

Registration No: 198901008551 (185853 K)

BETAMEK ELECTRONICS (M) SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 2020

Registration No: 198901008551 (185853 K)

BETAMEK ELECTRONICS (M) SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

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CORPORATE INFORMATION

DIRECTORS

Mirzan Bin Mahathir
Ho Wai Fung

SECRETARIES

Kua Swee Tieng
Loh Wai Mun

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

REGISTERED OFFICE

No. 39-1, Jalan 9/62A
Bandar Menjalara
Kepong
52200 Kuala Lumpur

**PRINCIPAL PLACE OF
BUSINESS**

Lot 137, Lingkaran Taman Industri Integrasi
Rawang 2
Taman Industri Integrasi Rawang
48000 Rawang
Selangor Darul Ehsan

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacturing and selling of car radio with cassette and compact disc players.

The principal activity of the subsidiary is disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of the Company's and its subsidiary's activities during the financial year.

FINANCIAL RESULTS

	Group and Company RM
Profit for the financial year	<u>10,012,080</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

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DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year is as follows:-

	RM
<u>In respect of the financial year ended 31 March 2019</u>	
2nd interim single tier dividend of RM0.33 per ordinary share, paid on 10 July 2019	2,000,000
<u>In respect of the financial year ended 31 March 2020</u>	
1st interim single tier dividend of RM0.27 per ordinary share, paid on 30 October 2019	1,600,000
2nd interim single tier dividend of RM0.25 per ordinary share, paid on 16 December 2019	1,500,000
3rd interim single tier dividend of RM0.32 per ordinary share, paid on 13 March 2020	<u>1,900,000</u>
	<u>7,000,000</u>

The Directors do not propose any final dividend for the current financial year.

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Mirzan Bin Mahathir*
Ho Wai Fung

* Director of the Company and subsidiary

The Director of the subsidiary who held office during the financial year and up to the date of this report is:-

Megat Iskandar Hashim Bin Ismail

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DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the beneficial interests of those who were Directors at the end of the financial year in the shares of the Company are as follows:-

	<u>Number of ordinary shares</u>			<u>At 31.3.2020</u>
	<u>At 1.4.2019</u>	<u>Bought</u>	<u>Sold</u>	
<u>Deemed interest</u>				
Mirzan Bin Mahathir	3,900,000	-	-	3,900,000

Deemed interest by virtue of his direct interest in Iskandar Holdings Sdn. Bhd..

By virtue of the Directors' direct interest in the Company, they are also deemed to have interest in the shares of the subsidiary to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Group and of the Company are:-

	Group and Company RM
Director's fee	240,000
Bonus	<u>848,122</u>
	<u>1,088,122</u>

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE

There was no indemnity coverage and insurance premium paid for Directors and Officers of the Group and of the Company during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

OTHER STATUTORY INFORMATION

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

- (a) 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 satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

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OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors (cont'd):-

- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transactions or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

HOLDING COMPANY

The Company is a subsidiary of Iskandar Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia. The Directors regard Iskandar Holdings Sdn. Bhd. as holding company.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

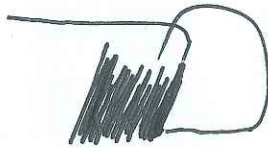
The significant event during the financial year and subsequent to the reporting period is disclosed in Note 26 to the financial statements.

BETAMEK ELECTRONICS (M) SDN. BHD.
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STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 14 to 46 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed by the Directors in accordance with a resolution of the Board of Directors.



MIRZAN BIN MAHATHIR



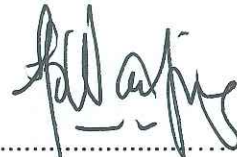
HO WAI FUNG

Kuala Lumpur
18 September 2020

STATUTORY DECLARATION

I, Ho Wai Fung, being the Director primarily responsible for the financial management of Betamek Electronics (M) Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 14 to 46 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
18 September 2020)



HO WAI FUNG

Before me:

Commissioner for Oaths



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF**

**BETAMEK ELECTRONICS (M) SDN. BHD.
AND ITS SUBSIDIARY**

(Incorporated in Malaysia)

Registration No: 198901008551 (185853 K)

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

T +603 2692 4022

F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Betamek Electronics (M) Sdn. Bhd., which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of 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 14 to 46.

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 of 31 March 2020, and of their financial performance and their cash flows for the financial year then ended, in accordance with Malaysian Private Entities Reporting Standard 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.

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Report on the Audit of the Financial Statements (cont'd)

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 Directors' 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 Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, 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 Private Entities Reporting Standard 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 Group's and Company's ability 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 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.

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Report on the Audit of the Financial Statements (cont'd)

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:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 communicated 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 identified during our audit.

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Report on the Audit of the Financial Statements (cont'd)

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.



GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
18 September 2020



DATO' N. K. JASANI
(NO: 708/03/2022 (J))
CHARTERED ACCOUNTANT

BETAMEK ELECTRONICS (M) SDN. BHD.

(Incorporated in Malaysia)

AND ITS SUBSIDIARY**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	19,111,323	18,498,977	19,111,323	18,498,977
Investment in a subsidiary	5	-	-	100	100
Total non-current assets		19,111,323	18,498,977	19,111,423	18,499,077
Current assets					
Inventories	6	33,456,255	38,128,728	33,456,255	38,128,728
Other investments	7	2,544,585	2,610,024	2,544,585	2,610,024
Trade receivables	8	9,198,619	14,500,965	9,198,619	14,500,965
Other receivables	9	8,653,299	7,097,990	8,653,299	7,097,990
Tax recoverable		292,576	-	292,576	-
Fixed deposits with a licensed bank	10	256,464	246,481	256,464	246,481
Cash and bank balances		27,349,382	10,348,642	27,349,382	10,348,642
Total current assets		81,751,180	72,932,830	81,751,180	72,932,830
TOTAL ASSETS		100,862,503	91,431,807	100,862,603	91,431,907
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	8,000,000	8,000,000	8,000,000	8,000,000
Retained profits		71,891,550	68,879,470	71,891,650	68,879,570
Total equity		79,891,550	76,879,470	79,891,650	76,879,570
LIABILITIES					
Non-current liabilities					
Borrowings	12	10,581,820	-	10,581,820	-
Finance lease liabilities	13	115,601	-	115,601	-
Deferred tax liabilities	14	1,462,000	1,502,000	1,462,000	1,502,000
Total non-current liabilities		12,159,421	1,502,000	12,159,421	1,502,000

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STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 (CONT'D)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Current liabilities					
Trade payables	15	5,430,794	10,223,476	5,430,794	10,223,476
Other payables	16	2,082,589	2,071,244	2,082,589	2,071,244
Borrowings	12	1,270,464	-	1,270,464	-
Finance lease liabilities	13	27,685	25,902	27,685	25,902
Tax payable		-	729,715	-	729,715
Total current liabilities		8,811,532	13,050,337	8,811,532	13,050,337
TOTAL LIABILITIES		20,970,953	14,552,337	20,970,953	14,552,337
TOTAL EQUITY AND LIABILITIES		100,862,503	91,431,807	100,862,603	91,431,907

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

BETAMEK ELECTRONICS (M) SDN. BHD.
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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	17	130,732,332	126,541,922	130,732,332	126,541,922
Cost of sales		<u>(103,930,823)</u>	<u>(92,729,072)</u>	<u>(103,930,823)</u>	<u>(92,729,072)</u>
Gross profit		26,801,509	33,812,850	26,801,509	33,812,850
Other income		291,907	605,491	291,907	860,962
Selling and distribution expenses		(435,616)	(387,848)	(435,616)	(387,848)
Administration expenses		(11,899,850)	(5,081,851)	(11,899,850)	(5,078,464)
Other expenses		<u>(65,439)</u>	<u>(22,458)</u>	<u>(65,439)</u>	<u>(17,458)</u>
Profit from operations		14,692,511	28,926,184	14,692,511	29,190,042
Finance income		209,163	38,801	209,163	38,801
Finance costs		<u>(346,031)</u>	<u>(2,117)</u>	<u>(346,031)</u>	<u>(2,117)</u>
Profit before tax	18	14,555,643	28,962,868	14,555,643	29,226,726
Tax expense	19	<u>(4,543,563)</u>	<u>(6,275,148)</u>	<u>(4,543,563)</u>	<u>(6,275,064)</u>
Profit/Total comprehensive income for the financial year		<u>10,012,080</u>	<u>22,687,720</u>	<u>10,012,080</u>	<u>22,951,662</u>

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

BETAMEK ELECTRONICS (M) SDN. BHD.
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	Non-distributable Share capital RM	Distributable Retained profits RM	<u>Total</u> RM
Group				
Balance at 1 April 2018		8,000,000	51,691,750	59,691,750
Transaction with owners:-				
Dividends paid	20	-	(5,500,000)	(5,500,000)
Total comprehensive income for the financial year		-	22,687,720	22,687,720
Balance at 31 March 2019		8,000,000	68,879,470	76,879,470
Transaction with owners:-				
Dividend paid	20	-	(7,000,000)	(7,000,000)
Total comprehensive income for the financial year		-	10,012,080	10,012,080
Balance at 31 March 2020		<u>8,000,000</u>	<u>71,891,550</u>	<u>79,891,550</u>
Company				
Balance at 1 April 2018		8,000,000	51,427,908	59,427,908
Transaction with owners:-				
Dividends paid	20	-	(5,500,000)	(5,500,000)
Total comprehensive income for the financial year		-	22,951,662	22,951,662
Balance at 31 March 2019		8,000,000	68,879,570	76,879,570
Transaction with owners:-				
Dividend paid	20	-	(7,000,000)	(7,000,000)
Total comprehensive income for the financial year		-	10,012,080	10,012,080
Balance at 31 March 2020		<u>8,000,000</u>	<u>71,891,650</u>	<u>79,891,650</u>

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

BETAMEK ELECTRONICS (M) SDN. BHD.

(Incorporated in Malaysia)

AND ITS SUBSIDIARY**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
OPERATING ACTIVITIES					
Profit before tax		14,555,643	28,962,868	14,555,643	29,226,726
Adjustments for:-					
✓ Depreciation		2,059,381	1,961,857	2,059,381	1,961,857
✓ Interest expense		346,031	2,117	346,031	2,117
✗ Property, plant and equipment written off		4,526,448	10,207	4,526,448	10,207
✗ Gain on disposal of property, plant and equipment		(25,543)	-	(25,543)	-
✗ Provision for diminution in value		65,439	17,458	65,439	17,458
✗ Provision for diminution in value no longer required		-	(3,577)	-	(3,577)
✓ Dividend income		(3,681)	(3,885)	(3,681)	(259,356)
✓ Interest income		(209,163)	(38,801)	(209,163)	(38,801)
✓ Waiver of debt		-	(1,333)	-	(1,333)
Operating profit before working capital changes		21,314,555	30,906,911	21,314,555	30,915,298
Changes in working capital:-					
Inventories		4,672,473	(22,206,025)	4,672,473	(22,206,025)
Receivables		3,747,037	(6,238,084)	3,747,037	(6,238,084)
Payables		(4,781,337)	2,204,535	(4,781,337)	2,209,535
Cash generated from operations		24,952,728	4,667,337	24,952,728	4,680,724
Interest received		199,180	-	199,180	-
Interest paid		(12,659)	-	(12,659)	-
Tax paid		(6,072,019)	(7,175,106)	(6,072,019)	(7,175,106)
Tax refunded		466,165	880	466,165	-
Net cash flows from/(used in) operating activities		19,533,395	(2,506,889)	19,533,395	(2,494,382)
INVESTING ACTIVITIES					
Dividend received		3,681	3,885	3,681	259,356
Purchase of property, plant and equipment	A	(7,366,851)	(1,144,715)	(7,366,851)	(1,144,715)
Proceeds from disposal of property, plant and equipment		344,219	304,980	344,219	304,980
Net cash flow used in investing activities		(7,018,951)	(835,850)	(7,018,951)	(580,379)

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
FINANCING ACTIVITIES					
Dividend paid		(7,000,000)	(5,500,000)	(7,000,000)	(5,500,000)
Interest paid		(333,372)	(2,117)	(333,372)	(2,117)
Repayment of finance lease liabilities		(32,616)	(31,579)	(32,616)	(31,579)
Drawdown of term loans		12,383,176	-	12,383,176	-
Repayment of term loans		(530,892)	-	(530,892)	-
Interest arising from fixed deposits pledged		(9,983)	(38,801)	(9,983)	(38,801)
Interest received		9,983	38,801	9,983	38,801
Net cash flow from/(used) in financing activities		<u>4,486,296</u>	<u>(5,533,696)</u>	<u>4,486,296</u>	<u>(5,533,696)</u>
CASH AND CASH EQUIVALENTS					
Net changes		17,000,740	(8,876,435)	17,000,740	(8,608,457)
Brought forward		<u>10,348,642</u>	<u>19,225,077</u>	<u>10,348,642</u>	<u>18,957,099</u>
Carried forward	B	<u><u>27,349,382</u></u>	<u><u>10,348,642</u></u>	<u><u>27,349,382</u></u>	<u><u>10,348,642</u></u>

NOTES TO THE STATEMENTS OF CASH FLOWS**A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total purchase	7,516,851	1,144,715	7,516,851	1,144,715
Less: Acquisition by finance lease arrangement	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Cash payment	<u><u>7,366,851</u></u>	<u><u>1,144,715</u></u>	<u><u>7,366,851</u></u>	<u><u>1,144,715</u></u>

B. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed deposits with a licensed bank	256,464	246,481	256,464	246,481
Cash and bank balances	<u>27,349,382</u>	<u>10,348,642</u>	<u>27,349,382</u>	<u>10,348,642</u>
	27,605,846	10,595,123	27,605,846	10,595,123
Less: Fixed deposits pledged with licensed banks	<u>(256,464)</u>	<u>(246,481)</u>	<u>(256,464)</u>	<u>(246,481)</u>
	<u><u>27,349,382</u></u>	<u><u>10,348,642</u></u>	<u><u>27,349,382</u></u>	<u><u>10,348,642</u></u>

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

BETAMEK ELECTRONICS (M) SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 39-1, Jalan 9/62A, Bandar Menjalara, Kepong, 52200 Kuala Lumpur. The principal place of business of the Company is located at Lot 137, Lingkaran Taman Industri Integrasi Rawang 2, Taman Industri Integrasi Rawang, 48000 Rawang, Selangor Darul Ehsan.

The Company is principally engaged in the manufacturing and selling of car radio with cassette and compact disc players.

The principal activity of the subsidiary is disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of the Company's and its subsidiary's activities during the financial year.

The Company is a subsidiary of Iskandar Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia. The Directors regard Iskandar Holdings Sdn. Bhd. as holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 September 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the requirements of the Companies Act, 2016 in Malaysia and Malaysian Private Entities Reporting Standard ("MPERS") issued by Malaysian Accounting Standards Board ("MASB").

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the other significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.3 Functional and Presentation Currency

The financial statements of the Company are presented in its functional currency, RM and all values are rounded to the nearest RM except when otherwise stated.

2.4 Use of Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

2.4.1 Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

(a) Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset or cash-generating units carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of these cash flows.

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of Estimates and Judgements (cont'd)

2.4.1 Estimation Uncertainty (cont'd)

(a) Impairment of non-financial assets (cont'd)

In the process of measuring expected future cash flows, management make significant assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to marked risk and the appropriate adjustment to asset-specific risk factors.

(b) Impairment of receivables

The Group and the Company make impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of recoverable.

(c) Useful lives of depreciable assets

Management estimates the useful lives of the plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end each of the reporting period. At 31 March 2020, management assesses that the useful lives represent the expected usage of the assets of the Group and the Company. Actual result, however, may vary due to change in the expected level of usage and technology developments, which might result in adjustment to the assets of the Group and the Company.

The carrying amount of plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements.

(d) Measurement of income taxes

Judgement is involved in determining the Group and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of Estimates and Judgements (cont'd)

2.4.1 Estimation Uncertainty (cont'd)

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set up below have been applied consistently to the period presented in the financial statements and have applied consistently by the Group and the Company, unless otherwise stated.

3.1 Consolidation

3.1.1 Basis of Consolidation

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

The Group's financial statements consolidate the audited financial statements of the Company and its subsidiary, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parents.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost (or valuation where applicable) less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is computed based on the straight line method so as to write off the assets over its estimated useful life.

Freehold land is not depreciated as it is deemed to have an infinite useful life.

The principal annual depreciation rates used are as follows:-

Freehold building and renovation	2%
Plant and machinery	10%
Motor vehicles	20%
Tools, equipment and moulds	10%
Furniture and office equipment	10%

Restoration cost relating to an item of the property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property.

An item of property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year in which the asset is derecognised.

3.3 Subsidiaries

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements or by holding substantive potential voting rights.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Subsidiaries (cont'd)

The consolidated financial statements are prepared using uniform accounting policies for like transaction, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and its subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceased to have control of an investee).

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceased to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of comprehensive income as a gain or loss in disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary it is accounted for as a financial asset (provided it does not become an associate or joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

3.4 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials is determined using the first-in-first-out method.

Cost of finished goods and work-in-progress included the cost of raw materials, direct labour and an appropriate proportion of production overheads.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments

3.5.1 Initial Recognition and Measurements

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss.

For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For advances and other contractual arrangements, that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

3.5.2 Derecognition of Financial Instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

3.5.3 Subsequent Measurement of Financial Assets

After initial recognition, the Group and the Company measure all financial assets at amortised cost using the effective interest method.

All other financial assets are subject to review of impairment in accordance with Note 3.6 to the financial statements below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.4 Subsequent Measurement of Financial Liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method.

3.5.5 Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

3.6 Impairment and Uncollectibility of Financial Assets

The Group and the Company apply the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting date, the Group and the Company examine whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable, carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's and the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of Non-financial Assets

An impairment loss arises when the carrying amount of an asset of the Group and the Company exceed its recoverable amount. At the end of each reporting date, the Group and the Company assess whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Group and the Company estimate the recoverable amount of the asset or cash-generating unit.

If an individual asset generated independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets (including any allocated goodwill) in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its value less costs to sell and the value in use. The Group and the Company determine the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price trade in an active market, and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by and appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss. For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Group and the Company reassess the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained profits include all current and prior periods' accumulated profits.

Dividends are accounted for in shareholders' equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

All transactions with owners of the Company are recorded separately within equity.

3.10 Tax Expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current Tax

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

Deferred Tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.12 Contingencies

(a) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(b) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Foreign Currency Transactions and Balances

Transaction in foreign currencies are recorded in RM at rates of exchange ruling at the date of the transactions. Foreign currencies monetary assets and liabilities are translated at reporting date.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the income statement as they arise.

All other foreign exchange differences are taken to the statements of comprehensive income in the financial year in which they arise.

3.14 Indirect Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group and the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This means the GST rate on the supplies of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with the Sales and Services Tax ("SST") effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%. The Group and the Company are exempted from SST registration.

3.15 Revenue Recognition

Revenue from sale of goods is recognised when the Group or the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue Recognition (cont'd)

Income from investment is included in the statements of comprehensive income when the right to receive has been established.

Sales between the Company and its subsidiary are excluded from revenue of the Group.

3.16 Employee Benefits

Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the statements of comprehensive income as incurred. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.17 Dividend Income

Dividend income is recognised when the Company's right to receive payment is established.

3.18 Leases

The Group and the Company recognise a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

3.18.1 Operating Leases

Leases, where the Group and Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Leases (cont'd)

3.18.1 Operating Leases (cont'd)

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

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

3.18.2 Finance Leases

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Related Parties

A related party is a person or entity that is related to the Group and to the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:-
 - (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the Group.

- (b) An entity is related to the Group if any of the following conditions applies:-
 - (i) The entity and the Group are members of the same group;
 - (ii) The entity is an associate or joint venture of the Group;
 - (iii) Both the Group and the entity are joint ventures of the same third party;
 - (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity;
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity; or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

4. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Freehold land RM	Freehold building and renovation RM	Plant and machinery RM	Motor vehicles RM	Tools, equipment and moulds RM	Furniture and office equipment RM	Total RM
Cost							
1 April 2019	3,056,107	11,216,092	8,416,999	1,147,382	11,957,347	1,610,918	37,404,845
Additions	-	4,466,481	396,250	252,960	1,692,653	708,507	7,516,851
Disposal	-	-	-	-	(350,860)	-	(350,860)
Written off	-	(7,603,271)	(109,968)	-	-	-	(7,713,239)
31 March 2020	3,056,107	8,079,302	8,703,281	1,400,342	13,299,140	2,319,425	36,857,597
Accumulated depreciation							
1 April 2019	-	3,415,504	6,268,503	842,728	7,225,643	1,153,490	18,905,868
Charge for the financial year	-	216,702	502,595	134,406	1,060,953	144,725	2,059,381
Disposal	-	-	-	-	(32,184)	-	(32,184)
Written off	-	(3,081,767)	(105,024)	-	-	-	(3,186,791)
31 March 2020	-	550,439	6,666,074	977,134	8,254,412	1,298,215	17,746,274
Net carrying amount							
31 March 2020	3,056,107	7,528,863	2,037,207	423,208	5,044,728	1,021,210	19,111,323
31 March 2019	3,056,107	7,800,588	2,148,496	304,654	4,731,704	457,428	18,498,977

Group and Company

The freehold land and building with net carrying amount amounted to RM9,623,213 (2019: RM9,349,254) are pledged to a licensed bank for banking facilities granted to the Company.

A motor vehicle with net carrying amount of RMNil (2019: RM50,531) was registered under the name of a Director of the Company and being held in trust by the said Director.

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Assets held under finance leases

The net carrying amounts of assets held under finance leases are as follows:-

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
Motor vehicles	<u>236,096</u>	<u>50,531</u>

5. **INVESTMENT IN A SUBSIDIARY**

	Company	
	<u>2020</u> RM	<u>2019</u> RM
Unquoted shares - At cost	<u>100</u>	<u>100</u>

The particulars of the subsidiary are as follows:-

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
		<u>2020</u> %	<u>2019</u> %	
Betamek Sales & Service Sdn. Bhd.	Malaysia	100	100	Buying, selling, servicing of car radio with cassette and CD player and tracking of spoilers. However, the Company has ceased its operation.

6. **INVENTORIES**

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
At carrying amount:-		
Raw materials	16,492,562	18,626,770
Work-in-progress	13,181,052	15,106,735
Finished goods	<u>3,782,641</u>	<u>4,395,223</u>
	<u>33,456,255</u>	<u>38,128,728</u>

7. **OTHER INVESTMENTS**

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Quoted shares in Malaysia, at fair value	62,085	127,524
Unquoted shares outside Malaysia, at cost	<u>2,482,500</u>	<u>2,482,500</u>
	<u>2,544,585</u>	<u>2,610,024</u>
Market value of quoted shares in Malaysia	<u>62,085</u>	<u>127,524</u>

8. **TRADE RECEIVABLES**

The normal trade credit terms granted by the Group and the Company to the trade receivables ranging from 30 days to 90 days (2019: 30 days to 90 days).

9. **OTHER RECEIVABLES**

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Non-trade receivables	45,923	54,599
Deposits	856,068	136,647
Advance payment to suppliers	7,751,308	6,884,141
GST recoverable	<u>-</u>	<u>22,603</u>
	<u>8,653,299</u>	<u>7,097,990</u>

10. **FIXED DEPOSITS WITH A LICENSED BANK**

Group and Company

Fixed deposits amounted to RM256,464 (2019: RM246,481) of the Group and of the Company with a licensed bank are pledged to a bank for banking facilities granted to the Company.

The fixed deposits will mature within 365 days (2019: 365 days) with interest at 4.05% (2019: 1.98% - 2.99%) per annum.

11. SHARE CAPITAL

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Issued and fully paid with no par value:-		
6,000,000 units of ordinary shares	<u>8,000,000</u>	<u>8,000,000</u>

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

12. BORROWINGS

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
<u>Non-current</u>		
Secured:-		
Term loans	<u>10,581,820</u>	<u>-</u>
<u>Current</u>		
Secured:-		
Term loans	<u>1,270,464</u>	<u>-</u>
	<u>11,852,284</u>	<u>-</u>
Represent by:-		
- not later than 1 year	1,270,464	-
- later than 1 year but not later than 5 years	7,465,032	-
- later than 5 years	3,116,788	-
	<u>10,581,820</u>	<u>-</u>
	<u>11,852,284</u>	<u>-</u>

The term loans are secured in the following manner:-

- (i) First party legal charge over the Company's property;
- (ii) Corporate guarantee by holding company; and
- (iii) Joint and several guarantee by a Director;

The effective interest rate is charged at rate of 4.31% (2019: Nil) per annum.

13. FINANCE LEASE LIABILITIES

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Minimum lease payments		
- not later than 1 year	33,384	30,858
- later than 1 year but not later than 5 years	<u>125,145</u>	<u>-</u>
	158,529	30,858
Less: Future finance charges on finance lease	<u>(15,243)</u>	<u>(4,956)</u>
Present value of finance lease liabilities	<u>143,286</u>	<u>25,902</u>
Present value of finance lease liabilities		
- not later than 1 year	27,685	25,902
- later than 1 year but not later than 5 years	<u>115,601</u>	<u>-</u>
	<u>143,286</u>	<u>25,902</u>

The effective interest rate is charged at ranging from 2.91% to 3.03% (2019: 3.03%) per annum.

14. DEFERRED TAX LIABILITIES

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Brought forward	1,502,000	1,581,000
Recognised in profit or loss	<u>(40,000)</u>	<u>(79,000)</u>
Carried forward	<u>1,462,000</u>	<u>1,502,000</u>

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Carrying amount of property, plant and equipment in excess of their tax base	<u>1,462,000</u>	<u>1,502,000</u>

15. **TRADE PAYABLES**

The currency exposure profile of the trade payables is as follows (foreign currency balances are unhedged):-

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
USD	1,893,138	2,870,893
SGD	<u>157,111</u>	<u>265,365</u>

The normal credit term granted by trade payables ranging from 30 days to 90 days (2019: 30 days to 90 days).

16. **OTHER PAYABLES**

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
Non-trade payables	202,566	200,568
Accruals of expenses	1,791,193	1,726,384
Sales tax payable	<u>88,830</u>	<u>144,292</u>
	<u>2,082,589</u>	<u>2,071,244</u>

17. **REVENUE**

The revenue of the Group and of the Company represent income from sales of car radio with cassette and compact disc players.

18. **PROFIT BEFORE TAX**

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Auditors' remuneration				
- current year	35,000	34,000	35,000	34,000
- over provision in prior financial year	(1,000)	-	(1,000)	-
Director's fee	240,000	240,000	240,000	240,000
Depreciation	2,059,381	1,961,857	2,059,381	1,961,857

18. **PROFIT BEFORE TAX (CONT'D)**

Profit before tax has been determined after charging/(crediting), amongst others, the following items (cont'd):-

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Provision for diminution in value	65,439	17,458	65,439	17,458
Provision for diminution in value no longer required	-	(3,577)	-	(3,577)
Rental expenses	499,360	52,100	499,360	52,100
Dividend income	(3,681)	(3,885)	(3,681)	(259,356)
Interest income	<u>(209,163)</u>	<u>(38,801)</u>	<u>(209,163)</u>	<u>(38,801)</u>

19. **TAX EXPENSE**

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Current tax				
- current year	4,772,000	7,063,000	4,772,000	7,063,000
- over provision in prior year	<u>(188,437)</u>	<u>(708,852)</u>	<u>(188,437)</u>	<u>(708,936)</u>
	<u>4,583,563</u>	<u>6,354,148</u>	<u>4,583,563</u>	<u>6,354,064</u>
Deferred tax				
- origination and reversal of temporary differences	(102,000)	(116,000)	(102,000)	(116,000)
- under recognised in prior financial year	<u>62,000</u>	<u>37,000</u>	<u>62,000</u>	<u>37,000</u>
	<u>(40,000)</u>	<u>(79,000)</u>	<u>(40,000)</u>	<u>(79,000)</u>
	<u>4,543,563</u>	<u>6,275,148</u>	<u>4,543,563</u>	<u>6,275,064</u>

19. TAX EXPENSE (CONT'D)

The reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	<u>14,555,643</u>	<u>28,962,868</u>	<u>14,555,643</u>	<u>29,226,726</u>
Tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	3,493,354	6,951,088	3,493,354	7,014,414
Tax effects in respect of:-				
Expenses not deductible for tax purposes	1,183,660	87,023	1,183,660	23,697
Over provision of tax expense in prior financial year	(188,437)	(708,852)	(188,437)	(708,936)
Under recognised of deferred tax liabilities in prior financial year	62,000	37,000	62,000	37,000
Expenses allowable for double deduction	-	(11,952)	-	(11,952)
Income not subject to tax	<u>(7,014)</u>	<u>(79,159)</u>	<u>(7,014)</u>	<u>(79,159)</u>
Total tax expense	<u>4,543,563</u>	<u>6,275,148</u>	<u>4,543,563</u>	<u>6,275,064</u>

20. **DIVIDENDS**

The amount of dividends declared and paid by the Company since the end of previous financial year were as follows:-

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
<u>In respect of the financial year ended 31</u>		
<u>March 2020</u>		
1st interim single tier dividend of RM0.27 per ordinary share, paid on 30 October 2019	1,600,000	-
2nd interim single tier dividend of RM0.25 per ordinary share, paid on 16 December 2019	1,500,000	-
3rd interim single tier dividend of RM0.32 per ordinary share, paid on 13 March, 2020	1,900,000	-
<u>In respect of the financial year ended 31</u>		
<u>March 2019</u>		
1st interim single tier dividend of RM0.92 per ordinary share, paid on 15 September 2018	-	5,500,000
2nd interim single tier dividend of RM0.33 per ordinary share, paid on 10 July 2019	<u>2,000,000</u>	<u>-</u>
	<u>7,000,000</u>	<u>5,500,000</u>

The Directors do not propose any final dividend for the current financial year.

21. **EMPLOYEE BENEFITS EXPENSE**

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
Staffs' remuneration		
Salaries, bonus and other emoluments	12,384,157	11,149,401
Defined contribution plan	1,514,855	1,330,779
Social security contribution	<u>130,826</u>	<u>117,735</u>
	<u>14,029,838</u>	<u>12,597,915</u>
Directors' remuneration		
Bonus	<u>848,122</u>	<u>879,357</u>
	<u>14,877,960</u>	<u>13,477,272</u>

22. RENTAL COMMITMENT

Minimum rental payable under the non-cancellable operating lease in future is as follows:-

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
Not later than one year	<u>482,460</u>	<u>441,100</u>

23. CAPITAL COMMITMENT

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
Authorised and contracted for: - Property, plant and equipment	<u>429,312</u>	<u>-</u>

24. RELATED PARTY DISCLOSURES

(a) Significant related party transaction during the financial year is as follows:-

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Dividend income received from a subsidiary	-	-	-	255,471
Dividend paid to holding company	4,550,000	3,575,000	4,550,000	3,575,000
Dividend paid to a shareholder	<u>2,450,000</u>	<u>1,925,000</u>	<u>2,450,000</u>	<u>1,925,000</u>

(b) Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

(c) The Group and the Company have no other key members of key management personnel apart from the Board of Directors. Remuneration of key management personnel is disclosed as Directors' remuneration in Notes 18 and 21 to the financial statements.

25. CATEGORIES OF FINANCIAL INSTRUMENTS

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

- (i) Financial assets and financial liabilities measured at amortised cost (“AC”); and
- (ii) Financial assets at fair value through profit or loss (“FVTPL”)

Group and Company	Carrying amount RM	AC RM	FVTPL RM
2020			
Financial assets			
Other investments	2,544,585	2,482,500	62,085
Trade receivables	9,198,619	9,198,619	-
Other receivables	8,653,299	8,653,299	-
Fixed deposits with a licensed bank	256,464	256,464	-
Cash and bank balances	<u>27,349,382</u>	<u>27,349,382</u>	-
Financial liabilities			
Trade payables	5,430,794	5,430,794	-
Other payables	1,993,759	1,993,759	-
Borrowings	<u>11,852,284</u>	<u>11,852,284</u>	-
2019			
Financial assets			
Other investments	2,610,024	2,482,500	127,524
Trade receivables	14,500,965	14,500,965	-
Other receivables	7,075,387	7,075,387	-
Fixed deposits with a licensed bank	246,481	246,481	-
Cash and bank balances	<u>10,348,642</u>	<u>10,348,642</u>	-
Financial liabilities			
Trade payables	10,223,476	10,223,476	-
Other payables	<u>1,926,952</u>	<u>1,926,952</u>	-

26. **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD**

The recent outbreak of Coronavirus Disease 2019 (“COVID-19”) since end of year 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order from 18 March 2020 to 3 May 2020, Conditional Movement Control Order from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order from 10 June 2020 to 31 December 2020. Consequently, these restrictions are expected to have material adverse effects on the Malaysia’s economy for year 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in financial year 2020.

As at the date of this report, the management of the Group has assessed the overall impact of the situation on the Group’s operations and financial position, and it is concluded that there are no material effects on the financial statements for the financial year ended 31 March 2020. The current situation is still fluid and the management is unable to reliably estimate the financial impact of COVID-19 on the Group’s financial results for the year ending 31 March 2021. The Directors shall continually assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 March 2021.