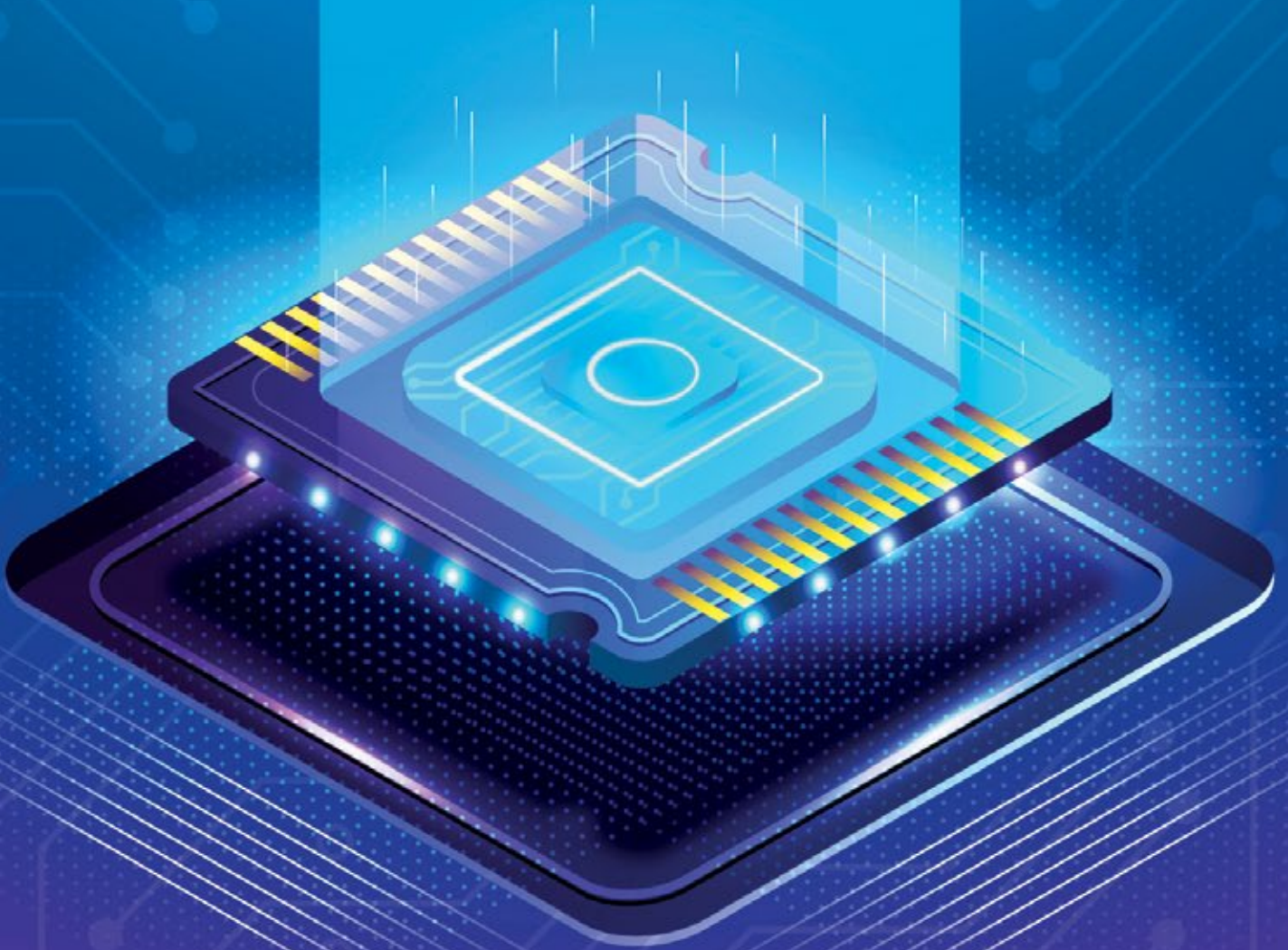


# FROM IMAGINATION TO INNOVATION





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**A company created  
by people passionate  
about the industry  
and driven to deliver  
customer value.**

We are a company at the forefront of the electrical distribution industry. We develop and manufacture equipment which performs reliably, costs less, reduces project costs and ultimately saves lives. Here you can find out:

**We are ISO 9001:2015  
Certified, Quality  
Management System**

**We are ISO  
45001:2018 Certified,  
Occupational  
Health & Safety  
Management System**

**We are ISO  
14001:2015 Certified,  
Governing  
Environmental  
Management System**

**A number of our  
products are type-  
tested by ASTA,  
DEKRA, UL and  
SIRIM**

**Our products are  
used and trusted  
by customers in 28  
countries covering  
three continents**

**Mikro employs  
over 160 fulltime  
staff**

**100% energies go  
into the design and  
manufacture of  
electrical distribution  
equipment**

**All our products are  
exhaustively tested  
inhouse before we  
deem them suitable  
for use**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Aznam Bin Mansor**  
Non-Independent  
Non-Executive Chairman

**Yim Yuen Wah**  
Managing Director

**Fong See Ni**  
(Resigned on 22 September 2023)  
Executive Director /  
Chief Technology Officer

**Goh Yoke Chee**  
Executive Director

**Nor Azlan Bin Zainal**  
Independent Non-Executive Director

**Michael Aw Ming Han**  
Non-Independent  
Non-Executive Director

**Yang Shing Sing**  
(Appointed on 22 September 2023)  
Non-Independent  
Non-Executive Director

**Wan Adli Ridzwan Bin Wan Hassan**  
Independent Non-Executive Director

**Syed Mohd Hafiz Bin Syed Mohd**  
Independent Non-Executive Director

**Prof. Wang Hong**  
Independent Non-Executive Director

### COMPANY SECRETARIES

**Lim Seck Wah**  
(MAICSA 0799845)  
SSM PC No. 202008000054

**Tang Chi Hoe (Kevin)**  
(MAICSA NO. 7045754)  
(SSM PC NO. 202008002054)

### AUDIT COMMITTEE

**Encik Nor Azlan Bin Zainal**  
(Chairman)  
**Encik Syed Mohd Hafiz Bin Syed Mohd**  
**Encik Wan Adli Ridzwan Bin Wan Hassan**

### RISK MANAGEMENT COMMITTEE

**Encik Nor Azlan Bin Zainal**  
(Chairman)  
**Encik Wan Adli Ridzwan Bin Wan Hassan**  
**Ms Goh Yoke Chee**

### NOMINATING COMMITTEE

**Encik Wan Adli Ridzwan Bin Wan Hassan** (Chairman)  
**Encik Nor Azlan Bin Zainal**  
**Encik Syed Mohd Hafiz Bin Syed Mohd**

### REMUNERATION COMMITTEE

**Encik Syed Mohd Hafiz Bin Syed Mohd** (Chairman)  
**Encik Nor Azlan Bin Zainal**  
**Encik Wan Adli Ridzwan Bin Wan Hassan**

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 3, Jalan Anggerik Mokara 31/48,  
Seksyen 31, Kota Kemuning,  
40460 Shah Alam,  
Selangor Darul Ehsan.  
Tel: 03-5525 3863  
Fax: 03-5525 3873

### REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suites,  
Avenue 3, Bangsar South,  
No.8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Tel: 03-2783 9299  
Fax: 03-2783 9222

### AUDITORS

**BDO PLT**  
(LLP0018825-LCA & AF 0206)  
Level 8, BDO @ Menara CenTARa,  
360, Jalan Tuanku Abdul Rahman,  
50100 Kuala Lumpur.  
Tel: 03-2616 2888  
Fax: 03-2616 3191

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
Malayan Banking Berhad  
CIMB Bank Berhad  
UOB Bank Berhad

### STOCK EXCHANGE LISTING

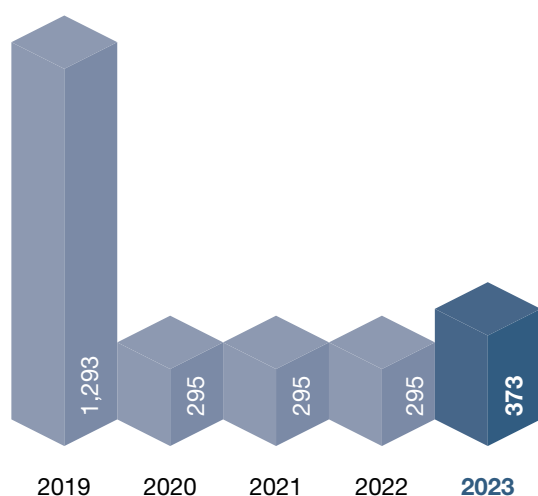
Bursa Malaysia Securities Berhad  
ACE Market  
(Stock code: 0112)

# FINANCIAL HIGHLIGHTS

## Dividend Payout (RM '000)

5 years total dividend  
pay-out of profit after tax was

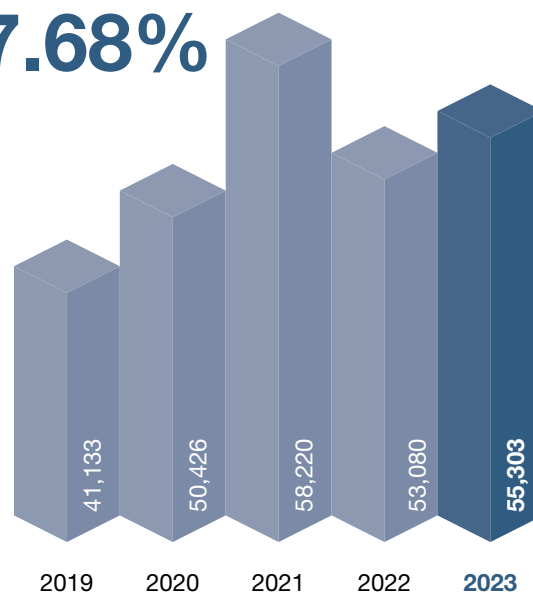
# 11.82%



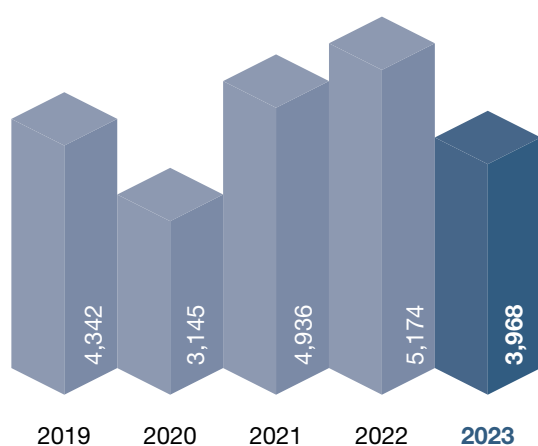
## Revenue (RM '000)

Compound Annual  
Growth Rate (CAGR) of

# 7.68%



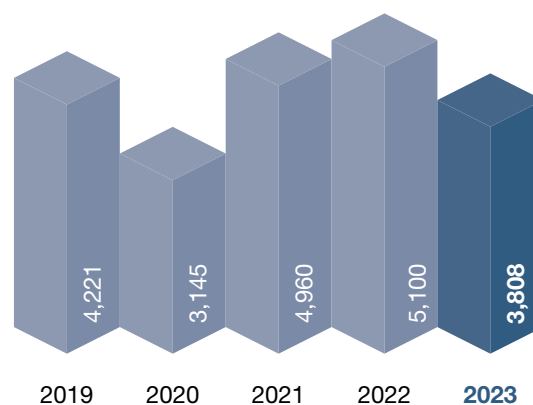
## Profit After Tax (RM '000)



## Profit Attributable to Owners of The Parent (RM '000)

Compound Annual Growth  
Rate (CAGR) of

# -2.54%



# PROFILE OF DIRECTORS

## Datuk Aznam Bin Mansor

Non-Independent Non-Executive  
Director/Chairman



65  
AGE

MY

### Date of Appointment:

22 October 2008

### Membership of Board Committees:

None

### Academic/Professional Qualification(s):

- Bachelor of Arts (Hons) Degree in Law from North East London Polytechnic, London, United Kingdom
- Admitted as a Barrister of Law at Lincoln's Inn in 1984
- Admitted and enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986

### Working Experience:

He started his career as an officer in Malayan Banking Berhad. He then joined Skrine & Co., a legal firm in Kuala Lumpur for about eight (8) years before becoming a Partner of his present legal practice at Lee Hishammuddin Allen & Gledhill.

### Other Directorship(s) in Public Companies and Listed Issuers:

- Focus Lumber Berhad

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

He had attended all five (5) Board Meetings held during the financial year ended 30 June 2023.

## Yim Yuen Wah

Managing Director



62  
AGE

MY

### Date of Appointment:

19 June 2006

### Membership of Board Committees:

None

### Academic/Professional Qualification(s):

- B4 Charge man, Jabatan Bekalan Electric

### Working Experience:

He has extensive experience in the electrical industry having been involved in the industry for more than 33 years. He has a B4 Charge man certificate to handle up to 11kV medium voltage, which he obtained from Jabatan Bekalan Electric in 1995. He established Mikro Berhad in 1997. He is mainly responsible for the overall strategy, planning and development of Mikro Group corporate objectives and setting the long term goals of the Company.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

He had attended all the five (5) Board Meetings held during the financial year ended 30 June 2023.

# PROFILE OF DIRECTORS

## Fong See Ni (Resigned on 22 September 2023)

Executive Director /  
Chief Technology Officer



### Date of Appointment:

19 June 2006

### Membership of Board Committees:

None

### Academic/Professional Qualification(s):

- Degree in Electrical Engineering, University of Malaya

### Working Experience:

He is the co-founder of Mikro MSC since its incorporation on 19 June 2006. Since graduation, he has been involved extensively in the research and development of electronic and electrical products. Between 1986 and 1991, he was involved in the hardware and software development for building security systems, fire alarm systems, moving message display systems and other electronic devices & systems. Prior to his current position, he has worked in an air conditioning related electronic manufacturing company, responsible for the R&D, marketing and operation activities. In his tenure there, he invented and patented the built-in starter for air conditioners. Currently, he is involved in the R&D and technical development activities of the Company, responsible for the technical development of the Company. He also conducts external training and seminars as an expert resource to the industry.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

He had attended all the five (5) Board Meetings held during the financial year ended 30 June 2023.

## Goh Yoke Chee

Executive Director



### Date of Appointment:

1 June 2018

### Membership of Board Committees:

- Member of Risk Management Committee

### Academic/Professional Qualification(s):

- Bachelor in Accountancy, University of Malaya
- Member of Malaysian Institute of Accountants

### Working Experience:

In June 1994, she began her career at Juru Ukur Bahan Malaysia as an Account Assistant where she was involved in preparation of cash flow projection and feasibility studies for proposed development and construction projects. She left in February 1996 to join H&I Niaga Sdn Bhd as an Account Executive, responsible for its audit, secretarial and tax matters. In July 2002, she joined Consolidated Farms Berhad as an Accountant, where she was responsible for the overall finance and accounting functions and business operations of the company. Subsequently, she joined Mikro MSC Berhad in July 2004 as Group Accountant. She was promoted and become our Group Financial and Administration Manager in December 2005. She is responsible for the Groups overall financial and accounting functions, which include treasury, corporate finance, credit risk, cash flow management, financial planning and general administration functions.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

She has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

She had attended all five (5) Board Meetings held during the financial year ended 30 June 2023.



# PROFILE OF DIRECTORS

## Nor Azlan Bin Zainal

Independent Non-Executive Director



53  
AGE

MY

### Date of Appointment:

8 December 2022

### Membership of Board Committees:

- Chairman of Audit Committee
- Member of Remuneration Committee
- Chairman of Risk Committee
- Member of Nomination Committee

### Academic/Professional Qualification(s):

- Bachelor of Accountancy (Hons) from Universiti Teknologi MARA
- Chartered Accountant, Malaysian Institute of Accountants

### Working Experience:

Nor Azlan began his career at Ernst & Young, until he was admitted to the Malaysian Institute of Accountants.

Subsequently, he joined Guolene Paper Products Sdn Bhd (a subsidiary of Hong Leong Group) Packaging Division in 1997 as an accountant before moving on to Golden Pharos Berhad in 1998 as Chief Financial Officer. In 2004, he co-founded and assumed the role as Chief Executive Officer of Right Balance Sdn Bhd, a diversified group with interests in oil and gas, transportation, and trading of wood products. In 2018, he joined Widad Business Group Sdn Bhd as Group CFO.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

Since he was appointed on 8 December 2022, he had attended all the three (3) Board Meetings held during the financial year ended 30 June 2023.

## Michael Aw Ming Han

Non-Independent Non-Executive Director



57  
AGE

MY

### Date of Appointment:

28 August 2019

### Membership of Board Committees:

None

### Academic/Professional Qualification(s):

- Bachelor in Economics, University of Western Australia, Perth Australia
- Post Graduate Diploma of Engineering (Manufacturing Management), University of South Australia, Adelaide, Australia

### Working Experience:

After graduation in 1991, he joined Sony TV Industries (M) Sdn Bhd, in charge of material procurement, where he learnt the Japanese way of purchasing management system, Manufacturing Resources Planning (MRP II) system and Just In Time (JIT) delivery management.

In 1993, he joined Nilsen Electric Sdn Bhd (Nilsen) an Australian owned low voltage switchgear manufacturer as Purchasing Manager and promoted to Operation Manager in 1995. Here, he was involved in purchasing, planning and production control in manufacturing of switch fuse, fuse switch and current transformers products. Nilsen was taken over by PDL Switches (New Zealand) in 1996. In 1996, he was transferred to PDL Gyroaire Sdn Bhd (the distribution arm of PDL Industry Malaysia) as Product Manager in charge of low voltage products sales and marketing department. His responsibilities was to manage the sales and marketing operations of PDL low voltage products such as switchfuse, fuseswitch, air circuit breakers (ACB) and Mitsubishi Electric air circuit breakers (ACB) and moulded case circuit breakers (MCCB) to the mechanical and electrical (M&E) industry. From this job function, he has gained extensive experience in dealing with switchboard manufacturers, electrical dealers, M&E contractors and M&E consultants, and had since built a strong networking with all these parties in M&E industry.

Michael then founded Mittric Sdn Bhd in 2002, which was the distributor of Mitsubishi Electric low voltage switchgear products and agent of ASCO automatic transfer switch (ATS) in Malaysia. He started as Executive Director and was promoted to Managing Director in 2005. In the same year of 2005, he co-founded Mittric Systems Sdn Bhd which is involved in Marketing and Sale of busduct in Malaysia and was appointed as Managing Director.

In 2012, he co-founded Hyakin Power Sdn Bhd and become the Managing Director.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

He had attended all the five (5) Board Meetings held during the financial year ended 30 June 2023.

# PROFILE OF DIRECTORS

## Yang Shing Sing

Non-Independent Non-Executive  
Director



35  
AGE

MY

### Date of Appointment:

22 September 2023

### Membership of Board Committees:

None

### Academic/Professional Qualification(s):

- Diploma Business Administration, Southern College

### Working Experience:

In October 2011, she started her career in Loyal Reliance Pte. Ltd., a company principally involved in the provision of business consultancy and training services as a Corporate Relationship Officer responsible in maintaining a good relationship and communications with the banks. In September 2012, she left Loyal Reliance Pte. Ltd. and joined Loyal Reliance Sdn. Bhd., a company principally involved in provision of business management consultancy services for information technology as a Personal Assistant to Managing Director in November 2012. She was promoted to General Manager in January 2013 responsible for overseeing the daily business activities, strategizing to improve the overall business functions, developing and implementing the operational policies and strategic plan, and providing ISO consultancy works to clients. She left Loyal Reliance Sdn. Bhd. in December 2016. In January 2017, she was appointed as a Business Development Director of WBU International Sdn. Bhd., a company principally involved in the provision of business solutions and advisory services and she was responsible for overseeing the strategic development, marketing initiatives and implementing better business practices for the company.

### Other Directorship(s) in Public Companies and Listed Issuers:

Wellspire Holdings Berhad

### Family Relationship, Convictions and Conflict of Interest:

She has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

No Board Meetings attended during the financial year ended 30 June 2023 as she was newly appointed on 22 September 2023.

## Wan Adli Ridzwan Bin Wan Hassan

Independent Non-Executive Director



48  
AGE

MY

### Date of Appointment:

8 December 2022

### Membership of Board Committees:

- Member of Audit Committee
- Member of Remuneration Committee
- Member of Risk Committee
- Chairman of Nomination Committee

### Academic/Professional Qualification(s):

- Masters of Computer Sains, Universiti Malaysia
- Bachelor of Computer Science with Specialisation in Business Information Processing, Acadia University, Canada

### Working Experience:

Wan Adli carries almost two decades of experience in implementing IT solutions to his corporate customers. He specializes in e-learning and web-based development. He started his career with a local MNC at the age of 21 and was quickly made into a senior executive.

He was eventually hired by a subsidiary of a Singapore public listed company as a Technical Director at the age of 24 to lead a team of system developers focusing on enterprise portal and e-learning solutions.

He eventually left to form his first company, Content Capital Sdn Bhd, in 2003. The company has served numerous corporate bodies and government agencies solving their enterprise e-learning needs. The company has since ventured into systems development and is supply ticketing machines and gantry gates for the national MRT2 project.

He also played a key role in the planning, development and deployment of the Learning Management System for the government of Malaysia; one of the biggest e-learning implementations in the country. The system design was created to serve the entire 1.4million government servants nationwide. The system is still in use since 2012 and has undergone numerous major upgrades. Wan Adli is a proud alumnus of Acadia University, Canada where he spent 4 years completing his Bachelor of Computer Science with Specialization in Business Information Processing. Subsequently he pursued his Master of Computer Science degree from University Malaysia in 2003.

He was formerly a curriculum review committee for University Malaysia's Faculty of Computer Science and Information Technology from 2014 - 2018. In 2021, he was appointed as the Academic Studies Programme Committee Member to the Faculty of Information Technology and Computer Science of Universiti Teknikal Malaysia, Melaka. (Utem). Now he is also a Global Business Advisor for Nova Scotia Business Inc (Canada) since 2021.

He enjoys the challenge of solving real world problems and turning it into a business opportunity. He has invested in several ventures. This lead him to be appointed as a business coach and mentor with Cradle Investment Funds, a government agency dealing with startups in 2015. He has guided almost 30 startups to refine their business and secure funding for growth. His other professional activity includes being the Executive Director of BNI Malaysia. BNI is a global organization based in U.S and is the biggest professional business referral organization in the world. With presence in 76 countries and close to 300,000 member entrepreneurs.

He is also a member of the Malaysian Mensa Society. Wan Adli has completed the National Federation of NeuroLinguistic Programming (NLP) Practitioner Certification by Dr Wil Horton.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

Since he was appointed on 8 December 2022, he had attended all the three (3) Board Meetings held during the financial year ended 30 June 2023.



# PROFILE OF DIRECTORS

## Syed Mohd Hafiz Bin Syed Mohd

Independent Non-Executive Director



44  
AGE

MY

### Date of Appointment:

8 December 2022

### Membership of Board Committees:

- Member of Audit Committee
- Chairman of Remuneration Committee
- Member of Nomination Committee

### Academic/Professional Qualification(s):

- Degree in Mechanical Engineering (Manufacturing), University of Technology Malaysia

### Working Experience:

Encik Syed Mohd Hafiz started his career as a Site Engineer in March 2002 at Pathfinder M&E Sdn. Bhd. before moving to Liffey Marine Dublin as a Project Engineer in October 2004. In 2007, he moved to Perlis Marine Engineering Sdn Bhd as a Revival Consultant and responsible in developing and executing the company's business plan, providing strategic advice to the board and the chairperson. He then moved to CommOne Vision Sdn Bhd in May 2008 as a Chief Operating Officer who is responsible for the operational, functional and administrative of the company to align the company's financial and operative angles.

In July 2012, Encik Mohd Hafiz joined National Air Services Ltd (Saudi) as Marketing and Strategy Specialist which involved and contribute to total restructuring of business model, conduct market research to identify customer trend, competitor offering demographic data and providing strategic advice to the committee. He then moved to International Business Capital Sdn Bhd in October 2016 and appointed as Chief Strategic Officer and which currently responsible for creating a company's vision, communicating the plan with all those involved, executing the business initiatives and sustaining implementation efforts and he also appointed as Managing Director in Loyal Reliance Sdn Bhd in December 2017 and served the company until now in developing and executing the company's business strategies, providing strategic advice to the board and the chairperson and preparing and implementing comprehensive business plans to facilitate achievement.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

Since he was appointed on 8 December 2022, he had attended all the three (3) Board Meetings held during the financial year ended 30 June 2023.

## Prof. Wang Hong

Independent Non-Executive Director



57  
AGE

SG

### Date of Appointment:

29 May 2023

### Membership of Board Committees:

None

### Academic/Professional Qualification(s):

- doctorate PHD in Design and Fabrication of InP-based Heterojunction Bipolar Transistors (HBTs) for MMIC Applications
- Master in Engineering (by Research) – Design and Fabrication of GaAS-Based HBTs, Nanyang Technology University (NTU) Singapore
- Bachelor of Engineering in Semiconductor Physics and Devices, Zhejiang University P.R China.

### Working Experience:

Prof Wang Hong pioneer work on the world first InP metamorphic Heterojunction Bipolar Transistors (HBTs) He led his NTU's research team on the demonstration of the first Mid-IP Si-photonic platform and led his research team on the major technical breakthrough on III-V/Si hybrid tuneable lasers operating Mid-IR wavelength range (~ 2 um). He also led Nanyang Nanofabrication Centre (N2FC) – an advanced cleanroom facility in NTU providing university-wide support for micro- and nano-fabrication.

He is a Principal Investigator (PI)/Co-PI with more than S\$20 million accumulated research funding from research funding agencies and industry and a leading researcher and educator in NTU with more than 30 years' experience in electronics and photonics, he has trained many postgraduate(> 10 PhD) and undergraduate students.

He also involved with research collaboration with local and international companies for successful translation of technologies to commercialization.

### Other Directorship(s) in Public Companies and Listed Issuers:

None

### Family Relationship, Convictions and Conflict of Interest:

He has no family relationship with any director/major shareholder of the Company, has never been convicted of any offence within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year and does not have any conflict of interest with the Company.

### Attendance of Board Meetings:

Since he was appointed on 29 May 2023, he had attended only (1) Board Meeting held during the financial year ended 30 June 2023.

# PROFILE OF KEY SENIOR MANAGEMENT

## Liu Marn Cole (Marco)

Executive Director of subsidiary of Mikro MSC Berhad, Mikro Busway Sdn Bhd



48  
AGE

MY

He graduated from University of Hertfordshire (United Kingdom) with 1<sup>st</sup> class honours Bachelor degree in Electrical & Electronic Engineering in 1998. He jointly founded Mikro Busway Sdn Bhd (formerly known as EPE Busway Sdn Bhd) in 2011 and responsible for overall business operation from company management, sales & marketing, business development, product design and factory operation.

He began his career as a Project Engineer with Metronic Engineering Sdn Bhd in 1998 and subsequently joined Public Bank Berhad as a Senior Executive (Building Services division) in 1999. In 2000, he joined Modular Power Systems Sdn Bhd as a Sales & Project Engineer where he was involved in sales, design & project management of low voltage switchboards (LV SWBD) & motor controlled centers (MCC). In 2003, he joined a Korean company named Henikwon Corporation Sdn Bhd, which is also an electrical busduct manufacturer, as an Asst. Sales Manager and he was subsequently promoted to the positions of Sales & Marketing Manager and Senior Sales & Marketing Manager from 2004. He was in-charge of all local sales & part of overseas sales including marketing and business development in Henikwon Corporation. Then, he joined another Korean busduct manufacturer, Pacific MK Corporation Sdn Bhd, as a General Manager in 2007 and later jointly founded Mikro Busway Sdn Bhd (formerly known as EPE Busway Sdn Bhd) in 2011.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

## Tay Siang Hui

Executive Director of subsidiary of Mikro MSC Berhad, Mikro Sdn Bhd



47  
AGE

MY

He obtained his BEng (Hons) degree from Sussex University, UK, MSc. Eng from Multimedia University Malaysia and MBA from University Malaya. He joined Mikro as a R&D Engineer in 2004 and was involved in product development of the company. He was later promoted to Executive Director in Mikro Sdn Bhd - subsidiary company of Mikro MSC Berhad in 2022.

He is responsible for the business development of Mikro, both locally and overseas. He also conducts external training and seminars as part of the marketing support activities provided by Mikro.

In 1998, he started his career at OYL R&D Centre Sdn. Bhd. as a R&D Engineer.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

## Tan Soo Kean

Executive Director of subsidiary of Mikro MSC Berhad, Mikro Smartconnection Sdn Bhd



57  
AGE

MY

He obtained his Diploma in Electrical Engineering from University Technology Of Malaysia (UTM) and Diploma in Automotive Engineering from Federal Institute of Technology, Malaysia. He joined Mikro Smartconnection Sdn. Bhd. as an Executive Director in 2020 and was involved in overall operation of the company.

In 1989, he started his career at Rohm-Wako Malaysia Sdn. Bhd. as Production Technician. At year 1996, he joined Mitsuoka Electronics (M) Sdn. Bhd. R&D Department, heading a team of design engineers in product design and development. In 1999, joined Kaga Components (M) Sdn. Bhd. as Production Manager. At year 2004, joined Nakareg Sdn.Bhd. as Business Development Manager, handling of customer enquiry, design of product and costing.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company. He has no convictions of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

# PROFILE OF KEY SENIOR MANAGEMENT

## Tseu Chen Yung

Sales Manager



70  
AGE

MY

He obtained a Diploma from Standard Electrical Institute, Singapore in 1973. He joined Mikro in 1998 as Sales and Marketing Manager. He is responsible for marketing development for both local and overseas market.

Prior to joining the Company, he worked in Scott & English Sdn Bhd (Schneider electric) and later became a partner of Waras Mewah Sdn Bhd.

Mr Tseu currently does not hold any directorship in subsidiary companies of Mikro MSC Berhad.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

## Chan Yaw Sang

Technical Application Manager



52  
AGE

MY

He graduated from University Technology Malaysia with a Bachelor in Electrical Engineering in 1995. He joined Mikro as a Technical Application Manager in 2005. He is responsible for overseas sales as well as providing technical application support for Mikro's range of product. In addition, he also conducts external training and seminars as part of the marketing and after sales support activities provided by Mikro.

In 1997, Mr Chan joined Areva T&D Malaysia Sdn Bhd (formerly known as Alstom Malaysia Sdn Bhd) as a Protection & Control Engineer and was promoted to Manager of Application & Sales Support division in 2002.

Mr Chan currently does not hold any directorship in subsidiary companies of Mikro MSC Berhad. He does not have any family relationship with any director and/or substantial shareholder of the Company.

He has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.



# PROFILE OF KEY SENIOR MANAGEMENT

## Ang Leong Suan

R&D Manager



53  
AGE

MY

He graduated from University Malaya in 1995 with a Bachelor of Science. In 2000, Mr Ang joined Mikro as R&D Manager. He is currently heading the R&D department of Mikro. He is responsible for product development including conducting feasibility study, market research, component sourcing, circuit design, software design, Electromagnetic compatibility solution as well as product testing.

He joined OYL Electronics Sdn. Bhd. ("OYL Electronics") as R&D Engineer from 1995 to 2000. He was involved in new product development.

Mr Ang currently does not hold any directorship in subsidiary companies of Mikro MSC Berhad.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

## Chen Chee Chan

Production Manager



45  
AGE

MY

He graduated from Liverpool John Moores University in 2003 with a Bachelor in Mechanical Engineering. In 2008, he joined Mikro as production manager. He is responsible for production management activities such as materials planning, production planning, quality control, maintenance and warehouse control.

He joined ChungHwa Picture Tubes (Malaysia) Sdn. Bhd. as process engineer from 2003 to 2008. He was responsible for quality control, process and yield improvement.

Mr Chen currently does not hold any directorship in subsidiary companies of Mikro MSC Berhad.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

#### Business background

#### Mikro MSC Berhad

and its subsidiary companies ("**Group**") is today a leading manufacturer of protective relays, power meters and power factor regulators in Malaysia with in-house design capabilities to ensure that its products are aesthetic, suitably designed and meet varying stringent international codes and standards. It is also a major manufacturer and trader of low and medium voltage busway (also known as busduct) systems. These systems and protective relays, power meters and power factor regulators are components used in electrical distribution systems.

Our engineering and manufacturing operations are geared to supporting our customers with total solutions. In doing so, we offer our customers a wide range of products from individual components to engineered and packaged systems. This helps us match the right products to our customers' specific needs.

#### Market and products

Our main products which are digital embedded computer controlled protective relays, power meters and power factor regulators, and busducts form an integral part of electricity distribution systems in residential, commercial, and industrial buildings, infrastructure, and public amenities and their primary functions are as follows:



Protective relay - a protective device which senses faulty conditions in a power system line and initiates the operation of circuit breaker to isolate the faulty part from the rest of the healthy power system



Power meter - an electronic meter that measures and records the vital parameters of an electrical system such as voltage, current, power, energy consumed, harmonic etc.



Power factor regulator - a device to regulate the power factor of an electrical system to achieve maximum active power transfer and effective capacity of the system



Busduct (also called busway) – a metal enclosed duct containing insulated copper or aluminium busbars utilised for conducting a substantial current of electricity

Our protective relays, power meters and power factor regulators are mostly network-enabled for SCADA ("Supervisory Control and Data Acquisition") applications and users of these products can either choose to use our in-house developed monitoring and control software or software developed by third party system integrators.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

#### Market and products (cont'd)

Cost of Sales

RM **(36.7)**  
Million

Revenue

RM **55.3**  
Million

Gross Margin

**33.6%**

Gross Profit

RM **18.6**  
Million

The design, development and manufacture of the Group's protective relays, power meters and power factor regulators have been certified by ISO 9001:2015 "Quality Management System" by Lloyd's Register Quality Assurance. This certification which is recognised worldwide is an assurance of our ability to consistently manufacture products that meet customer and applicable regulatory requirements. These products are also designed and type-tested to meet the relevant international standards on safety and electromagnetic compatibility ("EMC").

As for our busduct systems, their fabrication is also ISO 9001:2015 compliant and they are type-tested according to IEC Standards which are certified by internationally recognised independent certification bodies such as ASTA, DEKRA, UL and SIRIM.

The majority of the Group's products in the financial year ("FY") ended 30 June 2023 was sold in the Malaysian market (52.1% as compared to 54.9% in FY2022). Overseas sales constitute 47.9% of Group's revenue in FY2023 (FY2022: 45.1%) with sales to Vietnam constituting 22.8% of total revenue for FY2023. In FY2022, the Vietnamese market contributed 27.7% to Group's revenue. In RM terms, sales to Vietnam were RM12.6 million in FY2023 as compared to RM14.7 million in FY2022, a drop of 14.3% year-on-year ("YoY").

The Group exports to about 28 countries and the details of its market segmentation is detailed in Note 4(b) to the financial statements on page 61 of the Annual Report 2023.

### YEAR-ON-YEAR FINANCIAL REVIEW

#### Revenue

For FY2023, the Group achieved revenue of RM55.3 million, an increase of 4.2% over that of RM53.1 million recorded in FY2022. RM2.0 million of the increase in revenue of RM2.2 million was derived from the sale of busducts. The increased contribution from the sale of busducts was due to the increase in output of 20.6% YoY and was achieved despite a drop in average selling price ("ASP") of 6.7% YoY.

Revenue from the sale of the Group's other major products such as power factor regulators, protective relays and power meters were more or less the same YoY due to the soft market and reduced electrical engineering projects locally. This is evident from the fact that the Malaysian market only accounted for 52.1% of the Group's revenue in FY2023, a drop from that of 54.9% in FY2022.

#### Gross margin/profit

	FY2023	FY2022	Variance ±	
	RM'000	RM'000	RM'000	%
Revenue	55,303	53,080	+2,223	+4.2
Cost of sales	(36,699)	(36,337)	+362	+1.0
<b>Gross profit</b>	<b>18,604</b>	<b>16,743</b>	<b>+1,861</b>	<b>+11.1</b>
<b>Gross margin (%)</b>	<b>33.6</b>	<b>31.5</b>	<b>+2.1</b>	<b>+6.7</b>

The gross margin for FY2023 improved to 33.6% from that of 31.5% achieved in FY2022. This improvement in margin was due to stringent costs control as well as higher ASPs for all of the Group's products (save for busducts) caused by the strong USD (which appreciated by 6.1% YoY viz-a-viz the RM). Save for the increase in busducts' output as mentioned above, the outputs for the other major products in FY2023 were slightly lower than those of FY2022.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

### YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

#### Profit before tax ("PBT")

Net operating (income)/expenses	FY2023 RM'000	FY2022 RM'000	Variance ± RM'000	%
Other income (including net gain or loss on impairment of financial assets)	(2,650)	(1,987)	+665	+33.5
Selling and distribution expenses	5,601	4,162	+1,439	+34.6
Administrative expenses	8,334	6,610	+1,726	+26.1
Other operating expenses	2,037	1,678	+359	+21.4
Finance costs	99	42	+57	+135.7
	<b>13,421</b>	<b>10,505</b>	<b>+2,916</b>	<b>+27.8</b>
Net foreign exchange gain	(154)	(579)	-425	-73.4
	<b>13,267</b>	<b>9,926</b>	<b>+3,341</b>	<b>+33.7</b>

In spite of the higher gross profit as mentioned above, the PBT for FY2023 of RM5.3 million was 22.1% lower than that of RM6.8 million recorded for FY2022. This decline was due to higher net operating expenses of RM13.3 million for FY2023 as compared to that of RM9.9 million in FY2022.

All operating expense components increased significantly YoY and the main component increase was the revenue portion of employee benefits which increased by RM1.9 million from RM11.2 million in FY2022 to RM13.1 million for FY2023. This increase was due to the Group's decision to restore pay, bonus and other employee benefits cuts imposed from April 2020 (commencement of the imposition of Mandatory Control Orders) to June 2022.

Selling and distribution expenses also increased significantly as the Group increased its sales and marketing activities to maintain its market share and major customers and thus, had to increase its expenditure on sale commissions, entertainment, travelling and accommodation.

As for administrative expenses, the YoY increase was mainly attributed to impairment loss on receivables of RM337,000; property, plant and equipment written-off of RM178,000 and corporate advisory fees of RM193,000 (due to increased corporate exercises in FY2023).

Other income (including net gain or loss on impairment of financial assets) increased by 33.5% or RM0.7 million to RM2.7 in FY2023 from RM2.0 million in FY2022. If the impairment net loss of RM228,000 and net gain of RM784,000 for FY2023 and FY2022 respectively are excluded, other income would have increased by RM1.2 million YoY. This incremental income (net of changes YoY of other decreased income items) was attributed to the gain of RM2.0 million on completion of the sale of freehold land and factory buildings in FY2023.

#### Profit for the financial year ("PAT")/Profit attributable to the owners of the parent

PAT for FY2023 decreased to RM4.0 million from that of RM5.2 million for FY2022. This decrease of 23.1% was slightly more than the YoY drop of 22.1% in PBT due a higher effective tax rate of 25.6% for FY2023 as compared to that of 24.1% in FY2022. The higher effective tax rate was caused by increased non-deductible expenses for tax purposes in FY2023.

The YoY decline in the profit attributable to the owners of the parent company for FY2023 of 25.3% was more than the YoY drop in PAT of 23.1%. This was attributed to the profit for the non-controlling interest increasing to RM160,000 in FY2023 from RM74,000 in FY2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

### YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

#### Liquidity and capital resources

Net cash from/(used in):	FY2023 RM'000	FY2022 RM'000
Operating activities	722	3,504
Investing activities	(20,891)	(1,855)
Financing activities	23,668	(1,182)
<b>Net increase in cash and cash equivalents</b>	<b>3,499</b>	<b>467</b>

The Group's cash and cash equivalents increased from RM21.3 million as of 30 June 2022 to RM25.2 million as of 30 June 2023. The analysis of this increase is as follows:

(i) The Group's operating profit before changes in working capital for FY2023 decreased by RM2.3 million YoY to RM5.6 million from that of RM7.9 million in FY2022. The net increase in working capital due mainly to higher inventory levels (increased by RM3.9 million) and increased payables (increase of RM2.4 million) between the two reporting dates under review, caused the cash generated by operations to improve from RM1.5 million for FY2022 to RM3.8 million in FY2023. Despite this increase in cash generated by operations, the net cash from operating activities for FY2023 dropped to RM722,000 as compared to that of RM3.5 million in FY2022. This was mainly due to the Group receiving a net tax refund of RM2.0 million for FY2022 as compared to net tax paid of RM3.1 million in FY2023.

(ii) Net cash used in investing activities for FY2023 of RM20.9 million was substantially higher than that of RM1.9 million FY2022. This increase in cash used was due to the acquisition of an equity interest of 10% in Bio Eneco Sdn. Bhd. for RM22.5 million on 23 June 2023. The other major cash outflow for investing activities was the additions of intangible assets in FY2023 of RM1.4 million. These outflows were compensated by the inflow of the proceeds of RM4.0 million from the sale of freehold land and factory buildings mentioned earlier.

(iii) Net cash from financing activities for FY2023 was RM23.7 million, as opposed to net cash used of RM1.2 million in FY2022. With most of the other outflows for financing activities more or less the same YoY, the contributors to the net cash inflow from financing activities were the proceeds of RM25.0 million from the two private placements of the Company's ordinary shares completed during FY2023.

#### Gearing

	FY2023 RM'000	FY2022 RM'000
Total borrowings	7,823	8,304
Total equity	135,286	106,630
<b>Gearing ratio</b>	<b>5.8%</b>	<b>7.8%</b>

The improvement in the Group's gearing ratio to 5.8% in FY2023 from 7.8% in FY2022 was due to the repayments of borrowings during FY2023 and the increase in total equity consequential to the proceeds of RM25.0 million from the two private placements as mentioned above. The Group did not have any new borrowings during FY2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

### YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

#### Dividends

The payment of dividends by the Company shall depend upon the Group's earnings, working capital and capital expenditure.

FY2023 had been a challenging year for the Group with a number of headwinds and uncertainties. In spite of these issues, the Board has on 29 August 2023, after taking into consideration of all pertinent factors, resolved to recommend a final single tier dividend for FY2023 of 0.05 sen per ordinary share for the consideration of the Company's shareholders at the forthcoming 17<sup>th</sup> Annual General Meeting.

### REVIEW OF OPERATING ENVIRONMENT

The challenges which the Group faced in FY2022 continued into FY2023. Although there were more electrical engineering projects which were previously deferred during the COVID-19 pandemic, coming on stream, the market for the Group's products became very competitive and there was a shift in market demand to lower margin products both locally and overseas.

The competitive market as well as the very challenging global environment and geopolitical tensions has also affected the Group's approach to its business. It has to incur more selling and distribution expenses and maintain its selling prices so as to sustain its sales volume and market share. In order to remain profitable, the Group has to also continuously improve its operational efficiencies and costs control.

### LOOKING AHEAD


Malaysia's GDP growth moderated to 2.9% YoY in the 2<sup>nd</sup> quarter of 2023 ("Q2/23") as compared to 5.9% YoY for the 1<sup>st</sup> quarter of 2023 ("Q1/23") well below Bloomberg consensus' median forecast of 3.3% YoY. The weak growth was partly due to the high base effects from the economic reopening in 2022 as well as weakness in the external-oriented segments. On a positive note, the economy for Q2/23 strengthened 1.5% quarter-on-quarter ("QoQ") on a seasonally adjusted basis compared to 0.9% QoQ for Q1/23.

Despite the uncertainties going forward, the Group is optimistic that its existing business operations will continue to be profitable and viable in the coming financial year.

The diversification of the Group into the business of the manufacturing and trading of biomass fuel products by the acquisition of a further 15% equity interest (to add-on to the 10% equity interest acquired in FY2023) in Bio Eneco Sdn Bhd, which was completed on 13 September 2023, should strengthen the Group's performance in the coming financial year.



# SUSTAINABILITY STATEMENT



**Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring, and sustainable environment.**

## OUR APPROACH

The Group understands that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our investors, customers, and vendors. Hence, the Group is committed to creating sustainable stakeholders' values by incorporating environmental and social concerns into our businesses. To do so, we carry out continuous evaluation of our business operations and at the same time, endeavour to conserve and improve the natural environment and the socio-economic conditions of the Group's employees and community in which we operate.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2<sup>nd</sup> Edition), the Group's sustainability practices are to ensure that economic, environmental, and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

The responsibility to promote and embed sustainability in the Group lies with the Board of Directors (“**Board**”). Among others, this responsibility includes overseeing the following:



The Group will be setting-up a governance structure that will enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group. This is also in recognition of the recent amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the enhanced sustainability reporting framework (“**Enhanced Sustainability Framework**”). As the disclosures stipulated by the Enhanced Sustainability Framework are pervasive and require time to make the necessary preparation such as putting in place the relevant practices, policies, and procedures to embrace the enhanced requirements, the Group will be forming a task force to formulate and manage the said practices, policies and procedures in order to disclose matters such as sustainability governance, scope of sustainability statement and the basis to the scope, materiality assessment and management of material sustainability matters in the Annual Report for the financial year ending 30 June 2025.

## MATERIAL SUSTAINABILITY MATTERS



### Economic

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to question the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at [www.itmikro.com](http://www.itmikro.com) also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. In

this regard, the Group values its customers as they are a major reason for its profitability. Our marketing and sales representatives schedule regular meetings, both formal and informal, with our customers to build a strong and conducive relationship. The objective of this is to promote a culture of open communication, trust, and reliability.

For customers who buy our products, they can be assured of quality as our production process are certified with ISO 9001:2015 “Quality Management System” by Lloyd's Register Quality Assurance for the design, development, and manufacture of analogue, digital and computer controlled protective relays, power meters and power factor regulators and the fabrication of low and medium voltage electrical busways.

# SUSTAINABILITY STATEMENT

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)



### Economic (Cont'd)

Our protective relays are in compliance with the Restriction of Hazardous Substances (“RoHS”) Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of hazardous substances (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ether) in electrical and electronic equipment. In this respect, the Group procures only RoHS-compliant input materials and maintains the requisite documentation from its suppliers that confirm that the products which they supply to the Group are RoHS-compliant.

All our products are type-tested certified as compliant with IEC Standards, UL Standards, EN Standards, ASTA Standards, DEKRA Standards and Standards Malaysia, where applicable.

These certifications provide worldwide recognition and acceptance of our products.

As stipulated in the Group’s “Quality Policy”, we are committed to supply quality products and meeting customers’ satisfactions through continual improvement in technology and processes. We also wish to be a responsive and reliable partner to our distributors who distribute our products within their respective markets.

To our suppliers, the Group practises transparent and fair procurement policies so that they as our business partners know that they can depend on us.

As both customers and suppliers are integral to our ecosystem, the Group have enhanced its Code of Conduct and Ethics by detailing the do’s and don’ts of the relationships between the Group and these stakeholders in distinct and separate Anti-Bribery and Corruption Policy, and Hospitality Policy and Procedures.



### Environment

Generally, our production process does not generate any major environmental concerns because there are no emissions of very harmful noxious gases or the production of toxic fluids and discharges. Our scheduled wastes are stored, treated, recovered in a proper manner, and then delivered to prescribed premises for treatment, disposal, and recovery. In this process, the scheduled wastes will be packaged, labelled, and transported in accordance with the prescribed local guidelines and regulations.

We are committed to “green” operating practices, and the Group (with the exception of Mikro Busway Sdn Bhd fka EPE Busway Sdn Bhd) has in place an Environmental Management System which is accredited as ISO 14001:2015 compliant. Mikro Busway Sdn. Bhd attained its ISO 14001:2015 certification on 31 August 2023.

Our operating practices for environment management include:

- (a) Preserving, conserving, minimising waste of resources and ensuring that the work environment is free from pollution hazards;
- (b) Complying with relevant environment, health and safety laws and regulations in relation to hazardous discharges in the production process;
- (c) Periodic review of the policies, objectives, and targets of our environmental management program; and
- (d) Communicating clearly to all employees, customers, and suppliers to instil in them the environmental awareness culture and values of the Group.

To help reduce global warming as well as to ensure energy sustainability as well as cost savings, the Group has a solar photovoltaic system to generate clean energy from sunlight to supplement its energy needs and at the same time, contributes towards creating a greener and more sustainable environment.



# SUSTAINABILITY STATEMENT

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)



### Social

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and in this respect, Mikro Busway Sdn Bhd (whose production processes are “noisy”) engaged a “noise risk” consultant in 2022 to carry out an initial noise risk assessment to:

- (a) identify noisy areas, noise source and types of noise on its production floor;
- (b) identify and classify employees to their job classification and work process and the types of noise exposures and levels; and
- (c) complete the noise zoning on the production floor.

Based on the assessment, Mikro Busway Sdn Bhd has taken steps to enhance its noise control measures and to take further action to protect its workers from hearing loss.

On 31 August 2023, Mikro Busway Sdn Bhd became the first entity in the Group certified to be in compliance with ISO 45001:2018 “Occupational Health and Safety Management System”.

Apart from safety, promoting good health, and motivation is an essential part of the Group’s responsibility to our employees. In addition to the day-to-day motivation measures, it is the Group’s tradition to have an Annual Dinner for

its employees and/or business associates to mingle and celebrate the year past. The Annual Dinner which was paused during the COVID-19 pandemic, was reconvened in 2022.

The Group continuously upskill and reskill its workforce so that they can execute their roles and responsibilities effectively and efficiently as well as for their personal career development. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skills for career enhancement and personal development. In connection thereto, the Group organised courses for its appropriate personnel on products training, ISO management standards awareness, and the Group’s various corporate policies.

We will continue to focus on human capital development to nurture our employees to their full potential as they are our greatest asset. Every employee is given equal opportunity to rise in their careers through hard work and dedication.

We also place great importance on hiring the right candidate for the right job. As part of our succession planning, we focus continuously on attracting quality talents who best fit our job requirements and complement our work culture.

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for those who are disabled and have special needs.

## OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship, and social responsibility.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) presents this Statement to provide shareholders and investors with an overview of the corporate governance (“**CG**”) practices of the Group during the financial year ended 30 June 2023 (“**FY2023**”). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance 2021 (“**Code**”).

This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**AMLR**”) (“**Bursa Securities**”) and is to be read in conjunction with the CG Report 2022 (“**CG Report**”) which is available on the Group’s website at [www.itmikro.com](http://www.itmikro.com).

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY2023.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### (a) Board Responsibilities

The Board acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders’ value and performance of the Group on a sustainable and long-term basis.

The Board determines the Group’s strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also set the Group’s values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets out all relevant governance matters and applicable limits of authority, including the matters reserved for the Board and those which are expressly delegated to Board committees, the Chairman of the Board (“**Chairman**”), the Managing Director (“**MD**”), or a nominated member of Executive Management, subject always to the ultimate responsibility of the Directors under the Companies Act 2016. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group’s website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee (“**AC**”)
- Nominating Committee (“**NC**”)
- Remuneration Committee (“**RC**”)
- Risk Management Committee

To foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and MD are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the MD takes on the primary responsibility of managing the Group’s businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Board has formalised a Code of Conduct and Ethics which reflects the Group’s vision and core values of integrity, respect, and trust. The core areas concerned include the following:

- Work environment and employment
- Group’s assets and information
- Data privacy
- Conflicts of interest\*
- Anti-bribery, anti-corruption, and no gift policies\*
- Communications with the public
- Financial accounting and reporting accuracy

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (a) Board Responsibilities (cont'd)

The Code of Conduct and Ethics governs the conduct of the Directors and all employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. This code is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

The Code of Conduct and Ethics can be viewed on the Group's website.

\* *See Anti-Bribery and Corruption Policy, and Gifts and Hospitality Policy and Procedures below*

The Group has always got zero-tolerance towards fraud, bribery and corruption and has sought compliance with all relevant laws, including anti-corruption laws. To reaffirm this commitment and to mitigate the risk of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group has adopted an Anti-Bribery and Corruption Policy which set out the rules and guidelines on:

- Payments by the Group
- Gifts and hospitality
- Donations and sponsorships
- Political contributions

This policy also details the managing of relationships with business associates and third parties and how to avoid conflicts of interest situations.

All employees as well as directors of the Group must declare in writing that they have read, understood and shall abide with this policy and annual awareness programmes on the same are conducted for them. Training on this policy is also conducted as part of the induction process for all new employees and directors of the Group.

The Anti-Bribery and Corruption Policy can be viewed on the Group's website.

### **Gifts and Hospitality Policy and Procedures**

In tandem with the adoption of the Anti-Bribery and Corruption Policy, the Group had enhanced its no gifts policy with the implementation of the Gifts and Hospitality Policy and Procedures. The policy set out the acceptable practices and guidelines for the giving or receiving gifts and hospitality.

All employees as well as directors of the Group must declare in writing that they have read, understood and shall abide with this policy

Full details of the Gifts and Hospitality Policy and Procedures are set out in the Group's website.

To maintain the highest standards of ethical conduct and integrity, the Group has a formal Whistle-blowing Policy and Procedures. This policy establishes a framework where stakeholders can raise in confidence any possible corporate misdemeanours. The whistleblowing channel was created to help stakeholders raise their concerns without fear of victimisation or retaliation provided that the reporting is in good faith.

All concerns can be reported through telephone or email to the Managing Director ("MD") and will be escalated to the Group's "Whistle-blowing Champions" ("WBC") which comprise the MD, the Executive Director/Finance Manager and the Executive Director/Chief Technology Officer for investigation or follow-up as they deem fit.

If the said concern/s involve any of the WBC (other than the MD), the investigation or follow-up shall be dealt with by him or any internal or external parties at his discretion. In cases which involve the MD, any of the other WBC can forward the concern/s directly to the Whistle-blowing Committee which presently consist of solely Independent Directors and this committee shall deal with the same as it deems fit.

If the concern/s involve a member of the Board, any of the WBC is to exercise his/her judgement to bring the matter to other appropriate members of the Board for their further action.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (a) Board Responsibilities (cont'd)

#### **Gifts and Hospitality Policy and Procedures (cont'd)**

The Whistle-blowing Policy and Procedures can be viewed on the Group's website.

#### **Directors' Fit and Proper Policy**

The Group has formalised a Directors' Fit and Proper Policy to ensure a formal, rigorous, and transparent process for the appointment and re-election of Directors. This policy is aimed to guide the NC and the Board in reviewing and assessing candidates who are to be appointed onto the Board as well as retiring Directors who are seeking re-election.

The general criteria that form the basis of this policy are:

- Character and integrity;
- Experience and competence; and
- Time and commitment.

Among the factors that will be considered by the NC and the Board pursuant to this policy includes but are not limited to probity, personal and financial integrity, reputation, qualifications and skills, experience and expertise, ability to devote time as a Board member, independence, and existing board positions in other listed and non-listed companies.

Further details of the Directors' Fit and Proper Policy can be viewed on the Group's website.

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.

Given the current state of the Group's lifecycle, there is an informal succession plan for key management in place. Going forward and at the relevant and appropriate time, the Board shall implement a structured approach to the said plan for the Group.

The Board members have full and unrestricted access to the Joint Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators. In addition to their corporate secretarial administrative responsibilities, they also advise the Board on its roles and responsibilities, corporate disclosures and compliance, corporate governance developments and practices.

The Directors also received updates from time to time on relevant new laws and regulations. Visits by the Non-Executive Directors to the Group's businesses were also arranged for enhancement of their knowledge in respect of the Group's businesses as well as better awareness of the risks associated with the Group's operations.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2023 were as follows:

#### **Training Programmes/Seminars/Conferences**

Datuk Aznam Bin Mansor	• Guidance for Preparation of Sustainability Statement
Yim Yuen Wah	• BDO Tax Webinar on Budget 2023
Goh Yoke Chee, Madam	• BDO Tax Webinar on Budget 2023
	• Sales Tax : Enhance Your Knowledge
	• ESG Reporting : A Key to Value Creation Today



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (a) Board Responsibilities (cont'd)

#### Directors' Fit and Proper Policy (cont'd)

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2023 were as follows (cont'd):

	Training Programmes/Seminars/Conferences
Nor Azlan Bin Zainal	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> Malaysia Tax Policy Forum</li> <li>• ESG &amp; Sustainability Accounting Conference 2022</li> <li>• Seminar Percukaian Kebangsaan 2022</li> <li>• Transfer Pricing Conference 2023</li> <li>• Bursa Securities' prescribed Mandatory Accreditation Programme ("MAP Part I")</li> </ul>
Syed Mohd Hafiz Bin Syed Mohd	<ul style="list-style-type: none"> <li>• Bursa Malaysia Mandatory Accreditation Programme ("MAP Part I")</li> <li>• Energy Transition Conference 28<sup>th</sup> August 2023</li> <li>• New Industrial Master Plan 2030</li> <li>• 27<sup>th</sup> World Congress on Innovation and Technology and 6<sup>th</sup> International Digital Economy Conference Sarawak 2023</li> </ul>
Wan Adli Ridzwan Bin Wan Hassan	<ul style="list-style-type: none"> <li>• Bursa Malaysia Mandatory Accreditation Programme ("MAP Part I")</li> </ul>
Prof Wang Hong*	<ul style="list-style-type: none"> <li>• IEEE SSCS Technical Seminar Series: Green Technologies for Intelligent and Connected Systems at the Trillion Scale – Without Trillion of Batteries</li> <li>• Advancing spintronic devices with symmetry and dimensionality</li> <li>• Controlling Waves in Metamaterials</li> </ul>

\* *Prof Wang Hong, who was appointed as an Independent Director on 29 May 2023 has yet to complete his MAP 1 as of the date of this Statement.*

The Board (via the NC and with assistance of the Joint Company Secretaries) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up to date with the development of the Group's business and industry that may affect their roles and responsibilities. In view of the recent amendments to the AMLR in relation to sustainability training for Directors, all newly appointed and existing Directors must complete the Mandatory Accreditation Programme Parts I and/or II based on the timeline as prescribed by Bursa Securities.

Orientation that includes visits to the Group's business operations and meetings with key management, where appropriate, are also organised for newly appointed Directors to facilitate their understanding of the Group's operations and businesses.

### (b) Board Composition

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in area relevant to enhance the growth of Group's business. The Directors, four (4) out of nine (9) members of whom are Independent Directors, collectively bring with them wide and varied technical, financial, legal, and corporate experience to enable the Board to lead and control the Group effectively. The majority of Independent Directors on the Board helps to bring objective and independence judgements to facilitate a balanced leadership in the Group.

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Joint Company Secretaries and conducted in a structured manner using evaluation forms covering the following aspects:

#### (i) Board and Board committees

- Board mix and composition
- Quality of information and decision making
- Boardroom activities
- Board's relationship with the management

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (b) Board Composition (cont'd)

#### (ii) Directors

- Fit and proper
- Contribution and performance
- Calibre

As for the AC, the annual evaluation is done in two (2) components:

- (i) The AC as a whole - This evaluation which covers the below aspects is done by the MD as all the AC members constitute the entire membership of the NC:

- Quality and composition
- Skills and competencies
- Meeting administration and conduct

- (ii) Self and peer evaluation by the AC members

Completed evaluation forms and the results of the evaluations are collated into a report and deliberated on by the NC and subsequently by the Board and key issues arising thereon are identified for further action by Executive Management.

Based on the evaluation carried out for FY2023, the NC has informed the Board that it was satisfied with the effectiveness of the Board and Board committees and the contribution and performance of each individual Director.

The MD has also informed the Board that he was satisfied with effectiveness of the AC. In addition, the NC having reviewed the self and peer evaluations of the AC members has informed the Board that the AC is performing effectively.

The Board currently has two women among its eight (9) members. The Board is on a continuing outlook for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.

The Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment and promotion. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

### (c) Remuneration

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, collectively, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.

The RC's recommended remuneration for Directors and Senior Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for Directors, it will be presented at the Annual General Meeting ("AGM") for shareholders' approval.

The details of the Group's remuneration policies and practices are included in the Group's Remuneration Policy which is available on the Group's website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (c) Remuneration (cont'd)

The detailed disclosure on a named basis for the remuneration of individual Directors is set out in the CG Report and the Directors' Report on pages 43 to 44 of this Annual Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### (a) AC

The AC currently comprises three (3) members, all of whom are Independent Directors. The AC Chairman is Encik Nor Azlan Bin Zainal.

The AC has policies and procedures to review, assess and monitor the performance, suitability, and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 28 to 31 of this Annual Report.

### (b) Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued must be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FY2023 for identifying, evaluating, and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 32 to 37 of this Annual Report.

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

### (a) Communication with Stakeholders

The Board is committed to ensuring that communications to stakeholders and the investing public in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### (a) Communication with Stakeholders (cont'd)

The release of announcements and information by the Group to Bursa Securities, is handled by the MD and/or the Joint Company Secretaries within the prescribed requirements of the AMLR and the Shareholder Communication and Corporate Disclosure Policy ("**SCCDP**"). The SCCDP outlined the procedures and processes to be followed in ensuring compliance by all Directors, officers, and employees of the Group. The full text of the SCCDP is available on the Group's website.

Information is disseminated via annual reports, circulars/statements to shareholders, quarterly and annual financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only released after having reviewed by the MD and/or the Board where necessary.

The Group's website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the website for investors and the public.

Any shareholders' queries or concerns relating to the Group may be conveyed to our MD at our Registered Office as detailed below:

3, Jalan Anggerik Mokara 31/48  
Kawasan Industri Kota Kemuning  
40460 Shah Alam, Selangor Darul Ehsan, Malaysia  
Tel: +60-3-5525-3863  
Fax: +60-3-5525-3873  
Email: [mikro@itmikro.com](mailto:mikro@itmikro.com)

Datuk Aznam Bin Mansor, our Chairman, is designated by the Board to be the contact for consultation and direct communication with shareholders on matters that could not be resolved through the normal channels of contact with the MD. He too can be contacted at the above address.

### (b) Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. All shareholders are encouraged to attend the AGM, during which they can participate and given the opportunity to ask questions and vote on important matters affecting the Group, including the election/re-election of Directors, business operations, and the financial performance and position of the Group.

At the commencement of an AGM, the Chairman of the meeting ("**Meeting Chairman**") will brief the meeting on the right to pose questions, the resolutions to be tabled at the meeting as well as the voting process on the resolutions concerned.

The Meeting Chairman will provide adequate opportunities and time for questions to be posed by the shareholders and for the Directors present to provide replies to said questions.

Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 17<sup>th</sup> AGM to address shareholders' queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with Practice 13.1 of the Code, the Company's Notice of the forthcoming 17<sup>th</sup> AGM shall be given to shareholders at least twenty-eight (28) days prior to the meeting.

In addition, the Board also undertake that the Minute of the 17<sup>th</sup> AGM shall be posted on the Group's website no later than thirty (30) days after the meeting.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board on 25 October 2023.



# OTHER DISCLOSURE REQUIREMENTS

## 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The status of the utilisation of the private placement (1) Proceeds is set out as below:

	Proposed Utilisation (RM'000)	Amount Utilised As At 28 August 2023 (RM'000)	Balance To Be Utilised (RM'000)	Expected Utilisation Time Frame
Working Capital	9,357	9,357	-	Within 12 Months
Estimated expenses relating to the proposed private placement	70	70	-	Immediate
<b>Total</b>	<b>9,427</b>	<b>9,427</b>	<b>-</b>	

The status of the utilisation of the private placement (2) proceeds is set out as below:

	Proposed Utilisation (RM'000)	Amount Utilised As At 28 August 2023 (RM'000)	Balance To Be Utilised (RM'000)	Expected Utilisation Time Frame
Funding for purchase consideration	13,500	13,500	-	Within 12 months
Working capital	1,800	1,800	-	Within 12 months
Estimated expenses relating to the proposed private placement	255	255	-	Immediate
<b>Total</b>	<b>15,555</b>	<b>15,555</b>	<b>-</b>	

## 2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

There was no recurrent related party transactions during the financial year ended 30 June 2023.

## 3. AUDIT AND NON-AUDIT FEES

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 30 June 2023 to the external auditors are set out below:-

	GROUP (RM)	COMPANY (RM)
Audit fees	158,000	52,000
Non-audit fees	8,000	8,000
<b>Total</b>	<b>166,000</b>	<b>60,000</b>

## 4. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest during the financial year.

# AUDIT COMMITTEE REPORT

The Audit Committee was formed by the Board of Directors on 18 September 2009. The primary objective of the audit committee is to assist the board of directors in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the company and all its subsidiaries ("Group") and to ensure the adequacy and effectiveness of the Group's internal control measures.

## COMPOSITION AND ATTENDANCE

The Audit Committee is made up of four (4) Independent Non-Executive Directors.

There were four (4) Audit Committee meetings held during the financial year and the attendance record is as follows:-

Name of Board Member	Designation	Number of Meetings Attended
<b>Lu Chee Leong (Chairman)</b> <i>Retired on 8 December 2022</i>	Independent Non-Executive Director	2/2
<b>Dr. Tou Teck Yong (Member)</b> <i>Retired on 8 December 2022</i>	Senior Independent Non-Executive Director	2/2
<b>Woon Yeow Thong (Member)</b> <i>Retired on 8 December 2022</i>	Independent Non-Executive Director	2/2
<b>Nor Azlan Bin Zainal</b> <i>Appointed on 8 December 2022</i>	Independent Non-Executive Director	2/2
<b>Wan Adli Ridzwan Bin Wan Hassan</b> <i>Appointed on 8 December 2022</i>	Independent Non-Executive Director	2/2
<b>Syed Mohd Hafiz Bin Syed Mohd</b> <i>Appointed on 8 December 2022</i>	Independent Non-Executive Director	2/2

## TERMS OF REFERENCE

The Audit Committee's Terms of Reference is available on the company's website. The Terms of Reference discloses the following in compliance to listing requirements:

- Board composition
- Objectives of the committee
- Meetings and access to information
- Authority
- Duties and Responsibilities

## SUMMARY OF AUDIT COMMITTEE WORK DURING THE FINANCIAL YEAR

The main activities undertaken by the Audit Committee during the financial year are as follows:-

### Financial Reporting

- Monitoring the integrity of financial reporting and ensuring suitable accounting policies were adopted and applied consistently;
- Reviewed quarterly unaudited financial statements of the Group in compliance with approved accounting standards and the ACE Market Listing Requirements before submission to the Board for consideration and approval; and
- Reviewed and monitored any related party transactions and conflict of interest situation that may arise within the Company and the Group.

### External Audit

- Reviewed and discussed the audit plan and scope of work of the external auditors for financial year 2023;
- Reviewed and discussed External Audit reports and Management's response and actions taken in respect of these (where actions are not taken within an adequate timeframe by the management, the Audit Committee will report the matter to the Board);

# AUDIT COMMITTEE REPORT

## SUMMARY OF AUDIT COMMITTEE WORK DURING THE FINANCIAL YEAR (CONT'D)

The main activities undertaken by the Audit Committee during the financial year are as follows (cont'd):-

### External Audit (cont'd)

- Ensured that the financial statements are prepared on a timely and accurate manner with frequent reviews of the adequacy of allowances against contingencies and impaired assets; and
- Met with the External Auditors twice without the presence of the Management or Executive Directors to discuss any key concerns and to obtain feedback.
- Assessed the objectivity, performance and independence of External Auditors;

### Internal Audit

- Reviewed internal audit reports issued by Internal Auditors, audit recommendations and Management action plan regarding these recommendations (where appropriate, Audit Committee instructs management to rectify and improve the systems of internal controls based on Internal Auditor's recommendations and suggestions);
- Reviewed and follow-up on implementation and disposition of previous internal audit findings and recommendation;
- Reviewed the internal auditors' adequacy of the scope of work, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Reviewed the internal audit plan, processes, the results of the internal audit assessments investigation undertaken and whether or not appropriate action is taken on the recommendations; and
- Assessed the objectivity, performance and independence of Internal Auditors.

### Risk Management and Internal Control

- Assessed the quality and effectiveness of the systems of internal controls and the efficiency of the Group's operations;
- Made recommendation on adequacy and effectiveness of the systems of internal controls to the Board;
- Evaluated and managed significant business risks affecting the day-to-day operations of the Company and of the Group;
- Recommended improvements on risk management practices within the Company and the Group; and
- Based on review of risks and internal control findings, ensured that management and employees are aware of risks and actively take steps to address them.

## SUMMARY OF INTERNAL AUDIT WORK

The Group's Internal Audit Function has been outsourced to Talent League Sdn Bhd, a professional service firm ("Outsourced IA"). The Outsourced IA is headed by its executive director, Mr Roy Thean Chong Yew, who is a Chartered Member of Institute of Internal Auditor as well as members of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was assisted by four (4) other internal auditors in all assignments during the financial year under review. The team is well equipped with an appropriate level of qualified internal auditing skills, knowledge and experience. The Internal Auditor reports directly to the Audit Committee and assist the Board of Directors in fulfilling its fiduciary responsibilities in monitoring and managing risks, internal controls and governance to ensure compliance with the Malaysian Code on Corporate Governance.

A three (3) years Internal Audit Plan has been developed from the risk assessment carried out, to ensure that significant risks and the controls put in place to address those risks are audited. The internal audit aims to provide the Audit Committee with independent and objective reports on the state of internal control, highlighting any areas for improvement and updates on the extent to which the recommendations have been implemented. Issues raised from discussion between Internal Auditors and management's actions were addressed within required time frame to ensure risks are mitigated or remain within acceptable levels.

# AUDIT COMMITTEE REPORT

## SUMMARY OF INTERNAL AUDIT WORK (CONT'D)

The main objectives of the internal audit outlined by Internal Auditors are as follows:-

- To ascertain whether the controls pertaining to the processes under review are suitably designed and adequate to manage the Company's key risks;
- To ascertain whether the controls currently in place for the processes under review adhere to the Company's established policies, procedures and guidelines; and
- To highlight improvement opportunities and weaknesses identified within the processes under review and recommend remedial solutions.

The internal audit was carried out in accordance with the Institute of Internal Auditors' guidance on risk based internal auditing. The internal audit approaches are as follows:-

- Meeting with key staff to gain an understanding of the risks along with the processes reviewed, and the controls put in place;
- Reviewing key documents that support the processes and controls in place;
- Performing walkthrough test and test of control, and in particular management oversight controls, in order to provide assurance as to the design and operational effectiveness of the internal control; and
- Comparing existing processes with established best practices.

The areas audited during the year were as follows:-

- Inventory Management
- Human Resource Management
- Management Information System
- Procurement

The total cost incurred for the Internal Audit service for the financial year was RM32,500.

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

There were no options offered to and exercised by Directors and Key Senior Management for financial year under review.

## EXTERNAL AUDIT FUNCTION

### Suitability and Independence of External Audit

The Group has processes and procedures in place to assess the performance, independence and competence of the External Auditors. Meetings with External Auditors are held to discuss the integrity of the Auditor's Report, as well as issues raised during the External Audit. Private discussions between Audit Committee and External Auditor were held to discuss independence issues, existing and potential conflict of interest situation, and rotation of engagement Audit Partner.

The Group has implemented an External Auditors Assessment Policy to enhance the External Auditors assessment processes and procedures. This Policy provides a structured, formalised/documented assessment, review and supervision of the performance, suitability and independence of External Auditors, to facilitate accountability and transparency of the Group's dealing with its External Auditors.

The policy would contain detailed procedures to assess the independence and service level of the External Auditors, which amongst others, include reviewing the External Auditors' performance and quality of work, timeliness of service deliverables, non-audit services provided and the rotation of the External Auditor engaged. The External Auditors' service level is to be rated based on the Assessment Questionnaire issued to key personnel across the Group who have a working relationship with the External Auditors. They are requested to review the service level of the External Auditors and confirm that the External Auditors have a reasonable understanding of Mikro's business and are able to support Mikro from an accounting standpoint.



# AUDIT COMMITTEE REPORT

## EXTERNAL AUDIT FUNCTION (CONT'D)

### Suitability and Independence of External Audit (cont'd)

The Group has implemented a policy to govern the circumstances under which former key audit partners of former or present external auditors can be appointed by the board or be employed by the company. This policy will ensure the quality of independence of audits and to avoid potential threats that may arise due to the appointment.

The Audit Committee reviews the independence of External Auditors annually and ensures that any provision of non-audit services by the External Auditors is not in conflict with their audit function. The current External Auditors, BDO PLT were engaged with the Company for fifteen (15) years. The Audit Committee ensures that there is a rotation of the External Auditor's Engagement Partner at least once every five years or less. The Audit Committee has also obtained a written assurance on the status of independence of the External Auditors and the internal processes undertaken by them to determine their independence.

The Board of Directors, having assessed the objectivity, performance and independence of the External Auditors, is satisfied that BDO PLT had met the set criteria set by the Board of Directors and recommends their re-appointment, upon which the shareholders' approval will be sought at the AGM.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors of Mikro MSC Berhad (“Mikro”) is committed in the good practice of corporate governance and to establish a sound risk management and internal control system throughout the Group and its subsidiaries. The Board is please to present herewith the Statement on Risk Management and Internal Control (“SORMIC”) of the Group during the year.

## BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in ensuring independent oversight of the Group’s risk management framework and internal control which includes seeking regular assurance on the adequacy and integrity of the internal control system. The Board continually reviews the adequacy and effectiveness of the risk management framework and internal controls, and ensures alignment with business objectives.

However, it should be noted that the system of risk management and internal control are designed to manage and minimize rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of law and regulation.

The Group has in place an ongoing control structure and process for identifying, analysing, evaluating and managing the significant risks in the achievement of strategies, policies and business objectives throughout the financial year under review and up to the date of approval of this statement.

## RISK MANAGEMENT COMMITTEE

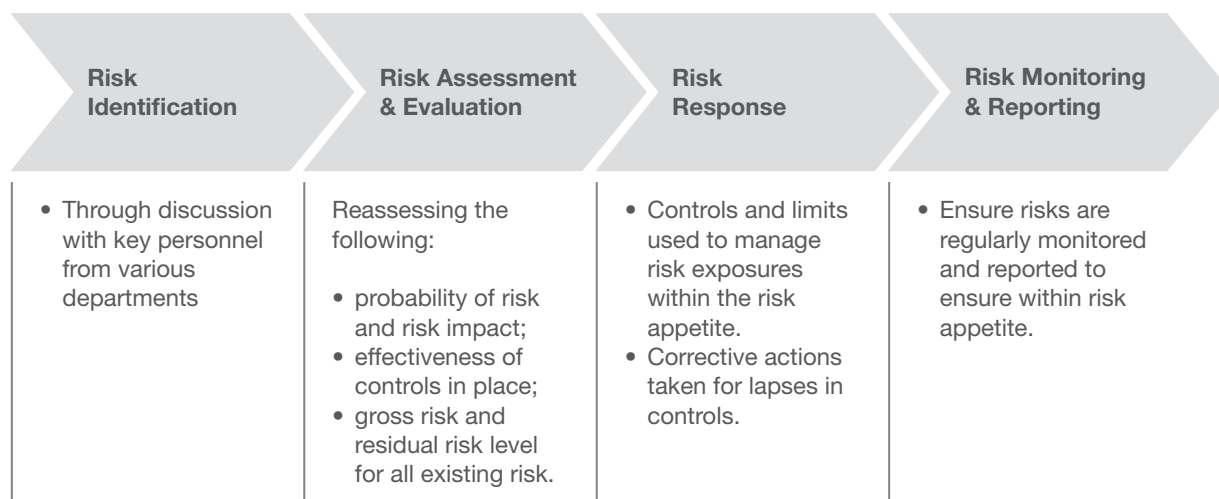
Risk Management Committee (“RMC”) is established by the Board. RMC is responsible for assisting and the board to develop a sound risk management framework, monitoring and reporting of principle risk as identified by the management.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The structures and processes that have been established from reviewing the adequacy and effectiveness of the risk management and internal control system are primarily the Group’s Risk Management framework and the three (3) lines of defense in addressing risks and internal controls, as explained in the following:

### A. RISK MANAGEMENT FRAMEWORK

To ensure effective corporate governance is practised throughout the Group, the Group adopts an Enterprise Risk Management (“ERM”) framework. The framework provides the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Group. The ERM framework is shown as follows:



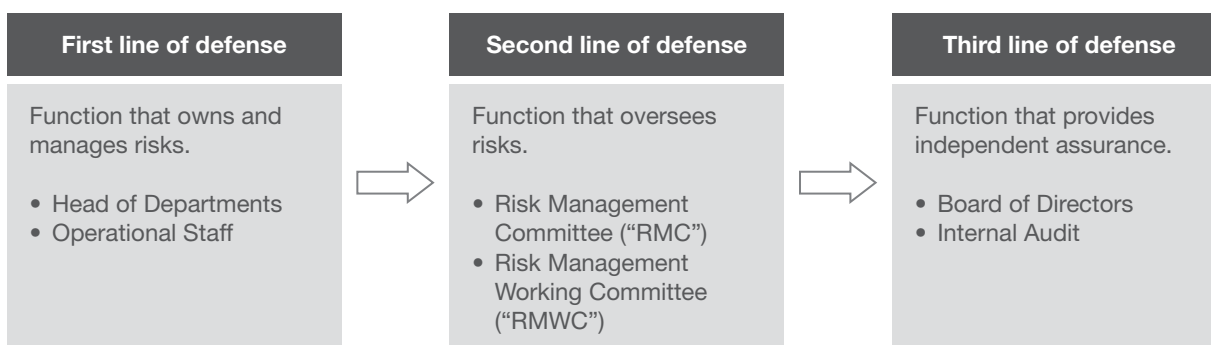
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

### A. RISK MANAGEMENT FRAMEWORK (CONT'D)

#### Three (3) Lines of Defense

Our Group's risk management approach is based on the 3 lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risk across our Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on day-to-day basis by taking appropriate actions to mitigate risk through effective controls. The second line of defence provides oversight functions, perform independent monitoring of business activities and reporting to management to ensure that our Group is conducting business and operating within the approved appetite and also in compliance to regulations. The third line of defence is Internal Audit party who provides independent assurance to our Board that the internal controls and risk management activities are functioning effectively. The summary of the 3 lines of defense are shown as follows:



The Group recognises that it is obliged to systematically manage and regularly review its risk profile at a strategic, financial, compliance and operational level. The Board is assisted by the RMC to identify, evaluate and manage the significant risks faced by the Group.

The establishment of RMC reaffirms the Board's commitment to safeguard shareholders' interests and Group's assets. The RMWC is assisted by Management through head of departments. Discussions with the RMWC were held to deliberate on the actions to be taken to address risk management and internal control matters identified by the outsourced internal audit function.

Risk management is a continuous process and through the Risk Management Committee, regularly monitors and reviews the effectiveness of the risk management process of the Group. The RMC oversees the risk management processes design and implementation by the Management that is in accordance with the Group's strategic vision, objectives and overall risk appetite.

The Group's risk profiles were reviewed and reported on a yearly basis to the Risk Management Committee with this function being outsourced to an external risk management consultant, Talent League Sdn Bhd. This exercise is performed once a year by reassessing the existing risk parameters, identifying new risk, identifying existing controls and identifying additional controls placed by management.

#### Top three (3) risks

The following represents the Group's top strategic and operational risks that may create a significant or material adverse impact to the Group as well as impede the achievement of the established objectives and affect the Group's ability to create value over the short, medium and long term period.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

### A. RISK MANAGEMENT FRAMEWORK (CONT'D)

#### Top three (3) risks

#### **Occupational Health, Safety and Environment ("HSE")**

Accidents occur at the workplace. In order to foster a safe and healthy work environment, controls have been put in place to prevent injuries to Mikro's employees and stakeholders. These controls include labeling and storing chemicals in designated room, segregation of waste and disposal in accordance to the Environmental Management System. Proper HSE training and safety awareness campaign are provided to employees.

#### **Research and Development**

In order to stay relevant in a consumer driven world where product development and innovation moves at a lightning pace, we need to be able to keep up with the pace. The Company maintains constant communication with and obtains feedbacks from end-users thus enabling the Company to produce products with added required features. Also, constant updates of technological changes and product development through technical journals, attending industry courses/seminars/talks are efforts that keep us up to date in the industry.

#### **Financial Risk**

The Group is exposed to various financial risk relating to foreign currency exchange, interest rate, credit, liquidity and prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risk are set out in Note 31 to the financial statements on page 96 to 98.

The Board is aware of these and other risks within the Group and necessary remedy actions are taken continuously as an effort to build a stronger risk awareness culture and robust ERM framework as an integral part of its overall strategy to enhance shareholder value and meet the expectations of stakeholders.

### B. KEY ELEMENTS OF THE SYSTEM ON INTERNAL CONTROL

The key processes of the Group's internal controls include the following:

1. The Group has in place an organisation structure that supports business and operational requirements, with clearly defined levels of responsibilities, lines of accountability and delegated authority with appropriate reporting procedures. The roles and responsibilities of the Board is set out in the Board Charter;
2. The Audit Committee reviews the quarterly financial reports, annual financial statement and the internal audit reports on a periodic basis;
3. Documented internal procedures and standard operating procedures have been put in place together with surveillance system and certification audits conducted on a periodic basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered;
4. Recruitment of adequately experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that effective controls are in place;
5. The Executive Directors are actively involved in the day-to-day business operations of the Group. Scheduled operational and management meetings are held with senior management to identify, discuss and resolve business and operational issues. They report to the Board on significant changes in the business and external environment, which may affect the operations of the Group; and
6. Training and development programs are being attended by Directors and employees with the objective of enhancing their knowledge and competency.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

### C. OTHER ELEMENTS OF INTERNAL CONTROL

#### Whistle Blowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. This Policy was introduced to ensure that a process is in place to allow stakeholders to report alleged improper or unlawful conduct without fear of retribution.

The Group views seriously any detrimental action taken against a whistleblower or any person related to or associated with the whistleblower in reprisal for a disclosure of improper conduct and will treat such action as gross misconduct. Employees are expected to be vigilant about any wrongdoings, malpractices or irregularities at the workplace and to report or disclose concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in the future. Reporting may be made through telephone call or e-mail to the Managing Director. If reporting to management is a concern, reporting may be made through Independent Director or to the Chairman of the Audit Committee. Contact details are available on Mikro's website for employees and the public to report their concerns.

This Policy aims to:

- encourage stakeholders to feel confident in raising serious concerns and to question and act upon noting concerns;
- provide avenues to raise those concerns and receive feedback on any action taken;
- ensure that whistleblowers receive a response and are aware of how to pursue further action if they are not satisfied; and
- provide reassurance that whistleblower will be protected from possible retaliation.

#### Grievance Policy

The Group has also established a Grievance Policy and Procedure to bring to the attention of the management of Mikro any dissatisfaction or feeling of injustice which may exist in respect of the workplace. The management will attempt to resolve the grievance in a manner which is acceptable to the employee concerned and the Group.

#### Code of Conducts and Ethics

This Code of Conduct and Ethics defines the standards of conduct that are expected of Directors and employees to help them make the right decision in the course of performing their jobs to the highest standards of ethic, integrity and governance.

Among others, the Code requires the employees to ensure the following:

- maintain full and accurate Company records;
- all assets and property of the Company will be used only for the benefit of the Company;
- always dealing with customers and suppliers based on merit and fairness;
- engage competitors in a fair manner and not to engage in any unfair or illegal practice in order to gain an unfair advantage;
- always act to ensure a workplace environment that is free from harassment and discrimination; and
- deal with all team members with respect, courtesy and fairness.

All employees are required to adhere to the Group's Code of Conducts and Ethics. These codes can be found in the employee handbook. Management is currently enhancing their Code of Conduct by reviewing it yearly, including an Annual Ethics Declaration Form.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D)

### C. OTHER ELEMENTS OF INTERNAL CONTROL (CONT'D)

#### Anti-Bribery and Anti-Corruption Policy

The Company has developed an Anti-Bribery and Anti-Corruption policy to ensure healthy corporate culture which promotes ethical conduct by its employees and the Board.

Its aim is to limit its exposure to bribery by:

- setting out a clear Anti-Bribery & Anti-Corruption policy;
- training employees so that they can recognise and avoid the use of bribery by themselves and others; and
- encouraging employees to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately.

#### No Gift Policy

The Group has established a No Gift Policy as part of the Group's continuous efforts to uphold the Anti-Corruption Principles.

All employees and Directors are required to demonstrate commitment to treating all people and organisations impartially, with unbiased professionalism and non-discriminatory actions in relation to all suppliers, customers, contractors, employees, potential suppliers, potential employees and any other individual or organisation.

The Group will work towards creating a business environment that is free from corruption, protect the interests of the shareholders and will uphold the above principles in the conduct of its business.

## INTERNAL AUDIT

The Group's internal audit function is outsourced to an external professional firm, which provides support to the Audit Committee in discharging its duties regarding the adequacy and effectiveness of system of internal controls and governance processes. During the financial year under review, the Internal Auditor conducted internal audits based on an approved internal audit plan.

Internal control weaknesses have been identified and are being addressed by the Board and Audit Committee so as to ensure that the integrity of internal controls can be enhanced in the future. None of the weaknesses have resulted in any material losses, contingencies or uncertainties. The Management of the Group continues to take measures to strengthen the internal control environment from time to time based on the recommendations proposed by the Internal Auditors.

## REVIEW OF THIS STATEMENT

The external auditors, BDO PLT have reviewed this SORMIC for inclusion in the Annual Report of the Company for the financial year ended 30 June 2023. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("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). Their review has been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of risk management and the system of internal control for the Group.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, 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, nor is factually inaccurate.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## CONCLUSION

The Board has received assurances from the RMC and Audit Committee respectively that the Group's system of risk management and internal controls is operating adequately and effectively, in all material aspects. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss of the Group. The Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' interests and the Group's assets. This statement has been reviewed and approved by the Board of Directors on 25 October 2023.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("Board") of the Company is required by the Companies Act, 2016 ("Act") to make a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements for the financial period ended 30 June 2023 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards and the requirements of the Act.

In preparing the financial statements, the Board has:

- reviewed the accounting policies and ensured that they were consistently applied; and
- in cases where judgements and estimates were made, the judgements and estimates concerned were based on reasonableness and prudence.

The Board has relied on the Group's system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board dated 25 October 2023.



# LIST OF PROPERTY HELD

AS AT 30 JUNE 2023

Location/ Address	Description	Current Use	Tenure and Approximate Age of Building (Years)	Land Area (sq.ft.)	Net Book value	Revaluation value	Date of last revaluation / Date of acquisition
No. 3, Jalan Anggerik Mokara 31/48, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor	A Single (1)-Storey Warehouse, With An Annexed Three (3)-Storey Office Block, A Guard House And A Refuse Chamber	Plant and Office	Freehold, 16 years	43,562 sq ft	RM15,571,897	16,000,000	31 <sup>st</sup> December 2020

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

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 30 June 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the research, development, design and manufacturing of analogue, digital and computer controlled electronic systems or devices for use in electrical, electronic and other industries and provision of technical and maintenance services. On 4 September 2023, the Company had diversified into manufacturing and trading of biomass fuel products.

The subsidiaries are principally engaged in the manufacturing and sales of analogue, digital and computer controlled electronic devices, trading of capacitors and busduct and manufacturing and dealing of medium voltage and low voltage busway system. Further details of the subsidiaries are set out in Note 9 to the financial statements.

## RESULTS

	Group RM	Company RM
Profit for the financial year	3,968,401	8,519,044
Attributable to:		
Owners of the parent	3,808,081	8,519,044
Non-controlling interests	160,320	-
	3,968,401	8,519,044

## DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM
Final single-tier dividend of 0.05 sen per ordinary share in respect of the financial year ended 30 June 2022, paid on 5 January 2023	294,611

On 29 August 2023, the Directors proposed a final single-tier dividend of 0.05 sen per ordinary share amounting to RM372,683 in respect of the financial year ended 30 June 2023. This dividend will be recognised in the financial statements for the subsequent financial year upon approval of shareholders at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions 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.

# DIRECTORS' REPORT

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 589,226,140 to 745,365,940 by way of issuance of 156,139,800 new ordinary shares pursuant to the following:

- (a) On 10 March 2023, there was private placement of 58,918,800 new ordinary shares of RM0.16 each for cash totalling RM9,427,008; and
- (b) On 22 June 2023, there was private placement of 97,221,000 new ordinary shares of RM0.16 each for cash totalling RM15,555,360.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issuance of shares during the financial year.

The Group and the Company did not issue any debentures during the financial year.

## DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

### Mikro MSC Berhad

Datuk Aznam Bin Mansor	
Yim Yuen Wah	
Fong See Ni	(Resigned on 22 September 2023)
Goh Yoke Chee	
Michael Aw Ming Han	
Syed Mohd Hafiz Bin Syed Mohd	(Appointed on 8 December 2022)
Nor Azlan Bin Zainal	(Appointed on 8 December 2022)
Wan Adli Ridzwan Bin Wan Hassan	(Appointed on 8 December 2022)
Wang Hong	(Appointed on 29 May 2023)
Lu Chee Leong	(Retired on 8 December 2022)
Dr. Tou Teck Yong	(Retired on 8 December 2022)
Woon Yeow Thong	(Retired on 8 December 2022)
Yang Shing Sing	(Appointed on 22 September 2023)

### Subsidiaries of Mikro MSC Berhad (excluding those who are already listed above)

Liu Marn Cole  
Tan Soo Kean  
Tay Siang Hui

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	[----- Number of ordinary shares -----]			
	Balance as at 1.7.2022/ Date of appointment	Acquired	Sold	Balance as at 30.6.2023
Direct interests:				
Yim Yuen Wah	142,459,200	-	(20,000,000)	122,459,200
Fong See Ni	31,660,650	-	-	31,660,650

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (cont'd):

Shares in the Company	[----- Number of ordinary shares -----]			
	Balance as at 1.7.2022/ Date of appointment	Acquired	Sold	Balance as at 30.6.2023
Datuk Aznam Bin Mansor	7,055,645	-	-	7,055,645
Goh Yoke Chee	83,000	-	-	83,000
Michael Aw Ming Han	22,939,616	-	-	22,939,616
Wan Adli Ridzwan Bin Wan Hassan	-	3,000	-	3,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Yim Yuen Wah is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

The other Directors holding office at the end of the financial year did not hold any interest in ordinary shares in the Company or ordinary shares of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

## DIRECTORS' REMUNERATION

Details of Directors' remuneration during the financial year are as follows:

Group							
		Salary/ Other	Meeting		Contribution to defined	Benefit	
Name	Fees	emoluments	allowance	Bonus	plan	in kind	Total
	RM	RM	RM	RM	RM	RM	RM
Executive Directors							
Yim Yuen Wah	-	876,730	-	56,563	37,338	32,075	1,002,706
Fong See Ni	-	595,510	-	38,420	25,360	18,221	677,511
Goh Yoke Chee	48,000	290,704	-	20,000	37,285	9,900	405,889
Liu Marn Cole	-	331,800	-	21,000	42,336	17,400	412,536
Tan Soo Kean	-	171,900	-	14,500	22,368	16,900	225,668
Tay Siang Hui	-	257,735	-	16,797	32,947	5,300	312,779
Subtotal	48,000	2,524,379	-	167,280	197,634	99,796	3,037,089



# DIRECTORS' REPORT

## DIRECTORS' REMUNERATION (CONT'D)

Details of Directors' remuneration during the financial year are as follows (cont'd):

Group							
Name	Fees RM	Salary/ Other emoluments RM	Meeting allowance RM	Bonus RM	Contribution to defined contribution plan RM	Benefit in kind RM	Total RM
<b>Non-executive Directors</b>							
Datuk Aznam Bin Mansor	48,000	-	5,000	-	-	-	53,000
Lu Chee Leong	21,032	-	3,000	-	-	-	24,032
Dr. Tou Teck Yong	21,032	-	3,000	-	-	-	24,032
Woon Yeow Thong	21,032	-	3,000	-	-	-	24,032
Michael Aw Ming Han	48,000	-	4,000	-	-	-	52,000
Syed Mohd Hafiz Bin Syed Mohd	26,968	-	2,000	-	-	-	28,968
Nor Azlan Bin Zainal	26,968	-	2,000	-	-	-	28,968
Wan Adli Ridzwan Bin Wan Hassan	26,968	-	2,000	-	-	-	28,968
Subtotal	240,000	-	24,000	-	-	-	264,000
<b>Grand total</b>	<b>288,000</b>	<b>2,524,379</b>	<b>24,000</b>	<b>167,280</b>	<b>197,634</b>	<b>99,796</b>	<b>3,301,089</b>

### Company

#### Executive Director

Goh Yoke Chee	48,000	-	-	-	-	-	48,000
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#### Non-executive Directors

Datuk Aznam Bin Mansor	48,000	-	5,000	-	-	-	53,000
Lu Chee Leong	21,032	-	3,000	-	-	-	24,032
Dr. Tou Teck Yong	21,032	-	3,000	-	-	-	24,032
Woon Yeow Thong	21,032	-	3,000	-	-	-	24,032
Michael Aw Ming Han	48,000	-	4,000	-	-	-	52,000
Syed Mohd Hafiz Bin Syed Mohd	26,968	-	2,000	-	-	-	28,968
Nor Azlan Bin Zainal	26,968	-	2,000	-	-	-	28,968
Wan Adli Ridzwan Bin Wan Hassan	26,968	-	2,000	-	-	-	28,968
Subtotal	240,000	-	24,000	-	-	-	264,000
<b>Grand total</b>	<b>288,000</b>	<b>-</b>	<b>24,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,000</b>

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a liability insurance for the Directors and officers of the Group during the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Group and the Company for the financial year ended 30 June 2023 was RM14,518.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

# DIRECTORS' REPORT

## SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Proposed acquisition of 1,050,000 ordinary shares in Bio Eneco Sdn. Bhd. ("BESB")

On 7 July 2023, the Company had entered into a conditional share sale agreement ("SSA") with Yeo Hock Cheong ("Vendor") for the proposed acquisition of 1,050,000 ordinary shares in BESB ("BESB Shares"), representing 15% of the issued share capital of BESB, for a purchase consideration of RM52,500,000 to be satisfied via the issuance of 328,125,000 ordinary shares of the Company at RM0.16 per share.

The transaction had been completed on 13 September 2023. As a result of the acquisition, the equity interest of the Group in BESB had increased from 10% to 25%. Consequently, BESB became an associate of the Group.

(b) Proposed diversification into manufacturing and trading of biomass fuel products

On 7 July 2023, the Company proposed to diversify its businesses to include the biomass fuel business which involves manufacturing and trading of biomass fuel products. The proposed diversification had been approved by its shareholders in the Extraordinary General Meeting held on 4 September 2023.

## AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

	Group RM	Company RM
Statutory audit	158,000	52,000
Other services	8,000	8,000
	166,000	60,000

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

.....  
**Yim Yuen Wah**  
Director

Kuala Lumpur  
29 September 2023

.....  
**Goh Yoke Chee**  
Director

# STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 53 to 99 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....  
**Yim Yuen Wah**  
Director

Kuala Lumpur  
29 September 2023

.....  
**Goh Yoke Chee**  
Director

## STATUTORY DECLARATION

I, Yim Yuen Wah, being the Director responsible for the financial management of Mikro MSC Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
29 September 2023 )

**Yim Yuen Wah**

Before me:

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MIKRO MSC BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Mikro MSC Berhad, which comprise the statements of financial position as at 30 June 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 99.

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 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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 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.

#### Key Audit Matters of the Group

##### (a) Impairment assessment of goodwill

As disclosed in Note 7 to the financial statements, the Group has a goodwill of RM24.4 million which arose from the acquisitions of Mikro Busway Sdn. Bhd. (f.k.a EPE Busway Sdn. Bhd.), Mittric Systems Sdn. Bhd. and Mikro Smartconnection Sdn. Bhd..

These CGUs have been tested for impairment during the financial year to assess the recoverability of the carrying amount of the goodwill. The management assessed the recoverable amount of the goodwill by determining the CGU's value-in-use using the discounted cash flows method.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the value-in-use as well as the use of appropriate future cash flow forecast and projections, budgeted profit margin, pre-tax discount rate and growth rate.



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MIKRO MSC BERHAD

### Key Audit Matters (cont'd)

#### Key Audit Matters of the Group (cont'd)

##### (a) Impairment assessment of goodwill (cont'd)

###### **Audit response**

Our audit procedures include the following:

- (a) Compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (b) Compared cash flow projection against recent performance, and assessed the reasonableness of the key assumptions used in projection;
- (c) Verified growth rate and budgeted profit margin to support the key assumptions in the projection;
- (d) Verified pre-tax discount rate for the CGUs by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (e) Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

##### (b) Impairment assessment of intangible assets

Development costs capitalised as intangible assets of the Group and of the Company amounted to RM10.7 million and RM12.2 million respectively as at 30 June 2023, as disclosed in Note 8 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in estimating the future results and key assumptions applied to cash flow projections in determining the recoverable amount. These key assumptions include budgeted gross margin, growth rate and pre-tax discount rate.

###### **Audit response**

Our audit procedures include the following:

- (a) Compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (b) Compared cash flow projection against recent performance, and assessed the reasonableness of the key assumptions used in projection;
- (c) Verified growth rate and budgeted gross margin to support the key assumptions in the projection;
- (d) Verified pre-tax discount rate by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (e) Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

##### (c) Impairment of trade receivables

As at 30 June 2023, the gross trade receivables of the Group was RM20.1 million and the associated impairment losses of trade receivables was RM0.8 million, as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MIKRO MSC BERHAD

### Key Audit Matters (cont'd)

#### Key Audit Matters of the Group (cont'd)

##### (c) Impairment of trade receivables (cont'd)

###### **Audit response**

Our audit procedures include the following:

- (a) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (b) Recomputed the correlation coefficient between forward-looking factors used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- (c) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (d) Challenged management on the basis for determining cash flows recoverable in worst-case scenarios.

##### (d) Impairment assessment of investments in subsidiaries

As at 30 June 2023, the carrying amount of the investments in subsidiaries for unquoted equity shares were RM51.8 million as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the recoverable amount, estimating the future results and key assumptions applied to cash flow projections of these subsidiaries. These key assumptions include forecast growth in future revenues and operating profit margin, as well as determining an appropriate pre-tax discount rate.

###### **Audit response**

Our audit procedures include the following:

- (a) Compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (b) Compared cash flow projection against recent performance, and assessed the reasonableness of the key assumptions used in projection;
- (c) Verified growth rates and operating profit margin to support the key assumptions in the projection;
- (d) Verified pre-tax discount rate used by each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (e) Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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 other information and we do not express any form of assurance conclusion thereon.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MIKRO MSC BERHAD

### Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information 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 this other information, we are required to report that fact. We have nothing to report in this regard.

### 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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of 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.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MIKRO MSC BERHAD

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

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 (cont'd):

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

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.

#### BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

Kuala Lumpur  
29 September 2023

#### Pang Zhi Hao

03450/09/2025 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	19,963,614	20,193,516	2,181,586	2,453,728
Right-of-use assets	6	1,699,623	1,036,087	751,313	1,176,528
Goodwill	7	24,373,578	24,373,578	-	-
Intangible assets	8	11,048,551	10,888,808	12,212,351	12,653,655
Investments in subsidiaries	9	-	-	51,765,293	51,765,293
Other investments	10	22,500,000	-	22,500,000	-
		79,585,366	56,491,989	89,410,543	68,049,204
<b>Current assets</b>					
Inventories	11	27,177,577	23,318,643	22,513,513	17,954,033
Trade and other receivables	12	20,170,513	19,323,373	10,946,184	3,767,998
Current tax assets		5,014,300	3,412,840	1,018,103	1,065,154
Cash and bank balances	13	25,230,040	21,301,432	5,456,749	555,385
		77,592,430	67,356,288	39,934,549	23,342,570
Non-current assets held for sale	14	-	2,047,868	-	-
<b>TOTAL ASSETS</b>		157,177,796	125,896,145	129,345,092	91,391,774
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	15	102,511,787	77,529,419	102,511,787	77,529,419
Reserves	16	32,484,379	28,970,909	16,716,401	8,491,968
		134,996,166	106,500,328	119,228,188	86,021,387
<b>Non-controlling interests</b>	9	289,727	129,407	-	-
<b>TOTAL EQUITY</b>		135,285,893	106,629,735	119,228,188	86,021,387



# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	17	7,268,966	7,766,466	-	-
Deferred tax liabilities	19	1,225,337	1,328,528	867,497	868,697
Lease liabilities	6	857,284	321,096	308,220	759,537
		9,351,587	9,416,090	1,175,717	1,628,234
<b>Current liabilities</b>					
Trade and other payables	20	11,535,407	9,003,358	8,489,870	3,306,986
Borrowings	17	554,225	537,954	-	-
Lease liabilities	6	450,684	309,008	451,317	435,167
		12,540,316	9,850,320	8,941,187	3,742,153
<b>TOTAL LIABILITIES</b>		21,891,903	19,266,410	10,116,904	5,370,387
<b>TOTAL EQUITY AND LIABILITIES</b>		157,177,796	125,896,145	129,345,092	91,391,774

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	22	55,302,686	53,080,490	20,047,077	18,916,478
Cost of sales	23	(36,699,063)	(36,337,177)	(17,242,229)	(16,444,249)
Gross profit		18,603,623	16,743,313	2,804,848	2,472,229
Other operating income		3,031,183	1,782,106	9,255,976	4,419,694
Net (loss)/gain on impairment of financial assets		(228,417)	784,261	-	-
Selling and distribution expenses		(5,600,760)	(4,161,562)	-	-
Administrative expenses		(8,333,577)	(6,609,637)	(2,448,305)	(2,650,339)
Other operating expenses		(2,036,984)	(1,679,448)	(449,731)	(948,522)
Finance costs	24	(98,853)	(42,194)	(34,945)	(50,576)
Profit before taxation	25	5,336,215	6,816,839	9,127,843	3,242,486
Taxation	26	(1,367,814)	(1,642,506)	(608,799)	119,320
Profit for the financial year		3,968,401	5,174,333	8,519,044	3,361,806
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		3,968,401	5,174,333	8,519,044	3,361,806
Profit attributable to:					
Owners of the parent		3,808,081	5,100,059	8,519,044	3,361,806
Non-controlling interests	9	160,320	74,274	-	-
		3,968,401	5,174,333	8,519,044	3,361,806
Total comprehensive income attributable to:					
Owners of the parent		3,808,081	5,100,059	8,519,044	3,361,806
Non-controlling interests	9	160,320	74,274	-	-
		3,968,401	5,174,333	8,519,044	3,361,806
Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	27	0.62	0.87		
- Diluted	27	0.62	0.87		

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	Note	Share capital RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 July 2021		77,529,419	24,165,461	101,694,880	55,133	101,750,013
Profit for the financial year		-	5,100,059	5,100,059	74,274	5,174,333
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	5,100,059	5,100,059	74,274	5,174,333
<b>Transaction with owners</b>						
Dividend paid	28	-	(294,611)	(294,611)	-	(294,611)
Total transaction with owners		-	(294,611)	(294,611)	-	(294,611)
Balance as at 30 June 2022		77,529,419	28,970,909	106,500,328	129,407	106,629,735
Balance as at 1 July 2022		77,529,419	28,970,909	106,500,328	129,407	106,629,735
Profit for the financial year		-	3,808,081	3,808,081	160,320	3,968,401
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	3,808,081	3,808,081	160,320	3,968,401
<b>Transactions with owners</b>						
Ordinary shares issued pursuant to private placement	15	24,982,368	-	24,982,368	-	24,982,368
Dividend paid	28	-	(294,611)	(294,611)	-	(294,611)
Total transactions with owners		24,982,368	(294,611)	24,687,757	-	24,687,757
Balance as at 30 June 2023		102,511,787	32,484,379	134,996,166	289,727	135,285,893

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2021		77,529,419	5,424,773	82,954,192
Profit for the financial year		-	3,361,806	3,361,806
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	3,361,806	3,361,806
<b>Transaction with owners</b>				
Dividend paid	28	-	(294,611)	(294,611)
Total transaction with owners		-	(294,611)	(294,611)
Balance as at 30 June 2022/1 July 2022		77,529,419	8,491,968	86,021,387
Profit for the financial year		-	8,519,044	8,519,044
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	8,519,044	8,519,044
<b>Transactions with owners</b>				
Ordinary shares issued pursuant to private placement	15	24,982,368	-	24,982,368
Dividend paid	28	-	(294,611)	(294,611)
Total transactions with owners		24,982,368	(294,611)	24,687,757
Balance as at 30 June 2023		102,511,787	16,716,401	119,228,188

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		5,336,215	6,816,839	9,127,843	3,242,486
Adjustments for:					
Amortisation of intangible assets	8	1,191,094	1,272,144	1,426,743	1,372,077
Depreciation of property, plant and equipment	5	1,244,341	1,046,545	368,167	335,344
Depreciation of right-of-use assets	6	493,969	508,970	425,215	425,213
Dividend income	25	-	-	(9,240,000)	(4,309,527)
Impairment loss on investment in a subsidiary	9(d)	-	-	-	650,424
Interest expense	24	98,853	42,194	34,945	50,576
Interest income	25	(67,445)	(33,787)	(3,030)	-
Gain on disposals of:					
- property, plant and equipment	25	(151,902)	(135,800)	(11,702)	(5,500)
- non-current assets held for sale	25	(1,952,132)	-	-	-
Gain on lease termination	6	-	(754)	-	-
Reversal of impairment loss on trade and other receivables	12(i)	(66,403)	(784,261)	-	-
Unrealised gain on foreign exchange	25	(752,665)	(805,655)	-	-
Property, plant and equipment written off	5	228,174	-	-	-
Operating profit before changes in working capital		5,602,099	7,926,435	2,128,181	1,761,093
Increase in inventories		(3,858,934)	(4,030,974)	(4,559,480)	(4,671,141)
(Increase)/Decrease in trade and other receivables		(374,227)	(574,238)	(7,218,186)	2,513,079
Increase/(Decrease) in trade and other payables		2,448,661	(1,818,480)	(1,858,993)	51,676
Cash generated from/(used in) operations		3,817,599	1,502,743	(11,508,478)	(345,293)
Interest received		67,445	33,787	3,030	-
Interest paid		(90,746)	(30,347)	(2,481)	(3,649)
Tax paid		(3,113,115)	(2,900,626)	(562,948)	(614,725)
Tax refunded		40,650	4,898,678	-	1,850,000
Net cash from/(used in) operating activities		721,833	3,504,235	(12,070,877)	886,333
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions of intangible assets	8	(1,350,837)	(911,170)	(985,439)	(911,170)
Additions of right-of-use assets	6(j)	(333,684)	-	-	-
Acquisition of interests in other investment	10	(22,500,000)	-	(22,500,000)	-
Dividend income	25	-	-	9,240,000	-
Repayments from subsidiaries		-	-	7,081,877	1,946,642
Purchase of property, plant and equipment	5	(1,430,101)	(1,049,445)	(668,118)	(830,963)
Proceeds from disposals of:					
- property, plant and equipment		723,995	105,800	583,795	5,500
- non-current assets held for sale		4,000,000	-	-	-
Net cash (used in)/from investing activities		(20,890,627)	(1,854,815)	(7,247,885)	210,009



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	28	(294,611)	(294,611)	(294,611)	(294,611)
Proceeds from issuance of ordinary shares	15	24,982,368	-	24,982,368	-
Repayments of term loan	17(i)	(71,588)	(52,073)	-	-
Repayments of flexi loan	17(i)	(409,641)	(423,523)	-	-
Repayments of lease liabilities	6(i)	(538,669)	(412,187)	(467,631)	(466,463)
Net cash from/(used in) financing activities		23,667,859	(1,182,394)	24,220,126	(761,074)
Net increase in cash and cash equivalents		3,499,065	467,026	4,901,364	335,268
Effects of exchange rate changes on cash and cash equivalents		429,543	545,249	-	-
Cash and cash equivalents at beginning of financial year		21,301,432	20,289,157	555,385	220,117
Cash and cash equivalents at end of financial year	13	25,230,040	21,301,432	5,456,749	555,385

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2023

### 1. CORPORATE INFORMATION

Mikro MSC Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at No. 3, Jalan Anggerik Mokara 31/48, Kawasan Industri Kota Kemuning, 40460 Shah Alam, Selangor.

The consolidated financial statements for the financial year ended 30 June 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 September 2023.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the research, development, design and manufacturing of analogue, digital and computer controlled electronic systems or devices for use in electrical, electronic and other industries and provision of technical and maintenance services. On 4 September 2023, the Company had diversified into manufacturing and trading of biomass fuel products.

The subsidiaries are principally engaged in the manufacturing and sales of analogue, digital and computer controlled electronic devices, trading of capacitors and busduct and manufacturing and dealing of medium voltage and low voltage busway system. Further details of the subsidiaries are set out in Note 9 to the financial statements.

### 3. BASIS OF PREPARATION

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 (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 32.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

### 4. OPERATING SEGMENTS

#### (a) Business segments

The business of the Group and of the Company is generated from the sales of analogue, digital and computer-controlled electronic systems or devices and there was only one business segment identified.

The Group evaluates performance on the basis of profit or loss from operations before tax.

#### (b) Geographical information

The manufacturing facilities and sales offices of the Group are based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers.

Segment assets are based on the geographical location of the assets of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 4. OPERATING SEGMENTS (CONT'D)

### (b) Geographical information (cont'd)

	2023 RM	2022 RM
<b>Revenue from external customers</b>		
Malaysia	28,795,504	29,153,963
Vietnam	12,598,932	14,710,572
Bangladesh	3,797,967	1,934,635
Indonesia	3,241,940	2,440,826
Singapore	1,870,449	1,115,568
India	1,853,981	1,171,730
Thailand	1,536,600	624,731
Philippines	468,914	59,019
Taiwan	188,775	495,588
Myanmar	162,135	291,940
Sri Lanka	140,341	248,896
Maldives	101,040	-
Hong Kong	57,660	214,709
Australia	129,255	14,760
Cambodia	79,316	68,704
Others	279,877	534,849
	55,302,686	53,080,490

	2023 RM	2022 RM
<b>Non-current assets</b>		
Malaysia	79,585,366	58,539,857

### (c) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of Group revenue:

	2023 RM	2022 RM
Customer A	9,332,827	12,259,846

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2022 RM	Additions RM	Write off RM	Disposals RM	Transfer from right-of-use assets RM	Depreciation charge for the financial year RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>							
Freehold land	8,684,500	-	-	-	-	-	8,684,500
Factory buildings	6,887,397	-	(50,000)	-	-	(151,278)	6,686,119
Factory equipment	2,957,132	1,303,293	-	(572,093)	-	(607,548)	3,080,784
Furniture and fittings	1,088,863	78,350	-	-	-	(176,008)	991,205
Motor vehicles	159,241	-	(178,174)	-	384,605	(207,140)	158,532
Office equipment	316,973	48,458	-	-	-	(70,250)	295,181
Software applications and equipment	72,041	-	-	-	-	(27,693)	44,348
Renovation	27,369	-	-	-	-	(4,424)	22,945
	20,193,516	1,430,101	(228,174)	(572,093)	384,605	(1,244,341)	19,963,614
[----- As at 30.6.2023 -----]							
					<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying amount</b>
					<b>RM</b>	<b>RM</b>	<b>RM</b>
Freehold land					8,684,500	-	8,684,500
Factory buildings					7,585,794	(899,675)	6,686,119
Factory equipment					10,609,249	(7,528,465)	3,080,784
Furniture and fittings					2,445,650	(1,454,445)	991,205
Motor vehicles					2,258,505	(2,099,973)	158,532
Office equipment					1,136,402	(841,221)	295,181
Software applications and equipment					859,837	(815,489)	44,348
Renovation					148,658	(125,713)	22,945
					33,728,595	(13,764,981)	19,963,614

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Balance as at 1.7.2021 RM	Additions RM	Reclassification to non-current assets held for sale (Note 14) RM	Depreciation charge for the financial year RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>					
Freehold land	9,811,900	-	(1,127,400)	-	8,684,500
Factory buildings	7,829,434	163,988	(920,468)	(185,557)	6,887,397
Factory equipment	2,745,795	762,188	-	(550,851)	2,957,132
Furniture and fittings	1,157,693	72,828	-	(141,658)	1,088,863
Motor vehicles	231,392	-	-	(72,151)	159,241
Office equipment	342,962	37,846	-	(63,835)	316,973
Software applications and equipment	87,515	12,595	-	(28,069)	72,041
Renovation	31,793	-	-	(4,424)	27,369
	22,238,484	1,049,445	(2,047,868)	(1,046,545)	20,193,516
	[----- As at 30.6.2022 -----]				
		<b>Cost</b>	<b>Accumulated</b>	<b>Carrying</b>	
		<b>depreciation</b>	<b>amount</b>	<b>amount</b>	
		<b>RM</b>	<b>RM</b>	<b>RM</b>	
Freehold land	8,684,500	-	-	8,684,500	
Factory buildings	7,635,794	(748,397)	(748,397)	6,887,397	
Factory equipment	10,236,751	(7,279,619)	(7,279,619)	2,957,132	
Furniture and fittings	2,367,300	(1,278,437)	(1,278,437)	1,088,863	
Motor vehicles	1,029,180	(869,939)	(869,939)	159,241	
Office equipment	1,087,944	(770,971)	(770,971)	316,973	
Software applications and equipment	859,837	(787,796)	(787,796)	72,041	
Renovation	148,658	(121,289)	(121,289)	27,369	
	32,049,964	(11,856,448)	(11,856,448)	20,193,516	



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.7.2022 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>					
Factory equipment	2,276,886	657,455	(572,093)	(325,609)	2,036,639
Furniture and fittings	76,796	-	-	(8,355)	68,441
Office equipment	32,701	10,663	-	(11,204)	32,160
Software applications and equipment	67,345	-	-	(22,999)	44,346
	2,453,728	668,118	(572,093)	(368,167)	2,181,586
[----- As at 30.6.2023 -----]					
		<b>Cost</b>	<b>depreciation</b>	<b>Carrying</b>	
		<b>RM</b>	<b>RM</b>	<b>amount</b>	<b>RM</b>
Factory equipment		6,962,810	(4,926,171)	2,036,639	
Furniture and fittings		193,797	(125,356)	68,441	
Office equipment		240,261	(208,101)	32,160	
Software applications and equipment		236,762	(192,416)	44,346	
Renovation		114,018	(114,018)	-	
		7,747,648	(5,566,062)	2,181,586	

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.7.2021 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>				
Factory equipment	1,828,173	748,268	(299,555)	2,276,886
Furniture and fittings	24,966	57,000	(5,170)	76,796
Office equipment	28,204	13,100	(8,603)	32,701
Software applications and equipment	76,766	12,595	(22,016)	67,345
	1,958,109	830,963	(335,344)	2,453,728
[----- As at 30.6.2022 -----]				
		<b>Cost</b>	<b>Accumulated</b>	<b>Carrying</b>
		<b>depreciation</b>	<b>depreciation</b>	<b>amount</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>
Factory equipment		7,236,150	(4,959,264)	2,276,886
Furniture and fittings		193,797	(117,001)	76,796
Office equipment		229,598	(196,897)	32,701
Software applications and equipment		236,762	(169,417)	67,345
Renovation		114,018	(114,018)	-
		8,010,325	(5,556,597)	2,453,728

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.
- (b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent the common life expectancies applied in the industry within which the Group operates. The principal annual depreciation rates are as follows:

Factory buildings	2%
Factory equipment	10% - 14%
Furniture and fittings	10%
Motor vehicles	14%
Office equipment	14% - 20%
Software applications and equipment	14%
Renovation	14%

Freehold land has unlimited useful life and is not depreciated.

- (c) As at the end of the reporting period, freehold land and factory buildings of the Group with a carrying amount of RM15,370,619 (2022: RM15,571,897) have been charged to a bank for flexi loan facility granted to the Group.

## 6. LEASES

### The Group as lessee

#### Right-of-use assets

	Balance as at 1.7.2022 RM	Additions RM	Transfer to property, plant and equipment RM	Depreciation charge for the financial year RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>					
Buildings	195,508	158,426	-	(213,454)	140,480
Motor vehicles	840,579	1,383,684	(384,605)	(280,515)	1,559,143
	1,036,087	1,542,110	(384,605)	(493,969)	1,699,623

#### Lease liabilities

	Balance as at 1.7.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>					
Buildings	199,642	158,426	(223,032)	8,107	143,143
Motor vehicles	430,462	1,050,000	(342,672)	27,035	1,164,825
	630,104	1,208,426	(565,704)	35,142	1,307,968

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 6. LEASES (CONT'D)

### The Group as lessee (cont'd)

#### Right-of-use assets

	Balance as at 1.7.2021 RM	Additions RM	Lease modification RM	Depreciation charge for the financial year RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>					
Buildings	177,233	257,255	(18,086)	(220,894)	195,508
Motor vehicles	1,128,655	-	-	(288,076)	840,579
	1,305,888	257,255	(18,086)	(508,970)	1,036,087

#### Lease liabilities

	Balance as at 1.7.2021 RM	Additions RM	Lease modification RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>						
Buildings	181,814	257,255	(18,840)	(232,434)	11,847	199,642
Motor vehicles	610,215	-	-	(197,580)	17,827	430,462
	792,029	257,255	(18,840)	(430,014)	29,674	630,104

### The Company as lessee

#### Right-of-use assets

	Balance as at 1.7.2022 RM	Depreciation charge for the financial year RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>			
Buildings	1,095,717	(410,894)	684,823
Motor vehicles	80,811	(14,321)	66,490
	1,176,528	(425,215)	751,313

#### Lease liabilities

	Balance as at 1.7.2022 RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>				
Buildings	1,140,912	(447,720)	32,464	725,656
Motor vehicles	53,792	(22,392)	2,481	33,881
	1,194,704	(470,112)	34,945	759,537

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 6. LEASES (CONT'D)

### The Company as lessee (cont'd)

#### Right-of-use assets

	Balance as at 1.7.2021 RM	Depreciation charge for the financial year RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>			
Buildings	1,506,609	(410,892)	1,095,717
Motor vehicles	95,132	(14,321)	80,811
	1,601,741	(425,213)	1,176,528

#### Lease liabilities

	Balance as at 1.7.2021 RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>				
Buildings	1,541,705	(447,720)	46,927	1,140,912
Motor vehicles	72,535	(22,392)	3,649	53,792
	1,614,240	(470,112)	50,576	1,194,704

	<b>Group</b>		<b>Company</b>	
	2023 RM	2022 RM	2023 RM	2022 RM
Current liabilities	450,684	309,008	451,317	435,167
Non-current liabilities	857,284	321,096	308,220	759,537
	1,307,968	630,104	759,537	1,194,704
Lease liabilities owing to financial institutions	1,164,825	430,462	33,881	53,792
Lease liabilities owing to non-financial institutions	143,143	199,642	725,656	1,140,912
	1,307,968	630,104	759,537	1,194,704

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Buildings	2 - 5 years
Motor vehicles	7 years



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 6. LEASES (CONT'D)

- (c) The Group has certain leases of machineries and equipments with lease term of twelve (12) months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.
- (d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on lease termination (included in other operating income)	-	(754)	-	-
Depreciation charge of right-of-use assets (included in cost of sales and other operating expenses)	493,969	508,970	425,215	425,213
Interest expense on lease liabilities (included in finance costs)	35,142	29,674	34,945	50,576
Expense relating to short-term leases (included in cost of sales and other operating expenses)	18,900	25,800	9,900	-
Expense relating to leases of low-value assets (included in other operating expenses)	10,598	12,200	-	-
	558,609	575,890	470,060	475,789

- (e) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Included in net cash from/(used in) operating activities:</b>				
Payment relating to short-term leases and low value assets	29,498	38,000	9,900	-
<b>Included in net cash from/(used in) financing activities:</b>				
Repayments of lease liabilities	538,669	412,187	467,631	466,463
	568,167	450,187	477,531	466,463

- (f) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.
- (g) Lease liabilities are denominated in RM.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 6. LEASES (CONT'D)

- (h) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Weighted average incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Total RM
<b>30 June 2023</b>				
Lease liabilities	3.95	482,925	950,058	1,432,983
<b>30 June 2022</b>				
Lease liabilities	3.72	372,572	394,676	767,248
<b>Company</b>				
<b>30 June 2023</b>				
Lease liabilities	3.73	470,112	311,510	781,622
<b>30 June 2022</b>				
Lease liabilities	3.64	470,112	781,622	1,251,734

- (i) Reconciliation of liabilities arising from financing activities:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 July	630,104	792,029	1,194,704	1,614,240
Cash flows				
- Repayments of lease liabilities	(565,704)	(430,014)	(470,112)	(470,112)
- Interest paid	27,035	17,827	2,481	3,649
	(538,669)	(412,187)	(467,631)	(466,463)
Non-cash flows:				
- Additions of right-of-use assets	1,208,426	257,255	-	-
- Lease termination	-	(18,840)	-	-
- Unwinding of interest	8,107	11,847	32,464	46,927
Balance as at 30 June	1,307,968	630,104	759,537	1,194,704

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 6. LEASES (CONT'D)

- (j) The Group and the Company made the following cash payments to purchase right-of-use assets:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Purchase of right-of-use assets	1,542,110	257,255	-	-
Financed by lease liabilities	(1,208,426)	(257,255)	-	-
Cash payments on purchase of right-of-use assets	333,684	-	-	-

- (k) Sensitivity analysis for fixed rate lease liabilities at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.

## 7. GOODWILL

Group	2023 RM	2022 RM
<b>Carrying amount</b>		
Goodwill	24,373,578	24,373,578

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.
- (b) Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the cash generating unit ("CGU") based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU.
- (c) During the financial year, the cash flow projections are based on budgets for the next five (5) years, with various inputs, assumptions and terminal value thereafter. The cash flows were probability weighted based on the following scenarios:

### 2023

Growth rates	10% to 63%
Operating profit margin	16.5%
Pre-tax discount rate	10%

### Base case   Positive case   Negative case

### 2022

Weighting	50%	20%	30%
Growth rates	29% to 30%	32% to 33%	22% to 25%
Operating profit margin	10.4% to 13.5%	11.4% to 14.5%	7.4% to 11.5%
Pre-tax discount rate	10.0%	10.0%	10.0%

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 7. GOODWILL (CONT'D)

Based on the impairment assessment undertaken by the Group, no impairment loss is required for the carrying amount of the goodwill as at 30 June 2023 as the recoverable amount is in excess of the carrying amount.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

## 8. INTANGIBLE ASSETS

Group	Balance as at 1.7.2022 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>				
Development costs	10,875,112	985,439	(1,161,063)	10,699,488
Testing certificate	13,696	365,398	(30,031)	349,063
	10,888,808	1,350,837	(1,191,094)	11,048,551

[----- As at 30.6.2023 -----]

	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Development costs	23,250,173	(11,040,563)	(1,510,122)	10,699,488
Testing certificate	588,610	(239,547)	-	349,063
Customer contracts	1,941,000	(1,941,000)	-	-
	25,779,783	(13,221,110)	(1,510,122)	11,048,551

Group	Balance as at 1.7.2021 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>				
Development costs	11,234,812	911,170	(1,270,870)	10,875,112
Testing certificate	14,970	-	(1,274)	13,696
	11,249,782	911,170	(1,272,144)	10,888,808

[----- As at 30.6.2022 -----]

	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Development costs	22,264,734	(9,879,500)	(1,510,122)	10,875,112
Testing certificate	223,212	(209,516)	-	13,696
Customer contracts	1,941,000	(1,941,000)	-	-
	24,428,946	(12,030,016)	(1,510,122)	10,888,808

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 8. INTANGIBLE ASSETS (CONT'D)

Company	Balance as at 1.7.2022 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 30.6.2023 RM
<b>Carrying amount</b>				
Development costs	12,653,655	985,439	(1,426,743)	12,212,351

[----- As at 30.6.2023 -----]

	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Development costs	31,348,144	(17,537,827)	(1,597,966)	12,212,351

Company	Balance as at 1.7.2021 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 30.6.2022 RM
<b>Carrying amount</b>				
Development costs	13,114,562	911,170	(1,372,077)	12,653,655

[----- As at 30.6.2022 -----]

	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Development costs	30,362,705	(16,111,084)	(1,597,966)	12,653,655

- (a) Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.
- (b) Capitalised development costs are amortised on a straight-line basis over a period of twelve (12) years (2022: twelve (12) years) based on the assessment of the existing products' market lifespan. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.
- (c) The testing certificate acquired separately for the purpose of selling imported products from overseas in Malaysia is measured on initial recognition at cost.
- (d) Following initial recognition, the testing certificate is carried at costs less any accumulated amortisation and accumulated impairment losses, if any. The useful life of the testing certificate is assessed to be finite and is amortised on a straight-line basis over the estimated economic useful life of twelve (12) years (2022: twelve (12) years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. The amortisation expense on the testing certificate with finite useful life is recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 8. INTANGIBLE ASSETS (CONT'D)

- (e) The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line basis based on the timing of projected cash flows of the contracts over their estimated economic useful life of one (1) year.
- (f) During the financial year, amortisation for intangible assets of the Group and of the Company amounting to RM1,191,094 (2022: RM1,272,144) and RM1,426,743 (2022: RM1,372,077) respectively has been recognised in profit or loss under cost of sales.
- (g) The Group carried out an impairment test based on the estimation of the value-in-use of each cash generating units ("CGU") to which the intangible assets are allocated. Estimating the value-in-use required the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where actual results differ from the original projections, the differences may impact the carrying amount of development costs.
- (h) Management has segregated intangible assets into respective CGUs, which comprise series of products. In respect of these CGUs, management had carried out a review of the recoverable amounts of the intangible assets. The recoverable amounts of these CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering up to a twelve (12) years period. The calculations of value in use for these CGUs are most sensitive to the following assumptions:
- (i) Budgeted gross margin
- The budgeted gross margin of 36% (2022: 37%) are based on historical averages achieved in the preceding two (2) financial years, adjusted to reflect anticipated efficiency and productivity improvement.
- (ii) Growth rate
- The forecasted growth rate of 0% (2022: -1%) is based on historical results achieved in the preceding two (2) financial years adjusted to reflect anticipated demand and introduction of new products.
- (iii) Pre-tax discount rate
- Pre-tax discount rate of 8.9% (2022: 9.5%) is applied to the cash flow projections. The discount rate is estimated based on the weighted average cost of capital of the Group and relevant risk factors.

A reasonable change in the above assumptions would not cause any other impairment loss on development costs at each individual CGU level.

## 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
At cost:		
- Unquoted shares	52,415,717	52,415,717
Accumulated impairment losses	(650,424)	(650,424)
	51,765,293	51,765,293

- (a) Investments in subsidiaries, which are eliminated on consolidation are stated in the separate financial statements of the Company at cost less impairment losses, if any. Non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The Company has assessed whether there were any indicators of impairment during the financial year. The Company determines whether an impairment loss is required by evaluating the extent to which the recoverable amount is less than its carrying amount. The recoverable amount is determined based on the value-in-use and fair value less cost to sell.

Value-in-use is the net present value of the projected future cash flows, which involve judgements in estimating the key assumptions, including growth rate, operating profit margin as well as determining an appropriate pre-tax discount rate.

- (c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
Mikro Sdn. Bhd.	Malaysia	100%	100%	Sales of analogue, digital and computer controlled electronic devices for the purpose of protecting, monitoring and programming in an electrical system.
Formula Concept Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of analogue, digital and computer controlled electronic devices for the purpose of protecting, monitoring and programming in an electrical system.
Mikrocap Sdn. Bhd. ("Mikrocap")	Malaysia	100%	100%	Trading of capacitors.
Mikro Busway Sdn. Bhd. ("Busway") (formerly known as EPE Busway Sdn. Bhd.)	Malaysia	100%	100%	Manufacturing and dealing of medium voltage and low voltage busway system.
Mittric Systems Sdn. Bhd. ("Mittric")	Malaysia	100%	100%	Trading of busduct.
Mikro Smartconnection Sdn. Bhd. ("Smartconnection")	Malaysia	60%	60%	Manufacturing of coil, transformer and all types of magnetic from low to high power.

All subsidiaries are audited by BDO PLT in Malaysia.

- (d) The reconciliation of movement in the impairment loss is as follows:

	Company	
	2023 RM	2022 RM
Balance as at 1 July 2022/2021	650,424	-
Charge for the financial year	-	650,424
Balance as at 30 June	650,424	650,424

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) In the previous financial year, the Company had made impairment of RM650,424 in respect of a subsidiary due to poor financial position of the subsidiary. The recoverable amount of the cost of investment in the subsidiary was based on its fair value less cost to sell ("FVLCTS") of the underlying assets. The net assets of the subsidiary were used as a proxy for its recoverable amount based on FVLCTS method and were within Level 3 of the fair value hierarchy.

- (f) The subsidiary of the Group that had non-controlling interests ("NCI") was as follows:

	Smartconnection 2023	2022
NCI percentage of ownership interest and voting interest	40%	40%
Carrying amount of NCI (RM)	289,727	129,407
Profit allocated to NCI (RM)	160,320	74,274
Total comprehensive income allocated to NCI (RM)	160,320	74,274

- (g) The summarised financial information before intra-group elimination of the subsidiary that had NCI as at the end of each reporting period were as follows:

	Smartconnection 2023 RM	2022 RM
<b>Assets and liabilities</b>		
Non-current assets	335,153	341,598
Current assets	770,807	641,269
Non-current liabilities	(99,673)	(178,930)
Current liabilities	(494,981)	(693,432)
Net assets	511,306	110,505
<b>Results</b>		
Revenue	2,449,719	1,281,685
Profit for the financial year	400,801	185,685
Total comprehensive income	400,801	185,685
Net cash flows from operating activities	541,799	220,245
Net cash flows used in investing activities	(322,767)	(19,881)
Net cash flows used in financing activities	(101,400)	(57,307)
Net increase in cash and cash equivalents	117,632	143,057

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current</b>				
Fair value through profit or loss:				
Unquoted shares in Malaysia	22,500,000	-	22,500,000	-

- (a) The Group's and Company's other investments are classified as financial assets measured at fair value through profit or loss. These are strategic investments for which the Group and the Company considers this classification to be appropriate and relevant.
- (b) The Group's and Company's other investments are stated at Directors' valuation which is supported by the professional valuation carried out in November 2022 by an external independent valuation company, WYNCORP Advisory Sdn. Bhd., using the Discounted Free Cash Flow to Firm and Relative Valuation Approach - Price Earning Multiple methods that made reference to potential future earnings and cash flows of the other investments.

Unquoted shares in Malaysia of the Group and of the Company are categorised as Level 3 in the fair value hierarchy. There were no transfers between levels in the hierarchy during the financial year.

- (c) Other investments are denominated in RM.
- (d) The following table shows a reconciliation of Level 2 fair values of other investments:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 July 2022/2021	-	-	-	-
Addition	22,500,000	-	22,500,000	-
Balance as at 30 June	22,500,000	-	22,500,000	-

- (e) Information on financial risk of other investments is disclosed in Note 31 to the financial statements.

## 11. INVENTORIES

	Group		Company	
At cost	2023 RM	2022 RM	2023 RM	2022 RM
Raw materials	14,196,683	12,230,943	10,943,571	8,422,089
Work-in-progress	3,020,361	2,955,153	2,000,860	2,361,764
Finished goods	9,960,533	8,132,547	9,569,082	7,170,180
	27,177,577	23,318,643	22,513,513	17,954,033

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. INVENTORIES (CONT'D)

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the weighted average method. The cost of raw materials comprises all costs of purchase, plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.
- (c) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM27,695,763 and RM11,789,453 (2022: RM28,452,862 and RM11,571,624) respectively.

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade receivables</b>				
Third parties	20,052,422	18,785,812	-	-
Amount owing by a subsidiary	-	-	10,643,164	3,081,157
	20,052,422	18,785,812	10,643,164	3,081,157
Less: Impairment losses				
- Third parties	(829,902)	(896,305)	-	-
	19,222,520	17,889,507	10,643,164	3,081,157
<b>Other receivables and deposits</b>				
Amount owing by a subsidiary	-	-	253,480	293,480
Other receivables	49,371	702,333	36,020	378,141
Deposits	139,069	216,969	13,520	10,220
	188,440	919,302	303,020	681,841
<b>Total receivables</b>	19,410,960	18,808,809	10,946,184	3,762,998
Prepayments	759,553	514,564	-	5,000
	20,170,513	19,323,373	10,946,184	3,767,998

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranging from 30 to 150 days (2022: 30 to 150 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Trade amount owing by a subsidiary is on normal credit terms of the Company. During the financial year, the non-trade amount owing by a subsidiary is unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) The currency exposure profile of receivables (excluding prepayments) is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	12,655,148	13,506,253	10,946,184	3,457,706
US Dollar	6,654,684	5,302,556	-	305,292
Euro	101,128	-	-	-
	19,410,960	18,808,809	10,946,184	3,762,998

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Effects of 3% (2022: 3%) changes to RM against foreign currencies</b>				
Profit after taxation				
- USD/RM	±151,727	±120,898	-	±6,961
- EUR/RM	±2,306	-	-	-

(f) The ageing analysis of trade receivables of the Group and of the Company are as follows:

Group			
2023	Gross RM	Impaired RM	Total RM
Current (not past due)	11,522,176	(101,813)	11,420,363
1 to 30 days past due	3,927,782	(125,611)	3,802,171
31 to 60 days past due	1,380,192	(58,996)	1,321,196
61 to 90 days past due	998,759	(28,859)	969,900
More than 90 days past due	2,205,751	(496,861)	1,708,890
	8,512,484	(710,327)	7,802,157
Credit impaired			
Individually impaired	17,762	(17,762)	-
	20,052,422	(829,902)	19,222,520

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) The ageing analysis of trade receivables of the Group and of the Company are as follows (cont'd):

### Group

	Gross RM	Impaired RM	Total RM
<b>2022</b>			
Current (not past due)	11,872,627	(2,344)	11,870,283
1 to 30 days past due	2,682,944	(4,213)	2,678,731
31 to 60 days past due	1,200,436	(7,689)	1,192,747
61 to 90 days past due	930,494	(4,327)	926,167
More than 90 days past due	2,073,479	(851,900)	1,221,579
	6,887,353	(868,129)	6,019,224
<b>Credit impaired</b>			
Individually impaired	25,832	(25,832)	-
	18,785,812	(896,305)	17,889,507

### Company

	Gross RM	Impaired RM	Total RM
<b>2023</b>			
Current (not past due)	2,223,162	-	2,223,162
1 to 30 days past due	1,282,362	-	1,282,362
31 to 60 days past due	2,004,892	-	2,004,892
61 to 90 days past due	1,093,687	-	1,093,687
More than 90 days past due	4,039,061	-	4,039,061
	8,420,002	-	8,420,002
	10,643,164	-	10,643,164

### 2022

Current (not past due)	1,868,532	-	1,868,532
1 to 30 days past due	922,022	-	922,022
31 to 60 days past due	106,780	-	106,780
61 to 90 days past due	183,823	-	183,823
	1,212,625	-	1,212,625
	3,081,157	-	3,081,157



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (g) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses and are calculated based on the common credit risk characteristics - type of product sold.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group uses roll rate method to measure the expected credit loss of trade receivables and has identified the unemployment rate and inflation rate as the key macroeconomic factors. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

- (h) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group and of the Company are summarised in the table below:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Maximum exposure	20,052,422	18,785,812	10,643,164	3,081,157
Collateral obtained	(2,122,570)	(4,103,494)	-	-
Net exposure to credit risk	17,929,852	14,682,318	10,643,164	3,081,157

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivables.

- (i) Movements in the impairment allowance for trade receivables of the Group are as follows:

Group	Lifetime allowance RM	Credit impaired RM	Total RM
<b>30 June 2023</b>			
Balance as at 1 July 2022	870,473	25,832	896,305
Reversal during the financial year	(58,333)	(8,070)	(66,403)
Balance as at 30 June 2023	812,140	17,762	829,902
<b>30 June 2022</b>			
Balance as at 1 July 2021	1,323,754	356,812	1,680,566
Reversal during the financial year	(453,281)	(330,980)	(784,261)
Balance as at 30 June 2022	870,473	25,832	896,305

Credit impaired refers to individually determined debtors who are more than twelve (12) months past due and in significant financial difficulties as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (j) Impairment for other receivables, deposits and amount owing by a subsidiary is recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The Group and the Company have identified the inflation rate as the key macroeconomic factors. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The Group and the Company consider both quantitative and qualitative information that are reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

The probability of non-payment by other receivables and a subsidiary is adjusted by forward-looking information and multiplied by the amount of the expected credit loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables, deposits and amount owing by a subsidiary.

- (k) No expected credit loss is recognised arising from other receivables, deposits and amount owing by a subsidiary as it is negligible.

- (l) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:

	Group				Company			
	2023		2022		2023		2022	
	RM	% of total	RM	% of total	RM	% of total	RM	% of total
<b>By country</b>								
Malaysia	13,193,772	66%	14,055,481	75%	10,643,164	100%	3,081,157	100%
Vietnam	4,888,067	24%	3,502,254	19%	-	-	-	-
India	869,223	4%	373,030	2%	-	-	-	-
Indonesia	671,287	3%	176,146	1%	-	-	-	-
Singapore	186,921	1%	263,216	1%	-	-	-	-
Others	243,152	2%	415,685	2%	-	-	-	-
	20,052,422	100%	18,785,812	100%	10,643,164	100%	3,081,157	100%

At the end of the reporting period, approximately:

- (i) Forty-three percent (43%) and hundred percent (100%) (2022: 42% and 100%) of the trade receivables of the Group and of the Company were due from five (5) major customers and one (1) major customer respectively.
- (ii) None of the trade and other receivables of the Group were due from related parties whilst all of the trade receivables of the Company were balance with a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 13. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	22,753,814	19,013,065	3,456,749	555,385
Deposits with licensed banks	2,476,226	2,288,367	2,000,000	-
Total cash and bank balances, representing cash and cash equivalents as reported in statements of cash flows	25,230,040	21,301,432	5,456,749	555,385

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) During the financial year, deposits with a licensed bank of the Group and of the Company with a carrying amount of RM2,476,226 (2022: RM2,288,367) and RM2,000,000 (2022: RM nil) respectively are subject to a fixed weighted average effective interest rate of 2.03% (2022: 1.49%) and 2.00% (2022: nil) per annum respectively.
- (c) Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.
- (d) Cash and bank balances of the Group includes balances amounting to RM7,497,608 (2022: RM8,014,649) which are maintained as a current account to facilitate the servicing and/or repayment of the Group's borrowings.
- (e) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	10,596,596	17,649,494	5,456,749	555,385
US Dollar	14,633,444	3,651,938	-	-
	25,230,040	21,301,432	5,456,749	555,385

- (f) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group	
	2023 RM	2022 RM
<b>Effects of 3% (2022: 3%) changes to RM against foreign currency</b>		
Profit after taxation	±333,643	±83,264

- (g) No expected credit loss is recognised arising from the cash and bank balances because the probability of default was negligible.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 14. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2023 RM	2022 RM
Freehold land	-	1,127,400
Factory buildings	-	920,468
	-	2,047,868

In the previous financial year, Mikro Sdn. Bhd., a wholly owned subsidiary of the Company had entered into Sale and Purchase Agreement with a third party for the sale of freehold land and factory buildings held under PT 372 and PT 373, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total sale consideration of RM4,000,000. The transaction had been completed on 23 August 2022.

## 15. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid-up ordinary shares with no par value:				
Balance as at 1 July 2022/2021	589,226,140	77,529,419	589,226,140	77,529,419
Ordinary share issued pursuant to private placement	156,139,800	24,982,368	-	-
Balance as at 30 June	745,365,940	102,511,787	589,226,140	77,529,419

(a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 589,226,140 to 745,365,940 by way of issuance of 156,139,800 new ordinary shares pursuant to the following:

- (i) On 10 March 2023, there was private placement of 58,918,800 new ordinary shares of RM0.16 each for cash totalling RM9,427,008; and
- (ii) On 22 June 2023, there was private placement of 97,221,000 new ordinary shares of RM0.16 each for cash totalling RM15,555,360.

Newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 16. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Distributable:				
Retained earnings	32,484,379	28,970,909	16,716,401	8,491,968

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 17. BORROWINGS

	Note	Group 2023 RM	2022 RM
<b>Current liabilities</b>			
Flexi loan	18	480,092	466,367
Term loan		74,133	71,587
		554,225	537,954
<b>Non-current liabilities</b>			
Flexi loan	18	6,966,760	7,390,126
Term loan		302,206	376,340
		7,268,966	7,766,466
		7,823,191	8,304,420
<b>Total borrowings</b>			
Flexi loan	18	7,446,852	7,856,493
Term loan		376,339	447,927
		7,823,191	8,304,420

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings are denominated in RM.
- (c) Term loan of the Group is subject to fixed interest rate of 3.50% (2022: 3.50%) per annum.
- (d) Sensitivity analysis for fixed rate borrowing at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rate.
- (e) Fair value of the borrowings of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (f) The fair value of the Group's flexi loan is reasonable approximation of its carrying amount as it reprices to current market interest rate.
- (g) Borrowing that is not carried at fair value and whose carrying amount is reasonable approximation of fair value is as follows:

	2023		2022	
Group	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Term loan (fixed rate)	376,339	340,297	447,927	397,957

Fair value of the borrowing is estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 17. BORROWINGS (CONT'D)

- (h) The table below summarises the maturity profile of the borrowings at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>As at 30 June 2023</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Borrowings	804,744	3,197,388	5,532,257	9,534,389
<b>As at 30 June 2022</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Borrowings	804,743	3,218,975	6,229,769	10,253,487

- (i) Reconciliation of liabilities arising from financing activities:

Group	Flexi loan		Term loan	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 July 2022/2021	7,856,493	8,280,016	447,927	500,000
Cash flows	(409,641)	(423,523)	(71,588)	(52,073)
Balance as at 30 June	7,446,852	7,856,493	376,339	447,927

## 18. FLEXI LOAN

- (a) Flexi loan of the Group is secured by a charge over the freehold land and factory buildings of the Group. In addition, the loan is guaranteed by the Company.
- (b) Flexi loan of the Group with a carrying amount of RM7,446,852 (2022: RM7,856,493) is subject to weighted average floating interest rate of 4.10% (2022: 3.68%) per annum.
- (c) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group	
	2023 RM	2022 RM
<b>Effects of 50bp (2022: 50bp) changes to profit after taxation</b>		
Floating rate instrument	±28,298	±29,855



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 19. DEFERRED TAX

- (a) The deferred tax liabilities and assets are made up of the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 July 2022/2021	(1,328,528)	(1,543,842)	(868,697)	(963,707)
Recognised in profit or loss (Note 26)	103,191	215,314	1,200	95,010
Balance as at 30 June	(1,225,337)	(1,328,528)	(867,497)	(868,697)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred tax liabilities of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 July 2022	(1,263,521)	(492,296)	(1,755,817)
Recognised in profit or loss	(67,234)	(2,305)	(69,539)
Balance as at 30 June 2023, prior to off-setting	(1,330,755)	(494,601)	(1,825,356)
Off-setting			600,019
Balance as at 30 June 2023, after off-setting			(1,225,337)
Balance as at 1 July 2021	(1,351,955)	(756,807)	(2,108,762)
Recognised in profit or loss	88,434	264,511	352,945
Balance as at 30 June 2022, prior to off-setting	(1,263,521)	(492,296)	(1,755,817)
Off-setting			427,289
Balance as at 30 June 2022, after off-setting			(1,328,528)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 19. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (cont'd):

### Deferred tax assets of the Group

	Unused tax losses and provision RM	Total RM
Balance as at 1 July 2022	427,289	427,289
Recognised in profit or loss	172,730	172,730
Balance as at 30 June 2023, prior to off-setting	600,019	600,019
Off-setting		(600,019)
Balance as at 30 June 2023, after off-setting		-
Balance as at 1 July 2021	564,920	564,920
Recognised in profit or loss	(137,631)	(137,631)
Balance as at 30 June 2022, prior to off-setting	427,289	427,289
Off-setting		(427,289)
Balance as at 30 June 2022, after off-setting		-

### Deferred tax liabilities of the Company

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 July 2022	(887,910)	(279,654)	(1,167,564)
Recognised in profit or loss	(5,620)	102,494	96,874
Balance as at 30 June 2023, prior to off-setting	(893,530)	(177,160)	(1,070,690)
Off-setting			203,193
Balance as at 30 June 2023, after off-setting			(867,497)
Balance as at 1 July 2021	(974,055)	(377,069)	(1,351,124)
Recognised in profit or loss	86,145	97,415	183,560
Balance as at 30 June 2022, prior to off-setting	(887,910)	(279,654)	(1,167,564)
Off-setting			298,867
Balance as at 30 June 2022, After off-setting			(868,697)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 19. DEFERRED TAX (CONT'D)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (cont'd):

### Deferred tax assets of the Company

	Unused tax losses and provision RM	Total RM
Balance as at 1 July 2022	298,867	298,867
Recognised in profit or loss	(95,674)	(95,674)
Balance as at 30 June 2023, prior to off-setting	203,193	203,193
Off-setting		(203,193)
Balance as at 30 June 2023, after off-setting		-
Balance as at 1 July 2021	387,417	387,417
Recognised in profit or loss	(88,550)	(88,550)
Balance as at 30 June 2022, prior to off-setting	298,867	298,867
Off-setting		(298,867)
Balance as at 30 June 2022, after off-setting		-

### **Unrecognised deferred tax assets**

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

Group	2023 RM	2022 RM
Other deductible temporary differences	1,027,359	1,218,455

Deferred tax assets of certain subsidiaries have not been recognised in respect of this item as the future taxable profits may be insufficient to trigger the utilisation of this item.

The amount and availability of this item to be carried forward are subject to the agreement of the local tax authority.

- (c) The Group is entitled to claim reinvestment allowances of RM1,027,359 (2022: RM1,027,359) under Schedule 7A Income Tax Act, 1967. The unutilised reinvestment allowances for the year of assessment 2019 onwards will expire by year of assessment 2025 (within a period of seven (7) consecutive years of assessment).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade payables</b>				
Third parties	5,102,617	5,899,312	889,012	2,680,683
Amount owing to a subsidiary	-	-	158,186	125,436
	5,102,617	5,899,312	1,047,198	2,806,119
<b>Other payables</b>				
Amount owing to a subsidiary	-	-	7,041,877	-
Other payables	5,235,169	1,592,067	204,235	193,125
Accruals	1,197,621	1,511,979	196,560	307,742
	6,432,790	3,104,046	7,442,672	500,867
	11,535,407	9,003,358	8,489,870	3,306,986

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company range from 30 to 90 days (2022: 30 to 90 days) from date of invoice.
- (c) Trade amount owing to a subsidiary is on normal credit terms granted to the Company. The non-trade amount owing to a subsidiary is unsecured, interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	9,623,250	6,439,525	8,466,178	2,042,901
US Dollar	1,912,157	2,563,833	23,692	1,264,085
	11,535,407	9,003,358	8,489,870	3,306,986

- (e) The maturity profile of the trade and other payables at the end of each reporting period based on contractual undiscounted repayment obligations is payable on demand or within one (1) year.
- (f) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Effects of 3% (2022: 3%) changes to RM against foreign currency</b>				
Profit after taxation	±43,597	±58,455	±540	±28,821

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 21. CONTINGENT LIABILITY

	Company	
	2023 RM	2022 RM
<b>Secured</b>		
Corporate guarantees given to banks for credit facilities granted to subsidiaries		
Utilised	7,823,191	8,304,420
Limit	18,000,000	18,000,000

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company recognises these corporate guarantees as an insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chance of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair value of the corporate guarantee is negligible.

## 22. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sales of goods	55,302,686	53,080,490	17,398,383	16,594,688
Services rendered	-	-	2,648,694	2,321,790
Revenue from contracts with customers	55,302,686	53,080,490	20,047,077	18,916,478

Disaggregation of revenue from contracts with customers of the Group has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sales transactions originated.

The revenue of the Company is derived entirely in Malaysia.

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customer and coincides with the delivery of products and acceptance by customers.

Revenue from services rendered is recognised over time as income when the customer receives and consumes the benefits.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 23. COST OF SALES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost of inventories sold	27,695,763	28,452,862	11,789,453	11,571,624
Direct overhead	5,443,754	4,737,229	2,304,657	2,024,774
Others	3,259,546	3,147,086	3,148,119	2,847,851
	36,399,063	36,337,177	17,242,229	16,444,249

## 24. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
- bank overdraft	49,175	-	-	-
- term loan	14,536	12,520	-	-
- lease liabilities	35,142	29,674	34,945	50,576
	98,853	42,194	34,945	50,576

## 25. PROFIT BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the profit before taxation is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Management fees paid to a subsidiary	-	-	504,773	635,834
Realised loss from foreign exchange	598,447	226,244	432,632	291,508
And crediting:				
Dividend income	-	-	9,240,000	4,309,527
Unrealised gain from foreign exchange	752,665	805,655	-	-
Gain on disposal of :				
- property, plant and equipment	151,902	135,800	11,702	5,500
- non-current assets held for sale	1,952,132	-	-	-
Interest income	67,445	33,787	3,030	-

(a) Interest income is recognised as it accrues, using the effective interest method.

(b) Dividend income is recognised when the shareholder's right to receive payment is established.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 26. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year	1,627,466	1,812,764	590,276	-
(Over)/Under provision in prior years	(156,461)	45,056	19,723	(24,310)
	1,471,005	1,857,820	609,999	(24,310)
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(195,631)	(112,229)	(145,358)	(100,728)
Under/(Over) provision in prior years	92,440	(103,085)	144,158	5,718
	(103,191)	(215,314)	(1,200)	(95,010)
	1,367,814	1,642,506	608,799	(119,320)

The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2022: 24%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	5,336,215	6,816,839	9,127,843	3,242,486
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	1,280,692	1,636,040	2,190,682	778,196
Tax effects in respect of:				
Non-allowable expenses	977,882	128,047	483,540	155,363
Non-taxable income	(780,876)	-	(2,229,304)	(1,034,287)
Utilisation of previously unrecognised deferred tax assets	(45,863)	(63,552)	-	-
	1,431,835	1,700,535	444,918	(100,728)
(Over)/Under provision of tax expense in prior years	(156,461)	45,056	19,723	(24,310)
Under/(Over) provision of deferred tax in prior years	92,440	(103,085)	144,158	5,718
	1,367,814	1,642,506	608,799	(119,320)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 27. EARNINGS PER SHARE

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	3,808,081	5,100,059
Weighted average number of ordinary shares in issue	609,436,204	589,226,140
Earnings per share (sen)		
- Basic	0.62	0.87
- Diluted	0.62	0.87

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group has not issued any dilutive potential shares and hence, the diluted earnings per share equals to the basic earnings per share.

## 28. DIVIDENDS

	Group and Company			
	2023		2022	
	Dividend per share sen	Amount of single tier dividend RM	Dividend per share sen	Amount of single tier dividend RM
Final single-tier dividend in respect of the financial year ended 30 June	0.05	294,611	0.05	294,611

On 29 August 2023, the Directors proposed a final single-tier dividend of 0.05 sen per ordinary share amounting to RM372,683 in respect of the financial year ended 30 June 2023. This dividend will be recognised in the financial statements for the subsequent financial year upon approval of shareholders at the forthcoming Annual General Meeting.

## 29. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Operating expenses</b>				
Salaries, bonuses and allowances	11,572,476	9,664,486	2,904,964	2,584,494
Contributions to defined contribution plan	1,071,985	919,123	317,106	297,197
Other benefits	472,649	600,357	84,745	242,021
	13,117,110	11,183,966	3,306,815	3,123,712

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 29. EMPLOYEE BENEFITS (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Capitalised as development costs</b>				
Salaries, bonuses and allowances	875,778	795,476	875,778	795,476
Contributions to defined contribution plan	105,183	112,155	105,183	112,155
Other benefits	4,478	3,539	4,478	3,539
	985,439	911,170	985,439	911,170
	14,102,549	12,095,136	4,292,254	4,034,882

## 30. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include direct subsidiaries as disclosed in Note 9 to the financial statements.

### (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2023 RM	2022 RM
Sales of goods to a subsidiary	17,398,383	16,594,688
Purchases of goods from subsidiaries	2,382,868	1,299,567
Royalty fees receivable from a subsidiary	23,868	28,309
Software fees receivable from a subsidiary	2,324,826	1,993,481
Technical fees receivable from a subsidiary	300,000	300,000
Dividends received from subsidiaries	9,240,000	4,309,527
Management fees paid to a subsidiary	504,773	635,834
Lease payable to a subsidiary	447,720	447,720

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

### (c) Compensation of key management personnel

Key management personnel are those persons who have the authorities and responsibilities for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 30. RELATED PARTY DISCLOSURES (CONT'D)

### (c) Compensation of key management personnel (cont'd)

The remuneration of Directors during the financial year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short term employee benefits	2,691,659	1,883,207	-	-
Contributions to defined contribution plan	197,634	123,473	-	-
Other remuneration	312,000	319,000	312,000	319,000
	3,201,293	2,325,680	312,000	319,000

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM99,796 (2022: RM82,342).

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT

### (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023 and 30 June 2022.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, borrowings, lease liabilities, less cash and bank balances. Borrowings comprise term loan and flexi loan. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	7,823,191	8,304,420	-	-
Lease liabilities	1,307,968	630,104	759,537	1,194,704
Total liabilities	9,131,159	8,934,524	759,537	1,194,704
Less: Cash and bank balances	(25,230,040)	(21,301,432)	(5,456,749)	(555,385)
Net (surplus)/debt	(16,098,881)	(12,366,908)	(4,697,212)	639,319
Total capital	134,996,166	106,500,328	119,228,188	86,021,387
Net (surplus)/debt	(16,098,881)	(12,366,908)	(4,697,212)	639,319
Total	118,897,285	94,133,420	114,530,976	86,660,706
Gearing ratio	N/A	N/A	N/A	1%

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Capital management (cont'd)

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital of the Company.

The Group has complied with these requirements for the financial year ended 30 June 2023.

The Group is not subject to any other externally imposed capital requirements.

### (b) Financial risk management

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

#### (i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and bank balances denominated in foreign currency for working capital purposes.

The policy of the Group is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost. The Group also attempts to limit its exposure for all committed transactions by entering into foreign currency forward contracts. As such, the fluctuations in foreign currencies are not expected to have a significant financial impact to the Group.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The foreign currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 12, 13, and 20 to the financial statements.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates. The exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the lease liabilities, borrowings and deposits with a licensed bank of the Group and of the Company.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 6, 13, 17 and 18 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 31. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Financial risk management (cont'd)

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below (cont'd):

#### (iii) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with a licensed bank. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

#### *Exposure to credit risk*

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit risk concentration for trade and other receivables is disclosed in Note 12 to the financial statements.

#### (iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 6, 17 and 20 to the financial statements.

## 32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 32.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendment to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

### 32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>International Tax Reform - Pillar Two Model Rules</i> (Amendments to MFRS 112 Income Taxes)	See paragraph 98M of MFRS 112
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
<i>Supplier Finance Arrangements</i> (Amendments to MFRS 107 and MFRS 7)	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

## 33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

### (a) Proposed acquisition of 1,050,000 ordinary shares in Bio Eneco Sdn. Bhd. ("BESB")

On 7 July 2023, the Company had entered into a conditional share sale agreement ("SSA") with Yeo Hock Cheong ("Vendor") for the proposed acquisition of 1,050,000 ordinary shares in BESB ("BESB Shares"), representing 15% of the issued share capital of BESB, for a purchase consideration of RM52,500,000 to be satisfied via the issuance of 328,125,000 ordinary shares of the Company at RM0.16 per share.

The transaction had been completed on 13 September 2023. As a result of the acquisition, the equity interest of the Group in BESB had increased from 10% to 25%. Consequently, BESB became an associate of the Group.

### (b) Proposed diversification into manufacturing and trading of biomass fuel products

On 7 July 2023, the Company proposed to diversify its businesses to include the biomass fuel business which involves manufacturing and trading of biomass fuel products. The proposed diversification had been approved by its shareholders in the Extraordinary General Meeting held on 4 September 2023.



# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 SEPTEMBER 2023

Issued Share Capital : 1,073,490,940 ordinary shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per ordinary share

### SIZE OF SHAREHOLDINGS

#### as at 29 September 2023

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	197	7,836	0.000
100 – 1,000 shares	658	222,576	0.020
1,001 – 10,000 shares	948	5,852,760	0.545
10,001 – 100,000 shares	1,467	54,324,133	5.060
100,001 – below 5% of issued shares	354	293,655,624	27.355
5% and above of issued shares	4	719,428,011	67.017
	3,628	1,073,490,940	100.00

### DIRECTORS' SHAREHOLDINGS

#### as at 29 September 2023

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	Yim Yuen Wah	136,373,900	12.703	-	-
2.	Michael Aw Ming Han	22,939,616	2.136	-	-
3.	Datuk Aznam Bin Mansor	7,055,645	0.657	-	-
4.	Goh Yoke Chee	83,000	0.007	-	-
5.	Wan Adli Ridzwan Bin Wan Hassan	3,000	0.00	-	-
6.	Nor Azlan Bin Zainal	0	0	-	-
7.	Syed Mohd Hafiz Bin Syed Mohd	0	0	-	-
8.	Prof Wang Hong	0	0	-	-
9.	Yang Shing Sing	0	0	-	-

### SUBSTANTIAL SHAREHOLDERS

#### as at 29 September 2023

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	Yeo Hock Cheong	328,125,000	30.566	-	-
2.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Kenanga Islamic Absolute Return Fund	156,139,800	14.545	-	-
3.	Yim Yuen Wah	136,373,900	12.703	-	-
4.	Low Khok Heng @ Low Choon Huat	98,789,311	9.202	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

## THIRTY (30) LARGEST SHAREHOLDERS

as at 29 September 2023

No.	Names	No. of Shares held	%
1.	YEO HOCK CHEONG	328,125,000	30.566
2.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND	156,139,800	14.545
3.	YIM YUEN WAH	136,373,900	12.703
4.	LOW KHEK HENG @ LOW CHOON HUAT	98,789,311	9.202
5.	RHB NOMINEES (TEMPATAN) SDN BHD THAM SU LIAM	32,027,625	2.983
6.	MICHAEL AW MING HAN	22,939,616	2.136
7.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND LIAW JIA JIE	21,660,650	2.017
8.	SJR HOLDINGS SDN. BHD.	10,000,000	0.931
9.	PAU YU TIONG	8,623,600	0.803
10.	AZNAM BIN MANSOR	7,055,645	0.657
11.	LIM SOON GUAN	6,500,000	0.605
12.	NG MEI JIN	6,499,800	0.605
13.	MOHAMMAD SUFFIAN BIN MD YUSOF	6,419,525	0.598
14.	LIU MARN COLE	6,043,575	0.562
15.	LILY NUR AQMAR BINTI MOHD ADNAN	5,700,000	0.530
16.	CHAI SENG CHAI	5,670,303	0.528
17.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PAU YU TIONG	5,024,300	0.468
18.	TANG HENG CHEONG	4,096,353	0.381
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	3,894,100	0.362
20.	TEO PENG BOON	3,837,070	0.357
21.	TAM KAH KEONG	3,465,210	0.322
22.	LONG YIN FEAI	3,156,775	0.294
23.	WONG YIN WAH	3,115,625	0.290
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIEW KAH LOONG	2,759,800	0.257
25.	LEE KONG YEOW	2,759,254	0.257
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG HO LENG (MY0083)	2,479,980	0.231
27.	CHEN NGEOK CHOO	2,417,750	0.225
28.	CHEN SHU PING @ CHIN SHU PING	2,283,750	0.212
29.	TOH YEW BOON	2,212,002	0.206
30.	CHUA SOH PENG	2,132,300	0.198

# NOTICE OF 17<sup>TH</sup> ANNUAL GENERAL MEETING 2023

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth (“17<sup>th</sup>”) Annual General Meeting (“AGM”) of the Company will be held at Kota Permai Golf Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor on Wednesday, 13 December 2023 at 10.30 a.m. for the purpose of transacting the following businesses: -

## AGENDA

- |     |  |                               |
|-----|--|-------------------------------|
| 1.  | To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2023 together with the Directors’ and Auditors’ Reports thereon.               |                               |
| 2.  | To approve the payment of a final single tier dividend of 0.05 sen per ordinary share for the financial year ended 30 June 2023.   | <b>Ordinary Resolution 1</b>  |
| 3.  | To approve the payment of Directors’ Fees, Benefits and Meeting Allowance of up to RM484,396 for the period from December 2023 until the next AGM in November 2024.            | <b>Ordinary Resolution 2</b>  |
| 4.  | To re-elect the following directors retiring pursuant to the Company’s Constitution and being eligible, have offered themselves for re-election :-                             |                               |
| 4.1 | Datuk Aznam Bin Mansor (Clause 83)   | <b>Ordinary Resolution 3</b>  |
| 4.2 | Ms Goh Yoke Chee (Clause 83)   | <b>Ordinary Resolution 4</b>  |
| 4.3 | Encik Nor Azlan Bin Zainal (Clause 90)   | <b>Ordinary Resolution 5</b>  |
| 4.4 | Encik Wan Adli Ridzwan Bin Wan Hassan (Clause 90)  | <b>Ordinary Resolution 6</b>  |
| 4.5 | Encik Syed Mohd Hafiz Bin Syed Mohd (Clause 90)  | <b>Ordinary Resolution 7</b>  |
| 4.6 | Prof. Wang Hong (Clause 90)  | <b>Ordinary Resolution 8</b>  |
| 4.7 | Ms. Yang Shing Sing (Clause 90)  | <b>Ordinary Resolution 9</b>  |
| 5.  | To re-appoint Messrs BDO PLT as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Board of Directors to fix their remuneration. | <b>Ordinary Resolution 10</b> |

## AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions: -

- |    |  |                               |
|----|--|-------------------------------|
| 6. | <b>AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75(1) OF THE COMPANIES ACT 2016</b>   | <b>Ordinary Resolution 11</b> |
|    | <p>“THAT pursuant to Section 75 and 76 of the Companies Act, 2016 (“the Act”) and subject to the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.</p> <p>AND THAT pursuant to Section 85 of the Act to be read together with Article 3 of the Company’s Constitution, approval be and is hereby given to waive the statutory preemptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Act.”</p> |                               |
| 7. | To transact any other business which may properly be transacted at an AGM for which due notice shall have been given.  |                               |

# NOTICE OF 17<sup>TH</sup> ANNUAL GENERAL MEETING 2023

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a final single tier dividend of 0.05 sen per ordinary share for the financial year ended 30 June 2023 will be paid on 10 January 2024 to Depositors registered in the Record of Depositors at the close of business at 5.00 p.m. on 22 December 2023.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 22 December 2023 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**LIM SECK WAH**  
(MAICSA 0799845)  
SSM PC No. 202008000054

**TANG CHI HOE (KEVIN)**  
(MAICSA NO. 7045754)  
(SSM PC NO. 202008002054)

Company Secretaries  
Dated: 31 October 2023  
Selangor Darul Ehsan

### Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 4 December 2023. Only a depositor whose name appears on the Record of Depositors as at 4 December 2023 shall be entitled to attend the said meeting or appoint proxy(ies) to attend, speak and vote in his/her stead.
2. A member entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3.
  - (i) Where a member of the Company is an authorized nominee, as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorized nominee specifies the proportion of its shareholding to be represented by each proxy.
  - (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorized nominee specifies the proportion of its shareholding to be represented by each proxy.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.

# NOTICE OF 17<sup>TH</sup> ANNUAL GENERAL MEETING 2023

5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii. By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

6. **Explanatory notes to the Agenda :-**

**Item No. 1 of the Agenda**  
**Audited Financial Statements**

This Agenda item is meant for discussion only as provision of Section 340(1)(a) of the Act does not require a formal approval of the members and hence, is not put forward for voting.

**Item No. 3 of the Agenda - Ordinary Resolution 2**  
**Approval of Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of fees and benefits for the period commencing December 2023 up till the next AGM of the Company in 2024. The benefits comprise of meeting allowances payable to directors.

**Item No. 4 of the Agenda - Ordinary Resolutions 3, 4, 5, 6, 7, 8 and 9**  
**Re-election of Directors**

Resolutions 3, 4, 5, 6, 7, 8, and 9 are to seek shareholders' approval at this AGM for the re-election of Directors who retire by rotation pursuant to Clause 83 of the Company's Constitution. Pursuant to Clause 83 of the Company's Constitution, one third (1/3) of the Directors shall retire from office at least once in every three (3) years at each AGM of the Company and the retiring Directors can offer themselves for re-election and Pursuant to Clause 90 of the of the Company's Constitution, the Directors shall have power at any time, and from time to time, appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The profiles of the Directors who are standing for re-election as per Agenda item No. 4 are set out in the Board of Directors' profile of the Annual Report 2023.

**Item No. 5 of the Agenda - Ordinary Resolution 10**  
**Re-appointment of Auditors**

The Board has through the Audit Committee, considered the re-appointment of Messrs. BDO PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 17<sup>th</sup> Annual General Meeting are disclosed in the Audit Committee Report of the 2023 Annual Report.

# NOTICE OF 17<sup>TH</sup> ANNUAL GENERAL MEETING 2023

## 7. Explanatory notes on Special Business

### **Item No. 6 of the Agenda - Ordinary Resolution 11 Resolution on Renewal of Authority To Allot Shares**

The proposed Ordinary Resolution 11 is to seek a new general mandate to empower the Directors of the Company pursuant to the Companies Act 2016, from the date of the above Meeting, to issue and allot ordinary shares of not more than ten per centum (10%) for such purposes as the Directors of the Company consider would be in the best interest of the Company. This authority will, unless revoked or varied at a General Meeting, will expire at the conclusion of the next AGM of the Company.

On 8 December 2022, the Company had obtained a general mandate from its shareholders at its 16<sup>th</sup> annual general meeting ("AGM") ("General Mandate"), which authorises the Board to allot and issue new Mikro Shares at any time upon such terms and conditions and for such purposes as the Board may, in its absolute discretion, deem fit provided that the aggregate number of Mikro Shares to be issued pursuant to the General Mandate does not exceed ten percent (10%) of the total number of issued shares of the Company.

On 18 January 2023 the Company announced a proposed private placement and on 15 February 2023, the Company announced that Bursa Securities had, vide its letter dated 15 February 2023, approved the listing and quotation of up to 58,922,614 Placement Shares to be issued pursuant to the Proposed Private Placement. The proposed private placement was completed on 9 March 2023 and a total of 58,918,800 Placement Shares to identified investor in one (1) tranche at the issue price per Placement Share of RM0.16, raising a total with a total proceeds of RM9,427,008.

On 28 March 2023 the Company announced a proposed private placement of new ordinary shares in the Company of up to 15% of the total number of issued shares in the Company (excluding treasury shares) and submitted the listing application to Bursa Malaysia Securities Berhad on 4 April 2023. On 2 May 2023, the Company announced that Bursa Securities had approved the listing and quotation of up to 97,221,471 Placement Shares to be issued pursuant to the Proposed Private Placement. The proposed private placement was completed on 22 June 2023 and a total of 97,221,000 Placement Shares to identified investor in one (1) tranche at the issue price per Placement Share of RM0.16, raising a total with a total proceeds of RM15,555,360.

On 7 July 2023, the Company announced to undertake the following proposals:-

- proposed acquisitions by Mikro of 1,050,000 ordinary shares in Bio Eneco Sdn Bhd ("BESB"), representing 15.0% of the issued share capital of BESB, for a purchase consideration of RM52,500,000 to be satisfied via the issuance of 328,125,000 new ordinary shares in Mikro at an issue price of RM0.16 per Share ("Proposed Acquisition"); and
- proposed diversification of the existing business of Mikro and its subsidiaries into the business of manufacturing and trading of biomass fuel products ("Proposed Diversification").

On 28 July 2023, the Company announced that the listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Acquisition had been submitted and on 11 August 2023, Bursa Securities approved the listing and quotation of up to 328,125,000 Consideration Shares to be issued pursuant to the Proposed Acquisition. On 13 September 2023, the Company announced that 328,125,000 new ordinary shares in Mikro, which were issued pursuant to the Proposed Acquisition, have been successfully listed and quoted on the ACE Market of Bursa Securities on 13 September 2023, raising a total with a total proceeds of RM52,500,000.

# MIKRO MSC 17<sup>TH</sup> AGM ADMINISTRATIVE GUIDE

**Day and Date** : Wednesday, 13 December 2023  
**Time** : 10.30 a.m.  
**Venue** : Kota Permai Golf Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor.

## REGISTRATION ON THE DAY OF 17<sup>TH</sup> AGM

1. Registration will commence at 9.30 a.m..
2. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification.
3. A voting slip and an identification wristband will be given to you thereafter. No one will be allowed to enter the meeting room without a wristband.
4. Registration must be done in person. No person is allowed to register on behalf of another.
5. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

## PROXY

6. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Form of Proxy in accordance with the notes stated in the Proxy Form.
7. The Form of Proxy is not required if you are attending as shareholder.
8. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the registration counter to revoke the appointment of your proxy.
9. Accordingly, Form of Proxy and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **11 December 2023, Monday at 10.30 a.m.:**

(i) In Hard copy:

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(ii) By Electronic form:

All shareholders can have the option to submit Form of Proxy electronically via TIHH Online and the steps to submit are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIHH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tihh.online">https://tihh.online</a>. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIHH Online, you are not required to register again.</li> </ul>
Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: <b>“MIKRO 17<sup>TH</sup> AGM - SUBMISSION OF PROXY FORM”</b>.</li> <li>• Read and agree to the Terms and Conditions and confirm the Declaration.</li> </ul>



# MIKRO MSC

## 17<sup>TH</sup> AGM ADMINISTRATIVE GUIDE

	<ul style="list-style-type: none"> <li>• Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>• Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide on your votes.</li> <li>• Review and confirm your proxy(ies) appointment.</li> <li>• Print the Form of Proxy for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate exercise name: <b>“MIKRO 17<sup>TH</sup> AGM - SUBMISSION OF PROXY FORM”</b>.</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Login to TIIH Online, select corporate exercise name: <b>“MIKRO 17<sup>TH</sup> AGM - SUBMISSION OF PROXY FORM”</b>.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

### GENERAL MEETING RECORD OF DEPOSITORS

10. For the purpose of determining who shall be entitled to attend the 17<sup>th</sup> Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 4 December 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

### NO RECORDING OR PHOTOGRAPHY

11. No recording or photography of the 17<sup>th</sup> AGM proceedings is allowed without the prior written permission of the Company.

### MOBILE DEVICES

12. Please ensure all mobile devices i.e. phones/other sound emitting devices are put on silence mode during the 17<sup>th</sup> AGM to ensure smooth and uninterrupted proceedings.

### 17<sup>TH</sup> AGM ENQUIRY

13. If you have any enquiries prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday) except on public holiday, or alternatively email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com).



## Mikro MSC Berhad

[Registration No. 200601018418 (738171 M)]  
(Incorporated in Malaysia)

## FORM OF PROXY

(Before completing this form please refer to the notes below)

No of ordinary Shares held	
CDS A/C No.	
Contact No.	

I/We \_\_\_\_\_ I/C No./Co. No. \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full address)

being a member/members of MIKRO MSC BERHAD hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address

No. of shares to be represented by proxy

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Kota Permai Golf Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor on Wednesday, 13 December 2023 at 10.30 a.m.. My/our proxy/proxies is/are to vote as indicated below:-

ORDINARY RESOLUTION		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1	Payment of final single tier dividend of 0.05 sen per ordinary share				
2	Payment of Directors' Fees, Benefits and Meeting Allowance				
3	Re-election of Datuk Aznam Bin Mansor				
4	Re-election of Ms Goh Yoke Chee				
5	Re-election of Encik Nor Azlan Bin Zainal				
6	Re-election of Encik Wan Adli Ridzwan Bin Wan Hassan				
7	Re-election of Encik Syed Mohd Hafiz Bin Syed Mohd				
8	Re-election of Prof Wang Hong				
9	Re-election of Ms Yang Shing Sing				
10	Re-appointment of Messrs BDO PLT				
11	Authority to allot shares pursuant to Section 75(1) of Companies Act, 2016.				

(Please indicate with a "✓" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

.....  
Signature/Common Seal

### Notes:-

- For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 4 December 2023. Only a depositor whose name appears on the Record of Depositors as at 4 December 2023 shall be entitled to attend the said meeting or appoint proxy(ies) to attend, speak and vote in his/her stead.
- A member entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorized nominee, as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorized nominee specifies the proportion of its shareholding to be represented by each proxy.
  - Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorized nominee specifies the proportion of its shareholding to be represented by each proxy.
- The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
  - In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tihih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIH Online.

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AFFIX STAMP  
HERE

**MIKRO MSC BERHAD**  
**[Registration No. 200601018418 (738171-M)]**  
c/o Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suites  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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## **Mikro MSC Berhad**

200601018418 (738171-M)



No. 3, jalan Anggerik Mokara 31/48,  
Seksyen 31, Kota Kemuning,  
40460 Shah Alam, Selangor Darul Ehsan.



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[www.itmikro.com.my](http://www.itmikro.com.my)

