,624**
2022			
Low credit risk	179	-	179
Credit impaired	296	(296)	-
	475	(296)	179

The movements in the allowance for impairment of related company advances during the year are as follows:

	Lifetime ECL RM'000
Company	
Balance at 1 April 2021	42
Net remeasurement of loss allowance	254
Balance at 31 March 2022/1 April 2022	**296**
Net remeasurement of loss allowance	**10**
Balance at 31 March 2023	**306**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.4 Credit risk (Cont'd)

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 certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM377.5 million (2022 : RM187.2 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' loans and borrowings.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans and borrowings individually using internal information available.

As the end of the reporting period, the Company did not recognise any allowance for impairment in respect of financial guarantees.

29.5 Liquidity risk

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

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

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

29. Financial instruments (Cont'd)

29.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rates/ discount rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
Group							
Non-derivative financial liabilities							
Trade and other payables	**241,177**	**-**	**241,177**	**241,177**	**-**	**-**	**-**
Lease liabilities	**30,152**	**3.38 - 13.00**	**32,367**	**11,627**	**9,691**	**11,049**	**-**
Term loans - variable rate	**86,550**	**5.70 - 6.70**	**93,961**	**16,195**	**73,654**	**4,112**	**-**
Revolving credit	**392,971**	**5.10 - 5.90**	**392,971**	**392,971**	**-**	**-**	**-**
	750,850		**760,476**	**661,970**	**83,345**	**15,161**	**-**
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	**(1,411)**	**-**	**153,220**	**153,220**	**-**	**-**	**-**
Inflow	**-**	**-**	**(154,631)**	**(154,631)**	**-**	**-**	**-**
	749,439		**759,065**	**660,559**	**83,345**	**15,161**	**-**

29. Financial instruments (Cont'd)

29.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
Company							
Non-derivative financial liabilities							
Other payables	**11,414**	**-**	**11,414**	**11,414**	**-**	**-**	**-**
Financial guarantees	**-**	**-**	**377,468**	**377,468**	**-**	**-**	**-**
	11,414		**388,882**	**388,882**	**-**	**-**	**-**

29. Financial instruments (Cont'd)

29.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rates/ discount rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022							
Group							
Non-derivative financial liabilities							
Trade and other payables	230,013	-	230,013	230,013	-	-	-
Lease liabilities	27,467	2.95 - 13.00	30,163	8,064	7,560	12,197	2,342
Term loans - variable rate	12,588	1.79 - 2.35	12,929	6,999	5,930	-	-
Revolving credit	198,452	0.65 - 1.40	198,452	198,452	-	-	-
	468,520		471,557	443,528	13,490	12,197	2,342
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	725	-	146,062	146,062	-	-	-
Inflow	-	-	(145,337)	(145,337)	-	-	-
	469,245		472,282	444,253	13,490	12,197	2,342

29. Financial instruments (Cont'd)

29.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022							
Company							
Non-derivative financial liabilities							
Other payables	10,847	-	10,847	10,847	-	-	-
Financial guarantees	-	-	187,208	187,208	-	-	-
	10,847		198,055	198,055	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.6 Market risk

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

29.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk arising mainly from sales and purchases denominated in foreign currency. The forward exchange contracts have maturities of less than a year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

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

	Denominated in		
	USD RM'000	**SGD RM'000**	**RM RM'000**
Group			
2023			
Balances recognised in the statement of financial position			
Trade and other receivables	**2,748**	**2,930**	**8,775**
Cash and bank balances	**1,292**	**1,342**	**4,463**
Trade and other payables	**-**	**(8,815)**	**(51,426)**
Lease liabilities	**-**	**(15,368)**	**(5,717)**
Net exposure	**4,040**	**(19,911)**	**(43,905)**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	Denominated in		
	USD RM'000	SGD RM'000	RM RM'000
Group			
2022			
Balances recognised in the statement of financial position			
Trade and other receivables	3,873	2,325	7,186
Cash and bank balances	697	6,332	2,005
Trade and other payables	-	(8,847)	(76,841)
Lease liabilities	-	(16,897)	(807)
Net exposure	4,570	(17,087)	(68,457)

Currency risk sensitivity analysis

A 5% (2022 : 5%) strengthening of the functional currency of Group entities 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 considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact on forecasted sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss	
	2023 RM'000	2022 RM'000
Group		
USD	**(154)**	(174)
SGD	**757**	649
RM	**1,669**	2,601
	2,272	3,076

A 5% (2022 : 5%) weakening of the functional currency of Group entities 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rate. The Group's variable rate borrowings are exposed to a risk of change in their 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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Exposure to interest rate risk

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fixed rate instruments				
Financial liabilities				
- Lease liabilities	**30,152**	27,467	**-**	-
Floating rate instruments				
Financial liabilities				
- Term loan	**86,550**	12,588	**-**	-
- Revolving credit	**392,971**	198,452	**-**	-
	479,521	211,040	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.6 Market risk (Cont'd)

29.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does 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.

(b) Cash flow sensitivity analysis for floating rate instruments

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's post-tax profit or loss would have been RM1,822,000 (2022 : RM802,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

29. Financial instruments (Cont'd)

29.7 Fair value information

The carrying amounts of cash and bank balances, 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 other financial instruments at fair value.

	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'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023										
Group										
Financial assets										
Forward exchange contracts	-	**2,370**	-	**2,370**	-	-	-	-	**2,370**	**2,370**
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	**(86,550)**	**(86,550)**	**(86,550)**	**(86,550)**
Forward exchange contracts	-	**(959)**	-	**(959)**	-	-	-	-	**(959)**	**(959)**
	-	**(959)**	-	**(959)**	-	-	**(86,550)**	**(86,550)**	**(87,509)**	**(87,509)**

29. Financial instruments (Cont'd)

29.7 Fair value information (Cont'd)

	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'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2022										
Group										
Financial assets										
Forward exchange contracts	-	147	-	147	-	-	-	-	147	147
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(12,588)	(12,588)	(12,588)	(12,588)
Forward exchange contracts	-	(872)	-	(872)	-	-	-	-	(872)	(872)
	-	(872)	-	(872)	-	-	(12,588)	(12,588)	(13,460)	(13,460)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Financial instruments (Cont'd)

29.7 Fair value information (Cont'd)

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 or change in circumstances that caused the transfer.

There has been no transfer between the levels in fair value during the financial year (2022 : no transfer in either direction).

Level 2 fair value

Derivatives

The fair value of the forward exchange contracts is estimated by reference to the market rate for similar contracts obtained from the banks which the Group contracted with.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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. The carrying amount of floating rate term loans approximate fair value as their effective interest rates change accordingly to movements in the market interest rate.

30. 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.

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

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

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 98 to 194 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 of 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

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

……..…..
Tan Kai Hoe
Director

……..…..
Peter Lim Hee Seng
Director

Date: 23 June 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Teh Mun Ling**, the officer primarily responsible for the financial management of SAM Engineering & Equipment (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 194 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 **Teh Mun Ling**, MIA CA16317, at George Town in the State of Penang on 23 June 2023.

.....
Teh Mun Ling

Before me:
Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SAM ENGINEERING & EQUIPMENT (M) BERHAD
(REGISTRATION NO. 199401012509 (298188 - A))(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SAM Engineering & Equipment (M) Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 194.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their 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 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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF SAM ENGINEERING & EQUIPMENT (M) BERHAD
(REGISTRATION NO. 199401012509 (298188 - A))(INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

Valuation of inventories - Group	
Refer to the accounting policy in Note 2(h), Note 1(d) – Use of estimates and judgements and Note 9 - Inventories to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group's inventories amounted to RM481 million as at 31 March 2023 in the consolidated statement of financial position which represented 30% of the Group's total assets. Inventories are measured at the lower of cost and net realisable value. Identifying and determining the appropriate write down for inventories to net realisable value required judgement by the Group. We have identified valuation of inventories as a key audit matter because the judgements made by the Group may be affected by external and market considerations which are inherently uncertain.	We have performed the following audit procedures, among others: Evaluated the design and implementation of controls over management's process in identifying and writing down slow-moving and obsolete inventories; Attended the year end physical inventory counts to identify the existence of any damaged inventories; Tested the age profile of the inventories to receiving documents and production reports; Evaluated the Group's basis of writing down slow-moving inventories based on the age of the inventory relative to sales or consumption trends; Agreed the quality affected inventories that were written down to the Group's Non-conformance Reports and Material Disposition Reports; and Compared the carrying value of inventories to sales made subsequent to the year end and determined whether they were sold at prices higher than the carrying value.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF SAM ENGINEERING & EQUIPMENT (M) BERHAD
(REGISTRATION NO. 199401012509 (298188 - A))(INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company 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 of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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 of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF SAM ENGINEERING & EQUIPMENT (M) BERHAD
(REGISTRATION NO. 199401012509 (298188 - A))(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 for the current 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

Penang

Date: 23 June 2023

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

ANALYSIS OF SHAREHOLDINGS

AS AT 03 JULY 2023

Issued Share Capital : 541,589,428 Ordinary Shares
Class of Equity Securities : Ordinary Shares ("Shares")
Voting Rights : One vote per Share

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Issued Shares	%
133	Less than 100	4,077	**
904	100 - 1,000	581,223	0.11
1,412	1,001 - 10,000	6,020,547	1.11
550	10,001 to 100,000 shares	16,560,622	3.06
182	100,001 to less than 5% of issued shares	179,960,255	33.23
1	5% and above of issued shares	338,462,704	62.49
3,182	**Total**	**541,589,428**	**100.00**

** Negligible

30 Largest Securities Account Holders Based on Record of Depositors
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR SINGAPORE AEROSPACE MANUFACTURING PTE LTD	338,462,704	62.49
2	CARTABAN NOMINEES (TEMPATAN) SDN BHD *ICAPITAL.BIZ BERHAD*	18,154,400	3.35
3	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND*	17,537,000	3.24
4	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)*	13,852,700	2.56
5	AMANAHRAYA TRUSTEES BERHAD *PUBLIC SMALLCAP FUND*	10,962,400	2.02
6	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	6,873,600	1.27
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)*	6,691,000	1.24
8	AMANAHRAYA TRUSTEES BERHAD *PUBLIC STRATEGIC SMALLCAP FUND*	6,631,000	1.22
9	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND*	4,350,000	0.80
10	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)*	4,169,700	0.77

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 03 JULY 2023

30 Largest Securities Account Holders Based on Record of Depositors (Cont'd)
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PBTB FOR TAKAFULINK DANA EKUITI*	3,546,000	0.65
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK EQUITY FUND*	3,443,800	0.64
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND*	2,991,500	0.55
14	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD *AS BENEFICIAL OWNER (PF)*	2,457,900	0.45
15	AMANAHRAYA TRUSTEES BERHAD *PUBLIC SELECT TREASURES EQUITY FUND*	2,411,300	0.45
16	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)*	2,238,200	0.41
17	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND*	2,000,000	0.37
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)*	1,917,000	0.35
19	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)*	1,751,100	0.32
20	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)*	1,734,600	0.32
21	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD *CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND*	1,663,700	0.31
22	CIMB COMMERCE TRUSTEE BERHAD *PUBLIC FOCUS SELECT FUND*	1,611,600	0.30
23	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK DANA UNGGUL*	1,557,300	0.29
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)*	1,500,000	0.28
25	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)*	1,450,100	0.27
26	AMANAHRAYA TRUSTEES BERHAD *PB ISLAMIC SMALLCAP FUND*	1,303,500	0.24
27	AMANAHRAYA TRUSTEES BERHAD *PB SMALLCAP GROWTH FUND*	1,202,000	0.22

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 03 JULY 2023

30 Largest Securities Account Holders Based on Record of Depositors (Cont'd)
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
28	UOBM NOMINEES (TEMPATAN) SDN BHD *UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI*	1,160,500	0.21
29	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)*	1,152,000	0.21
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND*	1,150,000	0.21

Substantial Shareholders' Shareholdings

	No. of Shares held				
Name	Direct Interest	%	Indirect Interest	%	Note
Singapore Aerospace Manufacturing Pte. Ltd.	338,462,704	62.49	-	-	
Accuron Technologies Limited	-	-	338,462,704	62.49	(a)
Temasek Holdings (Private) Limited	-	-	338,462,704	62.49	(b)

Note:
(a) Deemed interested via Singapore Aerospace Manufacturing Pte. Ltd. pursuant to Section 8(4) of the Companies Act, 2016 ("Act").
(b) Deemed interested via Accuron Technologies Limited pursuant to Section 8(4) of the Act.

Directors' Shareholdings

(1) The Company

	No. of Shares held				
Name	Direct Interest	%	Indirect Intere(	%	Note
Tan Kai Hoe	-	-	-	-	
Peter Lim Hee Seng	653,600	0.12	-	-	
Shum Sze Keong	-	-	-	-	
Datuk Dr. Wong Lai Sum	-	-	-	-	
YM Tunku Afwida Binti Dato' Tunku Abdul Malek	-	-	-	-	
Suresh Natarajan	-	-	-	-	
Ng Chee Kiet	-	-	-	-	

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 03 JULY 2023

Directors' Shareholdings (Cont'd)

(2) Related Corporation

Name	No. of Shares held				
	Direct Interest	%	Indirect Interest	%	Note
Tan Kai Hoe:					
(a) CapitaLand India Trust Management Pte. Ltd (formerly known as Ascendas Property Fund Trustee Pte. Ltd.)	20,000#	**	-	-	
(b) CapitaLand Investment Limited	5,000	**	-	-	
(c) CapitaLand Integrated Commercial Trust Management Limited (Unit holding in CapitaLand Integrated Commercial Trust)	773#	**	-	-	
(d) Mapletree Industrial Trust Management Ltd. - (Unit holdings in Mapletree Industrial Trust)	4,054#	**	-	-	
(e) Singapore Airlines Limited	7,500	**	-	-	
(f) Singapore Technologies Engineering Ltd	2,000	**	-	-	
(g) Singapore Telecommunications Limited	21,190	**	-	-	
(h) SIA Engineering Company Limited	9,000	**	-	-	
(i) StarHub Ltd	10,000	**	-	-	
(j) Paragon Reit Management Pte. Ltd. (formerly known as SPH Reit Management Pte. Ltd.)	4,692#	**	-	-	
Shum Sze Keong:					
(a) Singapore Telecommunications Limited	1,610	**	1,610	**	(i)
Peter Lim Hee Seng:					
(a) Mapletree Industrial Trust Management Ltd. - (Unit holdings in Mapletree Industrial Trust)	7,900#	**	-	-	
(b) SIA Engineering Company Limited	1,000	**	-	-	
(c) Singapore Telecommunications Limited	870	**	-	-	
Suresh Natarajan:					
(a) Singapore Telecommunications Limited	1,610	**	-	-	

Note:
(i) Deemed interested through his spouse pursuant to Section 59(11)(c) of the Act.
Unit holdings
** Negligible

Other than the above, none of the other Directors in office has any interest in the shares of the Company and its related corporations as at 3 July 2023.