ATTESTED COPY

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

FINANCIAL REPORT

for the financial year ended 31 March 2020

DATASONIC GROUP BERHAD
(Incorporated in Malaysia)
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TABLE OF CONTENTS

DATASONIC GROUP BERHAD
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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	60,369	39,884
Attributable to:-		
Owners of the Company	60,322	39,884
Non-controlling interests	47	-
	60,369	39,884

DIVIDENDS

The amount of dividends declared or paid by the Company since 31 March 2019 were as follows:-

	RM'000
In respect of the financial year ended 31 March 2019:	
- Fourth interim single tier tax-exempt dividend of 0.5 sen per share, declared on 31 May 2019 and paid on 30 August 2019	6,750
In respect of the financial year ended 31 March 2020:	
- First interim single tier tax-exempt dividend of 0.75 sen per share, declared on 30 August 2019 and paid on 18 October 2019	10,125
- Second interim single tier tax-exempt dividend of 0.75 sen per share, declared on 29 November 2019 and paid on 13 January 2020	10,125
- Third interim single tier tax-exempt dividend of 1.0 sen per share, declared on 27 February 2020 and paid on 27 March 2020	13,341
	40,341

DIVIDENDS (CONT'D)

In respect of the financial year ended 31 March 2020, the Directors had on 25 June 2020 declared a fourth interim single tier tax-exempt dividend of 0.5 sen per share amounting to approximately RM6,595,000 payable on 27 July 2020, to those shareholders whose names appeared in the record of depositors on 13 July 2020. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2021.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2020.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 28,412,500 of its issued ordinary shares from the open market at an average price of RM0.92 per share. The total consideration paid for the purchase was approximately RM26,134,000 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 March 2020, the Company held as treasury shares a total of 28,412,500 of its 1,350,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of approximately RM26,134,000.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 20 February 2020.

The details of the ESOS are disclosed in Note 51(a) to the financial statements.

WARRANTS 2018/2023

The Company had on 6 July 2018 issued 675,000,000 free Warrants on the basis of one (1) Warrant for every two (2) existing ordinary shares. The Warrants are constituted by a Deed Poll dated 18 June 2018.

The salient terms of the Warrants 2018/2023 are as follows:-

(a) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or before the maturity date, 5 July 2023, falling five (5) years from the date of issue of the Warrants. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;

(b) The exercise price of the Warrants is fixed at RM1.09 per Warrant;

(c) The new ordinary shares to be issued upon the exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company; and

(d) The Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 July 2018.

As at the end of the financial year, 675,000,000 Warrants remained unexercised.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) (Chairman) [(2)]
Dato' Wan Mohd Safiain Bin Wan Hasan (Deputy Chairman)
Dato' Haji Razali Bin Mohd Yusof (Managing Director) [(1)] (Appointed on 13.12.2019)
Chew Ben Ben (Deputy Managing Director)
Dato' Wan Ibrahim Bin Wan Ahmad [(2)]
Yee Kim Shing @ Yew Kim Sing
Dato' Sri Sharifuddin Bin Ab Ghani [(1)] (Appointed on 05.02.2020)
Dato' Ibrahim Bin Abdullah [(1)] (Appointed on 05.02.2020)
Noor Suhaila Binti Saad [(1)] (Appointed on 05.02.2020)
Handrianov Putra Bin Abu Hanifah [(1)] (Resigned on 30.08.2019 and appointed on 05.02.2020)
Datuk Haji Abu Hanifah Bin Noordin (Retired on 31.01.2020)
Md Diah Bin Ramli (Resigned on 30.08.2019)
Mohamed Zulkhornain Bin Ab Ranee (Resigned on 30.08.2019)
Raghbir Singh A/L Hari Singh (Resigned on 30.08.2019)
Talya Zholeikha Binti Abu Hanifah (Resigned on 30.08.2019)
Safia Zuleira Binti Abu Hanifah (Resigned on 30.08.2019)
Dato' Zaiful Ayu Ibrahim Bin Ibrahim (Resigned on 31.01.2020)
Datuk Dr. Aziz Jamaludin Bin Hj Mhd Tahir (Resigned on 31.01.2020)

(1) *In accordance with Clause 156 of the Company's Constitution, Dato' Haji Razali Bin Mohd Yusof, Dato' Sri Sharifuddin Bin Ab Ghani, Dato' Ibrahim Bin Abdullah, Encik Handrianov Putra Bin Abu Hanifah and Cik Noor Suhaila Binti Saad retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.*

(2) *In accordance with Clause 165 of the Company's Constitution, General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Dato' Wan Ibrahim Bin Wan Ahmad retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.*

DIRECTORS (CONT'D)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Datuk Ab. Hamid Bin Mohamad Hanipah
Chuah Ban Cheng
Ding Yong
Ng Shih Shing
Siti Rohana Binti Abd. Majid
Teng Boon Hou @ Andrew Teng
Jamaludin H.M Alwan
Datuk Abdul Rahim Bin Osman
Zulkifli Bin Ahmad
Chia Kok Khuang
Md Diah Bin Ramli
Raghbir Singh A/L Hari Singh
Safia Zuleira Binti Abu Hanifah
Talya Zholeikha Binti Abu Hanifah
Mohamed Zulkhornain Bin Ab Ranee
Tee Lay Ling (Appointed on 23.10.2019)
Cho Dong Wook (Appointed on 23.10.2019)
Hwang Inchang (Appointed on 23.10.2019)
Kim Yoonsuh (Appointed on 23.10.2019)
Datin Popi Riandani Binti Dody Muchtar (Resigned on 31.01.2020)
Dato' Mohd Habib Bin Jamaldin (Resigned on 30.04.2020)
Chandrash A/L Jitendrakumar Babulal (Resigned on 24.06.2020)
Shaikh Harun Bin Mustafa (Resigned on 24.06.2020)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and of its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.4.2019	Bought	Sold	At 31.3.2020
THE COMPANY				
Direct Interests				
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	7,500,000	-	-	7,500,000
Dato' Haji Razali Bin Mohd Yusof	-	26,993,000	-	26,993,000
Chew Ben Ben	148,458,800	194,151,040	(115,738,700)	226,871,140
Dato' Wan Ibrahim Bin Wan Ahmad	20,000	-	-	20,000
Indirect Interests				
Dato' Haji Razali Bin Mohd Yusof				
Demi Mekar Sdn. Bhd. [(1)]	-	87,162,000	-	87,162,000
HSBC Nominees (Asing) Sdn. Bhd. – BNY Mellon for Weiser Global Capital Market Ltd	-	40,000,000	-	40,000,000
Chew Ben Ben				
Hallmark Epitome Sdn. Bhd. [(1)]	-	95,416,260	-	95,416,260
Enrich Epitome Sdn. Bhd. [(1)]	130,250,000	-	(129,850,000)	400,000
Zhao Tong [(2)]	23,000,000	73,000,000	(51,000,000)	45,000,000
Yee Kim Shing @ Yew Kim Sing				
Kor Lee Lu [(2)]	100,000	-	-	100,000

Notes:-
[(1)] *- Deemed interest through the shares held pursuant to Section 8(4) of the Companies Act 2016.*
[(2)] *- Deemed interest in shares held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.*

Dato' Haji Razali Bin Mohd Yusof and Chew Ben Ben by virtue of their substantial interests in the Company, they are deemed to have interests in the shares of all the subsidiaries within the Group to the extent the Company has an interest.

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

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants			
	At 1.4.2019	Bought	Sold	At 31.3.2020
THE COMPANY				
Direct Interests				
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	3,750,000	-	-	3,750,000
Dato' Wan Mohd Safiain Bin Wan Hasan	12,500	-	(12,500)	-
Chew Ben Ben	94,310,100	14,334,700	(21,934,700)	86,710,100
Dato' Wan Ibrahim Bin Wan Ahmad	10,000	-	-	10,000
Indirect Interests				
Chew Ben Ben				
Enrich Epitome Sdn. Bhd. [(1)]	65,125,000	-	-	65,125,000
Zhao Tong [(2)]	13,450,000	8,000,000	(21,450,000)	-
Yee Kim Shing @ Yew Kim Sing				
Kor Lee Lu [(2)]	50,000	-	-	50,000

Notes:-
[(1)] - Deemed interest through his substantial shareholding in Enrich Epitome Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
[(2)] - Deemed interest in warrants held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

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DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of salaries and bonus received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 44 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM10,000,000 and RM30,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 51 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 52 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 39 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 July 2020.

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)

Dato' Haji Razali Bin Mohd Yusof

DATASONIC GROUP BERHAD
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STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Dato' Haji Razali Bin Mohd Yusof, being two of the directors of Datasonic Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 18 to 137 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 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 July 2020.

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)

Dato' Haji Razali Bin Mohd Yusof

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

I, Chew Ben Ben, being the director primarily responsible for the financial management of Datasonic Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 18 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chew Ben Ben,
at Kuala Lumpur
in the Federal Territory
on this 15 July 2020

Chew Ben Ben

Before me

PESURUJAYA SUMPAH
No W-275
Datin Hajah Rainela Wanchik
1-1-2019
31-12-2021
MALAYSIA

SUITE C-5-9
BLOK C LEVEL 7,
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55200 KUALA LUMPUR
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Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD

(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Datasonic Group Berhad, which comprise the statements of financial position as at 31 March 2020 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 18 to 137.

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 2020, 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Trade Receivables Refer to Notes 4.1(f), 12 and 50.1(b) to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As at 31 March 2020, trade receivables that were past due and not impaired amounted to approximately RM58.739 million. The details of trade receivables and its credit risks are disclosed in Note 50.1(b) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • specific known facts or circumstances on customers' ability to pay; and/or • by reference to past default experiences The Group assessed at each of the reporting date whether there is any objective evidence that trade receivables are impaired based on the validity of contractual terms, analysis of customer creditworthiness, past historical payment trends and expectation of repayment. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.	Our audit procedures included, amongst others:- • reviewed and understand the management's assessment of recoverability of major trade receivables; • reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments; • reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; • enquired management on project/receivables status for major customers; • reviewed collections and sales trends during the financial year of major trade receivables; and/or • reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

Key Audit Matters (Cont'd)

Assessment for Impairment of Development Expenditure Refer to Notes 4.1(j) and 11 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
We determined this to be a key audit matter as the Group carries significant development expenditure which are in the process of development and the inherent subjectivity in impairment testing. For purposes of the annual impairment assessment of development expenditure, significant judgements are involved in the estimation of the present value of future cash flows generated by development expenditure. These assessments involves uncertainties and are significantly affected by assumptions used and judgement made in estimating the future cash flows, which include, amongst others, the achievability of long-term business plans.	Our audit procedures included, amongst others:- • evaluation and determination of the cash-generating units; • reviewed management's estimate of the recoverable amounts and tested the cash flow forecasts for their accuracy; • reviewed the key business drivers underpinning the cash flow forecasts prepared to support the recoverable amount; • evaluated the key assumptions used by management including any customer orders already contracted by the Group; • assessed the reasonableness of cash flow forecast and projections by comparison to historical performance, future outlook and the achievability of the business plans through discussion with management; • evaluated whether the model used to calculate recoverable amount of the individual cash-generating units complies with the requirements of MFRS 136 - Impairment of Assets; and • reviewed sensitivity analysis taking into account the historical forecasting accuracy of the Group to stress test the key assumptions in the impairment model performed by management.

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

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

As a 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 the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

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

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Lee Kok Wai
02760/06/2022 J
Chartered Accountant

Kuala Lumpur

15 July 2020

DATASONIC GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	138,255	177,575	7,675	17,830
Right-of-use assets	6	29,859	-	9,885	-
Investments in subsidiaries	7	-	-	91,111	90,910
Investment in associates	8	-	-	90	90
Other investment	9	110	110	-	-
Goodwill	10	4,162	4,153	-	-
Development expenditure	11	23,614	31,111	-	-
Trade receivables	12	5,533	6,162	-	-
		201,533	219,111	108,761	108,830
CURRENT ASSETS					
Projects-in-progress	13	2,170	3,161	-	-
Inventories	14	43,313	49,431	-	-
Trade receivables	12	82,445	119,293	-	-
Other receivables, deposits and prepayments	15	9,664	14,418	652	552
Amounts owing by subsidiaries	16	-	-	38,775	77,924
Tax recoverable		2,585	4,806	-	385
Short-term investments	17	27,409	3,716	7,597	3,716
Deposits with licensed banks	18	6,117	6,462	-	-
Cash and bank balances	18	12,854	26,935	1,318	12,674
		186,557	228,222	48,342	95,251
TOTAL ASSETS		388,090	447,333	157,103	204,081

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

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	135,000	135,000	135,000	135,000
Treasury shares	20	(26,134)	-	(26,134)	-
Merger deficit	21	(11,072)	(11,072)	-	-
Foreign exchange translation reserve	22	(267)	(56)	-	-
Retained profits		158,783	139,373	13,710	14,167
Equity attributable to owners of the Company		256,310	263,245	122,576	149,167
Non-controlling interests		317	(617)	-	-
TOTAL EQUITY		256,627	262,628	122,576	149,167
NON-CURRENT LIABILITIES					
Long-term borrowings	23	58,439	81,350	4,708	6,320
Lease liabilities	27	913	-	236	-
Deferred tax liabilities	28	2,294	2,026	-	-
		61,646	83,376	4,944	6,320
CURRENT LIABILITIES					
Trade payables	29	2,325	12,169	-	-
Other payables and accruals	30	27,972	27,130	433	666
Provision for taxation		-	-	32	-
Amounts owing to subsidiaries	16	-	-	27,748	39,862
Short-term borrowings	31	35,678	55,280	1,289	1,316
Lease liabilities	27	3,842	-	81	-
Dividend payable	32	-	6,750	-	6,750
		69,817	101,329	29,583	48,594
TOTAL LIABILITIES		131,463	184,705	34,527	54,914
TOTAL EQUITY AND LIABILITIES		388,090	447,333	157,103	204,081
NET ASSETS PER SHARE (SEN)	33	19.39	19.50		

DATASONIC GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
REVENUE	35	247,540	219,559	56,516	50,252
COST OF SALES		(108,889)	(100,569)	-	-
GROSS PROFIT		138,651	118,990	56,516	50,252
OTHER INCOME	36	1,532	1,094	2,018	2,182
		140,183	120,084	58,534	52,434
ADMINISTRATIVE EXPENSES		(70,498)	(71,498)	(18,247)	(17,306)
		69,685	48,586	40,287	35,128
FINANCE COSTS	38	(6,290)	(8,112)	(310)	(366)
SHARE OF LOSS OF EQUITY ACCOUNTED ASSOCIATE		(#)	-	-	-
PROFIT BEFORE TAXATION	39	63,395	40,474	39,977	34,762
INCOME TAX EXPENSE	40	(3,026)	(4,039)	(93)	(429)
PROFIT AFTER TAXATION		60,369	36,435	39,884	34,333
OTHER COMPREHENSIVE INCOME					
Item that May be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		(211)	16	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		60,158	36,451	39,884	34,333

Note:-
 # - Amount less than RM1,000

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		60,322	36,533	39,884	34,333
Non-controlling interests		47	(98)	-	-
		60,369	36,435	39,884	34,333
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		60,111	36,549	39,884	34,333
Non-controlling interests		47	(98)	-	-
		60,158	36,451	39,884	34,333
EARNINGS PER SHARE (SEN)	41				
Basic		4.47	2.71		
Diluted		4.47	2.71		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Group	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of The Group RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 April 2019		135,000	-	(11,072)	(56)	139,373	263,245	(617)	262,628
Profit after taxation for the financial year		-	-	-	-	60,322	60,322	47	60,369
Other comprehensive income for the financial year:									
- foreign currency translation differences		-	-	-	(211)	-	(211)	-	(211)
Total comprehensive income for the financial year		-	-	-	(211)	60,322	60,111	47	60,158
Contributions by and distributions to owners of the Company:									
- purchase of treasury shares	20	-	(26,134)	-	-	-	(26,134)	-	(26,134)
- shares issued by subsidiaries to non-controlling interests		-	-	-	-	-	-	316	316
- dividends	34	-	-	-	-	(40,341)	(40,341)	-	(40,341)
		-	(26,134)	-	-	(40,341)	(66,475)	316	(66,159)
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	-	-	-	(571)	(571)	571	-
Total transactions with owners		-	(26,134)	-	-	(40,912)	(67,046)	887	(66,159)
At 31 March 2020		135,000	(26,134)	(11,072)	(267)	158,783	256,310	317	256,627

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

Group	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of The Group RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 April 2018		135,000	-	(11,072)	(72)	143,340	267,196	(519)	266,677
Profit after taxation for the financial year		-	-	-	-	36,533	36,533	(98)	36,435
Other comprehensive income for the financial year: - foreign currency translation differences		-	-	-	16	-	16	-	16
Total comprehensive income for the financial year		-	-	-	16	36,533	36,549	(98)	36,451
Distributions to owners of the Company: - dividends	34	-	-	-	-	(40,500)	(40,500)	-	(40,500)
At 31 March 2019		135,000	-	(11,072)	(56)	139,373	263,245	(617)	262,628

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

Company	Note	Share Capital RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 April 2019		135,000	-	14,167	149,167
Profit after taxation/Total comprehensive income for the financial year		-	-	39,884	39,884
Contributions by and distributions to owners of the Company:					
- purchase of treasury shares	20	-	(26,134)	-	(26,134)
- dividends	34	-	-	(40,341)	(40,341)
At 31 March 2020		135,000	(26,134)	13,710	122,576
At 1 April 2018		135,000	-	20,334	155,334
Profit after taxation/Total comprehensive income for the financial year		-	-	34,333	34,333
Distribution to owners of the Company:					
- dividends	34	-	-	(40,500)	(40,500)
At 31 March 2019		135,000	-	14,167	149,167

DATASONIC GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		63,395	40,474	39,977	34,762
Adjustments for:-					
Allowance for impairment losses on:					
- inventories		168	-	-	-
- trade receivables		1,059	-	-	-
Amortisation of development expenditure		7,497	5,916	-	-
Depreciation of property, plant and equipment		14,136	16,037	836	970
Depreciation of right-of-use assets		2,933	-	339	-
Property, plant and equipment written off		11	#	11	-
Interest expense:					
- Interest expense on lease liabilities		921	-	17	-
- Other interest expense		5,369	8,112	293	366
Inventories written off		114	-	-	-
Share of net loss of equity accounted associate		#	-	-	-
Unrealised loss/(gain) on foreign exchange		1,174	(172)	#	(#)
Dividend income		-	-	(41,000)	(35,000)
(Gain)/Loss on disposal of plant and equipment		(8)	3,059	(6)	(7)
Interest income		(1,303)	(720)	(285)	(536)
Writeback of impairment losses on inventories		(3)	-	-	-
Operating profit before working capital changes		95,463	72,706	182	555
Decrease in projects-in-progress		991	1,401	-	-
Decrease/(Increase) in inventories		8,913	(15,221)	-	-
Decrease/(Increase) in trade and other receivables		40,299	14,824	(100)	(140)
(Decrease)/Increase in trade and other payables		(9,210)	3,373	(233)	(293)
Decrease in amount owing by subsidiaries		-	-	32,149	2,658
Increase in amount owing to subsidiaries		-	-	882	5,573
CASH FROM OPERATING ACTIVITIES		136,456	77,083	32,880	8,353
Income tax paid		(3,813)	(2,132)	(287)	(368)
Income tax refund		3,279	-	611	-
Interest paid		(6,290)	(8,112)	(310)	(366)
NET CASH FROM OPERATING ACTIVITIES		129,632	66,839	32,894	7,619

Note:-
 # - Amount less than RM1,000

DATASONIC GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 200801008472 (809759 - X)

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiary, net of cash and cash equivalents		3	-	-	-
Additional investment in subsidiaries	42	-	-	(201)	(10)
Additional investment in an associate		(#)	-	-	-
Interest received		1,303	720	285	536
Dividend received		-	-	35,000	42,000
Development expenditure paid		-	(58)	-	-
Proceeds from disposal of plant and equipment		14	42	12	7
Purchase of property, plant and equipment		(10,992)	(24,083)	(918)	(1,320)
Withdrawal/(Placement) of deposits pledged to licensed banks		345	(111)	-	23
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(9,327)	(23,490)	34,178	41,236

Note:-
 # - Amount less than RM1,000.

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES					
Acquisition of non-controlling interests		(#)	-	(#)	-
Net proceeds from issuance of ordinary shares in subsidiaries to non-controlling interest	42	316	-	-	-
Dividends paid		(47,091)	(33,750)	(47,091)	(33,750)
Purchase of treasury shares	20	(26,134)	-	(26,134)	-
Drawdown of hire purchase and finance lease	43(a)	-	400	-	400
Repayment of hire purchase and finance lease	43(a)	-	(6,590)	-	(36)
Repayment of lease liabilities	43(a)	(7,524)	-	(96)	-
Drawdown of trade financing	43(a)	56,336	97,874	-	-
Repayment of trade financing	43(a)	(69,888)	(95,341)	-	-
Drawdown of term loans	43(a)	472	18,776	-	-
Repayment of term loans	43(a)	(15,928)	(19,496)	-	-
Repayment of term financing	43(a)	(1,226)	(1,167)	(1,226)	(1,167)
NET CASH FOR FINANCING ACTIVITIES		(110,667)	(39,294)	(74,547)	(34,553)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,638	4,055	(7,475)	14,302
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(26)	204	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		30,651	26,392	16,390	2,088
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	18	40,263	30,651	8,915	16,390

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 July 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

3.1 BASIS OF ACCOUNTING

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

3. BASIS OF PREPARATION (CONT'D)

3.1 BASIS OF ACCOUNTING (CONT'D)

(a) During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements except as follows:-

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 53 to the financial statements.

(b) The Group and the Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022

3. BASIS OF PREPARATION (CONT'D)

3.1 BASIS OF ACCOUNTING (CONT'D)

(b) The Group and the Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year (Cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Merger Accounting for Common Control Business Combinations

Acquisitions which result in a business combination involving common control entities, are outside the scope of MFRS 3. Accordingly, merger accounting has been used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the interests of the controlling party or parties.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(b) Acquisition Method of Accounting for Non-common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each financial year, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Amortisation of Development Expenditure

The estimates for the residual values, useful lives and related amortisation charges for the development expenditure are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development expenditure will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

(e) Write-down of Inventories and Projects-in-progress

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories and projects-in-progress. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories and projects-in-progress.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(g) Impairment of Other Receivables

The loss allowances for other financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(h) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(i) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(j) Impairment of Development Expenditure

The Group determines whether the development expenditure are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(k) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease under the former MFRS 117 'Leases' requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considers that the present value of the minimum lease payments approximates the fair value of the land at the inception of the lease. Accordingly, management is of the view that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease. The Group has applied MFRS 16 using the modified retrospective approach during the financial year. As a result, the above accounting estimates and judgement were applied until 31 March 2019.

4.2 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the financial year. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the financial year.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change, if any.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments (Cont'd)

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(d) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the financial year. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES (CONT'D)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.7 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the costs dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10% - 33.33%
Machineries	Over the project output, 10% - 50%
Renovation	10%
Buildings	2%
Leasehold land	Not applicable (2019 - Over 54 years)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each financial year to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets-in-progress represent assets under construction, and which are not ready for commercial use at the end of the financial year. Assets-in-progress are stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of assets-in-progress include direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

4.9 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as expense except that expenditure incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as expenses are not recognised as assets in the subsequent period.

The development expenditure is amortised on either a unit of production method over the life of the project or straight-line method over a period of 5 years, where applicable, when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each financial year for impairment when an annual impairment assessment is compulsory there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment losses recognised in respect of a cash-generating units is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 PROJECTS-IN-PROGRESS

Projects-in-progress represent costs incurred on projects which are not completed as at the end of the financial year. Projects-in-progress are stated at cost, which includes directly attributable labour costs and an appropriate proportion of directly attributable costs and overheads on such projects. When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately. The revenue is recognised progressively in profit or loss upon completion of the projects based on delivery of goods and customers' acceptance.

4.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for obsolete, damaged and slowing-moving items. The Group write down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

4.13 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any incentives received.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

The Group has applied MFRS 16 using the modified retrospective approach during the financial year. As a result, the following accounting policies were applied until 31 March 2019:-

(a) Hire Purchase and Finance Lease Payables

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase and finance lease payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 LEASES (CONT'D)

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

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

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.16 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Sales Tax and Service Tax ("SST")

SST are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are either capitalised or recognised in profit or loss. The amount of SST charged arising from revenue and is payable to the authorities at the end of the reporting period is included in other payables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss or included in the development expenditure, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss or included in the development expenditure, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.20 OPERATING SEGMENTS

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

4.21 EARNINGS PER ORDINARY SHARE

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as directors having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

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

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

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Goods and Software Solutions ("SS")

Revenue from sale of goods and SS is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Management Fee

Management fee is recognised on an accrual basis.

(b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Freehold Land RM'000	Leasehold Land RM'000	Assets-In-Progress RM'000	Total RM'000
Cost										
At 1 April 2019, as previously reported	831	2,108	6,216	234,542	12,527	34,306	-	13,340	17,314	321,184
Initial application of MFRS 16	-	(1,469)	-	(24,231)	-	-	-	(13,340)	-	(39,040)
At 1 April 2019, as restated	831	639	6,216	210,311	12,527	34,306	-	-	17,314	282,144
Acquisition of a subsidiary	-	-	1	-	-	-	-	-	-	1
Additions	114	529	763	3,504	173	-	-	-	5,909	10,992
Assets written off	(7)	-	(118)	(69)	-	-	-	-	-	(194)
Disposals	(10)	(39)	(22)	-	-	-	-	-	-	(71)
Reclassification	74	-	1,680	395	2,815	6,524	11,735	-	(23,223)	-
Reclassification to inventory	-	-	-	(3,351)	-	-	-	-	-	(3,351)
Translation difference	-	-	(17)	(285)	-	-	-	-	-	(302)
At 31 March 2020	1,002	1,129	8,503	210,505	15,515	40,830	11,735	-	-	289,219

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

Group	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Freehold Land RM'000	Leasehold Land RM'000	Assets-In-Progress RM'000	Total RM'000
Accumulated Depreciation										
At 1 April 2019, as previously reported	452	1,197	4,814	129,461	4,701	1,411	-	1,573	-	143,609
Initial application of MFRS 16	-	(588)	-	(4,087)	-	-	-	(1,573)	-	(6,248)
At 1 April 2019, as restated	452	609	4,814	125,374	4,701	1,411	-	-	-	137,361
Acquisition of a subsidiary	-	-	#	-	-	-	-	-	-	#
Charge for the year	67	42	719	11,489	1,305	514	-	-	-	14,136
Assets written off	(7)	-	(107)	(69)	-	-	-	-	-	(183)
Disposals	(10)	(39)	(16)	-	-	-	-	-	-	(65)
Reclassification to inventory	-	-	-	(271)	-	-	-	-	-	(271)
Translation difference	-	-	(1)	(13)	-	-	-	-	-	(14)
At 31 March 2020	502	612	5,409	136,510	6,006	1,925	-	-	-	150,964
Net Book Value	500	517	3,094	73,995	9,509	38,905	11,735	-	-	138,255

Note:-
 # - Amount less than RM1,000

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

Group	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Leasehold Land RM'000	Assets-In-Progress RM'000	Total RM'000
Cost									
At 1 April 2018	713	1,500	5,546	234,503	11,058	34,306	13,340	-	300,966
Additions	135	703	707	3,755	1,469	-	-	17,314	24,083
Assets written off	-	-	(14)	(459)	-	-	-	-	(473)
Disposals	(17)	(95)	(15)	(3,094)	-	-	-	-	(3,221)
Translation difference	-	-	(8)	(163)	-	-	-	-	(171)
At 31 March 2019	831	2,108	6,216	234,542	12,527	34,306	13,340	17,314	321,184
Accumulated Depreciation									
At 1 April 2018	396	1,106	4,153	116,615	3,538	1,034	1,326	-	128,168
Charge for the year	60	183	684	13,323	1,163	377	247	-	16,037
Assets written off	-	-	(14)	(459)	-	-	-	-	(473)
Disposals	(4)	(92)	(9)	(15)	-	-	-	-	(120)
Translation difference	-	-	#	(3)	-	-	-	-	(3)
At 31 March 2019	452	1,197	4,814	129,461	4,701	1,411	1,573	-	143,609
Net Book Value	379	911	1,402	105,081	7,826	32,895	11,767	17,314	177,575

Note:-
 # - Amount less than RM1,000

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

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Leasehold Land RM'000	Total RM'000
Cost							
At 1 April 2019, as previously reported	184	1,362	828	5,394	4,306	10,740	22,814
Initial application of MFRS 16	-	(852)	-	-	-	(10,740)	(11,592)
At 1 April 2019, as restated	184	510	828	5,394	4,306	-	11,222
Additions	109	529	160	120	-	-	918
Assets written off	(1)	-	(90)	-	-	-	(91)
Disposals	-	(39)	(8)	-	-	-	(47)
Transfer from subsidiaries	-	-	4	-	-	-	4
At 31 March 2020	292	1,000	894	5,514	4,306	-	12,006

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

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Leasehold Land RM'000	Total RM'000
Accumulated Depreciation							
At 1 April 2019, as previously reported	43	686	467	2,095	502	1,191	4,984
Initial application of MFRS 16	-	(177)	-	-	-	(1,191)	(1,368)
At 1 April 2019, as restated	43	509	467	2,095	502	-	3,616
Charge for the year	20	20	163	547	86	-	836
Assets written off	(1)	-	(79)	-	-	-	(80)
Disposals	-	(39)	(2)	-	-	-	(41)
At 31 March 2020	62	490	549	2,642	588	-	4,331
Net Book Value	230	510	345	2,872	3,718	-	7,675

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

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Leasehold Land RM'000	Total RM'000
Cost							
At 1 April 2018	75	718	674	5,039	4,306	10,740	21,552
Additions	109	702	154	355	-	-	1,320
Disposals	-	(58)	-	-	-	-	(58)
At 31 March 2019	184	1,362	828	5,394	4,306	10,740	22,814
Accumulated Depreciation							
At 1 April 2018	31	715	347	1,570	416	993	4,072
Charge for the year	12	29	120	525	86	198	970
Disposals	-	(58)	-	-	-	-	(58)
At 31 March 2019	43	686	467	2,095	502	1,191	4,984
Net Book Value	141	676	361	3,299	3,804	9,549	17,830

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

(i) The net book values of the property, plant and equipment which were charged to licensed banks for facilities granted to the Group and the Company as at the end of the financial year were as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Freehold land	11,735	-	-	-
Leasehold land	-	11,767	-	9,549
Buildings	38,905	32,895	3,718	3,804
Assets-in-progress	-	17,314	-	-
	50,640	61,976	3,718	13,353

(ii) In the last financial year, the net book value of equipment acquired under hire purchase and finance lease terms was as follows:-

	Group 2019 RM'000	Company 2019 RM'000
Motor vehicles	881	676
Machineries	20,144	-
	21,025	676

These leased assets had been pledged as security for the hire purchase and finance lease payables of the Group and of the Company as disclosed in Note 26 to the financial statements.

(iii) No depreciation was provided for the following property and plant as these assets were not available for commercial use as at the end of the financial year:-

	Group	
	2020 RM'000	2019 RM'000
Building	11,832	11,832
Machineries	20,470	22,839
	32,302	34,671

6. RIGHT-OF-USE ASSETS

Group	Machineries RM'000	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 April 2019, as previously reported	-	-	-	-
Initial application of MFRS 16	24,231	13,340	1,469	39,040
At 1 April 2019, as restated/ At 31 March 2020	24,231	13,340	1,469	39,040
Accumulated Depreciation				
At 1 April 2019, as previously reported	-	-	-	-
Initial application of MFRS 16	4,087	1,573	588	6,248
At 1 April 2019, as restated	4,087	1,573	588	6,248
Charge for the year	2,423	246	264	2,933
At 31 March 2020	6,510	1,819	852	9,181
Net Book Value	17,721	11,521	617	29,859

Company	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 April 2019, as previously reported	-	-	-
Initial application of MFRS 16	10,740	852	11,592
At 1 April 2019, as restated/ At 31 March 2020	10,740	852	11,592
Accumulated Depreciation			
At 1 April 2019, as previously reported	-	-	-
Initial application of MFRS 16	1,191	177	1,368
At 1 April 2019, as restated	1,191	177	1,368
Charge for the year	199	140	339
At 31 March 2020	1,390	317	1,707
Net Book Value	9,350	535	9,885

6. RIGHT-OF-USE ASSETS (CONT'D)

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

(a) The Group's leasehold land, motor vehicles and machineries which are under lease arrangement are summarised below:-

(i) Leasehold land

The Group entered into 2 non-cancellable operating lease agreements for the use of the land. The leases are for a period of 54 years with no renewal or purchase option in the agreements. The leases do not allow the Group to assign, transfer or sublease the whole or any part of the land. The land were charged to licensed banks for facilities granted to the Group and the Company as at the end of the financial year.

(ii) Motor vehicles and machineries

The Group leased its motor vehicles and machineries amounted to approximately RM16,765,000 under hire purchase and finance lease arrangements. These leases are secured by the leased assets. The Group has an option to purchase the assets at the expiry of the lease period at an insignificant amount.

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7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost:		
- in Malaysia	90,072	90,072
- outside Malaysia	1,039	838
	91,111	90,910

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Datasonic Corporation Sdn. Bhd. ("DCSB")	Malaysia	100	100	Personalisation of smart cards.
Datasonic Technologies Sdn. Bhd. ("DTSB")	Malaysia	100	100	Customisation of software and hardware solutions, project management, consultancy, manufacturing and research and development activities.
Datasonic Smart Solutions Sdn. Bhd. ("DSSSB") *	Malaysia	100	100	Research and development and technical consultancy services.
Datasonic Innovation Sdn. Bhd. ("DISB")	Malaysia	100	70	Provision of biometrics solution.
Datasonic Manufacturing Sdn. Bhd. ("DMSB")	Malaysia	100	100	Manufacturing of electrical integrated circuit cards or commonly known as smart cards and its related products.
Amalan Fokus Sdn. Bhd. ("AFSB") ^	Malaysia	100	100	Dormant.
Datasonic Digital Sdn. Bhd. ("DDSB") ^	Malaysia	100	100	Dormant.
Datasonic International Sdn. Bhd. ("DINT") ^	Malaysia	100	100	Dormant.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Datasonic New Zealand Limited ("DNZL") ~	New Zealand	100	100	Software development services and computer systems design and related activities.
PT Datasonic Teknologi Indonesia ("PTD") ^ #	Indonesia	100	100	Personalisation of smart cards.
Datasonic International W.L.L ("DIWLL") ^ ##	Bahrain	100	100	Dormant.
Datasonic Business Technology Philippines ("DBTP") @ $	Philippines	40	-	Dormant.
Medicloud Malaysia Sdn. Bhd. ("MMSB") ^	Malaysia	100	-	Dormant.
Datasonic Digent Sdn. Bhd. ("DSB") ^	Malaysia	60	-	Dormant.
Held by DMSB				
Constant Ahead Sdn. Bhd. ("CASB") ^	Malaysia	100	100	Dormant.

Notes:-

* - *The subsidiary was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 as disclosed in Note 40 to the financial statements.*

@ - *The subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

^ - *These subsidiaries were audited by other firms of chartered accountants.*

~ - *No audit requirement of this subsidiary under New Zealand Companies Act 1993 as the Company satisfied the exemption requirements.*

- *1% held by a wholly-owned subsidiary, DTSB.*

- *5% held by a wholly-owned subsidiary, DTSB.*

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

$ - *Although the Company owns less than half of the voting power in DBTP, the Company has control over DBTP by virtue of an agreement with other investor of DBTP. Consequently, the Company consolidates its investment of this subsidiary.*

Details of acquisition of the subsidiaries are disclosed in Note 42 to the financial statements.

(a) The non-controlling interests at the end of the financial year comprise the following:-

	Effective Equity Interest		Group	
	2020	2019	2020	2019
	%	%	RM'000	RM'000
DISB	-	30	-	(617)
DBTP	60	-	317	-
DSB	40	-	#	-

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is not presented as the non-controlling interests are not material to the Group.

Note:-
 # - Amount less than RM1,000

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted share, at cost	90	90	90	90
Share of post-acquisition loss	(90)	(90)	-	-
	-	-	90	90

8. INVESTMENT IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

Name of Associates	Principal Place of Business	Effective Equity Interest 2020 %	2019 %	Principal Activities
Electric Vehicle Automotive (M) Sdn. Bhd. ("EVAM")	Malaysia	30	30	Dormant.
Held by DTSB				
Datasonic Grid Sdn. Bhd. ("DGSB")	Malaysia	25	-	Dormant.

(a) The share of results in the associates are based on the financial statements for the financial year ended 31 March 2020.

(b) The summarised financial information for the associates are not presented as the associates are not material to the Group.

(c) The Group has not recognised losses of EVAM, where its share of losses exceeds the Group's cost of investment. The Group's cumulative share of unrecognised losses at the end of the financial year was approximately RM75,000 (2019 - RM74,000) of which approximately RM1,000 (2019 - RM1,000) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

(d) The Group has not recognised the cumulative loss of DGSB, where its share of loss exceeds the Group's cost of investment. The Group's cumulative share of unrecognised loss at the end of the financial year was approximately RM1,000 of which approximately RM1,000 was the share of the current financial year's loss. The Group has no obligation in respect of this loss.

9. OTHER INVESTMENT

	Group 2020 RM'000	2019 RM'000
Investment in club membership, at fair value	110	110

10. GOODWILL

	Group	
	2020 **RM'000**	**2019** **RM'000**
Goodwill	4,162	4,153

The amount of goodwill relates to the manufacturing of cards cash-generating unit. The goodwill arose from the investment in subsidiaries and is reviewed for impairment annually.

The Group has assessed the recoverable amount of goodwill, and determined that no impairment is required. The recoverable amount of the manufacturing of cards cash-generating unit is computed using the value in use approach, and this is derived from the present value of the future cash flows from the cash-generating unit based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

(i)	Budgeted gross margin	Average gross margin achieved in the 5 years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.
(ii)	Growth rate	Based on the expected projection of the smart card business.
(iii)	Discount rate (pre-tax)	Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future projections in the cash-generating unit and are based on both external sources and internal historical data.

11. DEVELOPMENT EXPENDITURE

	Group	
	2020 RM'000	**2019 RM'000**
At cost:-		
At 1 April 2019/2018	51,807	51,749
Additions	-	58
At 31 March 2020/2019	51,807	51,807
Accumulated amortisation:-		
At 1 April 2019/2018	(19,474)	(13,558)
Amortisation during the financial year (Note 39)	(7,497)	(5,916)
At 31 March 2020/2019	(26,971)	(19,474)
Accumulated impairment losses:-		
At 31 March 2020/2019	(1,222)	(1,222)
	23,614	31,111

In the last financial year, included in the development expenditure was an amount of RM58,000 in respect of staff costs incurred.

The development expenditure consist of direct and related costs for overhead and software solutions incurred in the process of development, and attributable to the Group's customised smart card solutions ("CSCS") reportable segment. Their amortisation charges are recognised in profit or loss under the "Cost of Sales" line item.

The Group has assessed the recoverable amounts of the development expenditure which are in the process of development and determined that no impairment is required. Their recoverable amounts are determined using the value in use approach, and this is derived from the present value of the future cash flows from the customised software and hardware systems business computed based on the projections of financial budgets covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

(i)	Budgeted gross margin	Gross margin is the forecasted margin as a percentage of revenue over the five-year projection periods which were determined based on the expectations of market development and, adjusted for market and economic conditions, internal resource efficiency, where applicable.
(ii)	Growth rate	Based on the expected projection of the customised software and hardware systems business.
(iii)	Discount rate (pre-tax)	Reflects specific risks relating to the relevant cash-generating unit.

12. TRADE RECEIVABLES

	Group	
	2020 RM'000	**2019 RM'000**
Trade receivables	66,586	112,382
Allowance for impairment losses	(3,612)	(2,602)
	62,974	109,780
Accrued income	25,004	15,675
	87,978	125,455
The trade receivables are made up of:-		
(a) Non-current:		
Accrued income	5,533	6,162
(b) Current:		
Trade receivables	62,974	109,780
Accrued income	19,471	9,513
	82,445	119,293
	87,978	125,455
Allowance for impairment losses:-		
At 1 April 2019/2018	(2,602)	(3,136)
Addition	(1,059)	-
Written off	49	534
At 31 March 2020/2019	(3,612)	(2,602)

The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The allowance for impairment losses is made on those trade receivables from those companies which are in serious financial difficulties and which have defaulted on payments.

Accrued income represents revenue earned for work performed and goods delivered but the related invoices have yet to be issued.

13. PROJECTS-IN-PROGRESS

	Group	
	2020	**2019**
	RM'000	**RM'000**
At costs:-		
Site preparation	998	1,439
Technical Services	1,164	1,674
Others	8	48
	2,170	3,161

14. INVENTORIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
At costs:-		
Raw materials	27,165	26,885
Finished goods	5,978	11,309
Spare parts	7,408	7,643
Consumables	1,034	1,339
Equipment	2,431	1,044
Software	5	32
Goods-in-transit	269	2,079
	44,290	50,331
Less: Allowance for impairment losses	(977)	(900)
	43,313	49,431
Allowance for impairment losses:-		
At 1 April 2019/2018	(900)	(900)
Addition	(168)	-
Written off	88	-
Writeback	3	-
At 31 March 2020/2019	(977)	(900)
<u>Recognised in profit or loss</u>		
Inventories sold	67,082	50,387
Impairment losses	168	-
Inventories written off	114	-
Writeback of impairment losses	(3)	-

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables	1,171	1,743	10	125
Deposits	1,006	952	178	202
Prepayments	7,487	11,723	464	225
	9,664	14,418	652	552

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Amounts owing by:-		
for non-trade balances	38,775	77,924
Amounts owing (to):-		
for non-trade balances	(27,748)	(39,862)

The amounts owing by/(to) subsidiaries represent unsecured payments made on behalf and are interest-free and receivable/(repayable) on demand.

The amounts owing are to be settled in cash and in kind as appropriate.

17. SHORT-TERM INVESTMENTS

	Group			
	2020		2019	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market funds, at fair value	27,409	27,409	3,716	3,716

	Company			
	2020		2019	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market funds, at fair value	7,597	7,597	3,716	3,716

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks	6,117	6,462	-	-
Cash and bank balances	12,854	26,935	1,318	12,674
Short-term investments	27,409	3,716	7,597	3,716
	46,380	37,113	8,915	16,390
Less: Deposits pledged to licensed banks	(6,117)	(6,462)	-	-
	40,263	30,651	8,915	16,390

The deposits with licensed banks of the Group at the end of the financial year bore effective interest rates ranging from 2.60% to 3.45% (2019 - 2.90% to 3.45%) per annum. The deposits have maturity periods ranging from 1 to 24 (2019 - 1 to 24) months for the Group.

Deposits pledged to licensed banks as security for banking facilities granted to the Group is disclosed in Note 24 to the financial statements.

19. SHARE CAPITAL

	2020		2019	
Group/Company	**Number of Shares '000**	**Share Capital RM'000**	**Number of Shares '000**	**Share Capital RM'000**
Issued and Fully Paid-Up				
Ordinary shares	1,350,000	135,000	1,350,000	135,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

20. TREASURY SHARES

During the financial year, the Company purchased 28,412,500 of its issued ordinary shares from the open market at an average price of RM0.92 per share. The total consideration paid for the purchase was approximately RM26,134,000 including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 1,350,000,000 issued and fully paid-up ordinary shares at the end of the reporting period, 28,412,500 ordinary shares are held as treasury shares by the Company.

21. MERGER DEFICIT

The merger deficit of RM11,072,000 (2019 - RM11,072,000) resulted from the difference between the carrying value of the investments in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

22. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

23. LONG-TERM BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:-				
Term loans (Note 24)	53,731	70,505	-	-
Term financing (Note 25)	4,708	6,003	4,708	6,003
Hire purchase and finance lease payables (Note 26)	-	4,842	-	317
	58,439	81,350	4,708	6,320

24. TERM LOANS (SECURED)

	Group	
	2020 RM'000	2019 RM'000
Current liabilities (Note 31)	4,053	2,735
Non-current liabilities (Note 23)	53,731	70,505
	57,784	73,240

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group Amount Outstanding 2020 RM'000	Group Amount Outstanding 2019 RM'000
1	120	40	1 November 2011	5.05% (2019 - 5.80%)	761	1,185
2	144	53	1 January 2015	4.20% (2019 - 4.70%)	3,716	4,178
3	< Note 1 >			4.95% (2019 - 5.70%)	12,199	20,212
4	< Note 2 >			4.92% (2019 - 5.67%)	11,302	16,470
5	144	86	1 July 2017	3.80% (2019 - 4.55%)	7,992	8,677
6	84	98	5 February 2018	3.80% (2019 - 4.55%)	5,766	6,942

24. TERM LOANS (SECURED) (CONT'D)

Term Loan	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group Amount Outstanding 2020 RM'000	Group Amount Outstanding 2019 RM'000
7	120	134	6 July 2020	3.80% (2019 - 4.55%)	16,048	15,576
					57,784	73,240

Notes:-

1 - *Term loan 3 is a capital expenditure loan with tenure of up to 60 months from the first day of the following month from the date of first disbursement and is repayable by 13% of each contract proceeds received from the project until full settlement.*

2 - *Term loan 4 is a capital expenditure loan with tenure of up to 60 months from the first day of the following month from the date of first disbursement and is repayable by 15% (2019 - 12.5% out of 85%) of each contract proceeds received from the project until full settlement.*

The term loans above are with floating rates ranging from 3.80% to 5.05% (2019 - 4.55% to 5.80%) per annum.

Term loan 1 is secured by:-

(a) a legal charge over 1 unit of property of the Group; and
(b) a corporate guarantee of the Company.

Term loan 2 is secured by:-

(a) a legal charge over certain properties of the Group; and
(b) a corporate guarantee of the Company.

Term loan 3 is secured by:-

(a) proceeds from the project as disclosed in the footnote (Note 1) above; and
(b) a corporate guarantee of the Company.

Term loan 4 is secured by:-

(a) proceeds from the project as disclosed in the footnote (Note 2) above; and
(b) a corporate guarantee of the Company and a subsidiary.

Term loan 5 is secured by:-

(a) a legal charge over certain properties of the Group; and
(b) a corporate guarantee of the Company.

24. TERM LOANS (SECURED) (CONT'D)

Term loan 6 is secured by:-

(a) a legal charge over certain properties of the Group; and
(b) a corporate guarantee of the Company.

Term loan 7 is secured by:-

(a) a legal charge over a property of the Group; and
(b) a corporate guarantee of the Company.

Term loan 3 amounting to approximately RM12,199,000 (2019 - RM20,212,000) is secured by a negative pledge that imposes certain covenants on a subsidiary that has received the loan. The significant covenant of the term loan is that the Company's gearing shall not exceed 3.5 times during the subsistence of the financing facilities with the bank.

Term loan 4 amounting to approximately RM11,302,000 (2019 - RM16,470,000) is secured by a negative pledge that imposes certain covenants on a subsidiary that has received the loan. The significant covenants of the term loan are as follows:-

(i) The Company's gearing shall not exceed 2.0 times during the subsistence of the financing facilities with the bank.

(ii) DTSB shall remain the licensed holder for a customer's contracts. The bank shall be notified in the event of termination or changes in the appointment by the contract awarder.

25. TERM FINANCING (SECURED)

	Group/Company	
	2020 RM'000	2019 RM'000
Current liabilities (Note 31)	1,289	1,220
Non-current liabilities (Note 23)	4,708	6,003
	5,997	7,223

Details of the repayment terms are as follows:-

Term Financing	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group/Company Amount Outstanding 2020 RM'000	2019 RM'000
1	120	126	1 July 2014	4.20% (2019 - 4.70%)	5,997	7,223

25. TERM FINANCING (SECURED) (CONT'D)

Term financing 1 is secured by a legal charge over a property of the Company and is with floating rate of 4.20% (2019 - 4.70%) per annum.

26. HIRE PURCHASE AND FINANCE LEASE PAYABLES (SECURED)

	Group 2019 RM'000	Company 2019 RM'000
Secured:-		
Minimum hire purchase and finance lease payments:		
- not later than 1 year	8,319	113
- later than 1 year and not later than 5 years	5,114	344
	13,433	457
Less: Future finance charges	(1,154)	(44)
Present value of hire purchase and finance lease payables	12,279	413
Analysed by:-		
Current liabilities (Note 31)	7,437	96
Non-current liabilities (Note 23)	4,842	317
	12,279	413

(a) The hire purchase and finance lease payables have been represented as 'lease liabilities' as shown in Note 27 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the last financial year, the hire purchase and finance lease payables of the Group and of the Company were secured by the Group's and the Company's motor vehicles and machineries. The hire purchase and finance lease arrangements have expiry periods from 1 to 5 years.

(c) In the last financial year, the hire purchase and finance lease payables of the Group and of the Company bore effective interest rates ranging from 4.33% to 13.40% per annum and ranging from 4.33% to 4.55% per annum respectively. The interest rates were fixed at the inception of the hire purchase and finance lease arrangements.

27. LEASE LIABILITIES

	Group 2020 RM'000	Company 2020 RM'000
At 1 April 2019, as previously reported	-	-
Initial application of MFRS 16	12,279	413
At 1 April 2019, as restated	12,279	413
Interest expenses recognised in profit of loss (Note 38)	921	17
Repayment of principal	(7,524)	(96)
Repayment of interest expenses	(921)	(17)
At 31 March 2020	4,755	317
Analysed by:-		
Current liabilities	3,842	81
Non-current liabilities	913	236
	4,755	317

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

(a) The lease liabilities of the Group and of the Company are secured by the Group's and the Company's motor vehicles and machineries under the lease arrangements as disclosed in the Note 6(a)(ii) to the financial statements. The lease arrangements shall expire from 1 to 4 years.

(b) The lease liabilities of the Group and of the Company at the end of the financial year bore effective interest rates ranging from 4.33% to 13.40% per annum and ranging from 4.33% to 4.55% per annum respectively. The interest rates are fixed at the inception of the lease arrangements.

28. DEFERRED TAX LIABILITIES

	Group	
	2020 **RM'000**	**2019** **RM'000**
At 1 April 2019/2018	2,026	506
Recognised in profit or loss (Note 40)	268	1,520
At 31 March 2020/2019	2,294	2,026

The deferred tax liabilities recognised in the financial statements consist of the tax effects of temporary differences arising from the following item:-

	Group	
	2020 **RM'000**	**2019** **RM'000**
Accelerated capital allowances	2,294	2,026

The Group has not recognised the deferred tax liability of the following item as the directors are of the opinion that the deferred tax liability will not crystallise in a wholly-owned subsidiary, DSSSB, which was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986.

	Group	
	2020 **RM'000**	**2019** **RM'000**
Accelerated capital allowances	12,136	11,587

29. TRADE PAYABLES

	Group	
	2020 **RM'000**	**2019** **RM'000**
Trade payables	2,325	12,169

The normal trade credit terms granted to the Group range from 30 to 90 (2019 - 30 to 90) days.

30. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	1,778	1,331	98	80
Deferred income	2,617	1,258	-	-
Provisions	1,727	1,693	58	60
Accruals	21,850	22,848	277	526
	27,972	27,130	433	666

31. SHORT-TERM BORROWINGS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured:-				
Term loans (Note 24)	4,053	2,735	-	-
Term financing (Note 25)	1,289	1,220	1,289	1,220
Hire purchase and finance lease payables (Note 26)	-	7,437	-	96
Trade financing	30,336	43,888	-	-
	35,678	55,280	1,289	1,316

The trade financing bore effective interest rates ranging from 3.40% to 5.54% (2019 - 5.30% to 5.92%) per annum at the end of the financial year and are secured by a corporate guarantee of the Company. Certain trade financing is secured by a legal charge over a property of the Company.

32. DIVIDEND PAYABLE

	Group/Company	
	2020	**2019**
	RM'000	**RM'000**
Third interim single tier tax-exempt dividend of 0.50 sen per share, declared on 28 February 2019	-	6,750

33. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net asset value at the end of the financial year of RM256,310,000 (2019 - RM263,245,000) divided by the number of ordinary shares at the end of the financial year of 1,321,587,500 (2019 - 1,350,000,000).

34. DIVIDENDS

	Group/Company			
	Sen Per Share	2020 RM'000	Sen Per Share	2019 RM'000
In respect of the financial year ended 31 March 2018:				
- Fourth interim single tier tax-exempt dividend declared on 31 May 2018 and paid on 6 July 2018	-	-	1.0	13,500
In respect of the financial year ended 31 March 2019:				
- First interim single tier tax-exempt dividend declared on 24 August 2018 and paid on 23 November 2018	-	-	1.0	13,500
- Second interim single tier tax-exempt dividend declared on 10 December 2018 and paid on 8 January 2019	-	-	0.5	6,750
- Third interim single tier tax-exempt dividend declared on 28 February 2019 and paid on 27 May 2019	-	-	0.5	6,750
- Fourth interim single tier tax-exempt dividend declared on 31 May 2019 and paid on 30 August 2019	0.5	6,750	-	-
In respect of the financial year ended 31 March 2020:				
- First interim single tier tax-exempt dividend declared on 30 August 2019 and paid on 18 October 2019	0.75	10,125	-	-
- Second interim single tier tax-exempt dividend declared on 29 November 2019 and paid on 13 January 2020	0.75	10,125	-	-
- Third interim single tier tax-exempt dividend declared on 27 February 2020 and paid on 27 March 2020	1.0	13,341	-	-
		40,341		40,500

34. DIVIDENDS (CONT'D)

In respect of the financial year ended 31 March 2020, the Directors had on 25 June 2020 declared a fourth interim single tier tax-exempt dividend of 0.5 sen per share amounting to approximately RM6,595,000, payable on 27 July 2020, to those shareholders whose names appeared in the record of depositors on 13 July 2020. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2021.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2020.

35. REVENUE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Sales of goods and services	247,540	219,559	-	-
Management service fee	-	-	15,516	15,252
Dividend income from subsidiaries	-	-	41,000	35,000
	247,540	219,559	56,516	50,252

The information on the details of revenue is disclosed in Note 47 to the financial statements.

36. OTHER INCOME

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Interest income on financial assets:				
- at fair value through profit or loss	1,075	424	234	424
- not at fair value through profit or loss	228	296	51	112
Rental income	-	-	1,730	1,584
Sundries	229	374	3	62
	1,532	1,094	2,018	2,182

37. STAFF COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and other benefits	36,716	37,806	6,658	5,435
Defined contribution plan	4,399	4,668	760	673
	41,115	42,474	7,418	6,108

38. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on financial liabilities not at fair value through profit or loss	5,369	8,112	293	366
Interest expense on lease liabilities (Note 27)	921	-	17	-
	6,290	8,112	310	366

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39. PROFIT BEFORE TAXATION

	Group		Company	
	2020 **RM'000**	**2019** **RM'000**	**2020** **RM'000**	**2019** **RM'000**
Profit before taxation is arrived at after charging/(crediting):-				
Property, plant and equipment:				
- Depreciation	14,136	16,037	836	970
- Written off	11	#	11	-
- (Gain)/Loss on disposal	(8)	3,059	(6)	(7)
Depreciation of right-of-use assets	2,933	-	339	-
Amortisation of development expenditure	7,497	5,916	-	-
Inventories:				
- Allowance for impairment losses	168	-	-	-
- Written off	114	-	-	-
- Writeback	(3)	-	-	-
Trade receivables:				
- Allowance for impairment loss	1,059	-	-	-
Auditors' remuneration:				
- current year	230	227	45	45
Directors' remuneration (Note 44):				
- Non-executive directors:				
- Fees	751	790	751	780
- Allowances	113	115	88	67
- Executive directors' salaries and bonus	5,132	7,025	2,437	3,949
Staff costs (Note 37)	41,115	42,474	7,418	6,108
Loss/(Gain) on foreign exchange:				
- Realised	418	209	#	(#)
- Unrealised	1,174	(172)	#	(#)

Note:-
 # - Amount less than RM1,000.

39. PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Lease expenses:				
- Short-term leases	1,040	-	652	
- Low-value assets	101	-	20	
- Rental of equipment	-	131	-	31
- Rental of premises	-	928	-	479
- Rental of motor vehicles	-	85	-	38

40. INCOME TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax expense:				
- for the financial year	2,966	2,545	272	411
- (over)/underprovision in the previous financial years	(208)	(26)	(179)	18
	2,758	2,519	93	429
Deferred tax liabilities (Note 28):				
- for the financial year	697	1,520	-	-
- overprovision in the previous financial year	(429)	-	-	-
	268	1,520	-	-
	3,026	4,039	93	429

On 6 November 2012, a wholly-owned subsidiary, DSSSB was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 for the period from 18 May 2012 to 17 May 2017 whereby the statutory income from approved activities is exempted from tax. The application for an extension of another five years was approved on 4 April 2018 for the years from 18 May 2017 to 17 May 2022.

40. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	63,395	40,474	39,977	34,762
Tax at the statutory tax rate of 24%	15,215	9,714	9,594	8,343
Tax effects of:-				
Non-deductible expenses	2,686	2,240	640	618
Non-taxable income	(56)	(129)	(9,896)	(8,529)
Income tax exempted from tax due to pioneer status	(13,558)	(8,545)	-	-
Deferred tax liabilities not recognised due to pioneer status	(132)	-	-	-
Deferred tax asset not recognised during the financial year	-	810	-	-
Utilisation of deferred tax assets previously not recognised	(116)	(21)	(66)	(21)
Effects of differential in tax rates of subsidiary	(376)	(4)	-	-
(Over)/Underprovision in the previous financial year:				
- current taxation	(208)	(26)	(179)	18
- deferred taxation	(429)	-	-	-
Income tax expense for the financial year	3,026	4,039	93	429

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

41. EARNINGS PER SHARE

	Group	
	2020	**2019**
Profit attributable to owners of the Company (RM'000)	60,322	36,533
Weighted average number of ordinary shares in issue ('000)	1,348,105	1,350,000
Basic earnings per share (sen)	4.47	2.71

The effects of potential ordinary shares arising from the conversion of Warrants are anti-dilutive and accordingly, they have been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.

42. INCORPORATION AND ACQUISITION OF SUBSIDIARIES

(a) On 28 August 2019, the Company entered into a Joint Venture Agreement with third parties for the purpose of establishing a Joint Venture Corporation to participate in the public bidding to be conducted by the Bids and Award committee of the Government of Philippines for the works of, or in respect of the Philippines National Identity System and Philippines Security Surveillance and Monitoring Solutions ("Project(s) and/or Contract(s)") which may include other solution and services relevant to the Project(s) and/or Contract(s).

On 29 August 2019, a joint venture corporation known as DBTP was established. The Company is holding 39.99% equity interest and the remaining is held by third parties.

(b) In the previous financial year, the Company incorporated a new subsidiary DIWLL holding 95% equity interest and the remaining 5% is held by DTSB, a wholly-owned subsidiary of the Company.

43. CASH FLOW INFORMATION

(a) The movements of liabilities arising from financing activities are as follows:-

Group	Term Loans RM'000	Term Financing RM'000	Hire Purchase and Finance Lease RM'000	Lease Liabilities RM'000	Trade Financing RM'000	Total RM'000
2020						
At 1 April 2019, as previously reported	73,240	7,223	12,279	-	43,888	136,630
Effects on adoption of MFRS 16	-	-	(12,279)	12,279	-	-
At 1 April 2019, as restated	73,240	7,223	-	12,279	43,888	136,630
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	472	-	-	-	56,336	56,808
Repayment of borrowing principal	(15,928)	(1,226)	-	(7,524)	(69,888)	(94,566)
	(15,456)	(1,226)	-	(7,524)	(13,552)	(37,758)
At 31 March 2020	57,784	5,997	-	4,755	30,336	98,872

43. CASH FLOW INFORMATION (CONT'D)

(a) The movements of liabilities arising from financing activities are as follows (Cont'd):-

Group	Term Loans RM'000	Term Financing RM'000	Hire Purchase and Finance Lease RM'000	Lease Liabilities RM'000	Trade Financing RM'000	Total RM'000
2019						
At 1 April 2018	73,960	8,390	18,469	-	41,355	142,174
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	18,776	-	400	-	97,874	117,050
Repayment of borrowing principal	(19,496)	(1,167)	(6,590)	-	(95,341)	(122,594)
	(720)	(1,167)	(6,190)	-	2,533	(5,544)
At 31 March 2019	73,240	7,223	12,279	-	43,888	136,630

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43. CASH FLOW INFORMATION (CONT'D)

(a) The movements of liabilities arising from financing activities are as follows (Cont'd):-

Company	Term Financing RM'000	Hire Purchase and Finance Lease RM'000	Lease Liabilities RM'000	Total RM'000
2020				
At 1 April 2019, as previously reported	7,223	413	-	7,636
Effects on adoption of MFRS 16	-	(413)	413	-
At 1 April 2019, as restated	7,223	-	413	7,636
<u>Changes in Financing Cash Flows</u>				
Repayment of borrowing principal	(1,226)	-	(96)	(1,322)
	(1,226)	-	(96)	(1,322)
At 31 March 2020	5,997	-	317	6,314
2019				
At 1 April 2018	8,390	49	-	8,439
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	-	400	-	400
Repayment of borrowing principal	(1,167)	(36)	-	(1,203)
	(1,167)	364	-	(803)
At 31 March 2019	7,223	413	-	7,636

43. CASH FLOW INFORMATION (CONT'D)

(b) The total cash outflows for leases as a lessee are as follows:-

	Group 2020 RM'000	Company 2020 RM'000
Payment of short-term leases	1,040	652
Payment of low-value assets	101	20
Interest paid on lease liabilities	921	17
Payment of lease liabilities	7,524	96
	9,586	785

44. DIRECTORS' REMUNERATION

The directors' remuneration during the financial year are as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
- salaries and bonus	2,437	3,949	2,437	3,949
Non-executive:				
- fees	751	780	751	780
- allowances	103	103	88	67
	854	883	839	847
	3,291	4,832	3,276	4,796
Benefits-in-kind	3	7	3	7

44. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of Subsidiaries				
Executive:				
- salaries and bonus	2,695	3,076	-	-
Non-executive:				
- fees	-	10	-	-
- allowances	10	12	-	-
	10	22	-	-
	2,705	3,098	-	-
Benefits-in-kind	-	7	-	-
Total	5,999	7,944	3,279	4,803
Analysis excluding benefits-in-kind:-				
Total executive directors' salaries and bonus	5,132	7,025	2,437	3,949
Total non-executive directors:				
- fees	751	790	751	780
- allowances	113	115	88	67
	864	905	839	847
Total directors' remuneration excluding benefits-in-kind	5,996	7,930	3,276	4,796

45. CONTINGENT LIABILITIES

The following items are disclosed as contingent liabilities as it is not probable that a future sacrifice of economic benefits will be required or the amounts are not capable of reliable measurement:-

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Performance guarantees extended to customers	17,693	16,788	17,693	16,788
Performance guarantees extended to a supplier	20	20	-	-
	17,713	16,808	17,693	16,788
Corporate guarantees for banking facilities granted to the subsidiaries	-	-	92,577	128,814
	17,713	16,808	110,270	145,602

On 1 August 2018, a wholly-owned subsidiary, DTSB, has received a writ of summons together with the statement of claim dated 30 July 2018 ("Suit") filed by Percetakan Keselamatan Nasional Sdn Bhd ("PKN") against DTSB. The Suit is in relation to a disagreement between DTSB and PKN over the price of 1,500,000 Malaysian Passport booklets supplied by PKN to DTSB as DTSB's sub-contractor for the interim period of 6 months from 1 December 2016 to 31 May 2017, before the Malaysian Passport booklets were fully printed and supplied by DTSB to the Government of Malaysia.

Both parties are currently negotiating to resolve the matter. Management estimated that the potential financial impact, if any, could be approximately RM5 million.

46. RELATED PARTY DISCLOSURES

The transactions of the Company with its related parties are as follows:-

	Company	
	2020	**2019**
	RM'000	**RM'000**
Subsidiaries		
Management services fees	15,516	15,252
Dividend income	41,000	35,000
Equipment transferred from	4	-
Rental income	1,730	1,584
Purchase from	1	-

47. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on the products and services provided.

The Group is organised into three main reportable segments as follows:-

Customised smart card solutions ("CSCS") - provision of large scale customised software and hardware systems for secure ID, total smart card solutions and ICT project management.

Manufacturing ("MA") - manufacturing of cards and booklets.

Investment holding ("IH") - investment holding and provision of management services to the group of companies.

(a) The chief operating decision makers assess the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than the tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than the borrowings and the tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms and such inter-segment transactions are eliminated on consolidation.

47. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2020	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Revenue				
External revenue	215,913	31,627	-	247,540
Inter-segment revenue	4,997	3,404	56,516	64,917
	220,910	35,031	56,516	312,457
Consolidation adjustments				(64,917)
Consolidated revenue				247,540
Represented by:-				
Revenue recognised at a point of time				
- Sales of goods and software solutions	189,286	35,031	56,516	280,833
Revenue recognised over time				
- Sales of services	31,624	-	-	31,624
	220,910	35,031	56,516	312,457
Consolidation adjustments				(64,917)
Consolidated revenue				247,540
Results				
Segment profit before interest expense and Taxation	72,062	17,369	40,286	129,717
Finance costs				(6,290)
Consolidation adjustments				(60,032)
Consolidated profit before taxation				63,395
Segment profit before interest expense and taxation includes the following:-				
Gain on disposal of plant and equipment	3	-	5	8
Interest income	1,018	-	285	1,303
Writeback of impairment losses on inventories	2	1	-	3
Allowance for impairment losses on:				
- inventories	(168)	-	-	(168)
- trade receivables	(1,059)	-	-	(1,059)
Amortisation of development expenditure	(7,497)	-	-	(7,497)
Depreciation of property, plant and equipment	(8,397)	(4,903)	(836)	(14,136)

47. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Segment profit before interest expense and taxation includes the following (Cont'd):-				
Depreciation of right-of-use assets	(563)	(2,031)	(339)	(2,933)
Property, plant and equipment written off	(1)	-	(10)	(11)
Inventories written off	(114)	-	-	(114)
Unrealised foreign exchange loss	(1,168)	(6)	-	(1,174)

2020	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Assets				
Segment assets	296,719	90,098	156,212	543,029
Unallocated asset:				
- deposits with licensed banks				6,117
- cash and bank balances				12,854
- tax recoverable				2,585
Consolidation adjustments				(176,495)
Consolidated total assets				388,090
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	9,421	654	917	10,992
Liabilities				
Segment liabilities	120,293	60,239	34,570	215,102
Unallocated liabilities:				
- deferred tax liabilities				2,294
- lease liabilities				4,755
Consolidation adjustments				(90,688)
Consolidated total liabilities				131,463

47. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2019	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Revenue				
External revenue	184,086	35,473	-	219,559
Inter-segment revenue	5,590	13,907	50,252	69,749
	189,676	49,380	50,252	289,308
Consolidation adjustments				(69,749)
Consolidated revenue				219,559
Represented by:-				
Revenue recognised at a point of time				
- Sales of goods and software solutions	159,239	49,380	50,252	258,871
Revenue recognised over time				
- Sales of services	30,437	-	-	30,437
	189,676	49,380	50,252	289,308
Consolidation adjustments				(69,749)
Consolidated revenue				219,559
Results				
Segment profit before interest expense and taxation	58,596	8,506	35,128	102,230
Finance costs				(8,112)
Consolidation adjustments				(53,644)
Consolidated profit before taxation				40,474
Segment profit before interest expense and taxation includes the following:-				
Interest income	180	4	536	720
Unrealised foreign exchange gain	162	10	-	172
Amortisation of development expenditure	(5,916)	-	-	(5,916)
Depreciation of property, plant and equipment	(8,870)	(6,198)	(969)	(16,037)
Property, plant and equipment written off	-	(#)	-	(#)

Note:-
 # - Amount less than RM1,000.

47. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2019	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Assets				
Segment assets	464,422	117,716	191,022	773,160
Unallocated asset:				
- deposits with licensed banks				6,462
- cash and bank balances				26,935
- tax recoverable				4,806
Consolidation adjustments				(364,030)
Consolidated total assets				447,333
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	10,461	12,302	1,320	24,083
Development expenditure	58	-	-	58
Liabilities				
Segment liabilities	320,622	79,795	54,914	455,331
Unallocated liabilities:				
- deferred tax liabilities				2,026
Consolidation adjustments				(272,652)
Consolidated total liabilities				184,705

GEOGRAPHICAL INFORMATION

No information is presented on the basis of geographical segment as the Group operates primarily in Malaysia during the financial year.

47. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMERS

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

	Revenue		Segment
	2020 RM'000	2019 RM'000	
Customer #1	143,702	147,143	CSCS, MA
Customer #2	52,324	31,434	CSCS

48. COMMITMENTS

48.1 CAPITAL COMMITMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Renovation	120	67	32	26
Acquisition of machineries and equipment	2,738	1,102	75	2
Acquisition of a property [1]	-	472	-	-
	2,858	1,641	107	28

[1] On 21 February 2018, Datasonic Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company, accepted the offer to purchase a factory with a total built up area of 46,610 square feet known as "Excellent Technology Park II Phase 2" located in Klang, Selangor and thereafter on 2 April 2018, DMSB entered into an Agreement for the purchase of the said factory at a total purchase price of RM18.88 million, of which an amount of RM0.38 million was paid as a deposit together with a further discount granted by the developer. The purchase was completed during the year. The factory is intended to be used for production of smart card.

48. COMMITMENTS (CONT'D)

48.2 OPERATING LEASE COMMITMENTS

The Group and the Company have applied MFRS 16 using the modified retrospective approach in the current financial year. The following comparative information and disclosures are required by the former MFRS 117 'Leases':-

Leases as Lessee

The Group and the Company lease a number of factory facility and copier equipment under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last financial year were as follows:-

	Group 2019 RM'000	Company 2019 RM'000
Not more than 1 year	528	360
Later than 1 year and not later than 5 years	47	12
	575	372

49. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the financial year were as follows:-

	2020 RM	2019 RM
United States Dollar ("USD")	4.31	4.09
New Zealand Dollar ("NZD")	2.58	2.78
Euro ("EUR")	4.74	4.59
Singapore Dollar ("SGD")	3.03	3.01
Indonesian Rupiah 100 ("IDR")	2.63	2.87
Great Britain Pound ("GBP")	5.31	5.32
Swiss Franc ("CHF")	4.47	4.11
Chinese Yuan Renminbi ("CNY")	N/A	0.61
Bahraini Dinar ("BHD")	11.47	N/A
Thai Baht ("THB")	0.13	N/A
Philippine Peso ("PHP")	0.08	N/A

Note:-
N/A - Not applicable.

50. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

50.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, Euro, Singapore Dollar, Great Britain Pound, Swiss Franc and Thai Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the financial year is summarised below:-

Foreign Currency Exposure

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	THB RM'000	PHP RM'000	RM RM'000	Total RM'000
2020												
Financial Assets												
Other investment	-	-	-	-	-	-	-	-	-	-	110	110
Trade receivables (1)	-	-	-	-	7,854	-	-	-	-	-	55,120	62,974
Other receivables and deposits (2)	-	1	-	-	76	-	-	-	-	317	1,205	1,599
Short-term investments	-	-	-	-	-	-	-	-	-	-	27,409	27,409
Balance carried forward	-	1	-	-	7,930	-	-	-	-	317	83,844	92,092

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	THB RM'000	PHP RM'000	RM RM'000	Total RM'000
2020												
Financial Assets												
Balance brought forward	-	1	-	-	7,930	-	-	-	-	317	83,844	92,092
Deposits with licensed banks	-	-	-	-	-	-	-	-	-	-	6,117	6,117
Cash and bank balances	215	51	1	1	402	1	-	80	-	-	12,103	12,854
	215	52	1	1	8,332	1	-	80	-	317	102,064	111,063

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	THB RM'000	PHP RM'000	RM RM'000	Total RM'000
2020												
Financial Liabilities												
Trade payables	942	-	138	73	5	299	49	-	50	-	769	2,325
Other payables and accruals [3]	-	-	-	-	365	-	-	34	-	5	24,703	25,107
Trade financing	-	-	-	-	-	-	-	-	-	-	30,336	30,336
Lease liabilities	-	-	-	-	-	-	-	-	-	-	4,755	4,755
Term financing	-	-	-	-	-	-	-	-	-	-	5,997	5,997
Term loans	-	-	-	-	-	-	-	-	-	-	57,784	57,784
	942	-	138	73	370	299	49	34	50	5	124,344	126,304

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	THB RM'000	PHP RM'000	RM RM'000	Total RM'000
2020												
Net financial (liabilities)/assets	(727)	52	(137)	(72)	7,962	(298)	(49)	46	(50)	312	(22,280)	(15,241)
Less: Net financial (assets) denominated in the respective entities' functional currency	-	(52)	-	-	(7,962)	-	-	(46)	-	(312)	22,280	13,908
Currency exposure	(727)	-	(137)	(72)	-	(298)	(49)	-	(50)	-	-	(1,333)

Notes:-
(1) - The trade receivables exclude accrued income.
(2) - The other receivables exclude goods and services tax receivable and advances to suppliers.
(3) - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	CNY RM'000	RM RM'000	Total RM'000
2019										
Financial Assets										
Other investment	-	-	-	-	-	-	-	-	110	110
Trade receivables (1)	-	-	-	-	25	-	-	398	109,357	109,780
Other receivables and deposits (2)	-	1	-	-	401	-	-	-	1,275	1,677
Short-term investments	-	-	-	-	-	-	-	-	3,716	3,716
Balance carried forward	-	1	-	-	426	-	-	398	114,458	115,283

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	CNY RM'000	RM RM'000	Total RM'000
2019										
Financial Assets										
Balance brought forward	-	1	-	-	426	-	-	398	114,458	115,283
Deposits with licensed banks	-	-	-	-	-	-	-	-	6,462	6,462
Cash and bank balances	31	38	2	1	85	1	-	-	26,777	26,935
	31	39	2	1	511	1	-	398	147,697	148,680

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	CNY RM'000	RM RM'000	Total RM'000
2019										
Financial Liabilities										
Trade payables	495	-	8,344	72	164	256	17	-	2,821	12,169
Other payables and accruals (3)	-	-	-	-	11	-	-	-	25,093	25,104
Trade financing	-	-	-	-	-	-	-	-	43,888	43,888
Hire purchase and finance lease payables	-	-	-	-	-	-	-	-	12,279	12,279
Balance carried forward	495	-	8,344	72	175	256	17	-	84,081	93,440

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	CNY RM'000	RM RM'000	Total RM'000
2019										
<u>Financial Liabilities</u>										
Balance brought forward	495	-	8,344	72	175	256	17	-	84,081	93,440
Term financing	-	-	-	-	-	-	-	-	7,223	7,223
Term loans	-	-	-	-	-	-	-	-	73,240	73,240
Dividend payable	-	-	-	-	-	-	-	-	6,750	6,750
	495	-	8,344	72	175	256	17	-	171,294	180,653

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	CNY RM'000	RM RM'000	Total RM'000
2019										
Net financial (liabilities)/ assets	(464)	39	(8,342)	(71)	336	(255)	(17)	398	(23,597)	(31,973)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currency	-	(39)	-	-	(336)	-	-	-	23,597	23,222
Currency exposure	(464)	-	(8,342)	(71)	-	(255)	(17)	398	-	(8,751)

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Notes:-
[1] - The trade receivables exclude accrued income.
[2] - The other receivables exclude goods and services tax receivable and advances to suppliers.
[3] - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial year, with all other variables held constant:-

	Group	
	2020 RM'000	**2019 RM'000**
Effects on Profit After Taxation		
USD/RM:		
- strengthened by 5%	(28)	(18)
- weakened by 5%	28	18
EUR/RM:		
- strengthened by 5%	(5)	(317)
- weakened by 5%	5	317
SGD/RM:		
- strengthened by 5%	(3)	(3)
- weakened by 5%	3	3
GBP/RM:		
- strengthened by 5%	(11)	(10)
- weakened by 5%	11	10
CHF/RM:		
- strengthened by 5%	(2)	(1)
- weakened by 5%	2	1
CNY/RM:		
- strengthened by 5%	N/A	15
- weakened by 5%	N/A	(15)
THB/RM:		
- strengthened by 5%	(2)	N/A
- weakened by 5%	2	N/A

Note:-
N/A - Not applicable.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of fixed and floating rate borrowings.

The Group's fixed rate deposits and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year is disclosed in Notes 24, 25 and 31 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the financial year, with all other variables held constant:-

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Effects on Profit After Taxation				
Increase of 100 basis points (bp)	(715)	(945)	(46)	(55)
Decrease of 100 bp	715	945	46	55

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

If prices for quoted investments at the end of the reporting period strengthen by 1% with all other variables being held constant, the Group and the Company's profit after taxation and equity would have increased by approximately RM208,000 and RM58,000 respectively. A 1% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity of the Group and Company.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers (2019 - two (2) customers) which constituted approximately 82% (2019 - 91%) of its trade receivables (excluding accrued income) at the end of the financial year.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk

At the end of the financial year, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding past due and more than 180 days are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (excluding accrued income) is summarised below:-

Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
2020			
Current (not past due)	4,235	-	4,235
Past due:			
- 31 to 60 days	16,868	-	16,868
- 61 to 90 days	8,629	-	8,629
- over 90 days	33,242	-	33,242
	58,739	-	58,739
	62,974	-	62,974
Credit impaired:			
- individually impaired	3,612	(3,612)	-
	66,586	(3,612)	62,974

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
2019			
Current (not past due)	28,735	-	28,735
Past due:			
- 31 to 60 days	8,864	-	8,864
- 61 to 90 days	13,703	-	13,703
- over 90 days	58,478	-	58,478
	81,045	-	81,045
	109,780	-	109,780
Credit impaired:			
- individually impaired	2,602	(2,602)	-
	112,382	(2,602)	109,780

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries

The Company applies the general approach to measuring expected credit losses for all intercompany balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

The exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year):-

Group	Weighted Average Effective Interest Rates %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2020						
Non-derivative Financial Liabilities						
Trade payables	-	2,325	2,325	2,325	-	-
Other payables and accruals [(1)]	-	25,107	25,107	25,107	-	-
Trade financing	3.40 to 5.54	30,336	30,621	30,621	-	-
Lease liabilities	4.33 to 13.40	4,755	5,025	4,046	979	-
Term financing	4.20	5,997	6,571	1,517	5,054	-
Term loans	3.80 to 5.05	57,784	63,593	5,344	43,546	14,703
		126,304	133,242	68,960	49,579	14,703

Note:-
[(1)] *- The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.*

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year) (Cont'd):-

Group	Weighted Average Effective Interest Rates %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Trade payables	-	12,169	12,169	12,169	-	-
Other payables and accruals [(1)]	-	25,104	25,104	25,104	-	-
Trade financing	5.30 to 5.92	43,888	44,753	44,753	-	-
Hire purchase and finance lease payables	4.33 to 13.40	12,279	13,433	8,319	5,114	-
Term financing	4.70	7,223	8,182	1,535	6,138	509
Term loans	4.55 to 5.80	73,240	81,978	4,367	57,983	19,628
Dividend payable	-	6,750	6,750	6,750	-	-
		180,653	192,369	102,997	69,235	20,137

Note:-
[(1)] - The other payables and accruals exclude deferred income and goods and services tax payable.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year) (Cont'd):-

Company	**Weighted Average Effective Interest Rates %**	**Carrying Amount RM'000**	**Contractual Undiscounted Cash Flows RM'000**	**Within 1 Year RM'000**	**1 - 5 Years RM'000**	**Over 5 Years RM'000**
2020						
Non-derivative Financial Liabilities						
Other payables and accruals [1]	-	433	433	433	-	-
Amounts owing to subsidiaries	-	27,748	27,748	27,748	-	-
Lease liabilities	4.33 to 4.55	317	344	93	251	-
Term financing	4.20	5,997	6,571	1,517	5,054	-
		34,495	35,096	29,791	5,305	-

Note:-
[1] - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year) (Cont'd):-

Company	Weighted Average Effective Interest Rates %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Other payables and accruals [(1)]	-	666	666	666	-	-
Amounts owing to subsidiaries	-	39,862	39,862	39,862	-	-
Hire purchase payable	4.33 to 4.55	413	457	113	272	72
Term financing	4.70	7,223	8,182	1,535	6,138	509
Dividend payable	-	6,750	6,750	6,750	-	-
		54,914	55,917	48,926	6,410	581

Note:-
[(1)] - The other payables and accruals exclude deferred income and goods and services tax payable.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. The debt-to-equity ratio is calculated as total borrowings divided by total equity. The Group includes within total borrowings, loans and borrowings from financial institutions. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the financial year is as follows:-

	Group	
	2020 **RM'000**	**2019** **RM'000**
Trade financing (Note 31)	30,336	43,888
Hire purchase and finance lease payables (Note 26)	-	12,279
Lease liabilities (Note 27)	4,755	-
Term financing (Note 25)	5,997	7,223
Term loans (Note 24)	57,784	73,240
Total borrowings	98,872	136,630
Total equity	256,627	262,628
Debt-to-equity ratio	0.39	0.52

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

The Group is also required to comply with certain loan covenants as disclosed in Note 24 to the financial statements, failing which, the banks may call an event of default. The Group has complied with this requirement.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020	
	Group RM'000	**Company RM'000**
Financial Assets		
Mandatorily at Fair Value Through Profit or Loss		
Other investment (Note 9)	110	-
Short-term investments (Note 17)	27,409	7,597
	27,519	7,597
Amortised Cost		
Trade receivables [1] (Note 12)	62,974	-
Other receivables and deposits [2] (Note 15)	1,599	183
Amounts owing by subsidiaries (Note 16)	-	38,775
Deposits with licensed banks (Note 18)	6,117	-
Cash and bank balances (Note 18)	12,854	1,318
	83,544	40,276
Financial Liabilities		
Amortised Cost		
Trade payables (Note 29)	2,325	-
Other payables and accruals [3] (Note 30)	25,107	433
Amounts owing to subsidiaries (Note 16)	-	27,748
Trade financing (Note 31)	30,336	-
Lease liabilities (Note 27)	4,755	317
Term financing (Note 25)	5,997	5,997
Term loans (Note 24)	57,784	-
	126,304	34,495

50. FINANCIAL INSTRUMENTS (CONT'D)

50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	Group RM'000	**Company RM'000**
Financial Assets		
Mandatorily at Fair Value Through Profit or Loss		
Other investment (Note 9)	110	-
Short-term investments (Note 17)	3,716	3,716
	3,826	3,716
Amortised Cost		
Trade receivables [1] (Note 12)	109,780	-
Other receivables and deposits [2] (Note 15)	1,677	268
Amounts owing by subsidiaries (Note 16)	-	77,924
Deposits with licensed banks (Note 18)	6,462	-
Cash and bank balances (Note 18)	26,935	12,674
	144,854	90,866
Financial Liabilities		
Amortised Cost		
Trade payables (Note 29)	12,169	-
Other payables and accruals [3] (Note 30)	25,104	666
Amounts owing to subsidiaries (Note 16)	-	39,862
Trade financing (Note 31)	43,888	-
Hire purchase and finance lease payables (Note 26)	12,279	413
Term financing (Note 25)	7,223	7,223
Term loans (Note 24)	73,240	-
Dividend payable (Note 32)	6,750	6,750
	180,653	54,914

Notes:-
[1] - *The trade receivables exclude accrued income.*
[2] - *The other receivables and deposits exclude goods and services tax receivable and advances to suppliers.*
[3] - *The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.*

50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the financial year:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	**RM'000**	**RM'000**
2020								
Financial Assets								
Trade receivables (non-current)	-	-	-	-	5,533	-	5,533	5,533
Other investment:								
- club membership	-	110	-	-	-	-	110	110
Short-term investments	27,409	-	-	-	-	-	27,409	27,409
Financial Liabilities								
Term financing	-	-	-	-	5,997	-	5,997	5,997
Term loans	-	-	-	-	57,784	-	57,784	57,784

50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION (CONT'D)

Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	**RM'000**	**RM'000**
2019								
Financial Assets								
Trade receivables (non-current)	-	-	-	-	6,162	-	6,162	6,162
Other investment:								
- club membership	-	110	-	-	-	-	110	110
Short-term investments	3,716	-	-	-	-	-	3,716	3,716
Financial Liabilities								
Hire purchase and finance lease payables	-	-	-	-	12,279	-	12,279	12,279
Term financing	-	-	-	-	7,223	-	7,223	7,223
Term loans	-	-	-	-	73,240	-	73,240	73,240

50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION (CONT'D)

Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	**RM'000**	**RM'000**
2020								
Financial Asset								
Short-term investments	7,597	-	-	-	-	-	7,597	7,597
Financial Liabilities								
Term financing	-	-	-	-	5,997	-	5,997	5,997
2019								
Financial Asset								
Short-term investments	3,716	-	-	-	-	-	3,716	3,716
Financial Liabilities								
Hire purchase payable	-	-	-	-	413	-	413	413
Term financing	-	-	-	-	7,223	-	7,223	7,223

50. FINANCIAL INSTRUMENTS (CONT'D)

50.4 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(aa) The fair value of the club membership is estimated based on its market price.

(bb) The fair values of short-term investments are measured at their quoted closing bid prices at the end of the financial year.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of trade receivables (non-current) are determined using discounted cash flows based on risk-free rates ranging from 3.62% to 3.88% (2019 - 3.62% to 3.76%).

(ii) The fair values of hire purchase and finance lease payables, term financing and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the financial year. The interest rates used to discount the estimated cash flows are as follows:-

	Group		Company	
	2020	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**
Hire purchase and finance lease payables	-	4.33 to 13.40	-	4.33 to 4.55
Term financing	4.20	4.70	4.20	4.70
Term loans	3.80 to 5.05	4.55 to 5.80	-	-

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Company had on 6 December 2019, proposed to establish and implement an Employees' Share Option Scheme ("ESOS") of up to 7.5% of the total number of issued ordinary shares of Datasonic Group Berhad ("Datasonic") (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible Directors and employees of Datasonic and its subsidiaries ("Datasonic Group or Group") (excluding dormant subsidiaries).

On 24 December 2019, the additional listing application in relation to the Proposed ESOS has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities"). On 20 January 2020, Bursa Securities approved the listing of and quotation for such number of new ordinary shares in Datasonic, representing up to 7.5% of the total number of issued shares in Datasonic (excluding treasury shares, if any), to be issued pursuant to the exercise of option under the Proposed ESOS.

The approval by Bursa Securities for the Proposed ESOS is subject to the following conditions:-

(i) AmInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and

(ii) Datasonic is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed ESOS as at the end of each quarter together with a detailed computation of the listing fee payable.

On 5 February 2020, the Company issued the Circular to the Shareholders in relation to the Proposed Establishment of an Employees' Share Option Scheme ("ESOS") together with the Notice of Extraordinary General Meeting. The Extraordinary General Meeting of the Company was held at Cindai 1 & 2, Cyberview Resort & Spa, Persiaran Multimedia, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 20 February 2020 for the purpose of considering and, if thought fit, to pass with or without any modification the following ordinary resolutions:-

(i) Proposed establishment of an employees' share option scheme ("ESOS") of up to 7.5% of the total number of issued ordinary shares in Datasonic (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible Directors and employees of Datasonic Group.

(ii) Proposed allocation of ESOS options to the members of Board of Directors.

At the Extraordinary General Meeting held on 20 February 2020, the shareholders had approved on the proposed establishment of ESOS of up to 7.5% of the total number of issued ordinary shares of the Company and on the proposed allocation of ESOS options to the members of Boards of Directors.

The ESOS Committee has been formed by the Board on 27 February 2020. To date of this report, no share option has been offered.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) On 16 January 2020, Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company, received and accepted the Letter of Extension ("LOE") dated 14 January 2020 from Kementerian Dalam Negeri ("KDN") for the extension of supply for the balance of 6.1 million MyKad raw cards and MyKad consumables to the National Registration Department ("NRD") for the period of one (1) year commencing from 1 January 2020 to 31 December 2020.

(c) On 31 January 2020, Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company, received and accepted the Letter of Change of Scope ("LOCS") dated 23 January 2020 from Kementerian Dalam Negeri ("KDN") in respect of the supply of the Malaysian Passport Chips for a period of five (5) years or 12.5 million of Passport Chips ("Contract") commencing from 1 December 2016 to 30 November 2021 with no change to the contract sum of RM318,750,000.

The details of the LOCS are as follows:-

(i) The new scope of works for the maintenance services of hardware and software for the Autogate and Chips and the maintenance services for equipment and application of Public Key Infrastructure and Public Key Directory, amounting to RM38,250,000, commenced with effect from 10 May 2019 and valid until 30 November 2021.

(ii) The maintenance services of hardware and software for the Autogate and Chips and the maintenance services for equipment and application of Public Key Infrastructure and Public Key Directory were previously awarded to another company under 2 different contracts and which had expired and now awarded to DTSB consolidated into the Passport Chips Contract.

(iii) The demand of the Malaysian Passports dropped from average of 2.5 million per year to approximately 2.2 million per year since the abolishment of the 2-year validity passport option in 2015. Therefore, the reduction of number of chips from 12.5 million to 11 million for the 5-year Contract from 1 November 2016 to 30 November 2021 will not affect the financial performance of the Company as the demand of passports for the contract period of 5 years is approximately 11 million now rather than 12.5 million.

(iv) The new scope of works amounting to RM38,250,000 with effect from 10 May 2019 until 30 November 2021 will contribute positively towards the future earnings and net assets per share of Datasonic Group for the financial year ending 31 March 2020 and the financial years thereafter.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(d) On 3 February 2020, Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company, won an open tender participated by 18 companies on 21 October 2019 for the supply, deliver, installation, testing, integration, commissioning and technical support of equipment, software and application for 16 units of foreigner e-gate with facial recognition system at the Malaysia-Singapore entry/exit point to the Immigration Department of Malaysia ("Contract") for a period of twelve (12) months commencing from 15 February 2020 to 14 February 2021 for a contract sum of RM6,973,125.91. DTSB received and accepted the Letter of Award from KDN for the above Contracts.

(e) The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern and the Group's operations directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 pandemic on the Group's 2021 financial statements reliably at this juncture.

52. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company made an announcement on 3 June 2019 in regard to the acceptance of the Letter of Award from Kementerian Dalam Negeri ("KDN") for the maintenance services of card personalisation centres at the National Registration Department ("Contract") for a period of two (2) years commencing from 1 June 2019 to 31 May 2021 for a contract sum of RM28,785,686.27 (inclusive of 6% SST) or RM14,392,843.14 per year, with an option to extend the Contract for another one (1) year.

On 10 June 2020 the Company announced that DTSB received and accepted the Letter of Additional Spare Parts Scope ("LOASPS") dated 4 June 2020 from KDN in respect of the Contract mentioned in the foregoing paragraph. Under the LOASPS, the contract sum increased from RM28,785,686.27 to RM36,084,172.36 (inclusive of 6% SST) with an additional contract value of RM7,298,486.09.

53. INITIAL APPLICATION OF MFRS 16

The Group and the Company have adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 April 2019 (date of initial application) without restating any comparative information.

The Group and the Company have applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

53. INITIAL APPLICATION OF MFRS 16 (CONT'D)

Lessee Accounting

At 1 April 2019, for leases that were classified as operating leases under MFRS 117, the Group and the Company measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group and the Company's weighted average incremental borrowing rate. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group and the Company have used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 April 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group and the Company have recognised the carrying amount of the leased asset and lease liability immediately before 1 April 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

The following table explains the difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 April 2019:

	Group RM'000	Company RM'000
Operating lease commitments as at 31 March 2019 as disclosed in last financial year	575	372
Discounted using the incremental borrowing rate as at 1 April 2019	575	372
Add: Finance lease liabilities recognised as at 31 March 2019	12,279	413
Less: Recognition exemption for short-term leases	(426)	(347)
Less: Recognition exemption for low-value assets	(149)	(25)
Lease liabilities recognised as at 1 April 2019	12,279	413

There were no financial impacts to the Group's and the Company's retained earnings as at 1 April 2019.

53. INITIAL APPLICATION OF MFRS 16 (CONT'D)

The main impacts resulting from the adoption of MFRS 16 at 1 April 2019 are summarised below:-

	< ---------- 1 April 2019 ---------- >		
Statements of Financial Position	**As Previously Reported RM'000**	**MFRS 16 Adjustments RM'000**	**As Restated RM'000**
Group			
Property, plant and equipment (Note 5)	177,575	(32,792)	144,783
Right-of-use assets (Note 6)	-	32,792	32,792
Lease liabilities (Note 27):			
- non-current liabilities	-	4,842	4,842
- current liabilities	-	7,437	7,437
Hire purchase and finance lease payables (secured) (Note 26):			
- non-current liabilities	4,842	(4,842)	-
- current liabilities	7,437	(7,437)	-
Company			
Property, plant and equipment (Note 5)	17,830	(10,224)	7,606
Right-of-use assets (Note 6)	-	10,224	10,224
Lease liabilities (Note 27):			
- non-current liabilities	-	317	317
- current liabilities	-	96	96
Hire purchase and finance lease payables (secured) (Note 26):			
- non-current liabilities	317	(317)	-
- current liabilities	96	(96)	-

54. COMPARATIVE FIGURES

The following comparatives have been reclassified to conform with the classification of short-term investments as cash and cash equivalents:-

	As Previously Reported RM'000	As Restated RM'000
Statements of Cash Flows (Extract):-		
Group		
Net cash for investing activities	(26,055)	(23,490)
Cash and cash equivalents at beginning of the financial year	25,241	26,392
Cash and cash equivalents at end of the financial year	26,935	30,651
Company		
Net cash from investing activities	38,671	41,236
Cash and cash equivalents at beginning of the financial year	937	2,088
Cash and cash equivalents at end of the financial year	12,674	16,390