

**Registration No: 202101041577 (1441877-P)**

**BETAMEK BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**31 MARCH 2023**

**BETAMEK BERHAD**

(Incorporated in Malaysia)

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**BETAMEK BERHAD**

(Incorporated in Malaysia)

**CORPORATE INFORMATION**

**DIRECTORS**

Ahmad Subri Bin Abdullah (Independent Non-Executive Chairman)  
Mirzan Bin Mahathir (Managing Director)  
Muhammad Fauzi Bin Abd Ghani (Executive Director)  
Azlina Binti Abdul Aziz (Independent Non-Executive Director)  
Yap Suan See (Independent Non-Executive Director)  
Mohd Shahrman Bin Mohd Sidek (Independent Non-Executive Director)

**AUDIT AND RISK  
MANAGEMENT  
COMMITTEE**

Azlina Binti Abdul Aziz (Chairperson)  
Yap Suan See  
Mohd Shahrman Bin Mohd Sidek

**NOMINATION AND  
REMUNERATION  
COMMITTEE**

Yap Suan See (Chairperson)  
Azlina Binti Abdul Aziz  
Mohd Shahrman Bin Mohd Sidek

**SECRETARIES**

Tai Yit Chan (MAICSA 7009143)  
Chan Yoke Peng (MAICSA 7053966)

**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  
Tel: (603) 2692 4022  
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Website: [www.grantthornton.com.my](http://www.grantthornton.com.my)

**BETAMEK BERHAD**  
(Incorporated in Malaysia)

**CORPORATE INFORMATION (CONT'D)**

**REGISTERED OFFICE**

Boardroom Corporate Services Sdn Bhd  
12th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Sekysen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7890 4800  
Fax: (603) 7890 4650

**PRINCIPAL PLACE OF  
BUSINESS**

Lot 137, Lingkaran Taman Industri Integrasi Rawang 2  
Taman Industri Integrasi Rawang  
48000 Rawang  
Selangor Darul Ehsan  
Tel: (603) 6094 2999

**SHARE REGISTRAR**

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Sekysen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7890 4700  
Fax: (603) 7890 4670

**STOCK EXCHANGE  
LISTING**

ACE Market  
Bursa Malaysia Securities Berhad  
Stock Code: 0263

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**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 2023.

**PRINCIPAL ACTIVITIES**

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

The principal activity of the subsidiary is disclosed in Note 7 to the financial statements.

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

**FINANCIAL RESULTS**

	<b>Group</b> RM	<b>Company</b> RM
Profit for the financial year	<u>16,266,153</u>	<u>2,828,753</u>

**DIVIDENDS**

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

RM

In respect of the financial year ended 31 March 2023:-

Interim single tier dividend of 0.5 sen per ordinary share, paid on  
21 March 2023

2,250,000

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

**RESERVES AND PROVISIONS**

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

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and of the Company during the financial year are amounted to RM5,000,000 and RM10,610 respectively.

## HOLDING COMPANY

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

## DIRECTORS

The name of the Directors of the Company and its subsidiaries 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 as follows:-

### *Director of the Company*

Mirzan Bin Mahathir  
Muhammad Fauzi Bin Abd Ghani  
Mohd Shahrman Bin Mohd Sidek  
Yap Suan See  
Ahmad Subri Bin Abdullah  
Azlina Binti Abdul Aziz

### Name of subsidiary

Betamek Electronics (M) Sdn. Bhd.

### Name of Directors

Mirzan Bin Mahathir  
Muhammad Fauzi Bin Abd Ghani

## DIRECTORS' INTERESTS IN SHARES

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

	<u>Number of ordinary shares</u>			
	<u>At</u> <u>1.4.2022</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>31.3.2023</u>
<b>The Company</b>				
<u>Direct interests</u>				
Ahmad Subri Bin Abdullah	-	569,000	(500,000)	69,000
Muhammad Fauzi Bin Abd Ghani	-	5,753,300	-	5,753,300
Azlina Binti Abdul Aziz	-	569,000	(500,000)	69,000
Yap Suan See	-	600,000	(200,000)	400,000
Mohd Shahrman Bin Mohd Sidek	-	920,000	(160,000)	760,000

## DIRECTORS' INTERESTS IN SHARES (CONT'D)

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

	At <u>1.4.2022</u>	<u>Number of ordinary shares</u>		At <u>31.3.2023</u>
		<u>Bought</u>	<u>Sold</u>	
<b>The Company (cont'd)</b>				
<u>Deemed interests</u>				
Mirzan Bin Mahathir*	1	369,112,499	(45,000,000)	324,112,500
<b>Holding company</b>				
<u>Direct interests</u>				
Mirzan Bin Mahathir	2,000,000	-	-	2,000,000

\* Deemed interest by virtue of his interests in Iskandar Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

## 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 as follows:-

	<u>Subsidiary</u> RM	<u>Company</u> RM	<u>Total</u> RM
Directors' fee	-	190,000	190,000
Directors' salaries and other emoluments	1,222,304	-	1,222,304
Defined contribution plans	35,508	-	35,508
	1,257,812	190,000	1,447,812
Benefits-in-kind	15,000	-	15,000
	<u>1,272,812</u>	<u>190,000</u>	<u>1,462,812</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.

## **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company issued:-

- (a) 382,499,999 new ordinary shares at an issue price of RM0.2452 per ordinary share, in total RM93,789,000 as the purchase consideration for an acquisition of a subsidiary, Betamek Electronics (M) Sdn. Bhd., during the financial year.
- (b) 67,500,000 new ordinary shares at an issue price of RM0.50 per ordinary share for a total cash consideration of RM33,750,000 for cash pursuant to its initial Public Offering exercise.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

## **SHARE OPTIONS**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

## **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 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 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 values 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.

**OTHER STATUTORY INFORMATION (CONT'D)**

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 or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has 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;
- (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.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 33 to the financial statements.



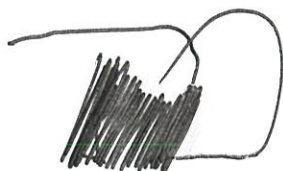
**BETAMEK BERHAD**

(Incorporated in Malaysia)

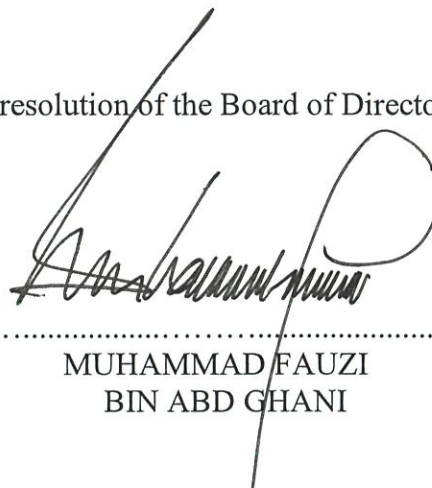
**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 17 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and their cash flows for the financial year then ended.

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



MIRZAN BIN MAHATHIR



MUHAMMAD FAUZI  
BIN ABD GHANI

Kuala Lumpur  
20 July 2023

**STATUTORY DECLARATION**

I, Nor' Azrin Bin Nusi, being the Officer primarily responsible for the financial management of Betamek Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 17 to 87 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 )  
20 July 2023 )



NOR' AZRIN BIN NUSI  
(MIA NO: 14628)

Before me:

Commissioner for Oaths



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### BETAMEK BERHAD

(Incorporated in Malaysia)

Registration No: 202101041577 (1441877-P)

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**Grant Thornton Malaysia PLT**

Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

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### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Betamek Berhad., which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 87.

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

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

**Key Audit Matters**

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

*Inventories' valuation net*

**The risk**

Referring to Note 8 to the financial statements. The Group holds a significant amount of inventories which are subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to risk such as inventories not stated at the lower of cost or net realisable value.

**Our response**

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historic loss rates.

*Intangible assets*

**The risk**

Referring to Note 6 to the financial statements. The Group holds intangible assets with definite useful lives of RM4,479,995 for developing new technology systems. The Group performs an annual impairment assessment for its intangible assets. This requires management to estimate the recoverable amount of the cash-generating units and this involves significant assumptions which are inherently judgmental.

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

**Key Audit Matters (cont'd)**

*Intangible assets (cont'd)*

**Our response**

We evaluated the model used in determining the value in use of the cash-generating units as well as assessing the discount rate used and challenging the reasonableness of key assumptions based on our knowledge of the business and industry. Besides that, we also compared the actual performance of the cash-generating units to assumptions applied in prior years model, to assess accuracy of management's estimates. We have performed sensitivity analysis on the key assumptions inputted to the model and understood the impact on the overall carrying value of intangible assets with the alterations to the key assumptions. We also assessed the adequacy of disclosures in the financial statements.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

**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.

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.

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

**Responsibilities of the Directors for the Financial Statements (cont'd)**

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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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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 (cont'd):-

- 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 or 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 or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that 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.

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 determined those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We described 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.

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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 the responsibility to any other person for the content of this report.



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

Kuala Lumpur  
20 July 2023



FOO LEE MENG  
(NO: 03069/07/2023(J))  
CHARTERED ACCOUNTANT

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023**

		<b>Group</b>		<b>Company</b>	
	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	37,024,352	38,360,840	-	-
Right-of-use assets	5	203,673	-	-	-
Intangible assets	6	4,479,995	5,694,964	-	-
Investment in a subsidiary	7	-	-	123,789,000	-
Total non-current assets		41,708,020	44,055,804	123,789,000	-
<b>Current assets</b>					
Inventories	8	53,736,330	55,867,772	-	-
Trade receivables	9	21,597,587	16,532,863	-	-
Other receivables	10	3,719,258	6,997,631	63,833	-
Other investments	11	128,798	136,462	-	-
Tax recoverable		-	1,741,808	-	-
Cash and bank balances, deposits and placements	12	54,967,118	15,881,349	4,090,052	1
Total current assets		134,149,091	97,157,885	4,153,885	1
<b>TOTAL ASSETS</b>		<b>175,857,111</b>	<b>141,213,689</b>	<b>127,942,885</b>	<b>1</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company:-</b>					
Share capital	13	127,029,001	8,000,001	127,029,001	1
Merger deficit	14	(85,789,000)	-	-	-
Retained earnings		95,450,271	85,434,118	571,004	(7,749)
Total equity		136,690,272	93,434,119	127,600,005	(7,748)
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	15	10,862,760	19,030,228	-	-
Lease liability	16	122,796	-	-	-
Deferred tax liabilities	17	2,981,000	3,513,000	-	-
Total non-current liabilities		13,966,556	22,543,228	-	-

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		RM	RM	RM	RM
<b>LIABILITIES (CONT'D)</b>					
<b>Current liabilities</b>					
Trade payables	18	15,287,166	8,944,732	-	-
Other payables	19	6,799,588	4,010,235	342,880	7,749
Borrowings	15	2,408,240	12,281,375	-	-
Lease liability	16	27,204	-	-	-
Tax payable		678,085	-	-	-
Total current liabilities		25,200,283	25,236,342	342,880	7,749
<b>TOTAL LIABILITIES</b>		39,166,839	47,779,570	342,880	7,749
<b>TOTAL EQUITY AND LIABILITIES</b>		175,857,111	141,213,689	127,942,885	1

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

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

		<b>Group</b>		<b>Company</b>	
		1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM	1.4.2022 to 31.3.2023 RM	7.12.2021 to 31.3.2022 RM
Note					
Revenue	20	205,704,675	133,051,434	6,000,000	-
Cost of sales		(169,259,494)	(108,520,664)	-	-
Gross profit		36,445,181	24,530,770	6,000,000	-
Other income		246,457	1,086,412	-	-
Distribution expenses		(95,999)	(356,511)	-	-
Administration expenses		(11,580,455)	(6,054,026)	(3,379,206)	(7,749)
Other expenses		(2,016,319)	(976,772)	-	-
Operating profit/(loss)		22,998,865	18,229,873	2,620,794	(7,749)
Finance income	21	335,844	24,680	207,959	-
Finance costs	22	(912,388)	(937,021)	-	-
Profit/(loss) before tax	23	22,422,321	17,317,532	2,828,753	(7,749)
Tax expense	24	(6,156,168)	(3,844,186)	-	-
Profit/(loss)/Total comprehensive income/(loss) for the financial year/period		<u>16,266,153</u>	<u>13,473,346</u>	<u>2,828,753</u>	<u>(7,749)</u>
Earnings per share attributable to Owners of the Company (sen):-					
Basic/Diluted	25	<u>3.61</u>	<u>224.56</u>		

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

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<b>← Non-distributable →</b>		<b>Distributable</b>	<u>Total</u> RM
		<u>Share capital</u> RM	<u>Merge deficit</u> RM	<u>Retained earnings</u> RM	
<b>Group</b>					
At 1 April 2021		8,000,000	-	78,960,772	86,960,772
<b>Transactions with owners:-</b>					
Dividends	26	-	-	(7,000,000)	(7,000,000)
Issuance of share		1	-	-	1
Total transactions with owners		1	-	(7,000,000)	(6,999,999)
Total comprehensive income for the financial year		-	-	13,473,346	13,473,346
At 31 March 2022		8,000,001	-	85,434,118	93,434,119
<b>Transactions with owners:-</b>					
Acquisition of a subsidiary	13	(8,000,000)	8,000,000	-	-
Issuance of ordinary shares pursuant to acquisition of a subsidiary	13	93,789,000	(93,789,000)	-	-
Issuance of shares	13	33,750,000	-	-	33,750,000
Share issuance expenses	13	(510,000)	-	-	(510,000)
Dividends	26	-	-	(2,250,000)	(2,250,000)
Dividends paid by a subsidiary to its former owners	26	-	-	(4,000,000)	(4,000,000)
Total transactions with owners		119,029,000	(85,789,000)	(6,250,000)	26,990,000
Total comprehensive income for the financial year		-	-	16,266,153	16,266,153
At 31 March 2023		<u>127,029,001</u>	<u>(85,789,000)</u>	<u>95,450,271</u>	<u>136,690,272</u>

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

Company	<u>Note</u>	Non-distributable	Distributable	<u>Total</u> RM
		Share <u>capital</u> RM	Retained <u>earnings</u> RM	
At date of incorporation		1	-	1
Total comprehensive loss for the financial period		-	(7,749)	(7,749)
At 31 March 2022		1	(7,749)	(7,748)
<b>Transactions with owners:-</b>				
Issuance of ordinary shares pursuant to acquisition of a subsidiary	13	93,789,000	-	93,789,000
Issuance of shares	13	33,750,000	-	33,750,000
Share issuance expenses	13	(510,000)	-	(510,000)
Dividends	26	-	(2,250,000)	(2,250,000)
Total transactions with owners		127,029,000	(2,250,000)	124,779,000
Total comprehensive income for the financial year		-	2,828,753	2,828,753
At 31 March 2023		127,029,001	571,004	127,600,005

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

**BETAMEK BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<b>Group</b>		<b>Company</b>	
	1.4.2022	1.4.2021	1.4.2022	7.12.2021
	to	to	to	to
<u>Note</u>	<u>31.3.2023</u>	<u>31.3.2022</u>	<u>31.3.2023</u>	<u>31.3.2022</u>
	RM	RM	RM	RM
<b>OPERATING ACTIVITIES</b>				
Profit/(loss) before tax	22,422,321	17,317,532	2,828,753	(7,749)
<b>Adjustments for:-</b>				
Amortisation of intangible assets	1,214,969	951,630	-	-
Bad debts written off	-	8,424	-	-
Depreciation of property, plant and equipment	2,953,766	2,934,078	-	-
Depreciation of right-of-use assets	3,452	29,512	-	-
Dividend income	(9,332)	(2,282)	(6,000,000)	-
Fair value loss on other investments	7,664	25,142	-	-
Gain on disposal of property, plant and equipment	-	(7,610)	-	-
Interest expenses	912,388	937,021	-	-
Interest income	(335,844)	(24,680)	(207,959)	-
Loss on strike off of a subsidiary	-	100	-	-
Operating profit/(loss) before working capital changes	27,169,384	22,168,867	(3,379,206)	(7,749)
<b>Changes in working capital:-</b>				
Inventories	2,131,442	(16,947,382)	-	-
Receivables	(1,786,351)	4,886,029	(63,833)	-
Payables	9,131,787	(360)	335,131	7,749
Trust receipts	(7,060,321)	8,151,321	-	-
Cash generated from/(used in) operations	29,585,941	18,258,475	(3,107,908)	-
Income tax paid, net of refund	(4,268,275)	(4,166,667)	-	-
Interest received	81,739	19,589	18,067	-
Interest paid	(167,889)	(59,659)	-	-
Net cash flows from/(used in) operating activities	25,231,516	14,051,738	(3,089,841)	-
<b>INVESTING ACTIVITIES</b>				
Subscription of shares in a subsidiary	-	-	(30,000,000)	-
Dividend received	9,332	2,282	6,000,000	-
Purchase of intangible assets	-	(1,190,597)	-	-
Purchase of right-of-use asset	A (57,125)	-	-	-
Purchase of property, plant and equipment	(1,617,278)	(3,410,738)	-	-
Proceeds from disposal of property, plant and equipment	-	87,653	-	-
Interest received	254,105	-	189,892	-
Net cash flows used in investing activities	(1,410,966)	(4,511,400)	(23,810,108)	-

**BETAMEK BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

		Group		Company	
		1.4.2022	1.4.2021	1.4.2022	7.12.2021
		to	to	to	to
Note	<u>31.3.2023</u>	<u>31.3.2022</u>	<u>31.3.2022</u>	<u>31.3.2023</u>	<u>31.3.2022</u>
	RM	RM	RM	RM	RM
<b>FINANCING ACTIVITIES</b>					
Dividend paid		(6,250,000)	(7,000,000)	(2,250,000)	-
Drawdown of deposits pledged with a financial institution		204,830	146,493	-	-
(Repayment)/Drawdown of revolving credit		(8,040,956)	8,040,956	-	-
Drawdown of term loans		12,180,000	15,408,669	-	-
Interest received		-	5,091	-	-
Interest paid		(744,499)	(877,362)	-	-
Proceeds from issuance of shares	13	33,750,000	1	33,750,000	-
Repayment of lease liability		-	(115,601)	-	-
Repayment of term loans		(15,119,326)	(23,583,226)	-	-
Share issuance expenses	13	(510,000)	-	(510,000)	-
Net cash flows from/(used in) financing activities		<u>15,470,049</u>	<u>(7,974,979)</u>	<u>30,990,000</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		39,290,599	1,565,359	4,090,051	-
Brought forward/At date of incorporation		<u>15,676,519</u>	<u>14,111,160</u>	<u>1</u>	<u>1</u>
Carried forward	<b>B</b>	<u>54,967,118</u>	<u>15,676,519</u>	<u>4,090,052</u>	<u>1</u>

**NOTES TO THE STATEMENTS OF CASH FLOWS**

**A. PURCHASE OF RIGHT-OF-USE ASSET**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
Total purchase of right-of-use asset	207,125	-	-	-
Less: Acquired under lease arrangement	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash payment	<u><u>57,125</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**BETAMEK BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

## NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

**B. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
Deposits and placements with financial institutions	47,380,000	476,414	3,200,000	-
Cash and bank balances	7,587,118	15,404,935	890,052	1
	54,967,118	15,881,349	4,090,052	1
Less: Deposits pledged with a financial institution	-	(204,830)	-	-
	<u>54,967,118</u>	<u>15,676,519</u>	<u>4,090,052</u>	<u>1</u>

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

<b>Group</b>	<b>1 April</b>	<b>Net cash</b>	<b>31 March</b>
	<u>2022</u>	<u>flows</u>	<u>2023</u>
	RM	RM	RM
Lease liability	-	150,000	150,000
Term loans	15,119,326	(2,939,326)	12,180,000
Revolving credit	8,040,956	(8,040,956)	-
	<u>23,160,282</u>	<u>(10,830,282)</u>	<u>12,330,000</u>
	<b>1 April</b>	<b>Net cash</b>	<b>31 March</b>
	<u>2021</u>	<u>flows</u>	<u>2022</u>
	RM	RM	RM
Lease liability	115,601	(115,601)	-
Term loans	23,293,883	(8,174,557)	15,119,326
Revolving credit	-	8,040,956	8,040,956
	<u>23,409,484</u>	<u>(249,202)</u>	<u>23,160,282</u>

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

**BETAMEK BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2023**

**1. GENERAL INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Eshan. 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 principal activities of the Company are investment holding and provision of management services.

The principal activity of the subsidiary is disclosed in Note 7 to the financial statements.

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

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

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors on 20 July 2023.

**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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of Companies Act 2016 in Malaysia.

**2.2 Basis of measurement**

The financial statements of the Group and of the Company are prepared under historical cost convention, except for the equity financial assets that have been measured at fair value.

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 and its measurement assumes 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

### 2.4 MFRS

#### 2.4.1 Adoption of Amendments/Improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 April 2022.

Initial application of the amendments/improvements to MFRSs did not have material impact to the financial statements.

#### 2.4.2 Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective.

##### Effective for financial period beginning on or after 1 January 2023:-

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

##### Effective for financial period beginning on or after 1 January 2024:-

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

## 2. BASIS OF PREPARATION (CONT'D)

### 2.4 MFRS (cont'd)

#### 2.4.2 Standards issued but not yet effective (cont'd)

*Amendments to MFRSs – effective date deferred indefinitely:-*

Amendments to MFRS 10* and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
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\* Not applicable to the Group's and the Company's operation.

The initial application of the above applicable standards and amendments are not expected to have material financial impact to the financial statements of the Group and of the Company upon their first adoption.

### 2.5 Significant accounting 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 Group's and of the Company's 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.

#### 2.5.1 Key sources of 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.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment and right-of-use assets 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 2023, management assesses that the useful lives represent the expected usage of the assets of the Group. Actual result, however, may vary due to change in the expected level of usage and technology developments, which resulting in adjustment to the assets of the Group.

**2. BASIS OF PREPARATION (CONT'D)**

**2.5 Significant accounting estimates and judgements (cont'd)**

**2.5.1 Key sources of estimation uncertainty (cont'd)**

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's 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 those cash flows.

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

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

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 times the estimates are made. The Group's core business is subject to economic and social preference which may cause selling prices to change rapidly, and the Group's profit to change.

Development costs

The Group capitalises costs for product development. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of the Group's development costs at the end of the reporting period is disclosed in Note 6 to the financial statements.

This amount includes significant investment in the development of an innovative automotive electronics system. Prior to being marketed, it will need to obtain a quality certification issued by the relevant regulatory authorities. The innovative nature of the product gives rise to some uncertainty as to whether the certificate will be obtained.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Significant accounting estimates and judgements (cont'd)

#### 2.5.1 Key sources of estimation uncertainty (cont'd)

##### Development costs (cont'd)

The development costs of technology systems are amortised on a straight-line basis over their useful lives of 5 years. The Group assesses annually the useful lives of the intangible assets and if the expectation differs from the original estimate, such difference will impact the amortisation expenses in the period in which such estimate had been charged.

##### Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the repayment pattern of the customers, customers type and coverage by letters of credit.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### Income taxes

Significant judgement is involved in determining the Group's 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 recognised tax liabilities based on estimates of whether additional tax will be due. Where the final tax outcome is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### 2.5.2 Significant management judgement

There is no significant management judgement in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

#### **3.1 Consolidation**

##### **3.1.1 Subsidiary**

Subsidiary is entity, including structured entity, controlled by the Group and the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group and the Company consider it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary is stated at cost less any impairment losses in the Company's financial position unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to its recoverable amount.

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.

##### **3.1.2 Basis of consolidation**

The Group's financial statements consolidate the 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.

Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in the notes to the financial statements.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Consolidation (cont'd)

##### 3.1.2 Basis of consolidation (cont'd)

Changes in the Company owners' ownership interest in a 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 Company.

##### 3.1.3 Business combination

###### Merger method

A business combination involving entity under common control is a business combination in which all the combining entity or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Betamek Electronics (M) Sdn. Bhd. resulted in a business involving common control entity since the management of all the entity which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entity in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the combined financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been affected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entity, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

##### 3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.1 Consolidation (cont'd)**

##### **3.1.4 Loss of control (cont'd)**

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

##### **3.1.5 Eliminations on consolidation**

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.

#### **3.2 Foreign currency transactions and balances**

Transactions 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.

#### **3.3 Property, plant and equipment**

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Property, plant and equipment (cont'd)

Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

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

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

#### 3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **As a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Motor vehicles	20%
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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases (cont'd)

##### As a lessee (cont'd)

##### Right-of-use assets (cont'd)

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.6 to the financial statements.

##### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to their short-term leases of machinery, equipment and premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the period in which it incurred.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life 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 at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

**3.5.1 Research and development costs**

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Intangible assets (cont'd)

##### 3.5.1 Research and development costs (cont'd)

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the date the products are commercialised.

The amortisation period and method are reviewed at the end of each reporting year to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets. Development costs have a finite useful life and are amortised over the period of five years on a straight-line basis.

#### 3.6 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly trade subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

#### 3.7 Inventories

Inventories, comprising raw materials, accessories and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value ("NRV") after adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using weighted average method and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

Net realisable value represents estimated selling price in the ordinary course of business less estimated selling and distribution costs and all other estimated costs to completion.

When inventories are sold and revenue is recognised, the carrying amount of those inventories is recognised as cost of goods sold. Write-down to NRV and inventory losses are recognised as expenses when it occurred and any reversal is recognised in the profit or loss in the period in which the reversal occurs.

#### 3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.8 Financial instruments (cont'd)**

**3.8.1 Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.8 **Financial instruments (cont'd)**

3.8.1 **Financial assets (cont'd)**

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL.

*Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and most of other receivables and cash and bank balances, deposits and placements.

*Financial assets at FVTPL*

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes listed equity investments which the Group and the Company had not irrevocably elected to classify at FVTOCI. Dividends on listed equity investments are recognised as other income in the profit or loss when the right of payment has been established.

The Group's equity instruments at FVTPL includes other investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.8 **Financial instruments (cont'd)**

3.8.1 **Financial assets (cont'd)**

Derecognition (cont'd)

When the Group and Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

*Impairment for trade receivables*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.8 **Financial instruments (cont'd)**

3.8.1 **Financial assets (cont'd)**

Impairment (cont'd)

*Impairment for financial assets other than trade receivables*

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

*Credit impaired*

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

An impairment loss in respect of debt investments measured at FVTOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

3.8.2 **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.8 **Financial instruments (cont'd)**

3.8.2 **Financial liabilities (cont'd)**

Initial recognition and measurement (cont'd)

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL; or
- Financial liabilities at amortised cost.

The Group and the Company only have financial liabilities at amortised cost on their statements of financial position.

*Financial liabilities at amortised cost*

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

The Group's and the Company's financial liabilities include trade and most of other payables and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.8 Financial instruments (cont'd)**

##### **3.8.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### **3.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed banks and highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

For the purpose of statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting period are classified as non-current asset.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

##### **3.10 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.

Share capital are recorded at the proceeds from ordinary shares issued, net of directly attributable incremental transactions costs.

Retained earnings include all current and prior periods' accumulated profits or losses.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

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

##### **3.11 Provisions**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, 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. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.11 Provisions (cont'd)

If the effect of the time value 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 costs.

#### 3.12 Employee benefits

##### 3.12.1 Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period, 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.

##### 3.12.2 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 profit or loss incurred. As required by law, the Company and its subsidiary, all of which were incorporated in Malaysia, make such contributions to the Employees Provident Fund.

#### 3.13 Revenue

Revenue from contracts with customers is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:-

- (a) good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.13 Revenue (cont'd)**

Revenue from contracts with customers is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome.

If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative standalone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:-

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- (b) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.13 Revenue (cont'd)**

**3.13.1 Sales of goods**

Revenue relating to sales of goods is recognised net of sales returns and discount upon the transfer of control of the goods to the customers. Revenue is not recognised to extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**3.13.2 Dividend income**

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

**3.13.3 Other revenue recognition**

**Interest income**

Interest income is recognised in the profit or loss on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

**3.14 Tax expense**

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

**3.14.1 Current tax**

Current tax is the expected tax payable or receivable on the taxable profit 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 for current and prior periods is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.14 Tax expense (cont'd)**

##### **3.14.2 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.

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

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

#### **3.15 Sales and service tax ("SST")**

Expenses and assets are recognised net of the amount of SST, except:-

- (i) When the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- (ii) When payables are stated with the amount of SST included.

The amount of SST payable to taxation authority is included as part of payables in the statements of financial position.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.16 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

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

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

All other borrowing costs are expensed in the period in which they are incurred.

#### 3.17 Contingencies

##### 3.17.1 Contingent liabilities

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

##### 3.17.2 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)**

#### **3.18 Related parties**

A related party is a person or entity that is related to the Group and the Company that is preparing its financial statements. A related party transaction is a transfer of resources, services or obligations between the reporting entity 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 reporting entity if that person:-
  - (i) Has control or joint control over the Group and the Company;
  - (ii) Has significant influence over the Group and the Company; or
  - (iii) Is a member of the key management personnel of the parent of the Group and of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:-
  - (i) The entity and the Group or the Company are members of the same group;
  - (ii) The entity is an associate or joint venture of the Group or the Company;
  - (iii) Both the Group or the Company and the entity are joint ventures of the same third party;
  - (iv) The Group or the Company is a joint venture of a third entity and the entity is an associate of the same third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or the Company for an entity related to the Group or the Company;
  - (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 corporate shareholders of the Group or 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.

#### **3.19 Operating segments**

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.20 Earnings per ordinary shares**

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

Basic EPS is calculated by dividing the profit or loss after tax attributable to ordinary shareholders of the Company.

Diluted EPS is calculated by dividing the profit or loss after tax attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares during the period.

4. **PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Freehold land</b> RM	<b>Freehold building and renovation</b> RM	<b>Plant and machinery</b> RM	<b>Motor vehicles</b> RM	<b>Tools, equipment and moulds</b> RM	<b>Furniture and office equipment</b> RM	<b>Total</b> RM
<b>Cost</b>							
At 1 April 2021	3,056,107	20,231,805	11,538,566	1,251,253	14,786,209	2,769,926	53,633,866
Additions	-	1,483,388	-	71,020	1,643,188	213,142	3,410,738
Disposal	-	-	-	(489,207)	(262,766)	-	(751,973)
Transfer from right-of-use assets	-	-	-	252,960	-	-	252,960
At 31 March 2022	3,056,107	21,715,193	11,538,566	1,086,026	16,166,631	2,983,068	56,545,591
Additions	-	806,497	-	116,645	391,836	302,300	1,617,278
At 31 March 2023	3,056,107	22,521,690	11,538,566	1,202,671	16,558,467	3,285,368	58,162,869
<b>Accumulated depreciation</b>							
At 1 April 2021	-	339,978	3,796,024	1,025,822	9,292,752	1,371,059	15,825,635
Charge for the financial year	-	425,605	1,072,192	116,224	1,119,534	200,523	2,934,078
Disposal	-	-	-	(489,207)	(182,723)	-	(671,930)
Transfer from right-of-use assets	-	-	-	96,968	-	-	96,968
At 31 March 2022	-	765,583	4,868,216	749,807	10,229,563	1,571,582	18,184,751
Charge for the financial year	-	443,567	1,064,507	141,684	1,085,145	218,863	2,953,766
At 31 March 2023	-	1,209,150	5,932,723	891,491	11,314,708	1,790,445	21,138,517
<b>Net carrying amount</b>							
At 31 March 2023	3,056,107	21,312,540	5,605,843	311,180	5,243,759	1,494,923	37,024,352
At 31 March 2022	3,056,107	20,949,610	6,670,350	336,219	5,937,068	1,411,486	38,360,840

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

The freehold land and freehold building with net carrying amount amounted to RM19,612,778 (2022: RM19,960,436) are pledged as securities for bank borrowings as disclosed in Note 15 to the financial statements.

5. **RIGHT-OF-USE ASSETS**

As a lessee

The Group has lease for motor vehicles that run for 5 years.

The Group also has lease of premises and machine and equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out are the carrying amounts of right-of-use assets recognised and the movements during the financial year:-

<b>Group</b>	<b>Motor vehicles RM</b>
<b>Cost</b>	
At 1 April 2021	252,960
Transfer to property, plant and equipment	<u>(252,960)</u>
At 31 March 2022	-
Addition	<u>207,125</u>
At 31 March 2023	<u>207,125</u>
<b>Accumulated depreciation</b>	
At 1 April 2021	67,456
Charge for the financial year	29,512
Transfer to property, plant and equipment	<u>(96,968)</u>
At 31 March 2022	-
Charge for the financial year	<u>3,452</u>
At 31 March 2023	<u>3,452</u>
<b>Net carrying amount</b>	
At 31 March 2023	<u>203,673</u>
At 31 March 2022	<u>-</u>

The motor vehicles above is held under lease arrangements and pledged as security for the related lease.

6. INTANGIBLE ASSETS

<b>Group</b>	<b>Development costs RM</b>
<b>Cost</b>	
At 1 April 2021	5,455,997
Additions	<u>1,190,597</u>
At 31 March 2022/31 March 2023	<u>6,646,594</u>
<b>Accumulated amortisation</b>	
At 1 April 2021	-
Charge for the financial year	<u>951,630</u>
At 31 March 2022	951,630
Charge for the financial year	<u>1,214,969</u>
At 31 March 2023	<u>2,166,599</u>
<b>Net carrying amount</b>	
At 31 March 2023	<u>4,479,995</u>
At 31 March 2022	<u>5,694,964</u>

The development costs are incurred for developing new technology system.

Impairment loss review of development costs

The Group tests annually for impairment or more frequently if there are indications that might be impaired.

For the purpose of impairment testing, development costs have been allocated to the Group's cash generating units ("CGU"). The Group identified according to the industry of the Group's operations.

Key assumptions made in determining the value-in-use are as follows:

- Cash flows were projected based on actual operating results and the five years business plan;
- The discount rate applied to the cash flows projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium; and
- The size of operation will remain at least or not lower than the current results.

## 6. INTANGIBLE ASSETS (CONT'D)

The key assumptions used for determining the value in use, which are determined based on management's past experience and expectation of the future development, are as follows:-

	<b>Group</b>	
	<u>2023</u> %	<u>2022</u> %
Projected growth rate	2.00	2.00
Discount rate	<u>8.05</u>	<u>8.26</u>

The projected cash flows from use are derived from the most recent financial budgets approved by management.

With regards to the assessments, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

## 7. INVESTMENT IN A SUBSIDIARY

	<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM
Unquoted shares, at cost	<u>123,789,000</u>	<u>-</u>

The particulars of the subsidiary are as follows:-

<u>Name of company</u>	<u>Principal place of business</u>	<u>Principal activity</u>	<u>Effective equity interest</u>	
			<u>2023</u> %	<u>2022</u> %
Betamek Electronics (M) Sdn. Bhd.	Malaysia	Providing full-service electronics manufacturing services starting from design, development, and manufacturing to marketing of electronic products and components for the automation and consumer markets.	100	-

## 7. INVESTMENT IN A SUBSIDIARY (CONT'D)

### 2023

#### Acquisition of subsidiary

- (a) On 5 September 2022, the Company had acquired 6,000,000 ordinary shares representing 100% equity interest in Betamek Electronics (M) Sdn. Bhd., for a consideration of RM93,789,000 which was satisfied by issuance of new ordinary shares. After the acquisition, Betamek Electronics (M) Sdn. Bhd. become a wholly-owned subsidiary of the Company.
- (b) On 29 March 2023, the Company subscribed for additional 2,000,000 ordinary shares in Betamek Electronics (M) Sdn. Bhd. for a cash consideration of RM30,000,000.

The consolidated financial statements have been prepared using the merger method to account for the acquisition of Betamek Electronics (M) Sdn. Bhd.. Merger reserve or deficit are determined as the difference between the cost of merger and nominal value of the share capital of the subsidiaries acquired and recognised in statements of financial position.

#### Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income

In the financial period when the merger took place, the subsidiary's profits are included in the Group's profits for the full financial period, regardless of the effective date of merger.

### 2022

#### Strike off a subsidiary

In the prior financial year, the Group struck off a wholly-owned subsidiary, Betamek Sales & Services Sdn. Bhd. with a loss on strike off of a subsidiary of RM100 being recognised in profit or loss.

## 8. INVENTORIES

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>At cost:-</u>		
Raw materials	38,183,280	36,857,219
Work-in-progress	9,459,445	14,947,687
Finished goods	6,093,605	4,062,866
	<u>53,736,330</u>	<u>55,867,772</u>

8. INVENTORIES (CONT'D)

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
<u>Recognised in profit or loss:-</u>		
Inventories recognised in cost of sales	<u>149,479,015</u>	<u>92,469,351</u>

9. TRADE RECEIVABLES

The trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. The normal credit terms granted to the customers ranging from 30 days to 60 days (2022: 30 days to 60 days). Other credit terms are assessed and approved by the management on case-by-case basis.

10. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
Non-trade receivables	7,647	2,670	-	-
Deposits	480,105	36,757	2,000	-
Advances to suppliers	2,845,856	6,076,543	-	-
Prepayments	<u>385,650</u>	<u>881,661</u>	<u>61,833</u>	<u>-</u>
	<u>3,719,258</u>	<u>6,997,631</u>	<u>63,833</u>	<u>-</u>

11. OTHER INVESTMENTS

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>Financial assets at fair value</u>		
Quoted shares in Malaysia	128,797	136,461
Unquoted shares outside Malaysia	<u>1</u>	<u>1</u>
	<u>128,798</u>	<u>136,462</u>

## 12. CASH AND BANK BALANCES, DEPOSITS AND PLACEMENTS

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
Cash and bank balances	7,587,118	15,404,935	890,052	1
Deposits and placement with financial institutions	<u>47,380,000</u>	<u>476,414</u>	<u>3,200,000</u>	<u>-</u>
	<u>54,967,118</u>	<u>15,881,349</u>	<u>4,090,052</u>	<u>1</u>

**Group**

In the prior financial year, deposits and placements with financial institutions amounting to RM204,830 was pledged to a bank for banking facilities granted to the Group.

**Group and Company**

The deposits and placements with financial institutions will mature within 12 days to 365 days (2022: 2 days to 365 days) with interest rates ranging from 1.15% to 2.56% (2022: 0.85% to 1.85%) per annum.

## 13. SHARE CAPITAL

	<b>Group</b>			
	<u>Number of ordinary shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Unit	Unit	RM	RM
<b>Issued and fully paid with no par value:-</b>				
At 1 April 2022/2021	6,000,001	6,000,000	8,000,001	8,000,000
Acquisition of a subsidiary	(6,000,000)	-	(8,000,000)	-
Issued pursuant to acquisition of a subsidiary	382,499,999	-	93,789,000	-
Issuance of shares	67,500,000	1	33,750,000	1
Share issuance expenses	<u>-</u>	<u>-</u>	<u>(510,000)</u>	<u>-</u>
At 31 March 2023/31 March 2022	<u>450,000,000</u>	<u>6,000,001</u>	<u>127,029,001</u>	<u>8,000,001</u>

13. SHARE CAPITAL (CONT'D)

	Company			
	Number of ordinary shares		Amount	
	2023 Unit	2022 Unit	2023 RM	2022 RM
<b>Issued and fully paid with no par value:-</b>				
At 1 April 2022/At date of incorporation	1	1	1	1
Issued pursuant to acquisition of a subsidiary	382,499,999	-	93,789,000	-
Issuance of shares	67,500,000	-	33,750,000	-
Share issuance expenses	-	-	(510,000)	-
At 31 March 2023/31 March 2022	<u>450,000,000</u>	<u>1</u>	<u>127,029,001</u>	<u>1</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.

Invested equity

	Group			
	Number of ordinary shares		Amount	
	2023 Unit	2022 Unit	2023 RM	2022 RM
<b>Issued and fully paid with no par value:-</b>				
At 1 April 2022/2021	6,000,000	6,000,000	8,000,000	8,000,000
Reversed against the purchase consideration for the acquisition of Betamek Electronics (M) Sdn. Bhd.	<u>(6,000,000)</u>	<u>-</u>	<u>(8,000,000)</u>	<u>-</u>
At 31 March 2023/31 March 2022	<u>-</u>	<u>6,000,000</u>	<u>-</u>	<u>8,000,000</u>

The invested equity constitutes the share capital of Betamek Electronics (M) Sdn. Bhd..

14. MERGER DEFICIT

The merger deficit arises as and when the combination take place. It comprises the difference between the cost of merger and the nominal value of shares acquired in Betamek Electronics (M) Sdn. Bhd. as disclosed in Note 7 to the financial statements.

15. **BORROWINGS**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>Non-current</u>		
Secured:-		
Term loans	10,862,760	13,858,879
Revolving credit	-	5,171,349
	<u>10,862,760</u>	<u>19,030,228</u>
<u>Current</u>		
Secured:-		
Term loans	1,317,240	1,260,447
Revolving credit	-	2,869,607
Trust receipts	1,091,000	8,151,321
	<u>2,408,240</u>	<u>12,281,375</u>
	<u>13,271,000</u>	<u>31,311,603</u>

The maturity of the borrowings as at the reporting date are as follows:-

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Within 1 year	2,408,240	12,281,375
After 1 year but not later than 5 years	5,268,960	11,139,203
Later than 5 years	5,593,800	7,891,025
	<u>10,862,760</u>	<u>19,030,228</u>
	<u>13,271,000</u>	<u>31,311,603</u>

**Group**

**2023**

The borrowings are secured by:-

- (i) Legal charge over the Group's property;
- (ii) Corporate guarantee by the Company; and
- (iii) Assignment of receivables proceeds.

## 15. BORROWINGS (CONT'D)

### Group (cont'd)

#### 2022

- (i) Legal charge over the Group's property;
- (ii) Personal guarantee by a Director; and
- (iii) Fixed deposits as disclosed in Note 12 to the financial statements.

The effective interest rate of term loans of the Group are charged at rate 4.20% (2022: 3.20% to 3.56%) per annum.

In the prior financial year, the effective interest rate of revolving credit of the Group was charged at rate of 3.90% per annum.

The effective interest rate of trust receipts of the Group is charged at rate 3.84% (2022: 1.86% to 3.86%) per annum.

## 16. LEASE LIABILITY

The Group has leased for motor vehicles. Future minimum lease payments as at reporting date is as follows:-

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
Brought forward	-	115,601
Accretion of interest	-	3,402
Addition	150,000	-
Payment	-	(119,003)
	<hr/>	<hr/>
Carried forward	150,000	-
Represented by:-		
Non-current	122,796	-
Current	27,204	-
	<hr/>	<hr/>
	150,000	-

The maturity analysis of lease liability is disclosed in Note 30.2.2 to the financial statements.

16. **LEASE LIABILITY (CONT'D)**

The following amounts are recognised in profit or loss:-

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Depreciation of right-of-use asset	3,452	29,512
Interest expense on lease liability	-	3,402
Short-term leases	38,825	1,900
	<u>42,277</u>	<u>34,814</u>

The total cash outflows for leases of the Group amounted to RM38,825 (2022: RM120,903).

The effective interest rate of lease liability of the Group is charged at rate of 4.77% (2022: 4.28%) per annum.

17. **DEFERRED TAX LIABILITIES**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Brought forward	3,513,000	2,360,000
Recognised in profit or loss	(532,000)	1,153,000
Carried forward	<u>2,981,000</u>	<u>3,513,000</u>

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

	Property, plant and equipment RM	Right-of- use assets RM	Intangible assets RM	Provisions RM	Total RM
At 1 April 2021	2,757,000	4,000	-	(401,000)	2,360,000
Recognised in profit or loss	<u>671,000</u>	<u>(4,000)</u>	<u>637,000</u>	<u>(151,000)</u>	<u>1,153,000</u>
At 31 March 2022	3,428,000	-	637,000	(552,000)	3,513,000
Recognised in profit or loss	<u>6,000</u>	<u>5,000</u>	<u>11,000</u>	<u>(554,000)</u>	<u>(532,000)</u>
At 31 March 2023	<u>3,434,000</u>	<u>5,000</u>	<u>648,000</u>	<u>(1,106,000)</u>	<u>2,981,000</u>

18. **TRADE PAYABLES**

The trade payables are non-interest bearing and the normal credit terms granted by the trade payables ranging from 30 days to 90 days (2022: 30 days to 90 days).

19. **OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
Non-trade payables	479,203	338,595	5,880	5,749
Accruals	6,309,451	3,479,141	337,000	2,000
Sales and service tax payable	10,934	192,499	-	-
	<u>6,799,588</u>	<u>4,010,235</u>	<u>342,880</u>	<u>7,749</u>

**Company**

In the prior financial year, included in non-trade payables was an amount of RM5,749 due to a subsidiary. The said amount was unsecured, non-interest bearing and repayable on demand.

20. **REVENUE**

	<b>Group</b>		<b>Company</b>	
	1.4.2022	1.4.2021	1.4.2022	7.12.2021
	to	to	to	to
	<u>31.3.2023</u>	<u>31.3.2022</u>	<u>31.3.2023</u>	<u>31.3.2022</u>
	RM	RM	RM	RM
<u>Revenue from contracts with customers recognised at a point in time:</u>				
- Sales of trading goods	205,704,675	133,051,434	-	-
<u>Revenue from other sources of income:</u>				
- Dividend income	-	-	6,000,000	-
	<u>205,704,675</u>	<u>133,051,434</u>	<u>6,000,000</u>	<u>-</u>
<u>Primary geographical market:</u>				
- Malaysia	<u>205,704,675</u>	<u>133,051,434</u>		

**Performance obligation**

The performance obligation of sales of goods is satisfied upon delivery of the goods.

20. **REVENUE (CONT'D)**

**Performance obligation (cont'd)**

There were no obligations for rebates, returns, warranty and other similar or related obligations.

There were no remaining performance obligations unsatisfied as at the reporting date.

21. **FINANCE INCOME**

	<b>Group</b>		<b>Company</b>	
	1.4.2022	1.4.2021	1.4.2022	7.12.2021
	to	to	to	to
	<u>31.3.2023</u>	<u>31.3.2022</u>	<u>31.3.2023</u>	<u>31.3.2022</u>
	RM	RM	RM	RM
Interest income:				
- Deposits pledged with financial institution	-	5,091	-	-
- Deposits and placements with financial institutions	254,105	18,618	189,892	-
- Bank balances	70,449	971	6,777	-
- Others	11,290	-	11,290	-
	<u>335,844</u>	<u>24,680</u>	<u>207,959</u>	<u>-</u>

22. **FINANCE COSTS**

	<b>Group</b>	
	1.4.2022	7.12.2021
	to	to
	<u>31.3.2023</u>	<u>31.3.2022</u>
	RM	RM
Interest expenses:		
- Lease liability	-	3,402
- Term loans	507,425	873,960
- Bank overdraft	2,816	13,753
- Revolving credit	237,074	-
- Trust receipts	165,073	45,906
	<u>912,388</u>	<u>937,021</u>

## 23. PROFIT/(LOSS) BEFORE TAX

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

	<b>Group</b>		<b>Company</b>	
	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM	1.4.2022 to 31.3.2023 RM	7.12.2021 to 31.3.2022 RM
<u>Charging:-</u>				
Auditors' remuneration:				
- Statutory audit	105,000	59,000	30,000	2,000
- Assurance-related services	460,000	-	360,000	-
Amortisation of intangible assets	1,214,969	951,630	-	-
Bad debts written off	-	8,424	-	-
Directors' fee	190,000	315,000	190,000	-
Depreciation of property, plant and equipment	2,953,766	2,934,078	-	-
Depreciation of right-of-use assets	3,452	29,512	-	-
Expenses relating to short term leases	38,825	1,900	-	-
Fair value loss on other investments	7,664	25,142	-	-
Loss on strike off of a subsidiary	-	100	-	-
Realised loss on foreign exchange	793,685	-	-	-
<u>Crediting:-</u>				
Dividend Income:-				
- Quoted shares in Malaysia	(9,332)	(2,282)	-	-
- Unquoted shares in Malaysia	-	-	(6,000,000)	-
Gain on disposal of property, plant and equipment	-	(7,610)	-	-
Realised gain on foreign exchange	-	(533,749)	-	-

24. TAX EXPENSE

	Group		Company	
	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM	1.4.2022 to 31.3.2023 RM	7.12.2021 to 31.3.2022 RM
<b>Current tax:</b>				
- Current financial year	6,888,425	3,615,500	-	-
- Over provision in prior financial year	(200,257)	(924,314)	-	-
	<u>6,688,168</u>	<u>2,691,186</u>	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>				
- Origination and reversed at temporary differences	(532,000)	612,000	-	-
- Under recognised in prior financial year	-	541,000	-	-
	<u>(532,000)</u>	<u>1,153,000</u>	<u>-</u>	<u>-</u>
	<u>6,156,168</u>	<u>3,844,186</u>	<u>-</u>	<u>-</u>

Malaysian income tax is calculated at statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

The numerical reconciliations between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group		Company	
	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM	1.4.2022 to 31.3.2023 RM	7.12.2021 to 31.3.2022 RM
Profit before tax	<u>22,422,321</u>	<u>17,317,532</u>	<u>2,828,753</u>	<u>(7,749)</u>
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	5,381,357	4,156,208	678,901	(1,860)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	977,308	180,133	765,409	1,860

24. **TAX EXPENSE (CONT'D)**

The numerical reconciliations between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows (cont'd):-

	<b>Group</b>		<b>Company</b>	
	1.4.2022 to <u>31.3.2023</u> RM	1.4.2021 to <u>31.3.2022</u> RM	1.4.2022 to <u>31.3.2023</u> RM	7.12.2021 to <u>31.3.2022</u> RM
Over provision of tax expense in prior financial year	(200,257)	(924,314)	-	-
Under recognised of deferred tax liabilities in prior financial years	-	541,000	-	-
Income not subject to tax	<u>(2,240)</u>	<u>(108,841)</u>	<u>(1,444,310)</u>	<u>-</u>
	<u>6,156,168</u>	<u>3,844,186</u>	<u>-</u>	<u>-</u>

25. **EARNINGS PER SHARE**

(a) Basic earnings per ordinary share

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares and including mandatorily convertible instruments held by the Company.

*Profits attributable to equity holders of the Company*

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
Profit used for the computation of basic/ diluted:		
- Profit attributable to equity holders of the Company	<u>16,266,153</u>	<u>13,473,346</u>
Weighted average number of ordinary shares after deducting treasury shares used for the computation of basic	<u>450,000,000</u>	<u>6,000,001</u>
Basic earnings per ordinary share (sen)	<u>3.61</u>	<u>224.56</u>

25. **EARNINGS PER SHARE (CONT'D)**

(b) Diluted earnings per ordinary share

There are no diluted earnings per share because the Company does not have any convertible financial instruments as at the end of the financial year.

26. **DIVIDENDS**

	<b>Group</b>		<b>Company</b>	
	1.4.2022 to <u>31.3.2023</u> RM	1.4.2021 to <u>31.3.2022</u> RM	1.4.2022 to <u>31.3.2023</u> RM	7.12.2021 to <u>31.3.2022</u> RM
<u>In respect of the financial</u> <u>year ended 31 March</u> <u>2023:-</u>				
Interim single tier dividend of 0.5 sen per ordinary share, paid on 21 March 2023	2,250,000	-	2,250,000	-
Interim single tier dividend of 33 sen per ordinary share, paid on 29 July 2022*	2,000,000	-	-	-
Interim single tier dividend of 33 sen per ordinary share, paid on 30 June 2022*	2,000,000	-	-	-
<u>In respect of the financial</u> <u>year ended 31 March</u> <u>2022:-</u>				
Interim single tier dividend of 67 sen per ordinary share, paid on 25 March 2022	-	4,000,000	-	-
<u>In respect of the financial</u> <u>year ended 31 March</u> <u>2021:-</u>				
Interim single tier dividend of 50 sen per ordinary share, paid on 4 June 2021	-	3,000,000	-	-
	<u>6,250,000</u>	<u>7,000,000</u>	<u>2,250,000</u>	<u>-</u>

26. **DIVIDENDS (CONT'D)**

\* Dividend declared prior to the completion of acquisition of Betamek Electronics (M) Sdn. Bhd. by the Company as disclosed in Note 7 to the financial statements.

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

27. **EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>	
	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM
<b>Staffs' remuneration</b>		
Salaries and other emoluments	17,774,472	12,324,207
Defined contribution plans	1,574,337	1,377,119
	<u>19,348,809</u>	<u>13,701,326</u>
<b>Directors' remuneration</b>		
Directors' salaries and other emoluments	1,222,304	321,650
Defined contribution plans	35,508	10,800
Benefits-in-kind	15,000	15,000
	<u>1,272,812</u>	<u>347,450</u>
	<u>20,621,621</u>	<u>14,048,776</u>

28. **RELATED PARTY DISCLOSURES**

Related party transactions

The significant related party transactions of the Group and of the Company are as follows:-

	<b>Group</b>		<b>Company</b>	
	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM	1.4.2022 to 31.3.2023 RM	7.12.2021 to 31.3.2022 RM
Disposal of a motor vehicle to a Director	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>

28. RELATED PARTY DISCLOSURES (CONT'D)

Related party transactions (cont'd)

The outstanding balance arising from related party transactions as at the reporting date is disclosed in Note 19 to the financial statements.

Compensation of key management personnel

Key management personnel are 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 and entity that provides key management personnel services to the Group and the Company.

Key management includes all the Directors of the Company and its subsidiary and certain members of senior management of the Group and of the Company.

	<b>Group</b>		<b>Company</b>	
	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM	1.4.2022 to 31.3.2023 RM	7.12.2021 to 31.3.2022 RM
Directors' remuneration	1,272,812	347,450	-	-
Key management personnel:-				
Salaries and other emoluments	1,462,788	1,139,119	-	-
Defined contribution plans	148,076	147,729	-	-
Benefits-in-kind	23,700	22,550	-	-
	<u>1,634,564</u>	<u>1,309,398</u>	<u>-</u>	<u>-</u>
	<u>2,907,376</u>	<u>1,656,848</u>	<u>-</u>	<u>-</u>

29. CAPITAL COMMITMENT

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
Authorised and contracted for:		
- Property, plant and equipment	<u>129,080</u>	<u>13,000</u>

### 30. FINANCIAL INSTRUMENTS

#### 30.1 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	Carrying amount RM	AC RM	FVTPL RM
<b>2023</b>			
<b>Financial assets</b>			
Trade receivables	21,597,587	21,597,587	-
Other receivables	3,252,966	3,252,966	-
Other investments	128,798	-	128,798
Cash and bank balances, deposits and placements	54,967,118	54,967,118	-
	<u>79,946,469</u>	<u>79,817,671</u>	<u>128,798</u>
<b>Financial liabilities</b>			
Trade payables	15,287,166	15,287,166	-
Other payables	6,788,654	6,788,654	-
Borrowings	13,271,000	13,271,000	-
	<u>35,346,820</u>	<u>35,346,820</u>	<u>-</u>
<b>2022</b>			
<b>Financial assets</b>			
Trade receivables	16,532,863	16,532,863	-
Other receivables	6,115,970	6,115,970	-
Other investments	136,462	-	136,462
Cash and bank balances, deposits and placements	15,881,349	15,881,349	-
	<u>38,666,644</u>	<u>38,530,182</u>	<u>136,462</u>
<b>Financial liabilities</b>			
Trade payables	8,944,732	8,944,732	-
Other payables	3,817,736	3,817,736	-
Borrowings	31,311,603	31,311,603	-
	<u>44,074,071</u>	<u>44,074,071</u>	<u>-</u>

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### 30.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categories as follows (cont'd):-

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

Company	Carrying amount RM	AC RM	FVTPL RM
<b>2023</b>			
<b>Financial assets</b>			
Other receivable	2,000	2,000	-
Cash and bank balances, deposits and placements	4,090,052	4,090,052	-
	<u>4,092,052</u>	<u>4,092,052</u>	<u>-</u>
<b>Financial liabilities</b>			
Other payables	<u>342,880</u>	<u>342,880</u>	<u>-</u>
<b>2022</b>			
<b>Financial assets</b>			
Cash and bank balances, deposits and placements	<u>1</u>	<u>1</u>	<u>-</u>
<b>Financial liabilities</b>			
Other payables	<u>7,749</u>	<u>7,749</u>	<u>-</u>

#### 30.2 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. They have established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections explain key risks faced by the Group and the Company and their management. Financial assets and financial liabilities of the Group and of the Company are summarised in Notes 3.8 and 30.1 to the financial statements.

### 30. FINANCIAL INSTRUMENTS (CONT'D)

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

##### 30.2.1 Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. For other financial assets, the Group and the Company adopt the policy of dealing with reputable institutions.

Following are the areas where the Group and the Company are exposed to credit risk.

##### Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:-

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
<b>Classes of financial assets:-</b>				
Trade receivables	21,597,587	16,532,863	-	-
Other receivables	3,252,966	6,121,719	2,000	-
Cash and bank balances, deposits and placements	<u>54,967,118</u>	<u>15,881,349</u>	<u>4,090,052</u>	<u>1</u>
	<u>79,817,671</u>	<u>38,535,931</u>	<u>4,092,052</u>	<u>1</u>

##### Credit risk concentration

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:-

	<b>Group</b>			
	<u>2023</u>		<u>2022</u>	
	RM	%	RM	%
<b>By country:-</b>				
Malaysia 2 customers				
(2022: 2 customers)	<u>19,845,361</u>	<u>92</u>	<u>14,488,126</u>	<u>88</u>

##### **Recognition and measurement of impairment loss**

In managing credit risk of trade receivables the Group manages its debtors and takes appropriate actions to recover long overdue balances. For trade receivables' credit term that are past due but not impaired, the Group's debt recovery process is the Group will initiate a structured debt recovery process which is monitored via management reporting procedures.

### 30. FINANCIAL INSTRUMENTS (CONT'D)

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

##### 30.2.1 Credit risk (cont'd)

###### Credit risk concentration (cont'd)

###### **Recognition and measurement of impairment loss (cont'd)**

The Group applies the simplified approach under MFRS 9 to measure expected credit losses, which uses a lifetime expected credit losses for all trade receivables and contract assets. The Group evaluates the credit losses on a case-by-case basis.

The Group assesses the expected loss rates based on historical payment profiles of the trade receivables and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the financial capability of the debtor and default or significant delay in payments. No significant changes to estimation techniques or assumptions were made during the reporting period.

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

As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and trade receivables have not been impaired are credit worthy debtors whereby impairment is not required.

None of the Group's financial assets are secured by collateral or other credit enhancements.

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:-

	Gross carrying <u>amount</u> RM	Expected <u>credit loss</u> RM	Net carrying <u>amount</u> RM
<b>Group</b>			
<b>2023</b>			
Not past due	20,847,950	-	20,847,950
Past due 1 to 30 days	749,637	-	749,637
	<u>21,597,587</u>	<u>-</u>	<u>21,597,587</u>

30. **FINANCIAL INSTRUMENTS (CONT'D)**

30.2 **Financial risk management (cont'd)**

30.2.1 **Credit risk (cont'd)**

Credit risk concentration (cont'd)

**Recognition and measurement of impairment loss (cont'd)**

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:-

	Gross carrying <u>amount</u> RM	Expected <u>credit loss</u> RM	Net carrying <u>amount</u> RM
<b>Group (cont'd)</b>			
<b>2022</b>			
Not past due	16,242,805	-	16,242,805
Past due 1 to 30 days	290,058	-	290,058
	<u>16,532,863</u>	<u>-</u>	<u>16,532,863</u>

Other receivables

As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for.

**Cash and bank balances, deposits and placements**

The credit risk for cash and bank balances, deposits and placements is considered low, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

30.2.2 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

## 30. FINANCIAL INSTRUMENTS (CONT'D)

## 30.2 Financial risk management (cont'd)

## 30.2.2 Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:-

	Carrying amount RM	Contractual cash flows RM	← Maturity → Within 1 year RM	1 to 5 years RM	Later than 5 years RM
<b>Group</b>					
<b>2023</b>					
Trade payables	15,287,166	15,287,166	15,287,166	-	-
Other payables	6,788,654	6,788,654	6,788,654	-	-
Borrowings	13,271,000	15,661,447	2,858,049	6,680,274	6,123,124
Lease liability	150,000	168,900	33,780	135,120	-
	<u>35,496,820</u>	<u>37,906,167</u>	<u>24,967,649</u>	<u>6,815,394</u>	<u>6,123,124</u>
<b>2022</b>					
Trade payables	8,944,732	8,944,732	8,944,732	-	-
Other payables	3,817,736	3,817,736	3,817,736	-	-
Borrowings	31,311,603	35,695,897	13,052,012	13,129,166	9,514,719
	<u>44,074,071</u>	<u>48,458,365</u>	<u>25,814,480</u>	<u>13,129,166</u>	<u>9,514,719</u>
<b>Company</b>					
<b>2023</b>					
Other payables	<u>342,880</u>	<u>342,880</u>	<u>342,880</u>	<u>-</u>	<u>-</u>
Corporate guarantee*	<u>12,180,000</u>	<u>12,180,000</u>	<u>12,180,000</u>	<u>-</u>	<u>-</u>
<b>2022</b>					
Other payables	7,749	7,749	7,749	-	-

\* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

## 30.2.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

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

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

30.2.3 Interest rate risk (cont'd)

The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

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

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
<b>Fixed rate instruments</b>				
<u>Financial asset</u>				
Deposits and placements	<u>47,380,000</u>	<u>476,414</u>	<u>3,200,000</u>	<u>-</u>
<u>Financial liabilities</u>				
Lease liability	(150,000)	-	-	-
Trust receipts	<u>(1,091,000)</u>	<u>(8,151,321)</u>	<u>-</u>	<u>-</u>
	<u>(1,241,000)</u>	<u>(8,151,321)</u>	<u>-</u>	<u>-</u>
Net financial asset/(liabilities)	<u>46,139,000</u>	<u>(7,674,907)</u>	<u>3,200,000</u>	<u>-</u>
<b>Floating rate instruments</b>				
<u>Financial liabilities</u>				
Term loans	(12,180,000)	(15,119,326)	-	-
Revolving credit	<u>-</u>	<u>(8,040,956)</u>	<u>-</u>	<u>-</u>
	<u>(12,180,000)</u>	<u>(23,160,282)</u>	<u>-</u>	<u>-</u>

*Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates as at the reporting date would not affect profit or loss.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

30.2.3 Interest rate risk (cont'd)

*Cash flow sensitivity analysis for variable rate instruments*

The following table illustrates the sensitivity of profit/equity to a reasonably possible change in interest rate of +/-50 (2022: +/-50) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instrument held at each reporting date that is sensitive to changes in interest rate. All other variables are held constant.

	<b>Group</b>	
	Impact on profit/equity (Decrease)/Increase	
	+50bp	-50bp
	RM	RM
2023	(60,900)	60,900
2022	<u>(115,801)</u>	<u>115,801</u>

30.2.4 Foreign currency risk

The Group is exposed to foreign currency risk as a result of their normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's policy is to keep the foreign exchange exposure to an acceptable level.

The Group is exposed to transactional currency risk primarily through costs of sales that are denominated in a currency other than the functional currency to which they related. The currency giving rise to this risk is primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

Foreign currency denominated financial assets which expose the Group to currency risk are disclosed below. The amount shown is those reported to key management translated into RM at the closing rate:-

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>Denominated in USD</u>		
Cash and bank balances, deposits and placements	2,190,906	-
Other receivables	2,773,776	6,076,543
Trade payables	<u>(6,101,866)</u>	<u>(4,118,598)</u>
	<u>(1,137,184)</u>	<u>1,957,945</u>

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

30.2.4 Foreign currency risk (cont'd)

Foreign currency denominated financial assets which expose the Group to currency risk are disclosed below. The amount shown is those reported to key management translated into RM at the closing rate:-

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>Denominated in SGD</u>		
Cash and bank balances, deposits and placements	4,480	-
Trade payables	(501,459)	(448,700)
	<u>(496,979)</u>	<u>(448,700)</u>
<u>Denominated in CNY</u>		
Cash and bank balances, deposits and placements	1,267,215	-
Trade payables	(2,988,019)	-
	<u>(1,720,804)</u>	<u>-</u>

*Foreign currency sensitivity analysis*

The following table illustrates the sensitivity of profit/equity with regards to the Group's financial assets and financial liabilities and the RM/USD and RM/SGD exchange rate assuming all other things being equal. A +/-1% (2022: 1%) change in the RM/USD, RM/SGD and RM/CNY exchange rate at the reporting is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates. If the RM had strengthened/weakened against the USD, SGD and CNY, then the impact would be as follows:-

	<b>Group</b>	
	<b>Impact on profit/equity</b>	
	<u>Increase/(Decrease)</u>	
	+1%	-1%
	RM	RM
<u>RM/USD</u>		
2023	(11,372)	11,372
2022	<u>19,579</u>	<u>(19,579)</u>

### 30. FINANCIAL INSTRUMENTS (CONT'D)

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates. If the RM had strengthened/weakened against the USD, SGD and CNY, then the impact would be as follows (cont'd):-

	<b>Group</b>	
	Impact on profit/equity	
	Increase/(Decrease)	
	+1%	-1%
	RM	RM
<u>RM/SGD</u>		
2023	(4,970)	4,970
2022	<u>(4,487)</u>	<u>4,487</u>
<u>RM/CNY</u>		
2023	(17,208)	17,208
2022	<u>-</u>	<u>-</u>

#### 30.3 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or immaterial discounting impact.

#### 30.4 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

	<b>Group</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM	RM	RM	RM
<b>2023</b>				
<b>Financial assets</b>				
Non-derivative financial				
assets at FVTPL	<u>128,797</u>	<u>-</u>	<u>1</u>	<u>128,798</u>
<b>2022</b>				
<b>Financial assets</b>				
Non-derivative financial				
assets at FVTPL	<u>136,461</u>	<u>-</u>	<u>1</u>	<u>136,462</u>

30. **FINANCIAL INSTRUMENTS (CONT'D)**

30.4 **Fair value hierarchy (cont'd)**

There was no transfer between Level 1 and Level 2 in 2023 and 2022.

30.5 **Net gain or losses arising from financial instruments**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>Net loss on:-</u>		
Financial assets at FVTPL		
- recognised in profit or loss	<u>7,664</u>	<u>25,142</u>

31. **OPERATING SEGMENTS**

Business segments

The Group has arrived at three reportable segments that are organised and managed separately according to the nature of products and technological requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:-

<b>Business segments</b>	<b>Business activities</b>
Vehicle audio and visual products	Design and manufacture of vehicle audio products and components comprising car infotainment systems and audio video accessories.
Vehicle accessories	Design and manufacture of vehicle accessories such as air conditioning control panels, USB chargers, mirror switches, switch clusters and power sockets.
Investment holding	Investment holding and provision of management services.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the financial statements.

31. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the financial statements. These policies have been applied consistently throughout the financial years.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position.

**Operating segments**

	Note	Vehicle audio and visual products RM	Vehicle accessories RM	Investment holding RM	Elimination RM	Total RM
<u>1.4.2022 to 31.3.2023</u>						
<b>Revenue</b>						
External revenue		163,366,548	42,338,127	-	-	205,704,675
Inter-segment revenue	(i)	-	-	6,000,000	(6,000,000)	-
Total revenue		163,366,548	42,338,127	6,000,000	(6,000,000)	205,704,675
<b>Results</b>						
Finance income						(335,844)
Finance costs						912,388
Amortisation of intangible assets						1,214,969
Depreciation of property, plant and equipment						2,953,766
Depreciation of right-of-use assets						3,452
Other non-cash income	(ii)					(1,668)
Tax expense						6,156,168
Segment profit	(iii)					16,842,697
<b>Assets</b>						
Unallocated segment assets	(iv)					171,377,216
Additions to non- current assets	(v)					1,824,403
<b>Liabilities</b>						
Unallocated segment liabilities	(vi)					22,086,754

31. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

**Operating segments (cont'd)**

	<u>Note</u>	Vehicle audio and visual <u>products</u> RM	Vehicle <u>accessories</u> RM	Investment <u>holding</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
<u>1.4.2021 to</u>						
<u>31.3.2022</u>						
<b>Revenue</b>						
External revenue		107,196,555	25,854,879	-	-	133,051,434
Inter-segment revenue	(i)	-	-	-	-	-
Total revenue		107,196,555	25,854,879	-	-	133,051,434
<b>Results</b>						
Finance income						(24,680)
Finance costs						937,021
Amortisation of intangible assets						951,630
Depreciation of property, plant and equipment						2,934,078
Depreciation of right-of-use assets						29,512
Other non-cash expenses	(ii)					23,774
Tax expense						3,844,186
Segment profit	(iii)					14,385,687
<b>Assets</b>						
Unallocated segment assets	(iv)					133,776,917
Additions to non- current assets	(v)					4,601,335
<b>Liabilities</b>						
Unallocated segment liabilities	(vi)					12,954,967

Notes to the nature of adjustments and eliminations to arrive at amount reported in the financial statements.

31. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

**Operating segments (cont'd)**

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Other major non-cash (income)/expenses consist of the followings items are presented in the respective notes to the financial statements:-

	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM
Bad debts written off	-	8,424
Dividend income	(9,332)	(2,282)
Fair value loss on other investments	7,664	25,142
Gain on disposal of property, plant and equipment	-	(7,610)
Loss on strike off of a subsidiary	-	100
	<u>(1,668)</u>	<u>23,774</u>

- (iii) The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the statements of profit or loss:-

	1.4.2022 to 31.3.2023 RM	1.4.2021 to 31.3.2022 RM
Segment profit	16,842,697	14,385,687
Finance income	335,844	24,680
Finance costs	<u>(912,388)</u>	<u>(937,021)</u>
Profit after tax	<u>16,266,153</u>	<u>13,473,346</u>

- (iv) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	<u>2023</u> RM	<u>2022</u> RM
Segment assets	171,377,216	133,776,917
Intangible assets	4,479,995	5,694,964
Tax recoverable	-	1,741,808
Total assets	<u>175,857,211</u>	<u>141,213,689</u>

31. **OPERATING SEGMENTS (CONT'D)**

Business segments (cont'd)

**Operating segments (cont'd)**

- (v) Additions to non-current assets other than the financial instruments and deferred tax assets consist of:-

	<u>2023</u>	<u>2022</u>
	RM	RM
Property, plant and equipment	1,617,278	3,410,738
Right-of-use assets	207,125	-
Intangible assets	-	1,190,597
	<u>1,824,403</u>	<u>4,601,335</u>

- (vi) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	<u>2023</u>	<u>2022</u>
	RM	RM
Segment liabilities	22,086,754	12,954,967
Deferred tax liabilities	2,981,000	3,513,000
Lease liabilities	150,000	-
Borrowings	13,271,000	31,311,603
Tax payable	678,085	-
Total liabilities	<u>39,166,839</u>	<u>47,779,570</u>

**Geographical information**

Revenue and non-current assets information by geographical segments are not presented as the Group's customers and activities are located and conducted principally in Malaysia.

31. **OPERATING SEGMENTS (CONT'D)**

Business segments (cont'd)

**Information about major customers**

The following are the major customers with revenue equal to or more than ten percent of revenue of the Group:-

	RM	%	Operating segment
<u>2023</u>			
Customer A	117,534,737	57	Vehicle audio, visual products and vehicle accessories
Customer B	<u>79,249,348</u>	<u>39</u>	Vehicle audio, visual products and vehicle accessories
	<u>196,784,085</u>	<u>96</u>	
<u>2022</u>			
Customer A	68,558,120	52	Vehicle audio, visual products and vehicle accessories
Customer B	<u>49,918,946</u>	<u>38</u>	Vehicle audio, visual products and vehicle accessories
	<u>118,477,066</u>	<u>90</u>	

32. **CAPITAL MANAGEMENT**

Total capital managed at the Group's and the Company's level are the shareholders' fund as shown in the statements of financial position.

The primary objective of the Group's and of the Company's capital management are to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders, sell assets to reduce debt or issue new share capital.

No changes were made in the objective, policies or processes during the financial year and prior financial years.

**33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Listing on ACE Market

On 27 September 2022, Bursa Malaysia Securities Berhad has approved the admission of the Company to the official list and the listing of and quotation for its entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad. The ordinary shares of the Company were listing on the ACE Market of Bursa Malaysia Securities Berhad on 26 October 2022.