

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

FINANCIAL REPORT

for the financial year ended 31 March 2023

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

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DATASONIC GROUP BERHAD

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Registration No: 200801008472 (809759 - X)

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 2023.

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	76,345	48,979
Attributable to:-		
Owners of the Company	76,367	48,979
Non-controlling interests	(22)	-
	76,345	48,979

DIVIDENDS

The amount of dividends declared or paid by the Company since 31 March 2022 were as follows:-

	RM'000
In respect of the financial year ended 31 March 2022:	
- Fourth interim single tier tax-exempt dividend of 0.25 sen per share, declared on 31 May 2022 and paid on 1 July 2022	7,161
In respect of the financial year ended 31 March 2023:	
- First interim single tier tax-exempt dividend of 0.25 sen per share, declared on 30 August 2022 and paid on 28 October 2022	7,138
- Second interim single tier tax-exempt dividend of 0.50 sen per share, declared on 30 November 2022 and paid on 29 December 2022	14,163
- Third interim single tier tax-exempt dividend of 0.50 sen per share, declared on 27 February 2023 and paid on 23 March 2023	14,163
	42,625

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DIRECTORS' REPORT

DIVIDENDS (CONT'D)

In respect of the financial year ended 31 March 2023, the Directors had on 26 May 2023 declared a fourth interim single tier tax-exempt dividend of 0.75 sen per share, the Entitlement Date will be determined and announced in due course. 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 2024.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2023.

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 32,809,000 of its issued ordinary shares from the open market at an average price of RM0.48 per share. The total consideration paid for the purchase was approximately RM15,835,679 including transaction costs. The shares purchased are 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 2023, the Company held as treasury shares a total of 129,450,000 out of its 2,962,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM62,267,093. The details of the treasury shares are disclosed in Note 20 to the financial statements.

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.

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EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme ("ESOS") of the Company is governed by the ESOS By-Laws and was approved by the shareholders on 20 February 2020. The effective date for implementation of the ESOS is 16 July 2021.

As at the end of the financial year, no ESOS option has been offered under the ESOS.

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.

On 1 October 2020, the Company issued 675,000,000 Additional Warrants on the basis of one (1) warrant for every one (1) existing warrant held in the Company arising from the Adjustment pursuant to Bonus Issue. The exercise price of the Warrant also adjusted to RM0.545 per Warrant.

As at the end of the financial year, 1,350,000,000 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.

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DIRECTORS' REPORT

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.

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DIRECTORS' REPORT

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:-

Datuk Haji Abu Hanifah bin Noordin⁽²⁾ (Appointed on 14.09.2022)
Dato' Wan Mohd Safiain bin Wan Hasan
Chew Chi Hong⁽²⁾ (Appointed on 14.09.2022)
Chia Kok Khuang
Tan Sri Ahmad Zaki Ansore bin Mohd Yusof⁽²⁾ (Appointed on 29.09.2022)
Azrul bin Yahaya
Tan Sri Borhan bin Dolah⁽²⁾ (Appointed on 12.10.2022)
Dato' Ibrahim bin Abdullah⁽¹⁾
Tan Sri Dato' Seri Dr Khalid bin Abu Bakar⁽²⁾ (Appointed on 29.09.2022)
CP(R) Datuk Mohd Khalil bin Kader Mohd⁽²⁾ (Appointed on 14.09.2022)
Datin Normaliza binti Kairon⁽²⁾ (Appointed on 12.10.2022)
Dato' Roseleen binti Buyong⁽²⁾ (Appointed on 14.09.2022)
Safian bin Mohd Yunus⁽¹⁾
Dato' Wan Ibrahim bin Wan Ahmad
Yee Kim Shing @ Yew Kim Sing
General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd) (Retired on 14.09.2022)
Dato' Sri Sharifuddin bin Ab Ghani (Retired on 14.09.2022)
Noor Suhaila binti Saad (Retired on 14.09.2022)
Wan Zalizan bin Wan Jusoh (Resigned on 29.09.2022)

⁽¹⁾ In accordance with Clause 165 of the Company's Constitution, Dato' Ibrahim bin Abdullah and Encik Safian bin Mohd Yunus 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 156 of the Company's Constitution, Datuk Haji Abu Hanifah bin Noordin, CP(R) Datuk Mohd Khalil bin Kader Mohd, Dato' Roseleen binti Buyong, Chew Chi Hong, Tan Sri Ahmad Zaki Ansore bin Mohd Yusof, Tan Sri Dato' Seri Dr Khalid bin Abu Bakar, Tan Sri Borhan bin Dolah and Datin Normaliza binti Kairon retire from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

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
Md Diah bin Ramli
Tee Lay Ling
Cho Dong Wook
Hwang Inchang
Kim Yoonsuh
Adhitya Ulfa
Muhayuddin bin Musa (Appointed on 16.01.2023)

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DIRECTORS' REPORT**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:-

	At 1.4.2022	Number of Ordinary Shares		At 31.3.2023
		Bought	Sold	
THE COMPANY				
<i>Direct Interests</i>				
Datuk Haji Abu Hanifah bin Noordin	189,666,900*	35,531,200	-	225,198,100
Chew Chi Hong	97,020,000*	24,000,000	(2,700,000)	118,320,000
Safian bin Mohd Yunus	11,500,000	300,000	(4,550,400)	7,249,600
Yee Kim Shing @ Yew Kim Sing ⁽⁴⁾	-	200,000	-	200,000
<i>Indirect Interests</i>				
Datuk Haji Abu Hanifah bin Noordin				
Datin Popi Riandani binti Dody ⁽⁵⁾	35,631,200	-	(35,531,200)	100,000
Handrianov Putra bin Abu Hanifah ⁽⁶⁾	10,000	-	-	10,000
Safia Zuleira binti Abu Hanifah ⁽⁶⁾	-	6,000,000	-	6,000,000
Harrizal Rizhan bin Abu Hanifah ⁽⁶⁾	6,000,000	-	(6,000,000)	-
Chew Chi Hong				
Lim Chii Yng ⁽⁵⁾	33,072,300	50,000	-	33,122,300
Safian bin Mohd Yunus				
Hallmark Epitome Sdn. Bhd. ⁽¹⁾	112,500,000	-	(30,000,000)	82,500,000
Demi Mekar Sdn. Bhd. ⁽²⁾	171,731,300	-	-	171,731,300
Kuantum Juang Sdn. Bhd. ⁽³⁾	-	170,000,000	-	170,000,000
Yee Kim Shing @ Yew Kim Sing				
Kor Lee Lu ⁽⁴⁾	200,000	-	(200,000)	-

*Appointed on 14 September 2022.

Notes:-

⁽¹⁾ Deemed interest through his substantial shareholding in Puncak Kuasa Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 which in turn holds more than 20% of the voting shares of Hallmark Epitome Sdn. Bhd..

⁽²⁾ Deemed interest through his substantial shareholding in Demi Mekar Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

⁽³⁾ Deemed interest through his substantial shareholding in Kuantum Juang Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

⁽⁴⁾ Transmission of ordinary shares from Madam Kor Lee Lu (Deceased) to Mr Yee Kim Shing @ Yew Kim Sing, as beneficiary of the Estate of Madam Kor Lee Lu.

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DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

⁽⁵⁾ Deemed interest in shares held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

⁽⁶⁾ Deemed interest in shares held by children pursuant to Section 59(11)(c) of the Companies Act 2016.

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.

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

	At 1.4.2022	Number of Warrants		At 31.3.2023
		Bought	Sold	
THE COMPANY				
<i>Direct Interests</i>				
Datuk Haji Abu Hanifah bin Noordin	6,683,300	-	-	6,683,300
Dato' Wan Mohd Safiain Bin Wan Hasan	24,000	20,000	-	44,000
Chew Chi Hong	7,320,000	-	(5,320,000)	2,000,000
Yee Kim Shing @ Yew Kim Sing ⁽⁴⁾	-	100,000	(100,000)	-
<i>Indirect Interests</i>				
Datuk Haji Abu Hanifah bin Noordin				
Datin Popi Riandani binti Dody ⁽¹⁾	53,519,460	-	-	53,519,460
Safia Zuleira binti Abu Hanifah ⁽²⁾	1,985,600	-	-	1,985,600
Gerbang Subur Sdn. Bhd. ⁽³⁾	88,660,000	-	(88,660,000)	-
Yee Kim Shing @ Yew Kim Sing				
Kor Lee Lu ⁽⁴⁾	100,000	-	(100,000)	-

Notes:-

⁽¹⁾ Deemed interest in warrants held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

⁽²⁾ Deemed interest in warrants held by daughter pursuant to Section 59(11)(c) of the Companies Act 2016.

⁽³⁾ Deemed interest through his substantial warrant holding in Gerbang Subur Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

⁽⁴⁾ Deemed interest in warrants held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016. The warrants of Madam Kor Lee Lu (Deceased) were transmitted to her spouse, Mr Yee Kim Shing @ Yew Kim Sing, as beneficiary of the Estate of Madam Kor Lee Lu.

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DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 as follows:-

	Group RM'000	Company RM'000
Fees	980	945
Salaries, bonuses and other benefits	2,042	2,041
Defined contribution benefits	202	202
	<hr/>	<hr/>
	3,224	3,188
	<hr/>	<hr/>

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 RM23,000 respectively.

SUBSIDIARIES

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

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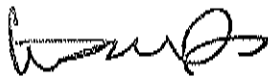
DIRECTORS' REPORT

AUDITORS

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

The auditors' remuneration of the Group and of the Company for the financial year were RM267,000 and RM52,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 May 2023.



Datuk Haji Abu Hanifah bin Noordin



Dato' Wan Mohd Safiain bin Wan Hasan

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STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Haji Abu Hanifah bin Noordin and Dato' Wan Mohd Safiain bin Wan Hasan, being two of the directors of Datasonic Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 17 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 May 2023.

Datuk Haji Abu Hanifah bin Noordin

Dato' Wan Mohd Safiain bin Wan Hasan

STATUTORY DECLARATION

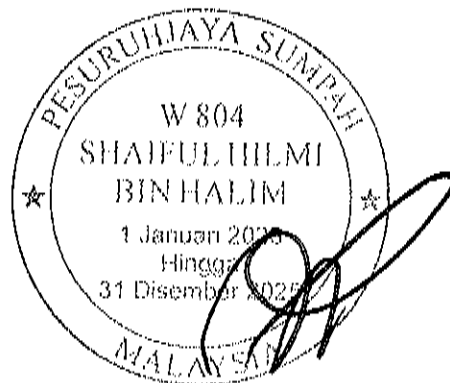
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Chuah Huei Jiun, being the officer primarily responsible for the financial management of Datasonic Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 17 to 125 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
Chuah Huei Jiun
at Kuala Lumpur
in the Federal Territory
on this 26 May 2023

Chuah Huei Jiun
(MIA Number: 32171)

Before me



Unit C-6-1, Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

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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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)

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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), 4.10(a), 12 and 47.1(b) to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 March 2023, trade receivables that were past due and not impaired amounted to approximately RM65.085 million. The details of trade receivables and its credit risks are disclosed in Note 47.1(b) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> • specific known facts or circumstances on customers' ability to pay; and/or • by reference to past default experiences <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • 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)**

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Key Audit Matters (Cont'd)

Assessment for Impairment of Development Expenditure Refer to Notes 4.1(j), 4.10(b) and 11 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>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.</p> <p>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.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)

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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)

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

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

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

**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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

26 May 2023



Choong Kok Keong
03461/11/2023 J
Chartered Accountant

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	110,132	131,261	5,585	6,664
Right-of-use assets	6	12,038	11,027	10,012	8,953
Investments in subsidiaries	7	-	-	91,255	91,101
Investment in an associate	8	-	-	-	-
Other investment	9	110	110	-	-
Goodwill	10	4,162	4,162	-	-
Development expenditure	11	3,852	15,359	-	-
Trade receivables	12	-	2,146	-	-
		130,294	164,065	106,852	106,718
CURRENT ASSETS					
Projects-in-progress	13	1,597	3,180	-	-
Inventories	14	48,723	52,225	-	-
Trade receivables	12	114,605	48,619	-	-
Other receivables, deposits and prepayments	15	12,504	9,442	533	548
Amounts owing by subsidiaries	16	-	-	69,860	51,043
Tax recoverable		-	2,392	-	-
Short-term investments	17	133,092	110,111	48,154	75,391
Deposits with licensed banks	18	6,399	6,107	-	-
Cash and bank balances	18	18,148	4,637	562	1,098
		335,068	236,713	119,109	128,080
TOTAL ASSETS		465,362	400,778	225,961	234,798

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	261,284	261,284	261,284	261,284
Treasury shares	20	(62,267)	(46,430)	(62,267)	(46,430)
Merger deficit	21	(11,072)	(11,072)	-	-
Foreign exchange translation reserve	22	(63)	(56)	-	-
Retained profits		172,262	138,520	21,893	15,539
Equity attributable to owners of the Company		360,144	342,246	220,910	230,393
Non-controlling interests		246	269	-	-
TOTAL EQUITY		360,390	342,515	220,910	230,393
NON-CURRENT LIABILITIES					
Long-term borrowings	23	18,734	23,749	1,046	1,939
Deferred tax liabilities	27	5,183	4,334	-	-
		23,917	28,083	1,046	1,939
CURRENT LIABILITIES					
Trade payables	28	19,457	6,583	-	-
Other payables and accruals	29	15,679	14,648	1,636	883
Provision for taxation		5,317	-	81	34
Amounts owing to subsidiaries	16	-	-	133	151
Short-term borrowings	30	40,602	8,949	2,155	1,398
		81,055	30,180	4,005	2,466
TOTAL LIABILITIES		104,972	58,263	5,051	4,405
TOTAL EQUITY AND LIABILITIES		465,362	400,778	225,961	234,798
NET ASSETS PER SHARE (SEN)	31	12.71	11.94		

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 2023**

		Group		Company	
	Note	2023 RM'000	2022 RM'000 (Restated)	2023 RM'000	2022 RM'000
REVENUE	33	344,705	136,428	75,908	17,048
COST OF SALES		(155,333)	(59,674)	-	-
GROSS PROFIT		189,372	76,754	75,908	17,048
OTHER INCOME	34	4,025	3,950	3,448	4,355
		193,397	80,704	79,356	21,403
ADMINISTRATIVE EXPENSES		(83,555)	(66,508)	(29,795)	(19,320)
		109,842	14,196	49,561	2,083
FINANCE COSTS	36	(1,659)	(1,459)	(110)	(131)
PROFIT BEFORE TAXATION	37	108,183	12,737	49,451	1,952
INCOME TAX EXPENSE	38	(31,838)	(2,512)	(472)	(173)
PROFIT AFTER TAXATION		76,345	10,225	48,979	1,779
OTHER COMPREHENSIVE INCOME					
<u>Item that May be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(8)	24	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		76,337	10,249	48,979	1,779

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 2023 (CONT'D)**

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		76,367	10,244	48,979	1,779
Non-controlling interests		(22)	(19)	-	-
		<u>76,345</u>	<u>10,225</u>	<u>48,979</u>	<u>1,779</u>
TOTAL COMPREHENSIVE					
INCOME ATTRIBUTABLE					
TO:-					
Owners of the Company		76,360	10,282	48,979	1,779
Non-controlling interests		(23)	(33)	-	-
		<u>76,337</u>	<u>10,249</u>	<u>48,979</u>	<u>1,779</u>
EARNINGS PER SHARE					
(SEN)	39				
Basic		<u>2.68</u>	<u>0.36</u>		
Diluted		<u>2.68</u>	<u>0.36</u>		

DATASONIC GROUP BERHAD

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

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

Group	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Non-Distributable Foreign Exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	Attributable to Owners of The Group RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 April 2022		261,284	(46,430)	(11,072)	(56)	138,520	342,246	269	342,515
Profit after taxation for the financial year		-	-	-	-	76,367	76,367	(22)	76,345
Other comprehensive income for the financial year:									
- foreign currency translation differences		-	-	-	(7)	-	(7)	(1)	(8)
Total comprehensive income for the financial year		-	-	-	(7)	76,367	76,360	(23)	76,337
Contributions by and distributions to owners of the Company:									
- purchase of treasury shares	20	-	(15,837)	-	-	-	(15,837)	-	(15,837)
- dividends	32	-	-	-	-	(42,625)	(42,625)	-	(42,625)
Total transactions with owners		-	(15,837)	-	-	(42,625)	(58,462)	-	(58,462)
At 31 March 2023		261,284	(62,267)	(11,072)	(63)	172,262	360,144	246	360,390

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

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

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

Group	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Non-Distributable		Distributable		Attributable to Owners of The Group RM'000	Non- controlling Interests RM'000	Total Equity RM'000
					Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Retained Profits RM'000	Attributable to Owners of The Group RM'000			
At 1 April 2021		135,000	(37,580)	(11,072)	(94)	139,760	139,760	226,014	302		226,316
Profit after taxation for the financial year		-	-	-	-	10,244	10,244	10,244	(19)		10,225
Other comprehensive income for the financial year:											
- foreign currency translation differences		-	-	-	38	-	-	38	(14)		24
Total comprehensive income for the financial year		-	-	-	38	10,244	10,244	10,282	(33)		10,249
Contributions by and distributions to owners of the Company:											
- issuance of shares pursuant to Private Placement	19	126,284	-	-	-	-	-	126,284	-		126,284
- purchase of treasury shares	20	-	(8,850)	-	-	-	-	(8,850)	-		(8,850)
- dividends	32	-	-	-	-	(11,484)	(11,484)	(11,484)	-		(11,484)
Total transactions with owners		126,284	(8,850)	-	-	(11,484)	(11,484)	105,950	-		105,950
At 31 March 2022		261,284	(46,430)	(11,072)	(56)	138,520	138,520	342,246	269		342,515

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

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

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

Company	Note	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 April 2022		261,284	(46,430)	15,539	230,393
Profit after taxation/Total comprehensive income for the financial year		-	-	48,979	48,979
Contributions by and distributions to owners of the Company:					
- purchase of treasury shares	20	-	(15,837)	-	(15,837)
- dividends	32	-	-	(42,625)	(42,625)
At 31 March 2023		261,284	(62,267)	21,893	220,910
At 1 April 2021		135,000	(37,580)	25,244	122,664
Profit after taxation/Total comprehensive income for the financial year		-	-	1,779	1,779
Contributions by and distributions to owners of the Company:					
- issuance of shares pursuant to Private Placement	19	126,284	-	-	126,284
- purchase of treasury shares	20	-	(8,850)	-	(8,850)
- dividends	32	-	-	(11,484)	(11,484)
At 31 March 2022		261,284	(46,430)	15,539	230,393

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		108,183	12,737	49,451	1,952
Adjustments for:-					
Allowance for impairment losses on:					
- amount owing by a subsidiary		-	-	6,103	-
- inventories		37	-	-	-
- trade receivables		3,572	3,656	-	-
- other receivables		-	155	-	-
Amount owing by a subsidiary written off		-	-	-	136
Amortisation of development expenditure		11,507	4,982	-	-
Bad debts written off		-	94	-	-
Depreciation of property, plant and equipment		24,899	11,996	1,084	1,063
Depreciation of right-of-use assets		419	514	371	245
Property, plant and equipment written off		2	19	1	14
Fair value (gain)/loss on trade receivable		(170)	59	-	-
Interest expense:					
- Interest expense on lease liabilities		14	55	14	4
- Other interest expense		1,645	1,404	96	127
Inventories written off		136	-	-	-
Investment in a subsidiary written off		-	-	-	10
Reversal of excess accrued operational costs		-	(4,500)	-	-
Unrealised (gain)/loss on foreign exchange		(272)	18	(4)	(1)
Dividend income		-	-	(56,000)	(2,000)
Gain on disposal of plant and equipment		(46)	(47)	(46)	(47)
Interest income		(361)	(3,000)	(207)	(2,504)
Writeback of impairment losses on:					
- inventories		(214)	(121)	-	-
- trade receivables		(53)	-	-	-
Operating profit/(loss) before working capital changes		149,298	28,021	863	(1,001)
Decrease/(Increase) in projects-in-progress		1,583	(977)	-	-
Decrease/(Increase) in inventories		3,554	(3,823)	-	-
(Increase)/Decrease in trade and other receivables		(70,156)	(17,025)	15	(161)
Increase/(Decrease) in trade and other payables		13,951	(4,547)	753	434
Decrease/(Increase) in amount owing by subsidiaries		-	-	83	(19,306)
Decrease in amount owing to subsidiaries		-	-	(18)	(12,690)
CASH FROM/(FOR) OPERATING ACTIVITIES		98,230	1,649	1,696	(32,724)
Income tax paid		(23,280)	(2,178)	(425)	(206)
Interest paid		(1,659)	(1,459)	(110)	(131)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		73,291	(1,988)	1,161	(33,061)

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in existing subsidiaries		-	-	(154)	-
Interest received		361	3,000	207	2,504
Dividend received		-	-	31,000	1,000
Proceeds from disposal of plant and equipment		174	130	174	98
Purchase of property, plant and equipment	40(a)	(3,868)	(7,321)	(137)	(218)
Placement of deposits pledged to licensed banks		(292)	(4)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(3,625)	(4,195)	31,090	3,384
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		-	126,284	-	126,284
Dividends paid		(42,625)	(11,484)	(42,625)	(11,484)
Purchase of treasury shares	20	(15,837)	(8,850)	(15,837)	(8,850)
Repayment of lease liabilities	40(b)	(172)	(912)	(172)	(236)
Drawdown of trade financing	40(b)	39,116	15,125	-	-
Repayment of trade financing	40(b)	(8,234)	(18,959)	-	-
Repayment of term loans	40(b)	(4,108)	(21,097)	-	-
Repayment of term financing	40(b)	(1,394)	(1,356)	(1,394)	(1,356)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(33,254)	78,751	(60,028)	104,358
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		36,412	72,568	(27,777)	74,681
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		80	(11)	4	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		114,748	42,191	76,489	1,807
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	18	151,240	114,748	48,716	76,489

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 26 May 2023.

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 and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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 financial statements.

DATASONIC GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 200801008472 (809759 - X)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

3. BASIS OF PREPARATION (CONT'D)**3.1 BASIS OF ACCOUNTING (CONT'D)**

- (b) The Group and the Company have 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 2023
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: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 of the Company upon their initial application.

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Registration No: 200801008472 (809759 - X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

3. BASIS OF PREPARATION (CONT'D)

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 of 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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Merger Accounting for Common Control Business Combinations (Cont'd)

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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.

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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.

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.

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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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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.

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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 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.

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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.

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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.

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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.

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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.

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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.

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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, 6.67% - 25%
Renovation	10%
Buildings	2%

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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.

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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.

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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 does not apply, are reviewed at the end of each financial year for impairment when an annual impairment assessment is compulsory or 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.

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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.

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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 principal annual rates used for this purpose are:-

Office premise	Over 2 years
Leasehold land	Over 54 years

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.

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.17 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 is 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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.

4.18 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which derived from the warrants.

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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.

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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.

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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.

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**NOTES TO THE FINANCIAL STATEMENTS
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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	Total RM'000
Cost								
At 1 April 2022	1,005	1,552	9,299	229,667	15,881	41,332	11,735	310,471
Additions	24	-	1,149	2,431	264	-	-	3,868
Assets written off	(133)	-	(554)	(3,104)	-	-	-	(3,791)
Disposals	(116)	(459)	(283)	-	-	-	-	(858)
Translation difference	-	-	1	46	-	-	-	47
At 31 March 2023	780	1,093	9,612	229,040	16,145	41,332	11,735	309,737

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****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	Total RM'000
Accumulated Depreciation								
At 1 April 2022	591	982	7,124	158,336	9,073	3,104	-	179,210
Charge for the year	82	219	1,198	21,003	1,570	827	-	24,899
Assets written off	(131)	-	(554)	(3,104)	-	-	-	(3,789)
Disposals	(116)	(331)	(283)	-	-	-	-	(730)
Translation difference	-	-	1	14	-	-	-	15
At 31 March 2023	426	870	7,486	176,249	10,643	3,931	-	199,605
Net Book Value	354	223	2,126	52,791	5,502	37,401	11,735	110,132

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****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	Total RM'000
Cost								
At 1 April 2021	988	1,204	9,063	221,248	15,731	40,830	11,735	300,799
Additions	35	-	436	6,166	150	534	-	7,321
Assets written off	(15)	-	(188)	(142)	-	-	-	(345)
Disposals	(3)	(354)	(12)	(6)	-	(32)	-	(407)
Reclassification from right-of-use assets	-	702	-	2,401	-	-	-	3,103
Translation difference	-	-	#	-	-	-	-	#
At 31 March 2022	1,005	1,552	9,299	229,667	15,881	41,332	11,735	310,471

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**NOTES TO THE FINANCIAL STATEMENTS
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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	Total RM'000
Accumulated Depreciation								
At 1 April 2021	519	752	6,194	148,930	7,529	2,505	-	166,429
Charge for the year	85	179	1,115	8,473	1,544	600	-	11,996
Assets written off	(10)	-	(174)	(142)	-	-	-	(326)
Disposals	(3)	(303)	(11)	(6)	-	(1)	-	(324)
Reclassification from right-of-use assets	-	354	-	1,081	-	-	-	1,435
Translation difference	-	-	#	-	-	-	-	#
At 31 March 2022	591	982	7,124	158,336	9,073	3,104	-	179,210
Net Book Value	414	570	2,175	71,331	6,808	38,228	11,735	131,261

Note:-

- Amount less than RM1,000.

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Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Total RM'000
Cost						
At 1 April 2022	320	1,423	1,160	5,819	4,306	13,028
Additions	23	-	112	2	-	137
Assets written off	(13)	-	(71)	-	-	(84)
Disposals	-	(459)	-	-	-	(459)
Transfer to subsidiaries	-	-	(15)	-	-	(15)
At 31 March 2023	330	964	1,186	5,821	4,306	12,607

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Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Total RM'000
Accumulated Depreciation						
At 1 April 2022	123	853	862	3,766	760	6,364
Charge for the year	33	219	171	575	86	1,084
Assets written off	(13)	-	(70)	-	-	(83)
Disposals	-	(331)	-	-	-	(331)
Transfer to subsidiaries	-	-	(12)	-	-	(12)
At 31 March 2023	143	741	951	4,341	846	7,022
Net Book Value	187	223	235	1,480	3,460	5,585

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****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	Total RM'000
Cost						
At 1 April 2021	315	1,075	1,156	5,706	4,306	12,558
Additions	5	-	100	113	-	218
Assets written off	-	-	(83)	-	-	(83)
Disposals	-	(354)	(2)	-	-	(356)
Transfer from subsidiaries	-	-	12	-	-	12
Transfer to subsidiaries	-	-	(23)	-	-	(23)
Reclassification from right-of-use assets	-	702	-	-	-	702
At 31 March 2022	320	1,423	1,160	5,819	4,306	13,028

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**NOTES TO THE FINANCIAL STATEMENTS
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Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Total RM'000
Accumulated Depreciation						
At 1 April 2021	92	623	754	3,196	674	5,339
Charge for the year	31	179	197	570	86	1,063
Assets written off	-	-	(69)	-	-	(69)
Disposals	-	(303)	(2)	-	-	(305)
Transfer to subsidiaries	-	-	(18)	-	-	(18)
Reclassification from right-of-use assets	-	354	-	-	-	354
At 31 March 2022	123	853	862	3,766	760	6,364
Net Book Value	197	570	298	2,053	3,546	6,664

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

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	11,735	11,735	-	-
Buildings	37,401	38,228	3,460	3,546
	<u>49,136</u>	<u>49,963</u>	<u>3,460</u>	<u>3,546</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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Group	Office Premise RM'000	Leasehold Land RM'000	Total RM'000
Cost			
At 1 April 2022	-	13,340	13,340
Addition	1,430	-	1,430
At 31 March 2023	1,430	13,340	14,770
Accumulated Depreciation			
At 1 April 2022	-	2,313	2,313
Charge for the year	172	247	419
At 31 March 2023	172	2,560	2,732
Net Book Value	1,258	10,780	12,038

Group	Machineries RM'000	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 April 2021	2,401	13,340	702	16,443
Reclassification to property, plant and equipment	(2,401)	-	(702)	(3,103)
At 31 March 2022	-	13,340	-	13,340
Accumulated Depreciation				
At 1 April 2021	861	2,066	307	3,234
Charge for the year	220	247	47	514
Reclassification to property, plant and equipment	(1,081)	-	(354)	(1,435)
At 31 March 2022	-	2,313	-	2,313
Net Book Value	-	11,027	-	11,027

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****6. RIGHT-OF-USE ASSETS (CONT'D)**

Company	Office Premise RM'000	Leasehold Land RM'000	Total RM'000
Cost			
At 1 April 2022	-	10,740	10,740
Addition	1,430	-	1,430
At 31 March 2023	1,430	10,740	12,170
Accumulated Depreciation			
At 1 April 2022	-	1,787	1,787
Charge for the year	172	199	371
At 31 March 2023	172	1,986	2,158
Net Book Value	1,258	8,754	10,012

Company	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 April 2021	10,740	702	11,442
Reclassification to property, plant and equipment	-	(702)	(702)
At 31 March 2022	10,740	-	10,740
Accumulated Depreciation			
At 1 April 2021	1,589	307	1,896
Charge for the year	198	47	245
Reclassification to property, plant and equipment	-	(354)	(354)
At 31 March 2022	1,787	-	1,787
Net Book Value	8,953	-	8,953

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6. RIGHT-OF-USE ASSETS (CONT'D)**(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 leasehold land of the Group and of the Company amounting to RM8,754,000 and RM8,754,000 (2022 - RM11,027,000 and RM8,952,000) is charged to licensed banks for facilities granted to the Group and the Company respectively as at the end of the financial year.

(ii) Office Premise

The Company entered into an operating lease agreement for the use of the office premise. The lease agreement is for a period of 2 years with no renewal or purchase option.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****7. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost:		
- in Malaysia	90,226	90,072
- outside Malaysia	1,029	1,029
	91,255	91,101

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		Principal Activities
		2023	2022	
		%	%	
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 Manufacturing Sdn. Bhd. ("DMSB")	Malaysia	100	100	Manufacturing of electrical integrated circuit cards or commonly known as smart cards and its related products.
Datasonic Innovation Sdn. Bhd. ("DISB") ^	Malaysia	100	100	Provision of biometrics solution.
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.

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**NOTES TO THE FINANCIAL STATEMENTS
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Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
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 Business Technology Philippines ("DBTP") @ \$	Philippines	40	40	Dormant.
Medicloud Malaysia Sdn. Bhd. ("MMSB") ^	Malaysia	100	100	Dormant.
Datasonic Digent Sdn. Bhd. ("DSB") ^	Malaysia	60	60	Dormant.
<i>Held by DMSB</i>				
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 38 to the financial statements.

@ - The subsidiaries are audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

^ - These subsidiaries are 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.

\$ - 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.

& - The subsidiary is in the process of strike-off under Section 550 of the Companies Act, 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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(a) The non-controlling interests at the end of the financial year comprise the following:-

	Effective Equity Interest		Group	
	2023 %	2022 %	2023 RM'000	2022 RM'000
DBTP	60	60	249	271
DSB	40	40	(3)	(2)

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.

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted share, at cost	#	#	-	-
Share of post-acquisition loss	(#)	(#)	-	-
	-	-	-	-

Note:-

- Amount less than RM1,000.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****8. INVESTMENT IN AN ASSOCIATE (CONT'D)**

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2023	2022	
		%	%	
<i>Held by DTSB</i>				
Datasonic Grid Sdn. Bhd. ("DGSB")	Malaysia	25	25	Dormant.

- (a) The share of result in the associate is based on the financial statements for the financial year ended 31 March 2023.
- (b) The summarised financial information for the associate is not presented as the associate is not material to the Group.
- (c) 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 RM4,000 (2022 - RM3,000) of which approximately RM1,000 (2022 - 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	
	2023 RM'000	2022 RM'000
Investment in club membership, at fair value	110	110

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

10. GOODWILL

	Group	
	2023 RM'000	2022 RM'000
Goodwill	4,162	4,162

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****11. DEVELOPMENT EXPENDITURE**

	Group	
	2023 RM'000	2022 RM'000
At cost:-		
At 31 March 2023/2022	51,807	51,807
Accumulated amortisation:-		
At 1 April 2022/2021	(35,226)	(30,244)
Amortisation during the financial year (Note 37)	(11,507)	(4,982)
At 31 March 2023/2022	(46,733)	(35,226)
Accumulated impairment losses:-		
At 31 March 2023/2022	(1,222)	(1,222)
	3,852	15,359

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 as Cost of Sales line item.

The Group has assessed the recoverable amounts of the development expenditure 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 (2022 - 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 (2022 - 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. |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****12. TRADE RECEIVABLES**

	Group	
	2023 RM'000	2022 RM'000
Trade receivables	111,069	33,481
Allowance for impairment losses	(10,873)	(7,562)
	<hr/>	<hr/>
	100,196	25,919
Accrued income	14,409	24,846
	<hr/>	<hr/>
	114,605	50,765
	<hr/>	<hr/>
The trade receivables are made up of:-		
(a) <u>Non-current:</u>		
Trade receivables	-	1,436
Accrued income	-	710
	<hr/>	<hr/>
	-	2,146
(b) <u>Current:</u>		
Trade receivables	100,196	24,483
Accrued income	14,409	24,136
	<hr/>	<hr/>
	114,605	48,619
	<hr/>	<hr/>
	114,605	50,765
	<hr/>	<hr/>
Allowance for impairment losses:-		
At 1 April 2022/2021	(7,562)	(3,906)
Addition (Note 37)	(3,572)	(3,656)
Write back	53	-
Written off	208	-
	<hr/>	<hr/>
At 31 March 2023/2022	(10,873)	(7,562)
	<hr/>	<hr/>

The Group's normal trade credit terms range from 30 to 90 (2022 - 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****13. PROJECTS-IN-PROGRESS**

	Group	
	2023	2022
	RM'000	RM'000
At costs:-		
Site preparation	~	1,750
Machinery	~	212
Technical services	1,588	1,209
Others	9	9
	<u>1,597</u>	<u>3,180</u>

14. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
At costs:-		
Raw materials	25,313	30,701
Finished goods	91	1,691
Spare parts	6,042	6,484
Consumables	1,700	1,401
Equipment	9,573	12,765
Software	5	5
Goods in transit	6,556	-
	<u>49,280</u>	<u>53,047</u>
Less: Allowance for impairment losses	<u>(557)</u>	<u>(822)</u>
	<u>48,723</u>	<u>52,225</u>
Allowance for impairment losses:-		
At 1 April 2022/2021	(822)	(943)
Addition	(37)	-
Writeback	214	121
Written off	88	-
	<u>(557)</u>	<u>(822)</u>
At 31 March 2023/2022		
<u>Recognised in profit or loss</u>		
Inventories sold	58,605	20,204
Impairment losses	37	-
Writeback of impairment losses	(214)	(121)
Inventories written off	136	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	1,145	1,661	12	8
Allowance for impairment losses	(155)	(155)	-	-
	990	1,506	12	8
Deposits	930	928	186	186
Prepayments	10,584	7,008	335	354
	12,504	9,442	533	548

Prepayments consist of downpayment for purchases of materials and machineries.

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Amounts owing by:-		
for non-trade balances	75,963	51,043
Allowance for impairment losses	(6,103)	-
	69,860	51,043
Allowance for impairment losses:-		
At 1 April 2022/2021	-	-
Addition (Note 37)	(6,103)	-
At 31 March 2023/2022	(6,103)	-
Amounts owing (to):-		
for non-trade balances	(133)	(151)

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****17. SHORT-TERM INVESTMENTS**

	Group		2022	
	2023			
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market funds, at fair value	133,092	133,092	110,111	110,111

	Company		2022	
	2023			
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Money market funds, at fair value	48,154	48,154	75,391	75,391

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	6,399	6,107	-	-
Cash and bank balances	18,148	4,637	562	1,098
Short-term investments	133,092	110,111	48,154	75,391
	157,639	120,855	48,716	76,489
Less: Deposits pledged to licensed banks	(6,399)	(6,107)	-	-
	151,240	114,748	48,716	76,489

The deposits with licensed banks of the Group at the end of the financial year bore effective interest rates ranging from 1.40% to 3.45% (2022 - 1.40% to 3.45%) per annum. The deposits have maturity periods ranging from 1 to 24 (2022 - 1 to 24) months for the Group.

The deposits which have been pledged to licensed banks as securities for banking facilities granted to the Group.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****19. SHARE CAPITAL**

Group/Company	2023		2022	
	Number of Shares '000	Share Capital RM'000	Number of Shares '000	Share Capital RM'000
Issued and Fully Paid-Up				
Ordinary shares				
At 1 April	2,962,000	261,284	2,700,000	135,000
Private placement	-	-	262,000	126,284
At 31 March	<u>2,962,000</u>	<u>261,284</u>	<u>2,962,000</u>	<u>261,284</u>

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.

On 6 April 2021, the Company received the gross proceeds amounting to RM126,284,000 from the Private Placement of 262,000,000 new ordinary shares at an issue price of RM0.482 per share of which the issued share capital of the Company was increased to RM261,284,000 comprising of 2,962,000,000 ordinary shares. The Private Placement was completed on 7 April 2021 and the new ordinary shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 April 2021.

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

20. TREASURY SHARES

During the financial year, the Company purchased 32,809,000 (2022 - 19,446,000) of its issued ordinary shares from the open market at an average price of approximately RM0.48 (2022 - RM0.45) per share. The total consideration paid for the purchase was RM15,835,679 (2022 - RM8,850,624) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

Of the total 2,962,000,000 (2022 - 2,962,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 129,450,000 (2022 - 96,641,000) ordinary shares are held as treasury shares by the Company. The treasury shares are held at a carrying amount of RM62,267,093 (2022 - RM46,430,427).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****21. MERGER DEFICIT**

The merger deficit of RM11,072,000 (2022 - 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Term loans (Note 24)	17,688	21,810	-	-
Term financing (Note 25)	496	1,939	496	1,939
Lease liabilities (Note 26)	550	-	550	-
	<u>18,734</u>	<u>23,749</u>	<u>1,046</u>	<u>1,939</u>

24. TERM LOANS (SECURED)

	Group	
	2023	2022
	RM'000	RM'000
Current liabilities (Note 30)	4,140	4,126
Non-current liabilities (Note 23)	17,688	21,810
	<u>21,828</u>	<u>25,936</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****24. TERM LOANS (SECURED) (CONT'D)**

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 2023 RM'000	2022 RM'000
1	144	51	1 January 2015	4.20% (2022 - 3.20%)	2,167	2,699
2	144	83	1 July 2017	4.05% (2022 - 3.05%)	5,663	6,455
3	84	98	5 February 2018	4.05% (2022 - 3.05%)	2,238	3,414
4	120	134	6 July 2020	4.05% (2022 - 3.05%)	11,760	13,368
					<u>21,828</u>	<u>25,936</u>

The term loans above are with floating rates ranging from 4.05% to 4.20% (2022 - 3.05% to 3.20%) per annum.

Term loan 1 is secured by:-

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

Term loan 4 is secured by:-

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****25. TERM FINANCING (SECURED)**

	Group/Company	
	2023	2022
	RM'000	RM'000
Current liabilities (Note 30)	1,447	1,398
Non-current liabilities (Note 23)	496	1,939
	<u>1,943</u>	<u>3,337</u>

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 2023 RM'000	2022 RM'000
1	120	126	1 July 2014	4.20% (2022 - 3.20%)	<u>1,943</u>	<u>3,337</u>

Term financing 1 is secured by a legal charge over a property of the Group and of the Company and is with floating rate of 4.20% (2022 - 3.20%) per annum.

26. LEASE LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 April 2022/2021	-	912	-	236
Interest expenses recognised in profit or loss (Note 36)	14	55	14	4
Addition	1,430	-	1,430	-
Repayment of principal	(172)	(912)	(172)	(236)
Repayment of interest expenses	(14)	(55)	(14)	(4)
At 31 March 2023/2022	<u>1,258</u>	<u>-</u>	<u>1,258</u>	<u>-</u>
Represented by:-				
Current liabilities (Note 30)	708	-	708	-
Non-current liabilities (Note 23)	550	-	550	-
	<u>1,258</u>	<u>-</u>	<u>1,258</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****27. DEFERRED TAX LIABILITIES**

	Group	
	2023 RM'000	2022 RM'000
At 1 April 2022/2021	4,334	4,007
Recognised in profit or loss (Note 38)	849	327
At 31 March 2023/2022	<u>5,183</u>	<u>4,334</u>

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

	Group	
	2023 RM'000	2022 RM'000
<i>Deferred Tax Liabilities</i>		
Accelerated capital allowances	<u>5,183</u>	<u>4,334</u>

In the previous financial year, 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	
	2023 RM'000	2022 RM'000
Accelerated capital allowances	<u>-</u>	<u>22,521</u>

28. TRADE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Trade payables	<u>19,457</u>	<u>6,583</u>

The normal trade credit terms granted to the Group range from 30 to 90 (2022 - 30 to 90) days.

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	2,272	1,986	73	172
Deferred income	1,524	2,124	-	-
Provisions	7,387	3,184	1,417	559
Accruals	4,496	7,354	146	152
	<u>15,679</u>	<u>14,648</u>	<u>1,636</u>	<u>883</u>

Accruals consist of cost for goods or services and subcontracting services.

30. SHORT-TERM BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured:-				
Term loans (Note 24)	4,140	4,126	-	-
Term financing (Note 25)	1,447	1,398	1,447	1,398
Trade financing	34,307	3,425	-	-
Lease liabilities (Note 26)	708	-	708	-
	<u>40,602</u>	<u>8,949</u>	<u>2,155</u>	<u>1,398</u>

The trade financing bore effective interest rates ranging from 3.94% to 5.98% (2022 - 3.76% to 3.91%) per annum and are secured by a corporate guarantee of the Company. Certain trade financing is secured by a legal charge over a property of the Group and of the Company.

31. 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 RM360,144,000 (2022 - RM342,246,000) divided by the number of ordinary shares (net of treasury shares of 129,450,000 (2022 - 96,641,000)) at the end of the financial year of 2,832,550,000 (2022 - 2,865,359,000).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****32. DIVIDENDS**

	Sen Per Share	Group/Company 2023 RM'000	Sen Per Share	2022 RM'000
In respect of the financial year ended 31 March 2021:				
- Fourth interim single tier tax-exempt dividend declared on 27 May 2021 and paid on 30 June 2021	-	-	0.05	1,442
In respect of the financial year ended 31 March 2022:				
- First interim single tier tax-exempt dividend declared on 30 August 2021 and paid on 29 September 2021	-	-	0.10	2,874
- Second interim single tier tax-exempt dividend declared on 30 November 2021 and paid on 21 January 2022	-	-	0.125	3,586
- Third interim single tier tax-exempt dividend declared on 28 February 2022 and paid on 30 March 2022	-	-	0.125	3,582
- Fourth interim single tier tax-exempt dividend declared on 31 May 2022 and paid on 1 July 2022	0.25	7,161	-	-
In respect of the financial year ended 31 March 2023:				
- First interim single tier tax-exempt dividend declared on 30 August 2022 and paid on 28 October 2022	0.25	7,138	-	-
- Second interim single tier tax-exempt dividend declared on 30 November 2022 and paid on 29 December 2022	0.50	14,163	-	-
- Third interim single tier tax-exempt dividend declared on 27 February 2023 and paid on 23 March 2023	0.50	14,163	-	-
		42,625		11,484

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In respect of the financial year ended 31 March 2023, the Directors had on 26 May 2023 declared a fourth interim single tier tax-exempt dividend of 0.75 sen per share, the Entitlement Date will be determined and announced in due course. 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 2024.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2023.

33. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Sales of goods and services	344,705	136,428	-	-
Management service fee	-	-	19,908	15,048
Dividend income from subsidiaries	-	-	56,000	2,000
	<u>344,705</u>	<u>136,428</u>	<u>75,908</u>	<u>17,048</u>

Details of revenue are disclosed in Note 44 to the financial statements.

34. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income on financial assets:				
- at fair value through profit or loss	-	1,803	-	1,499
- at amortised cost	361	1,197	207	1,005
Rental income	-	-	1,486	1,477
Fair value gain on short-term investments	3,586	511	1,753	372
Sundries	78	439	2	2
	<u>4,025</u>	<u>3,950</u>	<u>3,448</u>	<u>4,355</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other benefits	47,608	38,655	9,230	8,955
Defined contribution plan	5,317	4,610	1,027	953
	<u>52,925</u>	<u>43,265</u>	<u>10,257</u>	<u>9,908</u>

36. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on financial liabilities at amortised cost	1,645	1,404	96	127
Interest expense on lease liabilities (Note 26)	14	55	14	4
	<u>1,659</u>	<u>1,459</u>	<u>110</u>	<u>131</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- auditor of the Company	234	207	52	46
- member firms of the auditors of the Company	23	23	-	-
- other auditors	10	10	-	-
Directors' remuneration (Note 41)	5,846	4,135	3,188	2,336
Amount owing by a subsidiary:				
- Written off	-	-	-	136
- Allowance for impairment loss	-	-	6,103	-
Investment in a subsidiary:				
- Written off	-	-	-	10
Amortisation of development expenditure (Note 11)	11,507	4,982	-	-
Bad debts written off	-	94	-	-
Depreciation of right-of-use assets (Note 6)	419	514	371	245
Fair value gain on short-term investments	(3,586)	(511)	(1,753)	(372)
Inventories (Note 14):				
- Allowance for impairment loss	37	-	-	-
- Writeback	(214)	(121)	-	-
- Written off	136	-	-	-
Loss/(Gain) on foreign exchange:				
- Realised	797	(98)	1	(4)
- Unrealised	(272)	18	(4)	(1)
Other receivables (Note 15):				
- Allowance for impairment loss	-	155	-	-
Property, plant and equipment (Note 5):				
- Depreciation	24,899	11,996	1,084	1,063
- Written off	2	19	1	14
- Gain on disposal	(46)	(47)	(46)	(47)
Trade receivables (Note 12):				
- Allowance for impairment loss	3,572	3,656	-	-
- Fair value (gain)/loss	(170)	59	-	-
- Writeback	(53)	-	-	-
Reversal of excess accrued operational costs	-	(4,500)	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****37. PROFIT BEFORE TAXATION (CONT'D)**

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Staff costs (Note 35)	52,925	43,265	10,257	9,908
Lease expenses:				
- Short-term leases	623	820	560	822
- Low-value assets	86	74	24	22

38. INCOME TAX EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
- for the financial year	30,881	2,051	431	234
- under/(over)provision in the previous financial years	108	134	41	(61)
	30,989	2,185	472	173
Deferred tax liabilities (Note 27):				
- for the financial year	622	566	-	-
- under/(over)provision in the previous financial year	227	(239)	-	-
	849	327	-	-
	31,838	2,512	472	173

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	108,183	12,737	49,451	1,952
Tax at the statutory tax rate of 24%	25,964	3,057	11,868	468
Tax effects of:-				
Non-deductible expenses	1,894	2,026	2,292	547
Non-taxable income	(984)	(1,041)	(13,861)	(840)
Effect of reinvestment allowance	(616)	-	-	-
Income tax exempted from tax due to pioneer status	(707)	(742)	-	-
Deferred tax liabilities recognised due to expiration of pioneer status	5,037	-	-	-
Deferred tax liabilities not recognised due to pioneer status	-	(2,395)	-	-
Deferred tax asset not recognised during the financial year	720	1,409	132	59
Utilisation of deferred tax assets previously not recognised	-	(86)	-	-
Effects of differential in tax rates of subsidiary	195	389	-	-
Under/(over)provision in the previous financial year:				
- current taxation	108	134	41	(61)
- deferred taxation	227	(239)	-	-
Income tax expense for the financial year	31,838	2,512	472	173

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group	
	2023	2022
Profit attributable to owners of the Company (RM'000)	76,367	10,244
Weighted average number of ordinary shares in issue ('000)	2,850,789	2,867,888
Basic earnings per share (sen)	2.68	0.36
Diluted earnings per share (sen)	2.68	0.36

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 was the same as basic earnings per share.

40. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 5)	3,868	7,321	137	218
Right-of-use assets				
Cost of right-of-use assets acquired (Note 6)	1,430	-	1,430	-
Less: Addition of new lease liabilities	(1,430)	-	(1,430)	-
	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
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(b) The reconciliations of liabilities arising from financing activities are as follows:-

Group	Term Loans RM'000	Term Financing RM'000	Lease Liabilities RM'000	Trade Financing RM'000	Total RM'000
2023					
At 1 April 2022	25,936	3,337	-	3,425	32,698
<u>Changes in Financing Cash</u>					
Proceeds from drawdown	-	-	-	39,116	39,116
Repayment of borrowing principal	(4,108)	(1,394)	(172)	(8,234)	(13,908)
	(4,108)	(1,394)	(172)	30,882	25,208
<u>Other Changes</u>					
Acquisition of new lease	-	-	1,430	-	1,430
	-	-	1,430	-	1,430
At 31 March 2023	21,828	1,943	1,258	34,307	59,336
2022					
At 1 April 2021	47,033	4,693	912	7,259	59,897
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	-	-	-	15,125	15,125
Repayment of borrowing principal	(21,097)	(1,356)	(912)	(18,959)	(42,324)
	(21,097)	(1,356)	(912)	(3,834)	(27,199)
At 31 March 2022	25,936	3,337	-	3,425	32,698

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

Company	Term Financing RM'000	Lease Liabilities RM'000	Total RM'000
2023			
At 1 April 2022	3,337	-	3,337
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(1,394)	(172)	(1,566)
	(1,394)	(172)	(1,566)
<u>Other Changes</u>			
Acquisition of new lease	-	1,430	1,430
	-	1,430	1,430
At 31 March 2023	1,943	1,258	3,201
2022			
At 1 April 2021	4,693	236	4,929
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(1,356)	(236)	(1,592)
	(1,356)	(236)	(1,592)
At 31 March 2022	3,337	-	3,337

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Payment of short-term leases	623	820	560	822
Payment of low-value assets	86	74	24	22
Interest paid on lease liabilities	14	55	14	4
Payment of lease liabilities	172	912	172	236
	<u>895</u>	<u>1,861</u>	<u>770</u>	<u>1,084</u>

41. DIRECTORS' REMUNERATION

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
- salaries and bonus	1,915	1,228	1,915	1,228
- defined contribution benefits	202	163	202	163
	<u>2,117</u>	<u>1,391</u>	<u>2,117</u>	<u>1,391</u>
Non-executive:				
- fees	981	868	945	868
- allowances	126	77	126	77
	<u>1,107</u>	<u>945</u>	<u>1,071</u>	<u>945</u>
	<u>3,224</u>	<u>2,336</u>	<u>3,188</u>	<u>2,336</u>
Directors of the Subsidiaries				
Executive:				
- salaries and bonus	2,484	1,661	-	-
- defined contribution benefits	138	138	-	-
	<u>2,622</u>	<u>1,799</u>	<u>-</u>	<u>-</u>
	<u>5,846</u>	<u>4,135</u>	<u>3,188</u>	<u>2,336</u>

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	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Analysis excluding benefits-in-kind:-				
Total executive directors' salaries and bonus	4,739	3,190	2,117	1,391
Total non-executive directors:				
- fees	981	868	945	868
- allowances	126	77	126	77
	1,107	945	1,071	945
Total directors' remuneration excluding benefits-in-kind	5,846	4,135	3,188	2,336

42. 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:-

(a) Performance guarantees

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Performance guarantees extended to customers	17,052	19,833	17,052	19,833
Performance guarantees extended to a supplier	-	20	-	-
	17,052	19,853	17,052	19,833

(b) Corporate guarantees

Corporate guarantees for banking facilities granted to the subsidiaries	-	-	56,133	29,311
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42. CONTINGENT LIABILITIES (CONT'D)

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 (Cont'd):-

(c) Material litigation

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.

On 13 October 2021, the High Court had delivered its judgement for the Defendant i.e. DTSB to pay a total sum of RM15,000,000 to the PKN.

The High Court also dismissed PKN's claim for GST and prejudgment interest calculated from the date of the PKN's invoices. Instead, the High Court had only awarded a post judgment interest rate of 4% per annum.

Cost of RM30,000 was awarded and to be paid to DTSB.

On 2 November 2021, DTSB had been served with a Notice of Appeal filed by PKN at the Court of Appeal on 29 October 2021.

On 15 June 2022, the appeal filed by PKN against DTSB was heard by the Court of Appeal. After having heard the arguments by Counsels of both parties, the Court of Appeal has fixed the date for decision on 18 August 2022.

On 18 August 2022, the Court of Appeal has been vacated by the Court and a new Case Management to set new decision date is fixed on 30 August 2022.

On 1 September 2022, the Court of Appeal has fixed the date for decision on 26 October 2022.

On 26 October 2022, Court of Appeal had allowed part of PKN's appeal, that is only with regards to the judgment interest and cost awarded by the High Court.

The Court of Appeal agreed with the findings of the High Court. The sum to be paid for the passport booklet is RM10.00 per passport booklet and PKN is not entitled to the Goods and Services Tax.

The Court of Appeal found that the learned trial judge has erred in deciding that the post judgment interest rate of 4% per annum and awarding the cost of RM30,000 to DTSB. The Court of Appeal ordered that PKN is entitled to the interest of 5% per annum. Therefore, the Court of Appeal ordered DTSB to refund the cost of RM30,000 to PKN and further awarded the cost of RM5,000 to PKN for the appeal.

No Notice of Appeal has been filed by PKN and the time limit for PKN to file their appeal has lapsed on 26 November 2022.

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

	Company	
	2023 RM'000	2022 RM'000
Subsidiaries		
Management services fees	19,908	15,048
Consultancy fee	510	464
Dividend income	56,000	2,000
Equipment transferred from	-	12
Equipment transferred to	2	5
Rental income	1,486	1,477
Rental expense	-	75
Waiver of debts	-	135

44. 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.

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	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2023				
Revenue				
External revenue	293,968	50,737	-	344,705
Inter-segment revenue	6,721	9,627	75,908	92,256
	300,689	60,364	75,908	436,961
Consolidation adjustments				(92,256)
Consolidated revenue				344,705
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods and software solutions	276,921	60,364	75,908	413,193
<u>Revenue recognised over time</u>				
- Sales of services	23,768	-	-	23,768
	300,689	60,364	75,908	436,961
Consolidation adjustments				(92,256)
Consolidated revenue				344,705
Results				
Segment profit before interest expense and taxation	113,866	19,853	49,563	183,282
Finance costs				(1,659)
Consolidation adjustments				(73,440)
Consolidated profit before taxation				108,183
Segment profit before interest expense and taxation includes the following:-				
Gain on disposal of plant and equipment	-	-	46	46
Interest income	154	-	207	361
Writeback of impairment losses on:				
- trade receivables	53	-	-	53
- inventories	214	-	-	214
Allowance for impairment losses on:				
- trade receivable	(3,572)	-	-	(3,572)
- inventories	(37)	-	-	(37)
Fair value gain on:				
- trade receivables	170	-	-	170
- short term investments	1,833	-	1,753	3,586
Inventories written off	136	-	-	136

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	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Segment profit before interest expense and taxation includes the following (Cont'd):-				
Amortisation of development expenditure	(11,507)	-	-	(11,507)
Depreciation of property, plant and equipment	(21,797)	(2,018)	(1,084)	(24,899)
Depreciation of right-of-use assets	(48)	-	(371)	(419)
Unrealised foreign exchange gain/(loss)	331	(55)	(4)	272
Property, plant and equipment written off	(1)	-	(1)	(2)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2023				
Assets				
Segment assets	377,357	89,164	225,399	691,920
Unallocated assets:				
- deposits with licensed banks				6,399
- cash and bank balances				18,148
Consolidation adjustments				(251,105)
Consolidated total assets				465,362
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	2,244	1,487	137	3,868
Right-of-use asset	-	-	1,430	1,430
Liabilities				
Segment liabilities	220,467	40,985	3,712	265,164
Unallocated liabilities:				
- deferred tax liabilities				5,183
- leased liability				1,258
- provision for taxation				5,317
Consolidation adjustments				(171,950)
Consolidated total liabilities				104,972

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	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2022				
Revenue				
External revenue	124,096	12,332	-	136,428
Inter-segment revenue	8,978	1,337	17,048	27,363
	<u>133,074</u>	<u>13,669</u>	<u>17,048</u>	<u>163,791</u>
Consolidation adjustments				(27,363)
Consolidated revenue				<u>136,428</u>
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods and software solutions	111,985	13,669	17,048	142,702
<u>Revenue recognised over time</u>				
- Sales of services	21,089	-	-	21,089
	<u>133,074</u>	<u>13,669</u>	<u>17,048</u>	<u>163,791</u>
Consolidation adjustments				(27,363)
Consolidated revenue				<u>136,428</u>
Results				
Segment profit before interest expense and taxation	32,981	456	2,083	35,520
Finance costs				(1,459)
Consolidation adjustments				(21,324)
Consolidated profit before taxation				<u>12,737</u>
Segment profit before interest expense and taxation includes the following:-				
Gain on disposal of plant and equipment	-	-	47	47
Interest income	487	8	2,505	3,000
Writeback of impairment losses on:				
- inventories	121	-	-	121
Allowance for impairment losses on:				
- trade receivable	(3,656)	-	-	(3,656)
- other receivable	(155)	-	-	(155)
Bad debts written off	(94)	-	-	(94)

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	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Segment profit before interest expense and taxation includes the following (Cont'd):-				
Amortisation of development expenditure	(4,982)	-	-	(4,982)
Depreciation of property, plant and equipment	(8,870)	(2,063)	(1,063)	(11,996)
Depreciation of right-of-use assets	(269)	-	(245)	(514)
Fair value loss on trade receivable	(59)	-	-	(59)
Unrealised foreign exchange loss	(17)	(2)	1	(18)
Property, plant and equipment written off	(4)	(2)	(13)	(19)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2022				

Assets

Segment assets	241,892	80,554	233,880	556,326
Unallocated assets:				
- deposits with licensed banks				6,107
- cash and bank balances				4,637
- tax recoverable				2,392
Consolidation adjustments				(168,684)
Consolidated total assets				400,778

Addition to non-current assets other than financial instruments is:-

Property, plant and equipment	2,458	4,644	218	7,320
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Liabilities

Segment liabilities	108,606	23,953	4,552	137,111
Unallocated liabilities:				
- deferred tax liabilities				4,334
Consolidation adjustments				(83,182)
Consolidated total liabilities				58,263

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

MAJOR CUSTOMERS

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

	Revenue		Segment
	2023 RM'000	2022 RM'000	
Customer #1	226,025	66,122	CSCS, MA
Customer #2	52,427	25,633	CSCS

45. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Renovation	351	5	327	-
Acquisition of machineries and equipment	1,596	681	70	-
	<u>1,947</u>	<u>686</u>	<u>397</u>	<u>-</u>

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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:-

	2023 RM	2022 RM
United States Dollar ("USD")	4.41	4.20
New Zealand Dollar ("NZD")	2.76	2.91
Euro ("EUR")	4.81	4.68
Singapore Dollar ("SGD")	3.32	3.11
Indonesian Rupiah 100 ("IDR")	3.03	2.86
Great Britain Pound ("GBP")	5.46	5.52
Bahraini Dinar ("BHD")	N/A	11.18
Philippine Peso ("PHP")	0.08	0.08

Note:-

N/A - Not applicable.

47. 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.

47.1 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 and Great Britain Pound. 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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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	PHP RM'000	RM RM'000	Total RM'000
2023									
Financial Assets									
Other investment	-	-	-	-	-	-	-	110	110
Trade receivables ⁽¹⁾	-	-	-	-	1,557	-	-	98,639	100,196
Other receivables and deposits ⁽²⁾	-	1	-	-	27	-	305	1,587	1,920
Short-term investments	-	-	-	-	-	-	-	133,092	133,092
Deposits with licensed banks	-	-	-	-	-	-	-	6,399	6,399
Cash and bank balances	137	22	1	1	1,352	1	-	16,634	18,148
	137	23	1	1	2,936	1	305	256,461	259,865

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Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	PHP RM'000	RM RM'000	Total RM'000
2023									
<u>Financial Liabilities</u>									
Trade payables	6,943	-	3,100	-	-	4,033	-	5,381	19,457
Other payables and accruals ^(a)	-	-	-	-	38	-	12	12,896	12,946
Trade financing	-	-	-	-	-	-	-	34,307	34,307
Term financing	-	-	-	-	-	-	-	1,943	1,943
Term loans	-	-	-	-	-	-	-	21,828	21,828
	6,943	-	3,100	-	38	4,033	12	76,355	90,481

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Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	PHP RM'000	RM RM'000	Total RM'000
2023									
Net financial (liabilities)/assets	(6,806)	23	(3,099)	1	2,898	(4,032)	293	180,106	169,384
Less: Net financial (assets) denominated in the respective entities' functional currency	-	(23)	-	-	(2,898)	-	(293)	(180,106)	(183,320)
Currency exposure	(6,806)	-	(3,099)	1	-	(4,032)	-	-	(13,936)

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

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Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	PHP RM'000	RM RM'000	Total RM'000
2022									
<u>Financial Assets</u>									
Other investment	-	-	-	-	-	-	-	110	110
Trade receivables ⁽¹⁾	-	-	-	-	2,327	-	-	23,592	25,919
Other receivables and deposits ⁽²⁾	-	1	-	-	-	-	311	2,122	2,434
Short-term investments	-	-	-	-	-	-	-	110,111	110,111
Deposits with licensed banks	-	-	-	-	-	-	-	6,107	6,107
Cash and bank balances	131	69	1	1	415	1	-	4,019	4,637
	131	70	1	1	2,742	1	311	146,061	149,318

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Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	PHP RM'000	RM RM'000	Total RM'000
2022									
Financial Liabilities									
Trade payables	3,798	-	379	70	-	-	-	2,336	6,583
Other payables and accruals ⁽³⁾	-	36	-	-	35	-	13	11,290	11,374
Trade financing	-	-	-	-	-	-	-	3,425	3,425
Term financing	-	-	-	-	-	-	-	3,337	3,337
Term loans	-	-	-	-	-	-	-	25,936	25,936
	3,798	36	379	70	35	-	13	46,324	50,655

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Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	PHP RM'000	RM RM'000	Total RM'000
2022									
Net financial (liabilities)/assets	(3,667)	34	(378)	(69)	2,707	1	298	99,737	98,663
Less: Net financial (assets) denominated in the respective entities' functional currency	-	(34)	-	-	(2,707)	-	(298)	(99,737)	(102,776)
Currency exposure	(3,667)	-	(378)	(69)	-	1	-	-	(4,113)

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

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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	
	2023 RM'000	2022 RM'000
Effects on Profit After Taxation		
USD/RM:		
- strengthened by 5%	(259)	(139)
- weakened by 5%	259	139
EUR/RM:		
- strengthened by 5%	(118)	(14)
- weakened by 5%	118	14
SGD/RM:		
- strengthened by 5%	(#)	(3)
- weakened by 5%	#	3
GBP/RM:		
- strengthened by 5%	(153)	(#)
- weakened by 5%	153	#

Notes:-

- Amount less than RM1,000.

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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 30 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Effects on Profit After Taxation				
Increase of 100 basis points (bp)	(441)	(248)	(15)	(25)
Decrease of 100 bp	441	248	15	25

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 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's and the Company's profit after taxation and equity would have increased by approximately RM1,011,000 and RM366,000 (2022 - RM836,000 and RM573,000) 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 three (3) customers (2022 - two (2) customers) which constituted approximately 96% (2022 - 80%) of its trade receivables (excluding accrued income) at the end of the financial year.

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum 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 365 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.

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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	Collective Impairment RM'000	Carrying Value RM'000
2023				
Current (not past due)	35,179	-	(68)	35,111
Past due:				
- 31 to 60 days	25,080	-	(71)	25,009
- 61 to 90 days	17,589	-	(69)	17,520
- over 90 days	23,255	-	(699)	22,556
	65,924	-	(839)	65,085
	101,103	-	(907)	100,196
Credit impaired:				
- individually impaired	9,966	(9,966)	-	-
	111,069	(9,966)	(907)	100,196

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Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
2022			
Current (not past due)	17,187	-	17,187
Past due:			
- 31 to 60 days	3,354	-	3,354
- 61 to 90 days	101	-	101
- over 90 days	5,277	-	5,277
	8,732	-	8,732
	25,919	-	25,919
Credit impaired:			
- individually impaired	7,562	(7,562)	-
	33,481	(7,562)	25,919

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.

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47. FINANCIAL INSTRUMENTS (CONT'D)

47.1 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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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
2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	19,457	19,457	19,457	-	-
Other payables and accruals ⁽¹⁾	-	12,946	12,946	12,946	-	-
Trade financing	3.94 to 5.98	34,307	35,037	35,037	-	-
Term financing	4.20	1,943	2,001	1,501	500	-
Term loans	4.05 to 4.20	21,828	24,735	4,981	14,552	5,202
Lease liabilities	4.20	1,258	1,307	747	560	-
		91,739	95,483	74,669	15,612	5,202

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, value-added tax payable and sales and services tax payable.

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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
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	6,583	6,583	6,583	-	-
Other payables and accruals ⁽¹⁾	-	11,374	11,374	11,374	-	-
Trade financing	3.76 to 3.91	3,425	3,453	3,453	-	-
Term financing	3.20	3,337	3,469	1,485	1,984	-
Term loans	3.05 to 3.20	25,936	28,771	4,864	16,063	7,844
		50,655	53,650	27,759	18,047	7,844

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, value-added tax payable and sales and services tax payable.

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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
2023						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals ⁽¹⁾	-	1,636	1,636	1,636	-	-
Amounts owing to subsidiaries	-	133	133	133	-	-
Term financing	4.20	1,943	2,001	1,501	500	-
Lease liabilities	4.20	1,258	1,307	747	560	-
		4,970	5,077	4,017	1,060	-

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, value-added tax payable and sales and services tax payable.

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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
2022						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals ⁽¹⁾	-	883	883	883	-	-
Amounts owing to subsidiaries	-	151	151	151	-	-
Term financing	3.20	3,337	3,469	1,485	1,984	-
		4,371	4,503	2,519	1,984	-

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, value-added tax payable and sales and services tax payable.

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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	
	2023 RM'000	2022 RM'000
Trade financing (Note 30)	34,307	3,425
Term financing (Note 25)	1,943	3,337
Term loans (Note 24)	21,828	25,936
Lease liabilities (Note 26)	1,258	-
Total borrowings	59,336	32,698
Total equity	360,390	342,515
Debt-to-equity ratio	0.16	0.09

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

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**NOTES TO THE FINANCIAL STATEMENTS
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	2023	
	Group RM'000	Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Other investment (Note 9)	110	-
Short-term investments (Note 17)	133,092	48,154
	<u>133,202</u>	<u>48,154</u>
<u>Amortised Cost</u>		
Trade receivables ⁽¹⁾ (Note 12)	100,196	-
Other receivables and deposits ⁽²⁾ (Note 15)	1,920	198
Amounts owing by subsidiaries (Note 16)	-	69,860
Deposits with licensed banks (Note 18)	6,399	-
Cash and bank balances (Note 18)	18,148	562
	<u>126,663</u>	<u>70,620</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Trade payables (Note 28)	19,457	-
Other payables and accruals ⁽³⁾ (Note 29)	12,946	1,636
Amounts owing to subsidiaries (Note 16)	-	133
Trade financing (Note 30)	34,307	-
Term financing (Note 25)	1,943	1,943
Term loans (Note 24)	21,828	-
	<u>90,481</u>	<u>3,712</u>

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****47. FINANCIAL INSTRUMENTS (CONT'D)****47.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

	2022	
	Group RM'000	Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Other investment (Note 9)	110	-
Short-term investments (Note 17)	110,111	75,391
	<u>110,221</u>	<u>75,391</u>
<u>Amortised Cost</u>		
Trade receivables ⁽¹⁾ (Note 12)	25,919	-
Other receivables and deposits ⁽²⁾ (Note 15)	2,434	194
Amounts owing by subsidiaries (Note 16)	-	51,043
Deposits with licensed banks (Note 18)	6,107	-
Cash and bank balances (Note 18)	4,637	1,098
	<u>39,097</u>	<u>52,335</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Trade payables (Note 28)	6,583	-
Other payables and accruals ⁽³⁾ (Note 29)	11,374	883
Amounts owing to subsidiaries (Note 16)	-	151
Trade financing (Note 30)	3,425	-
Term financing (Note 25)	3,337	3,337
Term loans (Note 24)	25,936	-
	<u>50,655</u>	<u>4,371</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****47. FINANCIAL INSTRUMENTS (CONT'D)****47.4 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:-

Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2023								
<u>Financial Assets</u>								
Other investment:								
- club membership	-	110	-	-	-	-	110	110
Short-term investments	133,092	-	-	-	-	-	133,092	133,092
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	1,943	-	1,943	1,943
Term loans	-	-	-	-	21,828	-	21,828	21,828

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****47. FINANCIAL INSTRUMENTS (CONT'D)****47.4 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 RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2022								
<u>Financial Assets</u>								
Trade receivables (non-current)	-	-	-	-	2,146	-	2,146	2,146
Other investment: - club membership	-	110	-	-	-	-	110	110
Short-term investments	110,111	-	-	-	-	-	110,111	110,111
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	3,337	-	3,337	3,337
Term loans	-	-	-	-	25,936	-	25,936	25,936

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****47. FINANCIAL INSTRUMENTS (CONT'D)****47.4 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 RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2023								
<u>Financial Asset</u>								
Short-term investments	48,154	-	-	-	-	-	48,154	48,154
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	1,943	-	1,943	1,943
2022								
<u>Financial Asset</u>								
Short-term investments	75,391	-	-	-	-	-	75,391	75,391
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	3,337	-	3,337	3,337

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47. FINANCIAL INSTRUMENTS (CONT'D)**47.4 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) In the previous financial year, the fair values of trade receivables (non-current) are determined using discounted cash flows based on risk-free rates ranging from 3.00% to 3.88%.
- (ii) The fair values of 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	
	2023	2022	2023	2022
	%	%	%	%
Term financing	4.20	3.20	4.20	3.20
Term loans	4.05 to 4.20	3.05 to 3.20	-	-

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48. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year.

	Group	
	As Previously Reported RM'000	As Restated RM'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Cost of sales	(62,906)	(59,674)
Administrative expenses	(63,276)	(66,508)