

FINANCIAL STATEMENTS



OMESTI

ANNUAL REPORT 2017

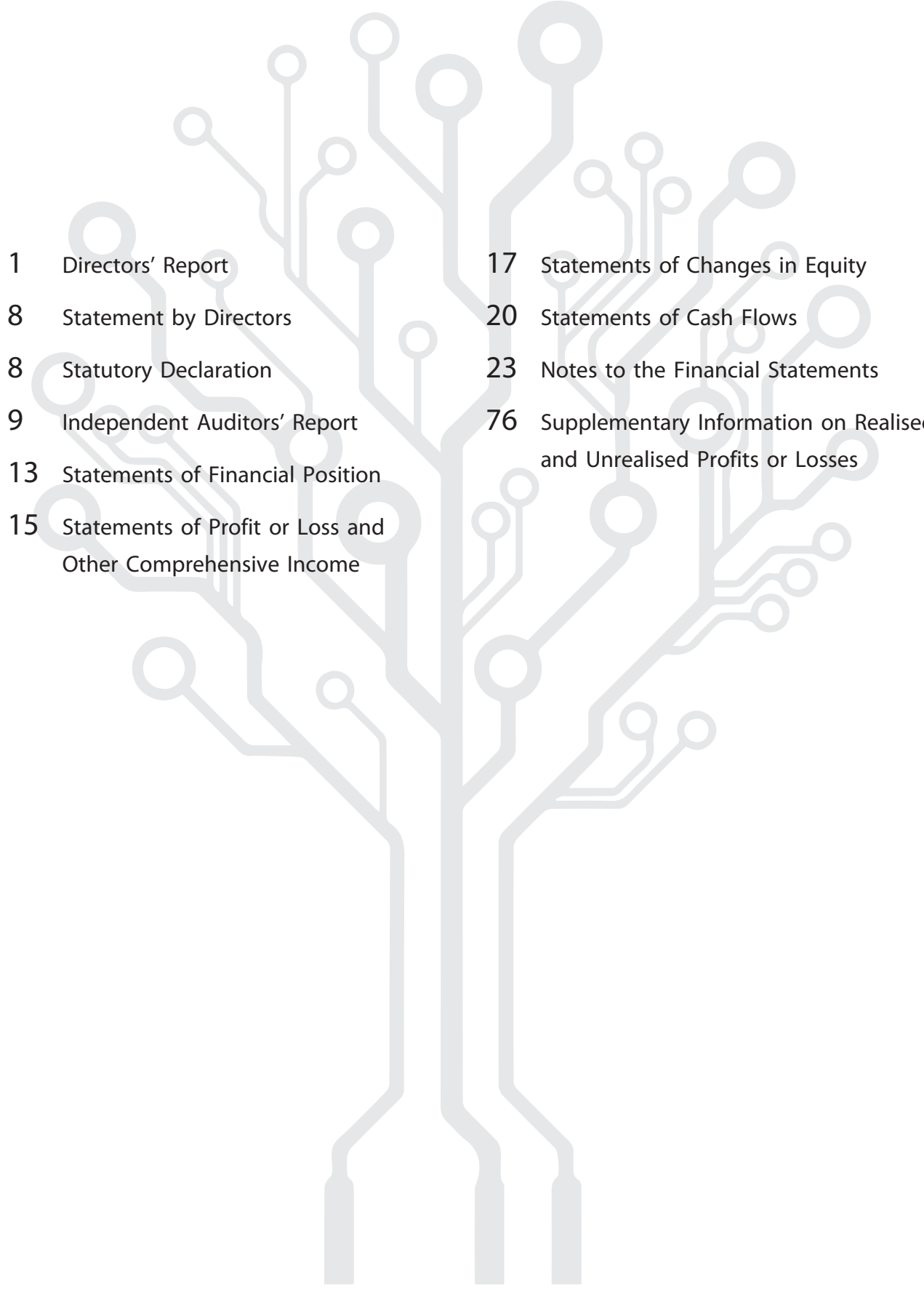
RISE ABOVE.





# CONTENTS

## VOLUME 2: FINANCIAL STATEMENTS



1	Directors' Report	17	Statements of Changes in Equity
8	Statement by Directors	20	Statements of Cash Flows
8	Statutory Declaration	23	Notes to the Financial Statements
9	Independent Auditors' Report	76	Supplementary Information on Realised and Unrealised Profits or Losses
13	Statements of Financial Position		
15	Statements of Profit or Loss and Other Comprehensive Income		

This page has been intentionally left blank.

# 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 2017.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
(Loss)/Profit for the financial year	(14,950,740)	2,810,989
Attributable to:		
Owners of the parent	(12,111,981)	2,810,989
Non-controlling interests	(2,838,759)	–
	(14,950,740)	2,810,989

## DIVIDEND

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any payment of final dividend in respect of the current financial year.

## 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.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company has been increased from 389,261,674 ordinary shares to 430,254,891 ordinary shares. The increase in the issued and paid-up share capital of the Company arose from the issuance of 2,013,700 new ordinary shares pursuant to the Long Term Incentive Plan (LTIP) to eligible employees, issuance of 38,979,200 new ordinary shares pursuant to private placement and issuance of 317 new ordinary shares pursuant to conversion of Warrants 2011/2016 as disclosed in Note 18 to the financial statements.

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

## DIRECTORS' REPORT (CONT'D.)

### OPTIONS GRANTED OVER UNISSUED SHARES

#### Long-Term Incentives Plan (LTIP)

At an Extraordinary General Meeting held on 24 September 2013, the Directors were authorised to proceed with the establishment and administration of the LTIP, which comprises an Employee Share Option Scheme (ESOS) and an Employee Share Grant Plan (ESGP) and is administered by the LTIP Committee appointed by the Board of Directors, in accordance with the By-Laws of the LTIP. The LTIP shall be in force for a period of 5 years from 16 October 2013, unless extended further. The main features of the LTIP are disclosed in Note 33 to the financial statements.

During the financial year, the Company has granted 2,013,700 new ordinary shares under the ESGP to eligible executive employees of the Company.

On 5 January 2017, the ESOS expired and the remaining unexercised ESOS options became lapsed.

Details of the options over the ordinary shares of the Company under ESOS are as follows:

Date of offer	Option price RM	Number of options over ordinary shares				Outstanding as at 31.3.2017
		Outstanding as at 1.4.2016	Movements during the financial year -->			
			Granted	Exercised	Lapsed	
6 January 2014	0.66	9,651,600	-	-	(9,651,600)	-
6 April 2015	0.50	9,952,000	-	-	(9,952,000)	-

#### Warrants

Unexercised warrants of the Company as at 31 March 2017 are as follows:

Warrants	Date issued	Exercise price	Number of warrants over ordinary shares	Warrant expiry date
Warrants 2013/2018	31 May 2013	RM0.50	83,142,487	30 May 2018

The Warrants 2011/2016 had lapsed due to expiry on 19 April 2016.

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

### DIRECTORS

The Directors who have held office since the date of the last report are:

#### Omesti Berhad

Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas

Dato' Mah Siew Kwok

Mah Xian-Zhen

Monteiro Gerard Clair

Dato' Sri Thong Kok Khee

Hj. Ahmad Bin Khalid

Tai Keat Chai

Mah Yong Sun

## DIRECTORS' REPORT (CONT'D.)

### DIRECTORS (CONT'D.)

Subsidiaries of Omesti Berhad (excluding those who are already listed above)

Adlin Bin Shaharudin	
Ch'ng Kai Fen	
Chia Yong Wei	
Gan Khong Kiat	
Dato' Gan Nyap Liou @ Gan Nyap Liow	
Hoe Kah Soon	
Lau Chi Chiang	
Martin Chu Leong Meng	
Neo Poh Lian	
Nik Shazni Farhan Bin Nik Muhammad Shah	
Robin Lim Jin Hee	
Wan Mohalina Binti Wan Mohammad	
Zailan Bin Kassim	
Ainuddin Bin Jantan	(Appointed on 30 June 2016)
Datuk Mohd Samsuri Bin Mohd Sohoh	(Appointed on 1 August 2016)
Nurman Rummel Bin Sanusi	(Appointed on 30 January 2017)
Elwin Lim Yew Mun	(Appointed on 10 March 2017)
Tun Arifin Bin Zakaria	(Appointed on 6 June 2017)
Datuk Seri Ismail Bin Yusof	(Resigned on 10 May 2016)
Fazilah Binti Karuveetil Moidunny	(Resigned on 18 May 2016)
Siti Fatimah Binti Muhamad Erdris	(Resigned on 18 May 2016)
Dr Abdul Kadir Bin Warsi Mohamed	(Resigned on 30 June 2016)
Kamal Effendy Bin Abdul Rashid	(Resigned on 1 August 2016)
Lee Hau King	(Resigned on 30 September 2016)
Dato' Seri Mohd Khairi Bin Mat Jahya	(Resigned on 30 January 2017)
Chin Shin Yi	(Resigned on 12 March 2017)

### DIRECTORS' INTERESTS

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

	<----- Number of ordinary shares ----->			
	Balance as at 1.4.2016	Bought	Sold	Balance as at 31.3.2017
<b>Shares in the Company</b>				
<u>Direct interests</u>				
Tan Sri Dato' Seri Megat Najmuddin				
Bin Datuk Seri Dr. Hj. Megat Khas	19,282,055	20,000	(2,966,000)	16,336,055
Dato' Mah Siew Kwok	87,110,424	1,786,000	-	88,896,424
Hj. Ahmad Bin Khalid	50,001	-	-	50,001
Mah Yong Sun	4,621,300	-	-	4,621,300
Monteiro Gerard Clair	2,882,200	4,595,100	-	7,477,300
Mah Xian-Zhen	11,794,600	678,400	(3,305,000)	9,168,000
<u>Indirect interests</u>				
Dato' Sri Thong Kok Khee^	42,659,500	-	-	42,659,500
Monteiro Gerard Clair#	68,685,300	100,000	(354,000)	68,431,300

## DIRECTORS' REPORT (CONT'D.)

### DIRECTORS' INTERESTS (CONT'D.)

Warrants 2011/2016 in the Company	Number of warrants 2011/2016			Balance as at 31.3.2017
	Balance as at 1.4.2016	Bought	Lapsed	
<u>Direct interests</u>				
Tan Sri Dato' Seri Megat Najmuddin				
Bin Datuk Seri Dr. Hj. Megat Khas	6,054,172	-	(6,054,172)	-
Dato' Mah Siew Kwok	18,570,625	-	(18,570,625)	-
Mah Xian-Zhen	3,257,590	-	(3,257,590)	-
<u>Indirect interests</u>				
Dato' Sri Thong Kok Khee <sup>^</sup>	2,920,469	-	(2,920,469)	-

Warrants 2013/2018 in the Company	Number of warrants 2013/2018			Balance as at 31.3.2017
	Balance as at 1.4.2016	Bought	Sold	
<u>Direct interests</u>				
Tan Sri Dato' Seri Megat Najmuddin				
Bin Datuk Seri Dr. Hj. Megat Khas	6,663,700	-	(6,663,700)	-
Dato' Mah Siew Kwok	26,244,135	-	-	26,244,135
Mah Yong Sun	750,000	-	-	750,000
Monteiro Gerard Clair	40,000	31,000	-	71,000
<u>Indirect interests</u>				
Dato' Sri Thong Kok Khee <sup>^</sup>	7,671,100	-	-	7,671,100
Monteiro Gerard Clair <sup>#</sup>	20,382,500	-	-	20,382,500

ESOS in the Company	Number of options over ordinary shares				Balance as at 31.3.2017
	Balance as at 1.4.2016	Granted	Exercised	Lapsed	
<u>Direct interests</u>					
Tan Sri Dato' Seri Megat Najmuddin					
Bin Datuk Seri Dr. Hj. Megat Khas	253,200	-	-	(253,200)	-
Monteiro Gerard Clair	2,200,000	-	-	(2,200,000)	-
Mah Xian-Zhen	2,100,000	-	-	(2,100,000)	-
Dato' Mah Siew Kwok	200,000	-	-	(200,000)	-
Hj. Ahmad Bin Khalid	200,000	-	-	(200,000)	-
Tai Keat Chai	200,000	-	-	(200,000)	-
Mah Yong Sun	200,000	-	-	(200,000)	-
Dato' Sri Thong Kok Khee	200,000	-	-	(200,000)	-



## DIRECTORS' REPORT (CONT'D.)

### DIRECTORS' INTERESTS (CONT'D.)

Shares in subsidiaries	Number of ordinary shares			Balance as at 31.3.2017
	Balance as at 1.4.2016	Bought	Sold	
<b>Diversified Gateway Solutions Berhad</b>				
<u>Direct interests</u>				
Tan Sri Dato' Seri Megat Najmuddin				
Bin Datuk Seri Dr. Hj. Megat Khas	2,743,000	–	(1,000,000)	1,743,000
Dato' Mah Siew Kwok	8,763,892	–	–	8,763,892
Monteiro Gerard Clair	–	3,000,000	–	3,000,000
Hj. Ahmad Bin Khalid	30,001	–	–	30,001
<u>Indirect interests</u>				
Dato' Mah Siew Kwok*	713,923,401	24,566,600	–	738,490,001
<b>Microlink Solutions Berhad</b>				
<u>Direct interests</u>				
Monteiro Gerard Clair	450,347	1,150,800	–	1,601,147
Tan Sri Dato' Seri Megat Najmuddin				
Bin Datuk Seri Dr. Hj. Megat Khas	136,721	–	(28,979)	107,742
Dato' Mah Siew Kwok	1,271,536	–	–	1,271,536
Mah Xian-Zhen	113,666	5,000	–	118,666
Hj. Ahmad Bin Khalid	500	–	(500)	–
Mah Yong Sun	3,850,213	–	–	3,850,213
<u>Indirect interests</u>				
Dato' Sri Thong Kok Khee <sup>^</sup>	426,595	–	–	426,595

ESOS in the subsidiaries	Number of options over ordinary shares			Balance as at 31.3.2017	
	Balance as at 1.4.2016	Granted	Exercised		Lapsed
<b>Microlink Solutions Berhad</b>					
<u>Direct interests</u>					
Monteiro Gerard Clair	–	1,000,200	–	–	1,000,200
Mah Xian-Zhen	–	600,000	–	–	600,000

<sup>^</sup> Deemed interest by virtue of his substantial interest in Insas Berhad, pursuant to Section 8(4) of the Companies Act, 2016 in Malaysia.

<sup>#</sup> Deemed interest by virtue of his substantial interest in Red Zone Development Sdn Bhd, pursuant to Section 8(4) of the Companies Act, 2016 in Malaysia.

<sup>\*</sup> Deemed interest by virtue of his substantial interest in Omesti Berhad, pursuant to Section 8(4) of the Companies Act, 2016 in Malaysia.

## DIRECTORS' REPORT (CONT'D.)

### DIRECTORS' INTERESTS (CONT'D.)

By virtue of his interests in the ordinary shares of the Company, Dato' Mah Siew Kwok is also deemed to be interested in the shares of all subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

### DIRECTORS' BENEFITS

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

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

### DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 31 to the financial statements.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

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

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amount of bad debts written off or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## DIRECTORS' REPORT (CONT'D.)

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D.)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (cont'd.)

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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

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

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 37 to the financial statements.

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

Significant event subsequent to the end of the reporting period is disclosed in Note 38 to the financial statements.

### AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2017 amounted to RM50,000 and RM563,662 respectively.

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

**Monteiro Gerard Clair**

Director

**Mah Xian-Zhen**

Director

Kuala Lumpur

5 July 2017

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 13 to 75 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information as set out in Note 39 to the financial statements on page 76 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

**Monteiro Gerard Clair**

Director

**Mah Xian-Zhen**

Director

Kuala Lumpur

5 July 2017

# STATUTORY DECLARATION

I, Voon Siew Moon, being the Officer primarily responsible for the financial management of Omesti Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 13 to 76 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
5 July 2017 )

**Voon Siew Moon**

Before me:

**BALOO A/L T. PICHAJ (W 663)**

Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OMESTI BERHAD  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Omesti Berhad, which comprise the statements of financial position as at 31 March 2017 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 13 to 75.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards (FRSs) 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 (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

#### 1. **Impairment assessment of the carrying amount of goodwill**

The carrying amount of goodwill on consolidation as at 31 March 2017 amounted to RM78.2 million, as disclosed in Note 5 to the financial statements.

We have focused on this impairment assessment as the process is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow forecasts of the cash generating units (CGU) in determining the recoverable amount. These key assumptions include forecasted growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

#### **Audit response**

Our audit procedures included the following:

- (i) Compared prior period budgets to actual outcomes to assess reliability of management's forecasting process and controls;
- (ii) Assessed and challenged the assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) Verified pre-tax discount rate used by management by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and
- (iv) Performed sensitivity analysis to stress test the key assumptions used in the forecasts to evaluate the impact on the impairment assessment.

## INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF OMESTI BERHAD

(Incorporated in Malaysia)

### KEY AUDIT MATTERS (CONT'D.)

#### 2. *Recoverability of trade receivables*

As at 31 March 2017, the Group has trade receivables of RM91.3 million which include debts that are past due but not impaired of RM44.3 million. The details of trade receivables and its credit risk impaired have been disclosed in Note 14 to the financial statements.

We have focused on the recoverability of trade receivables as it requires a high level of management judgement and the amounts are material.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

#### *Audit response*

Our audit procedures included the following:

- (i) Assessed recoverability of receivables that were past due but not impaired by reviewing their historical bad debt expense, ageing profiles of the counter parties and past historical repayment trends; and
- (ii) Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with FRs 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.

## INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF OMESTI BERHAD

(Incorporated in Malaysia)

### 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

## **INDEPENDENT AUDITORS' REPORT (CONT'D.)**

TO THE MEMBERS OF OMESTI BERHAD

(Incorporated in Malaysia)

### **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 REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 39 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **OTHER MATTERS**

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

#### **BDO**

AF: 0206

Chartered Accountants

#### **Lum Chiew Mun**

03039/04/2019 J

Chartered Accountant

Kuala Lumpur

5 July 2017



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	5	78,239,483	78,239,483	-	-
Other intangible assets	6	52,115,669	17,601,327	-	-
Investments in subsidiaries	7	-	-	160,060,001	160,060,001
Investments in associates	8	85,680,914	78,473,797	-	-
Other investments	9	32,420,850	33,459,366	29,090,890	28,684,541
Trade receivables	14	6,272,463	6,076,934	-	-
Other receivables, deposits and prepayments	10	16,641,574	20,938,312	18,009,691	18,009,691
Deferred tax assets	11	6,705,076	4,759,898	-	-
Property, plant and equipment	12	31,718,325	23,967,228	771,198	1,033,757
		309,794,354	263,516,345	207,931,780	207,787,990
<b>Current assets</b>					
Inventories	13	21,810,874	19,127,371	-	-
Other investments	9	119,989	3,182,371	-	-
Trade receivables	14	85,011,152	129,203,842	4,880	-
Other receivables, deposits and prepayments	10	77,915,776	74,222,524	7,755,936	16,762,131
Amounts owing by subsidiaries	15	-	-	82,922,214	53,858,238
Amounts owing by associates	16	8,752	18,108	8,752	18,108
Current tax assets		9,415,081	6,339,282	229,993	-
Cash and bank balances	17	73,388,740	76,261,984	447,446	5,699,533
		267,670,364	308,355,482	91,369,221	76,338,010
<b>TOTAL ASSETS</b>		<b>577,464,718</b>	<b>571,871,827</b>	<b>299,301,001</b>	<b>284,126,000</b>

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

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

AS AT 31 MARCH 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	18	230,280,629	194,630,837	230,280,629	194,630,837
Reserves	19	37,513,276	54,101,106	35,970,624	55,551,789
Retained earnings/(Accumulated losses)		8,699,939	16,579,110	5,780,374	(2,093)
		276,493,844	265,311,053	272,031,627	250,180,533
<b>Non-controlling interests</b>	7	53,415,144	39,702,597	-	-
<b>TOTAL EQUITY</b>		329,908,988	305,013,650	272,031,627	250,180,533
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	20	18,011,845	26,868,493	-	-
Provisions	30	4,556,031	4,119,260	706,450	836,684
Deferred tax liabilities	11	797,153	1,090,219	-	-
		23,365,029	32,077,972	706,450	836,684
<b>Current liabilities</b>					
Trade payables	23	35,013,232	39,754,627	-	-
Other payables, deposits and accruals	24	93,397,093	102,375,051	997,310	1,287,544
Amounts owing to subsidiaries	15	-	-	25,565,614	31,743,905
Amounts owing to associates	16	1,279,704	1,619,623	-	-
Borrowings	20	94,097,219	90,820,262	-	5,846
Current tax payable		403,453	210,642	-	71,488
		224,190,701	234,780,205	26,562,924	33,108,783
<b>TOTAL LIABILITIES</b>		247,555,730	266,858,177	27,269,374	33,945,467
<b>TOTAL EQUITY AND LIABILITIES</b>		577,464,718	571,871,827	299,301,001	284,126,000

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	26	420,207,012	407,080,089	11,529,564	3,368,476
Changes in inventories		2,696,772	(7,906,301)	-	-
Purchases		(308,380,264)	(296,384,192)	-	-
Other operating income		4,770,009	3,091,141	1,457,839	1,229,425
Depreciation and amortisation expenses		(9,191,227)	(10,303,668)	(267,107)	(335,104)
Employee benefits	31	(89,944,161)	(83,415,737)	(4,693,264)	(6,584,301)
Other operating expenses		(29,515,030)	(39,937,309)	(5,224,214)	(5,352,276)
Finance costs	27	(10,282,922)	(9,799,655)	(1,033)	(5,252)
Share of profit of associates, net of tax	8	8,509,412	10,153,528	-	-
(Loss)/Profit before tax		(11,130,399)	(27,422,104)	2,801,785	(7,679,032)
Taxation	28	(3,820,341)	(246,791)	9,204	(284,488)
(Loss)/Profit for the financial year		(14,950,740)	(27,668,895)	2,810,989	(7,963,520)
<b>Other comprehensive income/(loss), net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations for foreign operations, net of tax		601,909	(1,402,076)	-	-
Share of other comprehensive income of associates, net of tax	8	(155,244)	57,427	-	-
Total other comprehensive income/(loss)		446,665	(1,344,649)	-	-
Total comprehensive (loss)/income		(14,504,075)	(29,013,544)	2,810,989	(7,963,520)

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D.)**  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent		(12,111,981)	(23,018,422)	2,810,989	(7,963,520)
Non-controlling interests	7	(2,838,759)	(4,650,473)	-	-
		(14,950,740)	(27,668,895)	2,810,989	(7,963,520)
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent		(11,522,029)	(24,160,663)	2,810,989	(7,963,520)
Non-controlling interests		(2,982,046)	(4,852,881)	-	-
		(14,504,075)	(29,013,544)	2,810,989	(7,963,520)
<b>Loss per ordinary share attributable to owners of the parent:</b>					
Basic (sen)	29	(2.91)	(5.93)		
Diluted (sen)	29	(2.91)	(5.93)		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Group	Note	Non-distributable					Distributable			Total equity	
		Share capital	Share premium	Capital reserve	Warrant reserve	Equity compensation reserve	Exchange translation reserve	Retained earnings	attributable to owners of the parent		Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	
Balance as at 1 April 2015		193,742,587	15,573,684	24,663,246	11,307,378	2,813,094	(251,015)	21,252,614	269,101,588	26,745,921	295,847,509
Loss for the financial year		-	-	-	-	-	-	(23,018,422)	(23,018,422)	(4,650,473)	(27,668,895)
Foreign currency translations for foreign operations, net of tax		-	-	-	-	-	(1,199,668)	-	(1,199,668)	(202,408)	(1,402,076)
Share of other comprehensive income of associates, net of tax		-	-	-	-	-	-	57,427	57,427	-	57,427
Total comprehensive loss		-	-	-	-	-	(1,199,668)	(22,960,995)	(24,160,663)	(4,852,881)	(29,013,544)
<b>Transactions with owners</b>											
Shares issued pursuant to LTIP	18	785,750	41,543	-	-	-	-	-	827,293	-	827,293
Shares issued pursuant to ESOS	18	102,500	22,202	-	-	(22,202)	-	-	102,500	-	102,500
Share-based payment transactions		-	-	-	-	1,152,844	-	-	1,152,844	-	1,152,844
Arising from accretion of equity interests in subsidiaries		-	-	-	-	-	-	(1,137,954)	(1,137,954)	608,347	(529,607)
Arising from dilution of equity interests in subsidiaries		-	-	-	-	-	-	21,433,906	21,433,906	17,201,210	38,635,116
Dividends paid	32	-	-	-	-	-	-	(2,008,461)	(2,008,461)	-	(2,008,461)
Total transactions with owners		888,250	63,745	-	-	1,130,642	-	18,287,491	20,370,128	17,809,557	38,179,685
Balance as at 31 March 2016		194,630,837	15,637,429	24,663,246	11,307,378	3,943,736	(1,450,683)	16,579,110	265,311,053	39,702,597	305,013,650

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Group	Note	Non-distributable						Distributable		Total equity RM	
		Share capital RM	Share premium RM	Capital reserve RM	Warrant reserve RM	Equity compensation reserve RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM		Non-controlling interests RM
Balance as at 1 April 2016		194,630,837	15,637,429	24,663,246	11,307,378	3,943,736	(1,450,683)	16,579,110	265,311,053	39,702,597	305,013,650
Loss for the financial year		-	-	-	-	-	-	(12,111,981)	(12,111,981)	(2,838,759)	(14,950,740)
Foreign currency translations for foreign operations, net of tax		-	-	-	-	-	745,196	-	745,196	(143,287)	601,909
Share of other comprehensive loss of associates, net of tax		-	-	-	-	-	(245,035)	89,791	(155,244)	-	(155,244)
Total comprehensive loss		-	-	-	-	-	500,161	(12,022,190)	(11,522,029)	(2,982,046)	(14,504,075)
<b>Transactions with owners</b>											
Shares issued pursuant to LTIP	18	1,006,850	9,901	-	-	-	-	-	1,016,751	-	1,016,751
Shares issued pursuant to private placement	18	19,489,600	-	-	-	-	-	-	19,489,600	-	19,489,600
Share issue expenses		-	(494,292)	-	-	-	-	-	(494,292)	-	(494,292)
Conversion of warrants	18	158	146	-	-	-	-	-	304	-	304
Effects arising from acquisition of a subsidiary		-	-	-	-	-	-	-	-	4,000	4,000
Arising from accretion of equity interests in subsidiaries		-	-	-	-	-	-	(6,278,922)	(6,278,922)	3,413,591	(2,865,331)
Arising from dilution of equity interests in subsidiaries		-	-	-	-	-	-	6,478,205	6,478,205	11,422,356	17,900,561
Share-based payment transactions in a subsidiary		-	-	-	-	2,493,174	-	-	2,493,174	1,854,646	4,347,820
ESOS lapsed		-	-	-	-	(3,943,736)	-	3,943,736	-	-	-
Total transactions with owners		20,496,608	(484,245)	-	-	(1,450,562)	-	4,143,019	22,704,820	16,694,593	39,399,413
Effects of the new Companies Act, 2016	18	15,153,184	(15,153,184)	-	-	-	-	-	-	-	-
Balance as at 31 March 2017		230,280,629	-	24,663,246	11,307,378	2,493,174	(950,522)	8,699,939	276,493,844	53,415,144	329,908,988

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Company	Note	Non-distributable					-<Distributable-> (Accumulated losses)/		Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Warrant reserve RM	Equity compensation reserve RM	Retained earnings RM	RM	
Balance as at 1 April 2015		193,742,587	15,573,684	24,663,246	11,307,378	2,813,094	9,969,888	258,069,877	
Loss for the financial year		-	-	-	-	-	(7,963,520)	(7,963,520)	
Other comprehensive income, net of tax		-	-	-	-	-	-	-	
Total comprehensive loss		-	-	-	-	-	(7,963,520)	(7,963,520)	
<b>Transactions with owners</b>									
Shares issued pursuant to LTIP	18	785,750	41,543	-	-	-	-	827,293	
Shares issued pursuant to exercise of Employee Share Option Scheme (ESOS)	18	102,500	22,202	-	-	(22,202)	-	102,500	
Share-based payment transactions		-	-	-	-	1,152,844	-	1,152,844	
Dividend paid	32	-	-	-	-	-	(2,008,461)	(2,008,461)	
Total transactions with owners		888,250	63,745	-	-	1,130,642	(2,008,461)	74,176	
Balance as at 31 March 2016		194,630,837	15,637,429	24,663,246	11,307,378	3,943,736	(2,093)	250,180,533	
Balance as at 1 April 2016		194,630,837	15,637,429	24,663,246	11,307,378	3,943,736	(2,093)	250,180,533	
Profit for the financial year		-	-	-	-	-	2,810,989	2,810,989	
Other comprehensive income, net of tax		-	-	-	-	-	-	-	
Total comprehensive income		-	-	-	-	-	2,810,989	2,810,989	
<b>Transactions with owners</b>									
Shares issued pursuant to LTIP	18	1,006,850	9,901	-	-	-	-	1,016,751	
Shares issued pursuant to private placement	18	19,489,600	-	-	-	-	-	19,489,600	
Share issue expenses		-	(494,292)	-	-	-	-	(494,292)	
Conversion of warrants	18	158	146	-	-	-	-	304	
ESOS lapsed		-	-	-	-	(3,943,736)	2,971,478	(972,258)	
Total transactions with owners		20,496,608	(484,245)	-	-	(3,943,736)	2,971,478	19,040,105	
Effects of the new Companies Act, 2016	18	15,153,184	(15,153,184)	-	-	-	-	-	
Balance as at 31 March 2017		230,280,629	-	24,663,246	11,307,378	-	5,780,374	272,031,627	

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(11,130,399)	(27,422,104)	2,801,785	(7,679,032)
Adjustments for:					
Amortisation of:					
– software development costs	6	3,901,592	3,874,154	–	–
– license agreement	6	719,496	719,496	–	–
Bad debts recovered		(605)	(109,165)	–	–
Bad debts written off		346,663	265,040	–	–
Depreciation of property, plant and equipment	12	4,570,139	5,710,018	267,107	335,104
Dividend income from subsidiaries		–	–	(10,200,000)	(2,008,461)
Equity settled share-based payment expense	31	5,468,770	1,980,137	950,250	879,616
Net loss on dilution of equity interest in associates		1,147,051	57,225	–	–
Net loss on fair value adjustments on other investments	9(c)	1,444,865	3,756,281	–	–
Net loss/(gain) on disposal of:					
– other investments		–	7,500	–	–
– property, plant and equipment		(6,469)	(4,744)	(4,600)	–
– subsidiaries		–	–	–	(2)
Impairment losses on:					
– goodwill	5	–	2,058,832	–	–
– trade receivables	14	1,170,252	2,608,166	–	–
– other receivables	10	2,629,841	520,738	2,629,841	–
– amounts owing by subsidiaries	15(d)	–	–	–	1,579,246
– property, plant and equipment	12	–	381,250	–	–
– software development costs	6	–	2,290,671	–	–
Interest expense		9,920,646	9,646,563	29	2,651
Interest income		(2,082,355)	(1,401,261)	(453,488)	(120,085)
Inventories written off		–	1,384,341	–	–
Preference share dividend from a subsidiary		–	–	(844,881)	(749,816)
Property, plant and equipment written off	12	215,189	27,276	–	–
(Reversal)/Provision for gratuity obligations	30(b)	(307,080)	84,558	(130,234)	89,736
Provision/(Reversal) for post-employment benefits	30(a)	445,557	(1,659,764)	–	–
Reversal of impairment loss on trade receivables	14	(261,987)	(32,188)	–	–
Share of profit of associates	8	(8,509,412)	(10,153,528)	–	–
Software development costs written off	6	27,000	–	–	–
Net unrealised (gain)/loss on foreign currency exchange		(660,120)	542,770	–	–
Operating profit/(loss) before changes in working capital		9,048,634	(4,867,738)	(4,984,191)	(7,671,043)

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



**STATEMENTS OF CASH FLOWS (CONT'D.)**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>					
(Increase)/Decrease in inventories		(2,683,503)	7,908,827	-	-
Decrease/(Increase) in trade receivables		42,743,062	(45,087,972)	(4,880)	-
(Increase)/Decrease in other receivables, deposits and prepayments		(2,018,030)	3,685,713	6,376,354	(356,920)
(Decrease)/Increase in trade payables		(4,760,097)	5,455,899	-	-
(Decrease)/Increase in other payables, deposits and accruals		(12,777,536)	19,385,815	(314,784)	(1,423,190)
Cash generated from/(used in) operations		29,552,530	(13,519,456)	1,072,499	(9,451,153)
Tax paid		(8,517,834)	(8,805,557)	(292,277)	(213,000)
Tax refunded		49,229	485,935	-	1,366
Net cash from/(used in) operating activities		21,083,925	(21,839,078)	780,222	(9,662,787)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of additional interest in associates		-	(1,309,834)	-	-
Acquisition of subsidiaries, net of cash acquired		4,000	-	-	-
Acquisition of additional interest in subsidiaries		(2,865,331)	(529,607)	-	-
Addition of software development	6	(35,483,230)	(969,523)	-	-
Disposal of subsidiary, net of cash		-	-	-	2
Disposal of interest in subsidiaries		144,207	29,715,000	-	-
Dividends received from subsidiaries		-	-	-	21,365,806
Interest received		2,082,355	1,401,261	453,488	120,085
Net (repayment to)/advances from associate		(330,563)	-	9,356	(15,995)
Net advances to subsidiaries		-	-	(25,923,474)	(10,230,204)
Preference share dividend from a subsidiary		-	-	844,881	749,816
Proceeds from disposal of other investments		3,062,382	2,840,617	-	-
Proceeds from disposal of property, plant and equipment		84,320	12,073	19,013	-
Purchase of other investments		(406,349)	(6,294,732)	(406,349)	(1,514,565)
Purchase of property, plant and equipment	12(c)	(12,564,295)	(4,896,103)	(18,961)	(383,415)
Withdrawal/(Placement) of deposits pledged to licensed banks		1,263,626	(74,417)	-	-
Net cash (used in)/from investing activities		(45,008,878)	19,894,735	(25,022,046)	10,091,530

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

**STATEMENTS OF CASH FLOWS (CONT'D.)**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net drawdown/(Repayments) of:					
– trust receipts and term loans		11,849,866	(815,702)	–	–
– hire purchase and lease creditors		(10,730,117)	9,583,939	(5,846)	(67,918)
Interest paid		(9,920,646)	(9,646,563)	(29)	(2,651)
Net proceeds from shares issued pursuant to private placement		18,995,308	–	18,995,308	–
Ordinary share capital contributed by non-controlling interests of a subsidiary		17,756,354	6,900,000	–	–
Proceeds from conversion of warrants		304	–	304	–
Proceeds from issue of shares pursuant to ESOS	18	–	102,500	–	102,500
Net cash from financing activities		27,951,069	6,124,174	18,989,737	31,931
Net increase/(decrease) in cash and cash equivalents		4,026,116	4,179,831	(5,252,087)	460,674
Cash and cash equivalents at beginning of financial year		41,853,575	39,437,343	5,699,533	5,238,859
Effect of changes in exchange rates		1,073,984	(1,763,599)	–	–
Cash and cash equivalents at end of financial year	17(e)	46,953,675	41,853,575	447,446	5,699,533

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

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2017 comprise the Company and its subsidiaries and the interest of the Group in associates. These financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 July 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and the provision of management services. The principal activities of the subsidiaries are disclosed 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

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs) and the provisions of the Companies Act, 2016 in Malaysia.

However, Note 39 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new FRSs during the financial year. The new FRSs and Amendments to FRSs adopted during the financial year are disclosed in Note 36 to the financial statements.

## 4. OPERATING SEGMENTS

The Company and its subsidiaries in Malaysia are principally engaged in the distribution, maintenance and development of computer hardware and software and advisory and consultancy for computer software solutions; whilst its subsidiaries in Singapore and Thailand are principally engaged in advisory and consultancy for computer software solutions.

### (a) Reportable segments

The Group has arrived at 3 reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technological requirements, which requires different business and marketing strategies. These reportable segments are as follows:

#### (i) Business Performance Services

Provision of business performance improvement related services;

#### (ii) Trading & Distribution Services

Distribution and reselling of hardware and software and related services;

#### (iii) Digital & Infrastructure Services

Provision of a comprehensive range of tele/data communication, networking solutions and related services.

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

(a) Reportable segments (cont'd.)

Other segments comprise operations related to property development and investment holding activities.

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

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

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

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

<b>2017</b>	<b>Business Performance Services RM</b>	<b>Trading &amp; Distribution Services RM</b>	<b>Digital &amp; Infrastructure Services RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidation RM</b>
<b>Revenue</b>						
External sales	192,649,509	200,021,530	27,253,046	282,927	-	420,207,012
Inter-segment sales	57,202,432	7,574,511	9,778,289	21,918,249	(96,473,481)	-
<b>Total</b>	<b>249,851,941</b>	<b>207,596,041</b>	<b>37,031,335</b>	<b>22,201,176</b>	<b>(96,473,481)</b>	<b>420,207,012</b>
<b>Results</b>						
Segment results	3,894,356	8,161,190	(6,584,034)	12,355,415	(29,628,447)	(11,801,520)
Interest expense	(2,227,563)	(1,305,999)	(1,440,836)	(5,930,228)	983,980	(9,920,646)
Interest income	1,034,077	251,615	341,687	1,356,766	(901,790)	2,082,355
Share of profit in associates, net of tax	-	-	-	8,509,412	-	8,509,412
Profit/(Loss) before tax	2,700,870	7,106,806	(7,683,183)	16,291,365	(29,546,257)	(11,130,399)
Tax expense						(3,820,341)
Loss for the financial year						(14,950,740)
<b>Other information</b>						
Segment assets	424,221,093	118,943,926	100,868,303	461,630,295	(528,198,899)	577,464,718
Segment liabilities	394,495,833	79,795,936	71,766,328	205,773,493	(504,275,860)	247,555,730
Capital expenditure	1,236,697	245,317	2,817,723	9,521,974	(1,257,416)	12,564,295
Depreciation and amortisation	5,362,559	470,467	2,301,291	278,402	778,508	9,191,227
Non-cash expenses other than depreciation and amortisation	6,381,975	450,079	360,166	4,049,995	1,199,549	12,441,764

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

4. OPERATING SEGMENTS (CONT'D.)

(a) Reportable segments (cont'd.)

2016	Business Performance Services RM	Trading & Distribution Services RM	Digital & Infrastructure Services RM	Others RM	Elimination RM	Consolidation RM
<b>Revenue</b>						
External sales	186,470,214	191,247,079	29,178,850	183,946	-	407,080,089
Inter-segment sales	37,062,344	8,851,774	18,437,000	3,539,792	(67,890,910)	-
<b>Total</b>	<b>223,532,558</b>	<b>200,098,853</b>	<b>47,615,850</b>	<b>3,723,738</b>	<b>(67,890,910)</b>	<b>407,080,089</b>
<b>Results</b>						
Segment results	(6,719,705)	5,441,417	(7,901,984)	(7,607,089)	(12,542,969)	(29,330,330)
Interest expense	(3,453,405)	(803,671)	(599,062)	(6,090,895)	1,300,470	(9,646,563)
Interest income	731,147	309,599	306,204	1,345,865	(1,291,554)	1,401,261
Share of profit in associates, net of tax	-	-	-	10,153,528	-	10,153,528
(Loss)/Profit before tax	(9,441,963)	4,947,345	(8,194,842)	(2,198,591)	(12,534,053)	(27,422,104)
Tax expense						(246,791)
Loss for the financial year						(27,668,895)
<b>Other information</b>						
Segment assets	372,634,238	115,528,564	88,852,427	324,511,388	(329,654,790)	571,871,827
Segment liabilities	376,906,350	81,863,677	46,624,120	188,508,940	(427,044,910)	266,858,177
Capital expenditure	4,256,708	29,813	1,326,774	396,305	(1,034,440)	4,975,160
Depreciation and amortisation	5,440,909	502,130	3,406,510	341,710	612,409	10,303,668
Non-cash expenses other than depreciation and amortisation	5,338,545	5,395	1,938,235	17,219,557	(12,471,055)	12,030,677

(b) Geographical segments

2017	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation and amortisation RM
Malaysia	366,116,692	539,744,019	224,509,555	11,795,485	8,814,648
Singapore	2,664,736	1,103,949	214,961	324,344	162,543
Thailand	51,425,584	35,790,650	21,606,907	436,522	205,251
Indonesia	-	769,816	1,177,528	-	-
Vietnam	-	49,426	34,310	7,944	2,687
Brunei	-	6,858	12,469	-	6,098
<b>Total</b>	<b>420,207,012</b>	<b>577,464,718</b>	<b>247,555,730</b>	<b>12,564,295</b>	<b>9,191,227</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 4. OPERATING SEGMENTS (CONT'D.)

(b) Geographical segments (cont'd.)

2016	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation and amortisation RM
Malaysia	367,812,035	546,110,680	251,239,906	4,729,275	10,081,905
Singapore	2,242,182	2,229,518	2,786,625	132,540	52,389
Thailand	37,025,872	22,784,893	11,816,515	113,345	165,530
Indonesia	–	678,416	971,723	–	–
Vietnam	–	56,445	34,882	–	1,830
Brunei	–	11,875	8,526	–	2,014
	407,080,089	571,871,827	266,858,177	4,975,160	10,303,668

Geographical segments of the Group are presented based on the physical geographical locations of subsidiaries of the Group.

### 5. GOODWILL

	Group	
	2017 RM	2016 RM
Cost	80,298,315	80,298,315
Less: Accumulated impairment losses	(2,058,832)	(2,058,832)
Carrying amount	78,239,483	78,239,483

(a) After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any.

(b) Goodwill arising from business combinations have been allocated to the CGUs of the Group based on the following reportable segments:

	Business Performance Services RM	Trading & Distribution Services RM	Digital & Infrastructure Services RM	Total RM
As at 1 April 2015	43,897,037	1,767,113	34,634,165	80,298,315
Impairment loss during the financial year	(2,058,832)	–	–	(2,058,832)
As at 1 April 2016	41,838,205	1,767,113	34,634,165	78,239,483
Impairment loss during the financial year	–	–	–	–
As at 31 March 2017	41,838,205	1,767,113	34,634,165	78,239,483

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 5. GOODWILL (CONT'D.)

- (c) Recoverable amounts of goodwill for both financial years have been determined based on the value-in-use method using the following assumptions:
- (i) Cash flow forecasts based on approved financial budgets covering a five (5) year period;
  - (ii) Pre-tax discount rate of the Group of 7.49% (2016: 8.24%) per annum;
  - (iii) Forecasted growth rates ranging from 5.00% to 10.00% (2016: 5.00% to 10.00%) based on past performance of the segment;
  - (iv) Terminal value based on the fifth year cash flow without incorporating any growth rate; and
  - (v) Projected profit margins based on historical profit margins achieved.

A reasonable change in the assumptions above would not cause any impairment loss on goodwill.

### 6. OTHER INTANGIBLE ASSETS

	Group	
	2017 RM	2016 RM
<b>Software development costs</b>		
As at 1 April 2016/2015	13,044,548	18,239,850
Add: Addition during the financial year	39,162,430	969,523
Less: Impairment losses during the financial year	-	(2,290,671)
Less: Amortised during the financial year	(3,901,592)	(3,874,154)
Less: Written off during the financial year	(27,000)	-
As at 31 March 2017/2016	48,278,386	13,044,548
<b>License agreement</b>		
As at 1 April 2016/2015	4,556,779	5,276,275
Less: Amortised during the financial year	(719,496)	(719,496)
As at 31 March 2017/2016	3,837,283	4,556,779
<b>Total other intangible assets</b>	<b>52,115,669</b>	<b>17,601,327</b>

<----- As at 31.3.2017 ----->				
Group	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Software development costs	76,108,739	(25,539,682)	(2,290,671)	48,278,386
License agreement	6,475,433	(2,638,150)	-	3,837,283
	82,584,172	(28,177,832)	(2,290,671)	52,115,669

6. OTHER INTANGIBLE ASSETS (CONT'D.)

Group	<----- As at 31.3.2016 ----->			
	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Software development costs	36,973,309	(21,638,090)	(2,290,671)	13,044,548
License agreement	6,475,433	(1,918,654)	-	4,556,779
	43,448,742	(23,556,744)	(2,290,671)	17,601,327

(a) Software development costs and license agreement are intangible assets with finite useful lives that are measured after initial recognition at cost less any accumulated amortisation and any impairment losses.

(b) Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal amortisation periods are as follow:

Software development costs	4 to 10 years
License agreement	9 years

(c) There are no changes to the residual value of software development costs and license agreement during the financial year. A 1% change in residual value at the end of reporting period has no significant impact on the carrying amount of software development costs and license agreement.

(d) In the previous financial year, management impaired software development costs of the Group amounted to RM2,290,671 because the Directors do not anticipate any future economic benefits associated with these intangible assets.

(e) During the financial year, the Group made the following cash payments to purchase software development expenditure.

	Group	
	2017 RM	2016 RM
Purchase of software development expenditure	39,162,430	969,523
Other payables	(3,679,200)	-
Cash payments on purchase of software development expenditure	35,483,230	969,523



**7. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	186,171,649	186,171,649
Less: Accumulated impairment losses	(26,111,648)	(26,111,648)
	160,060,001	160,060,001

(a) Investments in subsidiaries are measured at cost. Non-controlling interests are measured at proportionate share of the net assets of subsidiaries, unless another measurement basis is required by FRSS.

(b) Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiaries		
		2017 %	2016 %	2017 %	2016 %	
Continuous Network Advisers Sdn Bhd (CNA)	Malaysia	100	100	–	–	Investment holding
Continuous Network Services Sdn Bhd (CNS)	Malaysia	100	100	–	–	Provision of corporate secretarial, accounting and payroll services
Formis Research and Development Sdn Bhd (FRDEV)	Malaysia	100	100	–	–	Development of application software, system integration services and the provision of hardware and software maintenance services
Man Yau Holdings Berhad (MYHB)	Malaysia	100	100	–	–	Investment holding
Omesti Holdings Berhad (OHB)	Malaysia	100	100	–	–	Investment holding
<b>Subsidiaries of CNA</b>						
MYATM Sdn Bhd (MYATM)	Malaysia	–	–	89.7	60	Manufacturing, trading and servicing of banking equipment and providing outsource related services
Yakimbi Sdn Bhd (Yakimbi)	Malaysia	–	–	94.4	94.4	Inactive
†Bancore Asia Pte. Ltd. (BAP)	Republic of Singapore	–	–	66.7	66.7	Distributing, marketing, implementing and maintenance financial technology software in Asia Pacific region
Chelsea Apps Factory Bangsar Sdn Bhd (CAFB)	Malaysia	–	–	80	80	Dormant

**7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)**

(b) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiaries		
		2017 %	2016 %	2017 %	2016 %	
<b>Subsidiaries of CNA (cont'd.)</b>						
†Formis Labs Singapore Pte Ltd (FLS)	Republic of Singapore	-	-	100	100	Distributing and marketing online video surveillance and analytics services
†Omesti Innovation Lab Singapore Pte. Ltd.	Republic of Singapore	-	-	100	100	Dormant
Fiber At Home City Networks Sdn Bhd (FIBER)	Malaysia	-	-	66.7	52.6	Spearheading of information communication technology development in the areas of infrastructure, content and application and trading of computer equipment
Omesti Actify Sdn Bhd (OAS)	Malaysia	-	-	100	100	Distribution, marketing, implementing and maintenance of accounting, inventory and goods and services tax accounting software to small and medium sized enterprise in Malaysia
Omesti Pay Sdn Bhd (OPSB)	Malaysia	-	-	100	-	Development of information technology and software development on e-payment and remittance of funds and other related services
<b>Subsidiary of Yakimbi</b>						
Yakimbi ICT Sdn Bhd (Yakimbi ICT)	Malaysia	-	-	100	100	Designing and development of website and software, and providing of maintenance services and other related services
<b>Subsidiaries of BAP</b>						
Bancore Sdn Bhd (BANCORE)	Malaysia	-	-	100	100	Inactive
#Bancore Vietnam Company Limited (Bancore-V)	Socialist Republic of Vietnam	-	-	100	100	Consulting services, software implementation services, data processing services, database services and maintenance services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiaries		
		2017 %	2016 %	2017 %	2016 %	
<b>Subsidiaries of MYHB</b>						
Formis e Solutions Sdn Bhd (FES)	Malaysia	–	–	100	100	Inactive
Formis Software & Technologies Sdn Bhd (FSTECH)	Malaysia	–	–	100	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Nostalgic Properties Sdn Bhd (NPSB)	Malaysia	–	–	100	100	Investment holding and development of application software, system integration services and the provision of hardware and software maintenance services
Channel Legacy Sdn Bhd (CLSB)	Malaysia	–	–	60	60	Dormant
<b>Subsidiary of NPSB</b>						
†PDAC Formis Sdn Bhd (PDAC)	Brunei	–	–	70	70	Dormant
<b>Subsidiaries of OHB</b>						
@Diversified Gateway Solutions Berhad (DGSB)	Malaysia	–	–	54.5	52.7	Investment holding
Formis Media Teknologi Sdn Bhd (FMT)	Malaysia	–	–	65	65	Inactive
#PT Formis Solusi Indonesia (PTFSI)	Republic of Indonesia	–	–	100	100	Dormant
Ohana Communications Sdn Bhd (OCS)	Malaysia	–	–	100	100	Provision of network connectivity and bandwidth services in Malaysia and project management services in relation to telecommunications
Formis International Limited (FIL)	Federal Territory of Labuan	–	–	100	100	Dormant
Com-Line Systems Sdn Bhd (CLS)	Malaysia	–	–	85	85	Development of standard application packages and the provision of turnkey solution development services

**7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)**

(b) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiaries		
		2017 %	2016 %	2017 %	2016 %	
<b>Subsidiaries of OHB (cont'd.)</b>						
^Microlink Solutions Berhad (Microlink)	Malaysia	-	-	58.0	62.7	Investment holding and provision of research and development on information technology solutions to the financial services industry
Formis Network Services Sdn Bhd (FNS)	Malaysia	-	-	51	51	Provision of information technology services in terms of hardware, software, consultancy and maintenance to telecommunication, oil and gas and government sectors
Formis Automation Sdn Bhd (FASB)	Malaysia	-	-	100	100	Automation, installation and maintenance of computer hardware and software and other automated related projects
<b>Subsidiaries of FNS</b>						
Formis Niaga Solusi Sdn Bhd (FNSi)	Malaysia	-	-	100	60	Dormant
Prima Arenaniaga Sdn Bhd (PASB)	Malaysia	-	-	60	-	Provision of information technology solutions
<b>Subsidiary of CLS</b>						
Comline Dotcom Sdn Bhd (CDC)	Malaysia	-	-	100	100	Dormant
<b>Subsidiaries of DGSB</b>						
Diversified Gateway Berhad (DGB)	Malaysia	-	-	100	100	Provision of computer networking solutions and system integration
ISS Consulting (Malaysia) Sdn Bhd (ISS(M))	Malaysia	-	-	100	100	Provisions of computer networking and digital media solutions and services
†ISS Consulting (S) Pte Ltd (ISS(S))	Republic of Singapore	-	-	100	100	Advisers and consultants for computer software solutions
#ISS Consulting (Thailand) Ltd (ISS(T))	Thailand	-	-	100	100	Advisers and consultants for computer software solutions
†PT ISS Consulting Indonesia (PTISS)	Republic of Indonesia	-	-	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiaries		
		2017 %	2016 %	2017 %	2016 %	
<b>Subsidiaries of DGSB (cont'd.)</b>						
†Ledge Consulting Pte Ltd (LEDGE)	Republic of Singapore	-	-	100	100	Dormant
Cogent Consulting Sdn Bhd (COGENT(M))	Malaysia	-	-	70	70	Dormant
†Cogent Business Solutions (S) Pte Ltd (COGENT(S))	Republic of Singapore	-	-	100	100	Dormant
Rangkaian Ringkas Sdn Bhd (RRSB)	Malaysia	-	-	100	100	Distribution and maintenance of computer networking, network security, storage and network management solutions
<b>Subsidiaries of Microlink</b>						
Microlink Systems Sdn Bhd (MSSB)	Malaysia	-	-	100	100	Provision of information technology solutions to the financial services industry and dealing in related products
Microlink Worldwide Sdn Bhd (MWSB) (In Liquidation)	Malaysia	-	-	100	100	Inactive
CA IT Infrastructure Solutions Sdn Bhd (CAIT)	Malaysia	-	-	100	100	Trading and marketing of computer software programs and products
Microlink Innovation Sdn Bhd (MISB)	Malaysia	-	-	100	100	Provision of research and development for information technology solutions to the financial service industry
Microlink Software Sdn Bhd (MSB)	Malaysia	-	-	51	51	Provision consultancy services in supporting and modifying banking software
CSA Servis (M) Sdn Bhd (CSAS)	Malaysia	-	-	100	100	Provision of computer repair and maintenance service, supply of computer parts, accessories, computers and peripherals

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiaries		
		2017 %	2016 %	2017 %	2016 %	
<b>Subsidiaries of Microlink (cont'd.)</b>						
Omesti Innovation Lab (Malaysia) Sdn Bhd (OIL)	Malaysia	-	-	100	100	Development of information technology and software development, consulting and outsourcing services
†PT Microlink Indonesia (PTMI)	Republic of Indonesia	-	-	100	100	Dormant
<b>Subsidiaries of CSAS</b>						
Applied Business Systems Sdn Bhd (ABS)	Malaysia	-	-	100	100	Distribution and maintenance of computer equipment and software
Formis Systems & Technology Sdn Bhd (FST)	Malaysia	-	-	100	100	Distribution and maintenance of computer hardware and software
Formis Advanced Systems Sdn Bhd (FAS)	Malaysia	-	-	85	85	Inactive
Formis Computer Services Sdn Bhd (FCS)	Malaysia	-	-	100	100	Provision of computer technology and maintenance of computer hardware and software
First Solution Sdn Bhd (FIRST)	Malaysia	-	-	100	100	Distribution and maintenance of computer hardware and software

# Subsidiary audited by BDO Member Firm.

† Subsidiaries not audited by BDO.

@ 728,282,401 (2016: 713,923,401) ordinary shares in DGSB with a carrying amount of RM53,440,843 (2016: RM53,425,091) have been pledged for credit facilities granted to the Group as disclosed in Note 21 to the financial statements.

^ 97,052,093 (2016: 95,458,193) ordinary shares in Microlink with a carrying amount of RM51,258,213 (2016: RM49,440,662) have been pledged for credit facilities granted to the Group as disclosed in Note 21 to the financial statements.

**7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)**

(c) Other details of investments in subsidiaries

(i) Newly incorporated subsidiary

On 31 October 2016, CNA incorporated a wholly-owned subsidiary company known as OPSB, a company incorporated in Malaysia, with issued and paid-up capital of RM2 comprising 2 ordinary shares.

(ii) Acquisition of a subsidiary

On 28 December 2016, FNS, a 51% owned subsidiary of OHB, completed an acquisition of a 60% equity interest in PASB, a company incorporated in Malaysia that is engaged in the provision of information technology solutions for cash consideration of RM6,000.

(iii) Accretion of equity interest in subsidiaries

- On 25 August 2016, CNA, a wholly-owned subsidiary of the Company, has subscribed for its entitlement of 7,200,000 rights shares in relation to the Renounceable Rights Issue in MYATM, a 60% owned subsidiary of the CNA, for a total cash consideration of RM7,200,000. Following the acceptance of the Renounceable Rights Issue, CNA now holds a total of 8,700,000 ordinary shares in MYATM, representing 89.7% equity interest in MYATM.
- Pursuant to the Call Option Agreement dated 17 January 2013 entered into between FIBER and CNA, a wholly-owned subsidiary of the Company, CNA has on 28 April 2016 exercised the Call Option B of 800,000 Call Option Shares granted to CNA for a total cash consideration of RM4,000,000. Following the exercise of the Call Option B, CNA now holds a total of 1,800,000 ordinary shares in FIBER, representing 66.7% equity interest in FIBER. CNA has entered into a Subscription Agreement in respect of Redeemable Convertible Preference Shares (RCPS) in FIBER for the subscription of 2,500,000 RCPS in FIBER on 1 September 2016 and 2,000,000 RCPS-B in FIBER on 31 January 2017.
- During the financial year, OHB, a wholly-owned subsidiary of the Company, acquired 28,412,100 ordinary shares in DGSB, a 52.7% owned subsidiary of OHB, for a total cash consideration of RM1,047,794. At the same time, OHB disposed of a total of 3,845,500 million ordinary shares in DGSB, in the open market for a total cash consideration of RM144,207. Following the acquisition and disposals, OHB now holds 54.5% equity interest in DGSB.
- During the financial year, OHB, a wholly-owned subsidiary of the Company, acquired 523,600 ordinary shares in Microlink, a 62.7% owned subsidiary of OHB, representing 0.3% of the total issued and paid-up share capital of Microlink for a total cash consideration of RM520,615. In July 2016, OHB's equity interest in Microlink has been diluted from 63.0% to 57.4% resulting from the private placement of 15,215,200 ordinary shares of Microlink. Subsequently, OHB acquired 1,070,300 ordinary shares in Microlink, representing 0.6% of the total issued and paid-up share capital of Microlink for a total cash consideration of RM1,296,921. Following the acquisition, OHB now holds 58.0% equity interest in Microlink.
- On 10 May 2016, FNS completed the acquisition of the remaining 40,000 ordinary shares in FNSi for a purchase consideration of RM1. This resulted in an increase in equity interest in FNSi from 60% to 100% in the current financial year.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

31 MARCH 2017

**7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)**

(d) Subsidiaries of the Group that have material non-controlling interests (NCI) are as follows:

	MYATM	YAKIMBI	FIBER	CLS	MICROLINK	DGSB	FNS	Other individually immaterial subsidiaries	Total
<b>2017</b>									
NCI percentage of ownership interest and voting interest	10.3%	5.6%	33.3%	15.0%	42.0%	45.5%	49.0%	-	-
Carrying amount of NCI (RM)	(138,934)	(19,629)	(2,457,903)	489,360	34,339,919	20,251,533	3,199,644	(2,248,846)	53,415,144
(Loss)/Profit allocated to NCI (RM)	(426,003)	1,970	(2,038,884)	25,313	293,212	191,834	616,867	(1,503,068)	(2,838,759)
<b>2016</b>									
NCI percentage of ownership interest and voting interest	40.0%	5.6%	47.4%	15.0%	37.3%	47.3%	49.0%	-	-
Carrying amount of NCI (RM)	(2,702,966)	(21,599)	(2,529,112)	464,047	22,682,153	20,522,149	2,593,977	(1,306,052)	39,702,597
(Loss)/Profit allocated to NCI (RM)	(1,025,575)	(166,733)	(2,846,103)	1,213	(603,503)	662,254	(252,160)	(419,866)	(4,650,473)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

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

- (e) Summarised financial information of the subsidiaries that have material NCI as at the end of each reporting period prior to intra-group elimination are as follows:

	MYATM RM	YAKIMBI RM	FIBER RM	CLS RM	MICROLINK RM	DGSB RM	FNS RM
<b>2017</b>							
<b>Assets and liabilities</b>							
Non-current assets	9,165,506	20,069	9,590,951	661	69,139,764	20,346,892	28,014,363
Current assets	728,745	21,862	4,473,679	3,283,598	117,934,636	65,101,839	75,335,257
Non-current liabilities	(137,820)	–	(2,695,178)	–	(28,636,002)	(2,143,827)	(18,403,640)
Current liabilities	(11,104,091)	(395,255)	(13,760,698)	(21,856)	(78,911,353)	(38,740,097)	(78,438,239)
Net (liabilities)/assets	(1,347,660)	(353,324)	(2,391,246)	3,262,403	79,527,045	44,564,807	6,507,741
<b>Results</b>							
Revenue	486,032	96,750	6,265,532	–	252,208,909	74,160,042	95,402,256
(Loss)/Profit for the financial year	(1,790,245)	35,459	(6,034,471)	168,756	771,886	429,637	1,232,569
Total comprehensive (loss)/income	(1,790,245)	35,459	(6,034,471)	168,756	763,016	1,304,608	1,232,569
Cash flows (used in)/from operating activities	(750,828)	16,962	(5,021,098)	(24,299)	7,868,854	8,266,774	3,043,451
Cash flows from/(used in) investing activities	1,673,069	(104,183)	(614,730)	(704,661)	(32,880,972)	3,088,685	5,108,549
Cash flows (used in)/from financing activities	(884,667)	–	6,798,552	–	20,281,358	(633,294)	(7,395,128)
Net increase/(decrease) in cash and cash equivalents	37,574	(87,221)	1,162,724	(728,960)	(4,730,760)	10,722,165	756,872
<b>2016</b>							
<b>Assets and liabilities</b>							
Non-current assets	9,561,654	36,339	7,994,267	886	31,832,068	20,925,319	21,143,002
Current assets	801,921	96,095	1,881,098	3,289,694	141,815,423	62,819,279	85,271,344
Non-current liabilities	(712,414)	–	(1,987,982)	–	(29,275,470)	(1,216,562)	(24,880,505)
Current liabilities	(16,408,577)	(521,216)	(13,226,620)	(196,934)	(87,671,496)	(39,267,842)	(76,262,667)
Net (liabilities)/assets	(6,757,416)	(388,782)	(5,339,237)	3,093,646	56,700,525	43,260,194	5,271,174
<b>Results</b>							
Revenue	326,616	105,000	3,664,897	–	236,298,881	73,309,944	111,431,109
(Loss)/Profit for the financial year	(2,563,938)	(2,368,108)	(6,008,439)	8,085	1,271,581	1,401,243	(512,398)
Total comprehensive (loss)/income	(2,563,938)	(2,368,108)	(6,008,439)	8,085	1,219,059	150,228	(512,398)
Cash flows from/(used in) operating activities	964,936	(75,217)	(3,948,918)	(1,242,571)	4,816,587	(5,327,278)	(939,218)
Cash flows (used in)/from investing activities	(3,825,844)	84,907	(622,734)	23,444	(1,286,487)	2,947,529	290,578
Cash flows from/(used in) financing activities	2,878,899	–	(3,064,297)	–	(1,990,350)	(1,252,871)	9,376,852
Net increase/(decrease) in cash and cash equivalents	17,991	9,690	(7,635,949)	(1,219,127)	1,539,750	(3,632,620)	8,728,212

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

8. INVESTMENTS IN ASSOCIATES

	Group	
	2017 RM	2016 RM
Quoted equity shares in Malaysia	36,497,404	36,497,404
Unquoted equity shares in Malaysia	3,300,000	3,300,000
Share of post-acquisition results, net of tax	45,883,510	38,676,393
	85,680,914	78,473,797
Market value:		
Quoted equity shares in Malaysia	40,321,158	46,564,434

(a) Investments in associates are measured at cost in the separate financial statements of the Company.

(b) Details of the associates are as follows:

Name of Company	Country of Incorporation	Interest in equity held by				Principal Activities
		Company		Subsidiary		
		2017 %	2016 %	2017 %	2016 %	
#@Ho Hup Construction Company Berhad (Ho Hup)	Malaysia	-	-	13.9	14.9	Foundation engineering, civil engineering, building contracting works and hire of plant and machinery
MIHCM Asia Sdn Bhd (MIHCM)	Malaysia	-	-	33.3	33.3	Distribution, marketing, implementing and maintenance and of human capital management software solutions and services in Asia

@ 52,027,300 (2016: 52,027,300) ordinary shares and 11,557,500 (2016: 11,557,500) warrants in Ho Hup with a total carrying amount of RM36,497,404 (2016: RM36,497,404) have been pledged for credit facilities granted to the Group as disclosed in Note 21 to the financial statements.

# This associate has a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associate for the financial year ended 31 December 2016 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 January 2017 and 31 March 2017.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

31 MARCH 2017

**8. INVESTMENTS IN ASSOCIATES (CONT'D.)**

(c) Reconciliation of net assets of the associates to the carrying amount of investments in associates is as follows:

	<b>Ho Hup RM</b>	<b>MIHCM RM</b>	<b>Total RM</b>
<b>2017</b>			
Share of net assets of the Group	46,412,494	2,599,450	49,011,944
Share of other reserve	(3,842,779)	-	(3,842,779)
Goodwill	40,511,749	-	40,511,749
Carrying amount in the statement of financial position	83,081,464	2,599,450	85,680,914
<b>Share of results of the Group for the financial year ended 31 March 2017</b>			
Share of profit/(loss) of the Group	8,696,565	(187,153)	8,509,412
Share of other comprehensive loss of the Group, net of tax	(155,244)	-	(155,244)
Share of total comprehensive income/(loss) of the Group	8,541,321	(187,153)	8,354,168
<b>2016</b>			
Share of net assets of the Group	38,862,980	2,786,603	41,649,583
Share of other reserve	(3,687,535)	-	(3,687,535)
Goodwill	40,511,749	-	40,511,749
Carrying amount in the statement of financial position	75,687,194	2,786,603	78,473,797
<b>Share of results of the Group for the financial year ended 31 March 2016</b>			
Share of profit/(loss) of the Group	10,467,623	(314,095)	10,153,528
Share of other comprehensive income of the Group, net of tax	57,427	-	57,427
Share of total comprehensive income/(loss) of the Group	10,525,050	(314,095)	10,210,955

**8. INVESTMENTS IN ASSOCIATES (CONT'D.)**

(d) Summarised financial information of the associates are as follows:

	Ho Hup RM	MIHCM RM	Total RM
<b>2017</b>			
<b>Assets and liabilities</b>			
Non-current assets	239,922,563	7,046	239,929,609
Current assets	454,166,965	1,508,344	455,675,309
Non-current liabilities	(91,824,212)	–	(91,824,212)
Current liabilities	(279,717,882)	(337,766)	(280,055,648)
Net assets	322,547,434	1,177,624	323,725,058
<b>Results</b>			
Revenue	198,317,724	335,536	198,653,260
Profit/(Loss) for the financial year	59,164,506	(561,460)	58,603,046
Total comprehensive income/(loss)	58,108,349	(561,460)	57,546,889
Cash flows used in operating activities	(8,270,000)	(465,784)	(8,735,784)
Cash flows (used in)/from investing activities	(51,232,000)	341,025	(50,890,975)
Cash flows from financing activities	69,312,000	–	69,312,000
Net increase/(decrease) in cash and cash equivalents	9,810,000	(124,759)	9,685,241
<b>2016</b>			
<b>Assets and liabilities</b>			
Non-current assets	153,374,421	9,936	153,384,357
Current assets	400,787,043	371,176	401,158,219
Non-current liabilities	(71,290,360)	–	(71,290,360)
Current liabilities	(222,545,956)	(242,028)	(222,787,984)
Net assets	260,325,148	139,084	260,464,232
<b>Results</b>			
Revenue	320,347,024	170,463	320,517,487
Profit/(Loss) for the financial year	85,927,301	(942,285)	84,985,016
Total comprehensive income/(loss)	86,398,711	(942,285)	85,456,426
Cash flows from/(used in) operating activities	11,247,000	(865,488)	10,381,512
Cash flows (used in)/from investing activities	(55,549,000)	819,805	(54,729,195)
Cash flows from financing activities	28,423,000	–	28,423,000
Net decrease in cash and cash equivalents	(15,879,000)	(45,683)	(15,924,683)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 8. INVESTMENTS IN ASSOCIATES (CONT'D.)

(e) Dilution of interests in associate

As at 31 March 2017, OHB's equity interest in Ho Hup was diluted from 14.9% to 13.9% resulting from the conversion of Ho Hup's Irredeemable Convertible Preference Shares (ICPS) and Redeemable Convertible Preference Shares (RCPS) to ordinary shares of Ho Hup by other ICPS's and RCPS's holders of Ho Hup.

(f) Significant influence

Interest in Ho Hup Construction Company Berhad (Ho Hup)

The Group holds a 13.9% interest in Ho Hup and has 2 representations on the Board of Directors of Ho Hup, who are able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

Based on the preceding, the Group considers that it has the ability to exercise significant influence and has treated its interest in Ho Hup as investment in an associate.

### 9. OTHER INVESTMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current</b>				
Investments at costs				
– Unquoted shares in Malaysia, Denmark and United States of America	28,269,729	27,863,380	29,090,890	28,684,541
Financial assets at fair value through profit or loss				
– Quoted warrants in Malaysia	4,045,126	5,489,813	–	–
– Quoted shares in Malaysia	995	1,173	–	–
– Transferable club memberships	105,000	105,000	–	–
	4,151,121	5,595,986	–	–
<b>Total non-current other investments</b>	<b>32,420,850</b>	<b>33,459,366</b>	<b>29,090,890</b>	<b>28,684,541</b>
<b>Current</b>				
Financial assets at fair value through profit or loss				
– Quoted income funds in Malaysia	119,989	3,182,371	–	–
<b>Total current other investments</b>	<b>119,989</b>	<b>3,182,371</b>	<b>–</b>	<b>–</b>
<b>Total other investments</b>	<b>32,540,839</b>	<b>36,641,737</b>	<b>29,090,890</b>	<b>28,684,541</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 9. OTHER INVESTMENTS (CONT'D.)

- (a) Significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale financial assets is defined as 20% and 12 months respectively.
- (b) Regular way purchase or sale of financial assets are recognised using trade date accounting.
- (c) Net fair value loss of RM1,444,865 (2016: RM3,756,281) was recognised during the financial year due to the decline in market value of quoted warrants and shares. The fair value was determined based on the last transacted price on 31 March 2017.
- (d) Quoted warrants are pledged as security for credit facilities disclosed in Note 21 to the financial statements.
- (e) The fair value of the unquoted shares in Malaysia, Denmark and United States of America cannot be reliably measured.
- (f) Fair value hierarchy

Group	Fair value of financial instruments carried at fair value			Total RM	Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM			
<b>2017</b>						
<b>Financial assets at fair value through profit or loss</b>						
- Quoted shares and warrants	4,046,121	-	-	4,046,121	4,046,121	4,046,121
- Quoted income fund	119,989	-	-	119,989	119,989	119,989
- Transferable golf club memberships	-	-	105,000	105,000	105,000	105,000
<b>2016</b>						
<b>Financial assets at fair value through profit or loss</b>						
- Quoted shares and warrants	5,490,986	-	-	5,490,986	5,490,986	5,490,986
- Quoted income fund	3,182,371	-	-	3,182,371	3,182,371	3,182,371
- Transferable golf club memberships	-	-	105,000	105,000	105,000	105,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 9. OTHER INVESTMENTS (CONT'D.)

- (g) The valuation technique and significant unobservable input used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial asset	Valuation technique used	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value
Transferable golf club memberships	Cost approach	Counter party quotation	The higher the quotation, the higher the fair value of the other investment

### 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current assets</b>				
Other receivables	16,641,574	20,938,312	18,009,691	18,009,691
<b>Current assets</b>				
Other receivables	52,372,829	50,913,454	10,294,325	10,435,654
Less: Impairment losses	(3,150,579)	(520,738)	(2,629,841)	–
Staff loan	49,222,250	50,392,716	7,664,484	10,435,654
Deposits	2,000	1,985	–	–
Prepayments	5,396,500	8,244,014	83,682	6,318,235
	23,295,026	15,583,809	7,770	8,242
	77,915,776	74,222,524	7,755,936	16,762,131

- (a) Other receivables and deposits are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) Included in other receivables are prepaid lease rental for equipment leases, which would be recognised in profit or loss as follows:

	Group	
	2017 RM	2016 RM
Not later than 1 year	16,578,069	20,433,970
Later than 1 year and not later than five years	16,641,574	20,938,312
	33,159,643	41,372,282

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

31 MARCH 2017

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)**

(c) The currency exposure profile of other receivables and deposits are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	50,212,014	50,945,918	7,748,166	16,753,889
Thai Baht	3,214,072	6,035,766	–	–
Singapore Dollar	244,418	978,598	–	–
Indonesian Rupiah	778,024	646,276	–	–
Vietnamese Dong	26,147	32,157	–	–
US Dollar	146,075	–	–	–
	54,620,750	58,638,715	7,748,166	16,753,889

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

Effects of 10% changes to RM against foreign currencies	Group	
	2017 RM	2016 RM
(Loss)/Profit after tax	±325,000	±584,000

(e) Movements in accumulated impairment losses are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
As at 1 April 2016/2015	520,738	–	–	–
Impairment losses charged during the financial year	2,629,841	520,738	2,629,841	–
As at 31 March 2017/2016	3,150,579	520,738	2,629,841	–

Other receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These other receivables are not secured by any collateral or credit enhancements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

**11. DEFERRED TAX**

(a) Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
As at 1 April 2016/2015	(3,669,679)	84,316	-	-
Recognised in profit or loss (Note 28)	(2,048,616)	(3,566,171)	-	-
Translation adjustments	(189,628)	(187,824)	-	-
As at 31 March 2017/2016	(5,907,923)	(3,669,679)	-	-
Presented after appropriate offsetting:				
Deferred tax assets, net	(6,705,076)	(4,759,898)	-	-
Deferred tax liabilities, net	797,153	1,090,219	-	-
	(5,907,923)	(3,669,679)	-	-

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Deferred tax assets</b>				
As at 1 April 2016/2015	4,759,898	1,033,160	68,577	53,742
Recognised in profit or loss:				
Unused tax losses	8,926	4,491,596	-	-
Unabsorbed capital allowances	5,515	27,511	-	-
Provisions	1,930,737	(792,369)	(34,067)	14,835
As at 31 March 2017/2016	6,705,076	4,759,898	34,510	68,577
<b>Deferred tax liabilities</b>				
As at 1 April 2016/2015	1,090,219	1,117,476	68,577	53,742
Recognised in profit or loss:				
Property, plant and equipment	390,940	(304,162)	(34,067)	14,835
Software development costs	(684,006)	276,905	-	-
As at 31 March 2017/2016	797,153	1,090,219	34,510	68,577

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

11. DEFERRED TAX (CONT'D.)

(c) Components of deferred tax as at the end of the reporting period comprise tax effect of:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Deferred tax assets</b>				
Unused tax losses	4,500,522	4,491,596	-	-
Unabsorbed capital allowances	86,768	81,253	-	-
Provisions	2,117,786	187,049	34,510	68,577
	6,705,076	4,759,898	34,510	68,577
<b>Deferred tax liabilities</b>				
Property, plant and equipment	655,356	264,416	34,510	68,577
Software development costs	141,797	825,803	-	-
	797,153	1,090,219	34,510	68,577

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

	Group	
	2017 RM	2016 RM
Unutilised tax losses	192,580,228	189,597,611
Unabsorbed capital allowances	9,127,186	8,072,004
Provisions	5,784,380	4,770,041
	207,491,794	202,439,656

Deferred tax assets of the Company and certain subsidiaries have not been recognised as it is not probable that future taxable profits of the Company and the subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

12. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Balance as at 1.4.2016 RM	Additions RM	Reclassification RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2017 RM
<b>Carrying amount</b>								
Computer equipment and software	3,575,251	1,202,858	204,459	(25,074)	(45,513)	(1,904,562)	44,684	3,052,103
Office equipment, furniture, fittings and renovation	6,384,612	1,096,422	917,142	(152,115)	(32,338)	(2,367,321)	5,297	5,851,699
Motor vehicles	594,457	-	-	-	-	(298,256)	-	296,201
Work-in-progress	13,412,908	10,265,015	(1,121,601)	(38,000)	-	-	-	22,518,322
	23,967,228	12,564,295	-	(215,189)	(77,851)	(4,570,139)	49,981	31,718,325

<----- As at 31.3.2017 ----->

	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Computer equipment and software	18,236,859	(15,184,756)	-	3,052,103
Office equipment, furniture, fittings and renovation	16,702,631	(10,850,932)	-	5,851,699
Motor vehicles	2,815,287	(2,519,086)	-	296,201
Work-in-progress	22,899,572	-	(381,250)	22,518,322
	60,654,349	(28,554,774)	(381,250)	31,718,325

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

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

Group 2016	Balance as at 1.4.2015 RM	Additions RM	Transfer RM	Written off RM	Disposals RM	Impairment loss RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2016 RM
<b>Carrying amount</b>									
Leasehold land and building	3,500,000	-	-	-	(3,500,000)	-	-	-	-
Computer equipment and software	4,816,160	565,153	-	(706)	(7,329)	-	(1,781,317)	(16,710)	3,575,251
Office equipment, furniture, fittings and renovation	2,629,722	751,209	6,559,680	(26,570)	-	-	(3,528,825)	(604)	6,384,612
Motor vehicles	937,773	56,560	-	-	-	-	(399,876)	-	594,457
Work-in-progress	10,191,920	3,602,238	-	-	-	(381,250)	-	-	13,412,908
	22,075,575	4,975,160	6,559,680	(27,276)	(3,507,329)	(381,250)	(5,710,018)	(17,314)	23,967,228

<----- As at 31.3.2016 ----->

	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Computer equipment and software	19,154,306	(15,579,055)	-	3,575,251
Office equipment, furniture, fittings and renovation	15,490,743	(9,106,131)	-	6,384,612
Motor vehicles	2,815,288	(2,220,831)	-	594,457
Work-in-progress	13,794,158	-	(381,250)	13,412,908
	51,254,495	(26,906,017)	(381,250)	23,967,228

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

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

Company 2017	Balance as at 1.4.2016 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.3.2017 RM
<b>Carrying amount</b>					
Computer equipment and software	112,756	9,611	(3,013)	(43,288)	76,066
Office equipment, furniture and fittings	909,810	9,350	(11,400)	(212,628)	695,132
Motor vehicles	11,191	–	–	(11,191)	–
	1,033,757	18,961	(14,413)	(267,107)	771,198

	<----- As at 31.3.2017 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment and software	328,558	(252,492)	76,066
Office equipment, furniture and fittings	1,674,308	(979,176)	695,132
Motor vehicles	430,000	(430,000)	–
	2,432,866	(1,661,668)	771,198

Company 2016	Balance as at 1.4.2015 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2016 RM
<b>Carrying amount</b>				
Computer equipment and software	129,214	25,825	(42,283)	112,756
Office equipment, furniture and fittings	753,773	357,590	(201,553)	909,810
Motor vehicles	102,459	–	(91,268)	11,191
	985,446	383,415	(335,104)	1,033,757

	<----- As at 31.3.2016 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment and software	322,064	(209,308)	112,756
Office equipment, furniture and fittings	1,680,958	(771,148)	909,810
Motor vehicles	430,000	(418,809)	11,191
	2,433,022	(1,399,265)	1,033,757

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

- (a) Each class of property, plant and equipment are measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

Leasehold land and building	44 years
Computer equipment and software	20% to 33.3%
Office equipment, furniture, fittings and renovation	10% to 20%
Motor vehicles	20%

Capital work-in-progress represents equipment in progress.

- (c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Purchase of property, plant and equipment	12,564,295	4,975,160	18,961	383,415
Financed by hire purchase and lease arrangements	-	(79,057)	-	-
Cash payments on purchase of property, plant and equipment	12,564,295	4,896,103	18,961	383,415

- (d) Included in property, plant and equipment of the Group and the Company are assets acquired under hire purchase and lease arrangements with a carrying amount of RM1,808,686 and RM Nil (2016: RM2,778,176 and RM111,191) respectively.

**13. INVENTORIES**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Hardware and software	21,448,326	15,639,124
Hardware maintenance parts and spares	362,548	3,488,247
	21,810,874	19,127,371

- (a) Cost of computer hardware, software and spare parts are determined on a specific identification basis whilst costs of other inventories are determined on the first-in, first-out basis.
- (b) Cost of inventories of the Group recognised as an expense during the financial year amounted to RM303,380,650 (2016: RM310,681,008).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

14. TRADE RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current assets</b>				
Trade receivables	6,272,463	6,076,934	-	-
<b>Current assets</b>				
Trade receivables	85,686,866	130,188,063	4,880	-
Less: Impairment losses	(675,714)	(984,221)	-	-
	85,011,152	129,203,842	4,880	-
	91,283,615	135,280,776	4,880	-

- (a) Trade receivables are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) Trade credit terms of trade receivables granted by the Group and the Company range from 30 to 90 days (2016: 30 to 90 days) from date of invoice. They are recognised at their original amounts, which represent their fair values on initial recognition.
- (c) The currency exposure profile of trade receivables are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	77,788,164	125,991,630	4,880	-
Thai Baht	13,171,169	8,964,482	-	-
US Dollar	2,486	185,789	-	-
Brunei Dollar	79,170	-	-	-
Singapore Dollar	242,626	138,875	-	-
	91,283,615	135,280,776	4,880	-

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

	Group	
	2017 RM	2016 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
(Loss)/Profit after tax	±1,025,000	±706,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 14. TRADE RECEIVABLES (CONT'D.)

(e) Ageing analysis of trade receivables of the Group are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	46,935,006	88,074,124	1,302	–
Past due, but not impaired				
31 to 60 days	14,218,800	223,252	108	–
61 to 90 days	5,533,171	4,937,352	434	–
91 to 120 days	4,861,658	9,800,077	–	–
121 to 150 days	1,817,000	6,850,138	976	–
151 to 180 days	1,118,887	10,088,390	2,060	–
More than 180 days	16,799,093	15,307,443	–	–
	44,348,609	47,206,652	3,578	–
Past due and impaired	675,714	984,221	–	–
	91,959,329	136,264,997	4,880	–

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group and the Company. Majority of the trade receivables of the Group arise from recurring business with the Group and the Company.

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

At the end of the reporting period, majority of the trade receivables of the Group are active corporate customers with healthy business relationship, in which the management is of the view that the amounts are recoverable based on payments history. The trade receivables of the Group that are past due but not impaired are unsecured in nature.



**14. TRADE RECEIVABLES (CONT'D.)**

(e) Ageing analysis of trade receivables of the Group are as follows (cont'd.):

Receivables that are past due and individually impaired

Trade receivables of the Group that are past due and individually impaired at the end of the reporting period are as follows:

<b>Group</b>	<b>2017 RM</b>	<b>2016 RM</b>
Trade receivables, gross	675,714	984,221
Less: Impairment losses	(675,714)	(984,221)
	-	-

(f) Movements in accumulated impairment losses are as follows:

	<b>Group</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
As at 1 April 2016/2015	984,221	1,100,866
Charged during the financial year	1,170,252	2,608,166
Written off	(456,648)	(2,533,161)
No longer required	(261,987)	(32,188)
Exchange differences	(760,124)	(159,462)
As at 31 March 2017/2016	675,714	984,221

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivables, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment considered by management when making a judgement to evaluate the adequacy of impairment of receivables, include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

14. TRADE RECEIVABLES (CONT'D.)

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

	----- Group ----->			
	2017 RM	% of total	2016 RM	% of total
<b>By country</b>				
Malaysia	77,869,820	85%	126,180,031	92%
Singapore	242,626	1%	136,263	1%
Thailand	13,171,169	14%	8,964,482	7%
	91,283,615	100%	135,280,776	100%

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Amounts owing by subsidiaries	85,486,139	56,422,163
Less: Impairment losses	(2,563,925)	(2,563,925)
	82,922,214	53,858,238

- (a) Amounts owing by/(to) subsidiaries are classified as loans and receivables and other financial liabilities respectively, and measured at amortised cost using the effective interest method.
- (b) Amounts owing by/(to) subsidiaries represent payments made on behalf, which are unsecured, interest-free and collectible/payable on demand in cash and cash equivalents.
- (c) Amounts owing by/(to) subsidiaries of the Company are denominated in RM.
- (d) Movement of accumulated impairment loss is as follows:

	Company	
	2017 RM	2016 RM
As at 1 April 2016/2015	2,563,925	984,679
Charged during the financial year	-	1,579,246
As at 31 March 2017/2016	2,563,925	2,563,925

**16. AMOUNTS OWING BY/(TO) ASSOCIATES**

- (a) Amounts owing by/(to) associates are classified as loans and receivables and other financial liabilities respectively, and measured at amortised cost using the effective interest method.
- (b) Amounts owing by/(to) associates represent trade transactions, which are unsecured and interest-free. Credit terms of trade amounts owing by associates granted by the Group is 30 days (2016: 30 days) from date of invoice.
- (c) Amounts owing by associates are denominated in RM.

**17. CASH AND BANK BALANCES**

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Cash and bank balances	26,414,439	26,056,279	34,751	38,719
Fixed deposits	25,778,415	25,409,733	1,010	–
Short term money market deposits	21,195,886	24,795,972	411,685	5,660,814
	<b>73,388,740</b>	<b>76,261,984</b>	<b>447,446</b>	<b>5,699,533</b>

- (a) Deposits with licensed banks of the Group amounting to RM22,740,769 (2016: RM24,004,394) are pledged to licensed banks for credit facilities granted to the Company and certain subsidiaries (Note 21 to the financial statements).
- (b) Fixed deposits and short term money market deposits of the Group with a carrying amount of RM25,778,415 (2016: RM25,409,733) and RM21,195,886 (2016: RM24,795,972) are subject to fixed weighted average effective interest rates of 2.96% (2016: 3.00%) and 2.63% (2016: 2.66%) respectively.
- (c) Short term money market deposits of the Company with a carrying amount of RM411,685 (2016: RM5,660,814) are subject to fixed weighted average effective interest rates of 2.60% (2016: 2.70%).
- (d) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
<b>Effects of 100bp changes to (loss)/profit after tax</b>				
Fixed rate instruments	±528,000	±333,000	±133,000	±35,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

17. CASH AND BANK BALANCES (CONT'D.)

- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	26,414,439	26,056,279	34,751	38,719
Fixed deposits	25,778,415	25,409,733	1,010	–
Short term money market deposits	21,195,886	24,795,972	411,685	5,660,814
	73,388,740	76,261,984	447,446	5,699,533
Less: Deposits pledged to licensed banks (Note 21)	(22,740,769)	(24,004,395)	–	–
Less: Bank overdrafts (Note 20)	(3,694,296)	(10,404,014)	–	–
	46,953,675	41,853,575	447,446	5,699,533

- (f) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	63,743,284	70,405,677	447,446	5,699,533
Thai Baht	9,272,738	5,029,745	–	–
Singapore Dollar	291,631	736,292	–	–
US Dollar	47,871	58,180	–	–
Indonesian Rupiah	23,422	32,090	–	–
Brunei Dollar	4,418	–	–	–
Vietnamese Dong	5,376	–	–	–
	73,388,740	76,261,984	447,446	5,699,533

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

	Group	
	2017 RM	2016 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
(Loss)/Profit after tax	±711,000	±388,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

18. SHARE CAPITAL

Issued and fully paid-up share capital	Group and Company			
	Number of ordinary shares		Amount	
	2017	2016	2017 RM	2016 RM
As at 1 April 2016/2015	389,261,674	387,485,174	194,630,837	193,742,587
Ordinary shares issued pursuant to Employee Share Option Scheme (Note 33)	–	205,000	–	102,500
Ordinary shares issued pursuant to Long Term Incentive Plan (Note 33)	2,013,700	1,571,500	1,006,850	785,750
Ordinary shares issued pursuant to private placement	38,979,200	–	19,489,600	–
Conversion of warrants	317	–	158	–
Effects of the new Companies Act, 2016	–	–	15,153,184	–
As at 31 March 2017/2016	430,254,891	389,261,674	230,280,629	194,630,837

- (a) During the financial year, the issued and paid-up share capital of the Company has been increased from RM194,630,837 comprising 389,261,674 ordinary shares to RM230,280,629 comprising 430,254,891 ordinary shares. The increase in the issued and paid-up share capital of the Company arose from the issuance of 2,013,700 new ordinary shares pursuant to the Long Term Incentive Plan (LTIP) to eligible employees, issuance of 38,979,200 new ordinary shares pursuant to private placement and issuance of 317 new ordinary shares pursuant to conversion of Warrants 2011/2016.
- (b) In the previous financial year, the issued and paid-up share capital of the Company was increased from RM193,742,587 comprising 387,485,174 ordinary shares to RM194,630,837 comprising 389,261,674 ordinary shares of RM0.50 each by way of issuance of 1,571,500 new ordinary shares at the range of RM0.52 to RM0.63 per share pursuant to the Long Term Incentive Plan (LTIP) to eligible employees and issuance of 205,000 new ordinary shares pursuant to the exercise of Employee Share Option Scheme (ESOS).
- (c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to 1 vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (d) With the introduction of the new Companies Act, 2016 (the Act) effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balances within the share premium account have been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act. Notwithstanding this provision, the Company may utilise its share premium account of RM15,153,184 for purposes stipulated in Section 618(3) of the new Act for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 19. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable:				
Share premium	–	15,637,429	–	15,637,429
Capital reserve	24,663,246	24,663,246	24,663,246	24,663,246
Warrant reserve	11,307,378	11,307,378	11,307,378	11,307,378
Equity compensation reserve	2,493,174	3,943,736	–	3,943,736
Exchange translation reserve	(950,522)	(1,450,683)	–	–
	37,513,276	54,101,106	35,970,624	55,551,789

(a) Share premium

With the introduction of the new Companies Act, 2016 (the Act) effective 31 January 2017, the balances within the share premium account have been transferred to the share capital account as mentioned in Note 18(d) to the financial statements.

(b) Capital reserve

Capital reserve arose in the previous years from a par value reduction exercise.

(c) Warrant reserve

Warrant reserve represents the fair value assigned to the Warrants 2013/2018 of RM0.136 at grant date in 2013. The fair value was determined using the Black-Scholes-Merton option pricing model.

(d) Equity compensation reserve

Equity compensation reserve arose from equity-settled share options granted to employees.

(e) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment in foreign operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

20. BORROWINGS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current liabilities</b>				
Invoice financing and factoring loan (Note 21)	5,203,030	2,499,196	-	-
Bank overdrafts (Note 21)	3,694,296	10,404,014	-	-
Hire purchase and lease creditors (Note 22)	17,744,807	19,607,998	-	5,846
Trust receipts (Note 21)	17,823,375	9,461,110	-	-
Term loans (Note 21)	49,631,711	48,847,944	-	-
	94,097,219	90,820,262	-	5,846
<b>Non-current liabilities</b>				
Hire purchase and lease creditors (Note 22)	18,011,845	26,868,493	-	-
	18,011,845	26,868,493	-	-
	112,109,064	117,688,755	-	5,846
<b>Total borrowings</b>				
Invoice financing and factoring loan (Note 21)	5,203,030	2,499,196	-	-
Bank overdrafts (Note 21)	3,694,296	10,404,014	-	-
Hire purchase and lease creditors (Note 22)	35,756,652	46,476,491	-	5,846
Trust receipts (Note 21)	17,823,375	9,461,110	-	-
Term loans (Note 21)	49,631,711	48,847,944	-	-
	112,109,064	117,688,755	-	5,846

- (a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) The table below summarises the maturity profile of the borrowings at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
	<b>31 March 2017</b>			
Invoice financing and factoring loan	5,464,742	-	-	5,464,742
Bank overdrafts	3,839,851	-	-	3,839,851
Hire purchase and lease creditors	19,775,559	18,418,137	16,110	38,209,806
Trust receipts	18,236,877	-	-	18,236,877
Term loans	55,527,958	-	-	55,527,958
Total undiscounted financial liabilities	102,844,987	18,418,137	16,110	121,279,234

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

20. BORROWINGS (CONT'D.)

- (b) The table below summarises the maturity profile of the borrowings at the end of the reporting period based on contractual undiscounted repayment obligations (cont'd.):

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>31 March 2016</b>				
Invoice financing and factoring loan	2,624,906	–	–	2,624,906
Bank overdrafts	10,813,932	–	–	10,813,932
Hire purchase and lease creditors	22,282,434	26,091,104	1,264,473	49,638,011
Trust receipts	9,952,142	–	–	9,952,142
Term loans	54,651,080	–	–	54,651,080
Total undiscounted financial liabilities	100,324,494	26,091,104	1,264,473	127,680,071

- (c) Invoice financing and factoring loan, bank overdrafts and trust receipts of the Group with a carrying amount of RM5,203,030 (2016: RM2,499,196), RM3,694,296 (2016: RM10,404,014) and RM17,823,375 (2016: RM9,461,110) are subject to floating weighted average effective interest rates of 5.03% (2016: 5.03%), 3.94% (2016: 3.94%) and 2.32% (2016: 5.19%) respectively.
- (d) Term loans and hire purchase and lease creditors of the Group with a carrying amount of RM49,631,711 (2016: RM48,847,944) and RM35,756,652 (2016: RM46,476,491), are subject to fixed weighted average effective interest rates of 11.88% (2016: 11.88%) and 2.78% (2016: 2.97%) respectively. Included in terms loans is an amount of RM39,733,424 (2016: RM38,973,058) owing to a company related to a Director of the Company.
- (e) In the previous financial year, the hire purchase of the Company with a carrying amount RM5,846 was subject to fixed weighted average effective interest rate of 3.50%.
- (f) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Effects of 100bp changes to (loss)/profit after tax</b>				
Fixed rate instruments	±956,000	±924,000	–	±1,000
Floating rate instruments	±294,000	±311,000	–	–



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 21. BANK OVERDRAFTS, INVOICE FINANCING AND FACTORING LOAN, TRUST RECEIPTS AND TERM LOANS

Bank overdrafts, invoice financing and factoring loan, trust receipts and term loans are secured by the following:

- (a) Pledge of fixed deposits as disclosed in Note 17 to the financial statements;
- (b) First legal charge over 728,282,401 (2016: 713,923,401) shares in DGSB with a carrying amount of RM53,440,843 (2016: RM53,425,091) and 97,052,093 (2016: 95,458,193) shares in Microlink with carrying amount of RM51,258,213 (2016: RM49,440,662) as disclosed in Note 7 to the financial statements and 52,027,300 (2016: 52,027,300) ordinary shares and 11,557,500 (2016: 11,557,500) warrants in Ho Hup with a total carrying amount of RM36,497,404 (2016: RM36,497,404) as disclosed in Note 8 and 9 to the financial statements;
- (c) Personal guarantee from certain Directors of certain subsidiaries;
- (d) Corporate guarantees from certain subsidiaries and the Company; and
- (e) Transfer of the right of the claim of collections from certain trade receivables of one of the subsidiaries.

### 22. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Minimum hire purchase and lease payments:				
– not later than 1 year	19,775,559	22,282,434	–	5,875
– later than 1 year and not later than 5 years	18,418,137	26,091,104	–	–
– later than 5 years	16,110	1,264,473	–	–
	38,209,806	49,638,011	–	5,875
Less: Future interest charges	(2,453,154)	(3,161,520)	–	(29)
Present value of hire purchase and lease creditors	35,756,652	46,476,491	–	5,846
Repayable as follows:				
<b>Current liabilities</b>				
– not later than 1 year	17,744,807	19,607,998	–	5,846
<b>Non-current liabilities</b>				
– later than 1 year and not later than 5 years	17,996,161	26,868,493	–	–
– later than 5 years	15,684	–	–	–
	35,756,652	46,476,491	–	5,846

Hire purchase and lease liabilities are secured by the assets as disclosed under Note 12 to the financial statements and by corporate guarantee from a subsidiary and the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 23. TRADE PAYABLES

- (a) Trade payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 1 month to 6 months (2016: 1 month to 6 months) from date of invoice.
- (c) The currency exposure profile of trade payables are as follows:

	Group	
	2017 RM	2016 RM
Ringgit Malaysia	27,577,841	35,189,122
Thai Baht	7,189,801	3,296,373
US Dollar	196,864	702,434
Singapore Dollar	19,426	314,548
Great Britain Pound	29,300	231,055
Australia Dollar	-	13,732
Vietnamese Dong	-	7,363
	35,013,232	39,754,627

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

	Group	
	2017 RM	2016 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
(Loss)/Profit after tax	±564,000	±348,000

### 24. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables and accruals	56,796,809	64,549,772	997,310	1,287,544
Unearned revenue	36,423,262	36,944,736	-	-
Refundable deposits	177,022	880,543	-	-
	93,397,093	102,375,051	997,310	1,287,544

- (a) Other payables, deposits and accruals are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Unearned revenue represents advance billings for contract works and maintenance services.
- (c) Other payables are denominated in Ringgit Malaysia.

**25. CONTINGENT LIABILITIES**

(a) Guarantees

	Company	
	2017 RM	2016 RM
Corporate guarantees given to financial institutions and leasing corporations for facilities granted to certain subsidiaries		
– Unsecured	25,700,000	57,599,000
– Secured	244,349,809	247,185,000

- (i) Corporate guarantees given to financial institutions and leasing corporations for facilities granted to subsidiaries are financial guarantee contracts designated as insurance contracts as defined in FRS 4 *Insurance Contracts*.
- (ii) The Directors are of the view that the chances of the counter parties to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.
- (iii) Corporate guarantees given to financial institutions and leasing corporations are disclosed in Note 21 to the financial statements.

(b) Litigation

The Company together with another 12 defendants (collectively the Defendants) received a Writ of Summons (Writ) filed by Risk Management and Safety Systems Pty Ltd (RMSS) (the Plaintiff) on 18 April 2012.

The claim is in respect of purported allegations by the Plaintiff that the Defendants have directly or indirectly deprived the Plaintiff of the benefits of the Partial Award dated 27 March 2012 (received by the Plaintiff only on 2 April 2012) given under Arbitration Case No: ARB167/10/MXM (to which the Plaintiff and one of the other defendants were parties) by the Arbitral Tribunal under the Arbitration Rules of the Singapore International Arbitration Centre.

The Judge made a decision on 17 July 2014 and allowed the Plaintiff's claim against all of the Defendants who were found to be jointly and severally liable. The Judge consequently awarded the following sums:

- (i) USD420,000 together with interest thereon at the rate of 5% per annum from 9 November 2010 to full payment;
- (ii) RM319,085 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;
- (iii) SGD113,384 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;
- (iv) AUD136,010 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;
- (v) USD1,276 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;
- (vi) USD455,000 together with interest thereon at the rate of 5% per annum from 22 May 2011 to the date of full payment (sum payable for Year 2 under the Software License Agreement between the Plaintiff and the 12th Defendant);

**25. CONTINGENT LIABILITIES (CONT'D.)**

(b) Litigation (cont'd.)

The Judge made a decision on 17 July 2014 and allowed the Plaintiff's claim against all of the Defendants who were found to be jointly and severally liable. The Judge consequently awarded the following sums (cont'd.):

- (vii) USD490,000 together with interest thereon at the rate of 5% per annum from 22 May 2012 to the date of full payment (sum payable for Year 3 under the Software License Agreement between the Plaintiff and the 12th Defendant);
- (viii) RM5,000 (costs awarded in Originating Summons No. 24NCC (ARB)-28-08/2012);
- (ix) S\$5,000 (costs awarded by Singapore High Court in Originating Summons No.607 of 2012/V);
- (x) S\$7,365 (disbursements in respect of Singapore High Court Originating Summons No.607 of 2012/V);
- (xi) RM2,000 (costs awarded for Originating Summons No. 24NCC (ARB)-42-10/2012); and
- (xii) Costs of RM130,000.

The Court declined to award aggravated or exemplary damages.

The Company filed an appeal against the Court judgment by way of a Notice of Appeal dated 24 July 2014 and instructed legal counsels to file an application for a stay of execution of the judgment following filing of the appeal. On 12 August 2014, the Judge granted the Company a conditional stay of execution of the Judgment pending disposal of the appeal of the Company to the Court of Appeal. In accordance with the Conditional Stay, the Company has on 26 August 2014 deposited the sum of RM6.3 million, which represents judgment sum of RM5.5 million together with related interest with the Plaintiff's solicitors, to be held by them as stakeholders pending disposal of the Company's Appeal.

On 2 February 2016, the hearing of the appeal proceeded in the Court of Appeal. The Judges heard oral submissions from all parties and rendered their decision on 28 July 2016 whereby the Judges were unanimous in allowing the appeal with costs. On 5 August 2016, the deposited sum of RM6.3 million has been refunded to the Company.

Subsequently, RMSS filed a Notice of Motion dated 25 August 2016 in the Federal Court for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 28 July 2016 (Leave Application). At the hearing of the Leave Application on 15 May 2017, the Federal Court heard submissions from the parties and allowed the Leave Application with costs in the cause. Pursuant thereto, RMSS filed its Notice of Appeal to the Federal Court on 17 May 2017. A hearing date for the appeal will be fixed by the Federal Court in due course.

**26. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Contract works and sale of computer hardware, software and accessories	275,521,333	252,505,083	-	-
Maintenance and software support services	140,061,000	151,583,437	-	-
Network connectivity and bandwidth services	4,476,102	2,851,757	-	-
Consultancy fees	69,036	82,170	-	-
Dividend income	37	42	10,200,000	2,008,461
Management fees	79,504	57,600	1,329,564	1,360,015
	<b>420,207,012</b>	<b>407,080,089</b>	<b>11,529,564</b>	<b>3,368,476</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 26. REVENUE (CONT'D.)

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(b) Contract works

Revenue from and expenses of contracts with duration of more than 12 months are recognised by reference to the stage of completion of the contract activity. Contract costs consist of costs that relate directly to the specific project, costs that are attributable to contract activity in general and can be allocated to the project and such other costs as are specifically chargeable to the customer under the terms of the contract. Allowances for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

(c) Services

Revenue from maintenance and software support contract is allocated evenly throughout the period of contracts. Income for the expired period is recognised in the profit or loss on accrual basis and income relating to the unexpired period is carried forward as unearned revenue.

(d) Rental income and management fees

Rental income and management fees are recognised on an accrual basis unless collectibility is in doubt.

(e) Dividend income

Dividend income is recognised whenever the right to receive payment is established.

(f) Interest income

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

(g) Consultancy services

Revenue from provision management consultancy services is allocated evenly throughout the period of contracts. Income for the expired period is recognised in the profit or loss on accrual basis and income relating to the unexpired period is carried forward as unearned revenue.

### 27. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest expenses on:				
– bank charges	203,462	97,427	1,004	2,601
– bank guarantee charges	77,868	27,746	–	–
– bank overdrafts	354,560	747,532	–	–
– commitment fees	80,946	27,919	–	–
– hire purchase and lease	2,301,389	2,223,245	29	2,582
– letter of credit and trust receipts	1,113,421	908,978	–	–
– term loans	5,736,587	5,541,587	–	–
– others	414,689	225,221	–	69
	10,282,922	9,799,655	1,033	5,252

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

28. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expense based on (loss)/profit for the financial year				
Malaysian income tax	2,911,095	2,739,256	68,602	284,488
Foreign income tax	873,794	404,288	-	-
	3,784,889	3,143,544	68,602	284,488
Under/(Over) provision in prior years				
Malaysian income tax	2,084,068	485,258	(77,806)	-
Foreign income tax	-	184,160	-	-
	2,084,068	669,418	(77,806)	-
	5,868,957	3,812,962	(9,204)	284,488
Deferred tax (Note 11)				
Relating to originating and reversal of temporary differences	781,146	(3,418,156)	-	-
Over-provision in prior years	(2,829,762)	(148,015)	-	-
	(2,048,616)	(3,566,171)	-	-
	3,820,341	246,791	(9,204)	284,488

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable (loss)/profit for the fiscal year.

Tax expense for other taxation authorities is calculated at the rates prevailing in those respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 28. TAXATION (CONT'D.)

Numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	(2,671,296)	(6,581,305)	672,428	(1,842,968)
Tax effect in respect of:				
Non-allowable expenses	9,132,031	9,977,995	1,981,172	2,719,333
Non-taxable income	(3,038,027)	(3,094,774)	(2,448,000)	(482,030)
Utilisation of tax losses not recognised in prior years	(1,561,569)	(4,747,677)	(136,998)	(109,847)
Unused tax losses and unabsorbed capital allowances not recognised	2,774,082	4,937,889	-	-
Differential in tax rates	(69,186)	(766,740)	-	-
	4,566,035	(274,612)	68,602	284,488
Under/(Over)-provision in prior years	2,084,068	669,418	(77,806)	-
Over-provision of deferred tax in prior year	(2,829,762)	(148,015)	-	-
	3,820,341	246,791	(9,204)	284,488

### 29. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

	Group	
	2017	2016
Loss attributable to owners of the Company (RM)	(12,111,981)	(23,018,422)
Average number of ordinary shares in issue at the beginning of financial year	389,261,674	387,485,174
Effects of Private Placement of Shares	26,399,574	-
Effects of conversion of warrants	307	-
Effects of issuance of shares pursuant to LTIP	1,215,972	364,835
Weighted average number of ordinary shares applicable to basic loss per ordinary share	416,877,527	387,850,009
Basic loss per ordinary share (sen)	(2.91)	(5.93)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 29. LOSS PER ORDINARY SHARE (CONT'D.)

(b) Diluted loss per ordinary share

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
Loss attributable to owners of the Company (RM)	(12,111,981)	(23,018,422)
Weighted average number of ordinary shares in issue (basic)/Adjusted weighted average number of ordinary shares applicable to diluted loss per ordinary share	416,877,527	387,850,009
Diluted loss per ordinary share (sen)	(2.91)	(5.93)

Warrants that could potentially dilute the earnings per ordinary share were not included in the calculation of diluted earnings per ordinary share as it would have an anti-dilution effect thereon.

### 30. PROVISIONS

The Group operates an unfunded defined Retirement Benefit Scheme (the Scheme) and gratuity for the eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits calculated by reference to their length of service and earnings.

The amount recognised in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Present value of unfunded defined benefit obligations:				
Post-employment benefits	1,238,977	495,126	-	-
Gratuity obligations	3,317,054	3,624,134	706,450	836,684
	4,556,031	4,119,260	706,450	836,684

(a) Post-employment benefits

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Analysed as follows:		
Current liabilities	-	-
Non-current liabilities		
– more than 5 years	1,238,977	495,126
	1,238,977	495,126



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

31 MARCH 2017

**30. PROVISIONS**

(a) Post-employment benefits (cont'd.)

Movements during the financial year in the amount recognised in the statements of financial position in respect of the Scheme are as follows:

	<b>Group</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Balance as at 1 April 2016/2015	495,126	1,763,218
Current service cost recognised in profit or loss	445,557	(1,659,764)
Exchange differences	298,294	391,672
<b>Balance as at 31 March 2017/2016</b>	<b>1,238,977</b>	<b>495,126</b>

Key assumptions used for this valuation (presented by weighted average) are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
Discount rate	3.51%	3.51%
Salary increase rate	5.00%	5.00%
Annual voluntary resignation rate	0.00% – 18.87%	0.00% – 18.87%
Mortality rate	Thai Mortality table of 2008	Thai Mortality table of 2008
Normal retirement age	75 years	75 years

(b) Gratuity obligations

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Analysed as follows:				
Current liabilities	–	–	–	–
Non-current liabilities				
– later than 1 year and not later than 5 years	–	–	–	–
– more than five 5 years	3,317,054	3,624,134	706,450	836,684
	<b>3,317,054</b>	<b>3,624,134</b>	<b>706,450</b>	<b>836,684</b>

Movements during the financial year in the amount recognised in the statement of financial position in respect of the Scheme are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Balance as at 1 April 2016/2015	3,624,134	3,539,576	836,684	746,948
Current service cost recognised in profit or loss	(307,080)	84,558	(130,234)	89,736
<b>Balance as at 31 March 2017/2016</b>	<b>3,317,054</b>	<b>3,624,134</b>	<b>706,450</b>	<b>836,684</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 30. PROVISIONS (CONT'D.)

(b) Gratuity obligations (cont'd.)

Key assumptions used for this valuation (presented by weighted average) are as follows:

<b>Group</b>	<b>2017</b>	<b>2016</b>
Discount rate	4.91%	3.90% – 4.90%
Salary increase rate	3.01% – 4.39%	2.57% – 4.25%
Annual voluntary resignation rate	0.00% – 50.00%	0.00% – 75.00%
Mortality rate	Malaysia Ordinary Insured 2006–2010	Malaysia Ordinary Insured 2006–2010
Normal retirement age	60 years	60 years
<b>Company</b>	<b>2017</b>	<b>2016</b>
Discount rate	4.91%	4.90%
Salary increase rate	3.01%	2.57%
Annual voluntary resignation rate	0.00% – 13.64%	0.00% – 5.41%
Mortality rate	Malaysia Ordinary Insured 2006–2010	Malaysia Ordinary Insured 2006–2010
Normal retirement age	60 years	60 years

### 31. EMPLOYEE BENEFITS

Total employee benefits recognised in profit or loss are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Salaries, wages, bonuses and allowances	72,641,131	71,691,485	3,048,458	4,807,516
Defined contribution plan	6,410,864	6,201,426	406,414	475,553
Share options granted under ESOS				
– Directors	–	599,252	–	599,252
– Other employees	4,347,820	553,593	–	280,364
Shares granted under ESGP				
– Directors	950,250	777,292	950,250	777,292
– Other employees	170,700	50,000	–	–
Provision/(Reversal) for post-employment benefits	445,557	(1,659,764)	–	–
Provision for gratuity obligations	(307,080)	84,558	(130,234)	89,736
Other employee benefits	5,284,919	5,117,895	418,376	331,880
	<b>89,944,161</b>	<b>83,415,737</b>	<b>4,693,264</b>	<b>6,584,301</b>

(a) Included in the employee benefits of the Group and of the Company are remuneration paid to Executive Directors' amounting to RM5,418,471 (2016: RM8,582,152) and RM2,176,406 (2016: RM3,037,065) respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 MARCH 2017

### 31. EMPLOYEE BENEFITS (CONT'D.)

(b) Remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors' fees	1,061,500	725,856	492,000	492,000
Salaries, and other short term employee benefits:				
Directors	5,418,471	8,582,152	2,176,406	3,037,065
Other key management personnel	4,830,963	2,888,034	–	–
	10,249,434	11,470,186	2,176,406	3,037,065

### 32. DIVIDEND

	Group and Company	
	2017 RM	2016 RM
In respect of financial year ended 31 March 2016		
Dividend paid	–	2,008,461

A dividend-in-specie on the basis of 1 ordinary share of in its subsidiaries, Microlink Solutions Berhad for every 100 existing ordinary shares of RM0.50 each held in the Company, which is equivalent to RM0.50 single-tier dividend per ordinary share, was distributed on 6 October 2015.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

### 33. LONG-TERM INCENTIVE PLAN (LTIP)

At an Extraordinary General Meeting held on 24 September 2013, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan (LTIP or Scheme), which comprises an Employee Share Option Scheme (ESOS) and an Employee Share Grant Plan (ESGP) and is administered by the LTIP Committee which is appointed by the Board of Directors, in accordance with the By-Laws of the LTIP. The LTIP should be in force for a period of 5 years from 16 October 2013, unless extended further.

The main features of the LTIP are as follows:

- Eligible Directors and employees are those who are confirmed employees of the Company and/or its eligible subsidiaries and has attained the age of 18 years before the date of offer;
- The maximum number of options to be issued under the LTIP should not exceed in aggregate 15% of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the LTIP. In addition, any individual Director or employee's maximum entitlement should not exceed 10% of the ordinary shares of the Company in issue in the 12 months period up to (and including) the date of the grant;

**33. LONG-TERM INCENTIVE PLAN (LTIP) (CONT'D.)**

The main features of the LTIP are as follows (cont'd.):

- (c) Options granted may be exercised at any time within the option period from the date of offer;
- (d) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date: while in the case of the ESOS, the option price of a new ordinary share should be the 5-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer; and
- (e) Options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The fair value of share options granted in the current financial year to eligible employees, was determined using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of share options measured at the grant date and the input assumed by the Company in arriving the fair value are as follows:

<b>ESOS</b>	<b>Offer 1</b>	<b>Offer 2</b>
Exercise price (RM)	0.660	0.500
Date of grant	6 January 2014	6 April 2015
Share price of the Company at grant date (RM)	0.715	0.505
Option life (years)	3	3
Volatility (%)	50.030	35.491
Risk-free rate (%)	3.172	3.314

On 5 January 2017, the ESOS expired and the remaining unexercised ESOS options became lapsed. The movement during the financial year in the number of shares and share options in which employees of the Group and the Company entitled to were as follows:

<b>Date of offer</b>	<b>Option price RM</b>	<b>&lt;----- Number of options over ordinary shares -----&gt;</b>				<b>Outstanding as at 31.3.2017</b>
		<b>Outstanding as at 1.4.2016</b>	<b>&lt;-- Movements during the financial year --&gt;</b>			
			<b>Granted</b>	<b>Exercised</b>	<b>Lapsed</b>	
6 January 2014	0.66	9,651,600	-	-	(9,651,600)	-
6 April 2015	0.50	9,952,000	-	-	(9,952,000)	-
		19,603,600	-	-	(19,603,600)	-

### 34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has controlling related party relationships with its direct and indirect subsidiaries.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Subsidiaries</b>				
- Sale of goods and services	-	-	1,250,060	1,296,000
- Dividend income	-	-	10,200,000	2,008,461
- Preference share dividend income	-	-	844,881	749,816
- Training room rental income	-	-	154,800	154,800
<b>Associates</b>				
- Management fee income	-	-	57,600	64,015
<b>Company related to a Director of the Company</b>				
- Interest expense	3,936,384	3,794,200	-	-

Related parties transactions described above were carried out on terms and conditions mutually agreed with the respective related parties.

### 35. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 March 2016.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The Group has a target gearing ratio of 30% to 50% determined as the proportion of total borrowings to equity. The gearing ratios as at 31 March 2017 and 31 March 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total borrowings (Note 20)	112,109,064	117,688,755	-	5,846
Total equity	329,908,988	305,013,650	272,031,627	250,180,533
Gearing ratio	34.0%	38.6%	-	*0.0%

\* Negligible

**36. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs**

**36.1 New FRSs adopted during the current financial year**

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

Description	Effective for annual periods beginning on or after
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisition of Interest in Joint Operations</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 116 and FRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to FRSs 2012 – 2014 Cycle</i>	1 January 2016

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

**36.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017**

The following are standards and amendments of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company.

Description	Effective for annual periods beginning on or after
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraph 39AD and 39ADAA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 47AA and 48
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E, and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G, and 85GAA

**36. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (CONT'D.)**

**36.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (Cont'd.)**

The following are standards and amendments of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company. (Cont'd.)

Description	Effective for annual periods beginning on or after
<i>IC Interpretation 22 Foreign Currency Transactions and Advance Consideration</i>	See IC interpretation 22 paragraphs A1 and A1AA
<i>Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

**36.3 Malaysian Financial Reporting Standards (MFRS) Framework**

The Group and the Company are Transitioning Entities as defined by the MASB, and would be mandatorily required to adopt the MFRS Framework for the first time during the financial year ending 31 March 2019. The Group and the Company is expected to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* during that financial year and present an opening MFRS statement of financial position at the date of transition to MFRSs.

The Group and the Company has decided to adopt the MFRS Framework during the financial year ending 31 March 2019.

**37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) Significant events during the financial year relate to the incorporation of a new subsidiary and an acquisition of a new subsidiary as disclosed in Note 7 to the financial statements.
- (b) Companies Act, 2016 (CA2016) was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (a) Authorised share capital has been removed;
- (b) Par or nominal value of ordinary shares have been removed; and
- (c) Balances in the share premium and capital redemption reserve accounts have been transferred into the share capital account.

**38. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

Microlink Systems Sdn Bhd, a wholly-owned subsidiary of Microlink Solutions Berhad had on 1 June 2017 incorporated a new subsidiary known as PT. Microlink International Maju in Indonesia.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**

31 MARCH 2017

**39. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES**

The retained earnings/(accumulated losses) as at the end of the reporting period can be analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total retained earnings/(accumulated losses):				
– Realised	30,612,632	45,418,970	5,780,374	(2,093)
– Unrealised	7,210,974	7,274,758	–	–
	37,823,606	52,693,728	5,780,374	(2,093)
Less: Consolidation adjustments	(29,123,667)	(36,114,618)	–	–
Total retained earnings/(accumulated losses) as per financial statements	8,699,939	16,579,110	5,780,374	(2,093)



# CONTACT DETAILS OF SUBSIDIARIES

## **APPLIED BUSINESS SYSTEMS SDN BHD**

(Co. No. 188269-D)

13th Floor, Menara SMI,  
6 Lorong P. Ramlee,  
50250 Kuala Lumpur, Malaysia.  
T +603 2781 0888  
F +603 2078 5496

## **BANCORE ASIA PTE LTD**

(Co No 201329299Z)

## **ISS CONSULTING (S) PTE LTD**

(Co No 199805226N)

51 Cuppage Road, #07-04,  
Singapore 229469.  
T +65 6887 3418/6325 2735  
F +65 6887 3581

## **BANCORE VIETNAM CO LTD**

(Co No 011043002559)

Room 519 5th Floor,  
Regus Center Press Club,  
59A Ly Thai To Trang Tien Ward,  
Hoan Kiem District,  
Ha Noi City, Vietnam.  
T +84 4 6297 9744  
F +84 4 3936 8069

## **CONTINUOUS NETWORK ADVISERS SDN BHD**

(Co No 367357-K)

## **FORMIS RESEARCH & DEVELOPMENT SDN BHD**

(Co No 1031746-T)

## **FORMIS SOFTWARE & TECHNOLOGIES SDN BHD**

(Co No 22962-U)

## **NOSTALGIC PROPERTIES SDN BHD**

(Co No 330351-M)

## **OHANA COMMUNICATIONS SDN BHD**

(Co No 510513-H)

## **OMESTI ACTIFY SDN BHD**

(Co No 1051688-X)

## **OMESTI INNOVATION LAB (MALAYSIA) SDN BHD**

(Co No 486609-V)

## **OMESTI PAY SDN BHD**

(Co No 1207190-P)

## **PRIMA ARENANIAGA SDN BHD**

(Co No 1186527-K)

## **YAKIMBI ICT SDN BHD**

(Co No 951043-T)

3.02 C (East Wing) Level 3, Menara BRDB,  
285 Jalan Maarof, Bukit Bandaraya,  
59000 Kuala Lumpur, Malaysia.  
T +603 2721 4920  
F +603 2283 4921

## **CONTINUOUS NETWORK SERVICES SDN BHD**

(Co No 495072-P)

## **FORMIS AUTOMATION SDN BHD**

(Co No 378155-P)

## **FORMIS COMPUTER SERVICES SDN BHD**

(Co No 112344-P)

## **FORMIS SYSTEMS & TECHNOLOGY SDN BHD**

(Co No 312258-W)

## **MYATM SDN BHD**

(Co No 918073-H)

## **OMESTI HOLDINGS BERHAD**

(Co No 281000-K)

16th Floor, KH Tower,  
8 Lorong P. Ramlee,  
50250 Kuala Lumpur, Malaysia.  
T +603 2078 4488  
F +603 2070 6893

## **DIVERSIFIED GATEWAY SOLUTIONS BERHAD**

(Co No 675362-P)

## **DIVERSIFIED GATEWAY BERHAD**

(Co No 301306-T)

## **ISS CONSULTING (MALAYSIA) SDN BHD**

(Co No 446809-P)

## **RANGKAIAN RINGKAS SDN BHD**

(Co No 1013227-M)

Level 16, Menara Maxisegar,  
Jalan Pandan Indah 4/2, Pandan Indah,  
55100 Kuala Lumpur, Malaysia.  
T +603 4291 9233  
F +603 4291 7633

## **FIBER AT HOME CITY NETWORKS SDN BHD**

(Co No 736932-U)

Lot 12 Jalan Tandang 51/205A,  
PJ51 Commercial Center,  
46050 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.  
T +603 7773 3310

## **Branch Office:**

No 36 & 36A Jalan BLM 1/4,  
Laguna Merbok Business Park,  
Bandar Laguna Merbok,  
08000 Sungai Petani,  
Kedah Darul Aman, Malaysia.  
T +604 428 1002  
F +604 448 7889

No 07-02 Jalan Molek 3/20,  
Taman Molek,  
81100 Johor Bahru,  
Johor Bahru Darul Takzim, Malaysia.

## CONTACT DETAILS OF SUBSIDIARIES (CONT'D.)

### **FIRST SOLUTION SDN BHD**

(Co No 398017-P)

13th Floor Menara SMI,  
6 Lorong P. Ramlee,  
50250 Kuala Lumpur, Malaysia.  
T +603 2781 0863  
F +603 2078 5496

### **FORMIS NETWORK SERVICES SDN BHD**

(Co No 188270-U)

6th & 10th Floor Menara SMI,  
6 Lorong P. Ramlee,  
50250 Kuala Lumpur, Malaysia.  
T +603 2032 2633  
F +603 2732 1310

### **ISS CONSULTING (THAILAND) LTD**

(Co No (5) 1662/2542)

323 United Center Building, Level 19,  
Unit 1902C & 1903A Silom Road,  
Bangrak Bangkok 10500, Thailand.  
T +662 237 0553  
F +662 237 0554

### **MICROLINK SOLUTIONS BERHAD**

(Co No 620782-P)

6th Floor Menara Atlan,  
161B Jalan Ampang,  
50450 Kuala Lumpur, Malaysia.  
T +603 2171 2200  
F +603 2171 2240

### **Branch Office:**

No 12 Pusat Pedada,  
Jalan Pedada,  
96000 Sibul,  
Sarawak, Malaysia.  
T +6084 344 801/333 921/333 929  
F +6084 333 950

### **CA IT INFRASTRUCTURE SOLUTIONS SDN BHD**

(Co No 972041-X)

### **CSA SERVIS (M) SDN BHD**

(Co No 232732-T)

### **MICROLINK INNOVATION SDN BHD**

(Co No 839837-A)

### **MICROLINK SOFTWARE SDN BHD**

(Co No 824378-V)

### **MICROLINK SYSTEMS SDN BHD**

(Co No 309131-H)

6th Floor Menara Atlan,  
161B Jalan Ampang,  
50450 Kuala Lumpur, Malaysia.  
T +603 2171 2200  
F +603 2171 2240

### **PT MICROLINK INDONESIA**

The City Tower, Level 12 Unit 1-N,  
JL. M H Thamrin No.81,  
Jakarta Pusat 10310, Indonesia.  
T +6221 3049 9589  
F +6221 3049 9590

### **PT MICROLINK INTERNATIONAL MAJU**

STC Senayan LT. 3 No. 188A,  
JL. Asia Afrika Lot. 19 Kel. Gelora,  
KEC. Tanah Abang, Jakarta Pusat 10270,  
DKI Jakarta, Indonesia.  
T +62 21 5793 1537





**OMESTI**

**OMESTI BERHAD**  
(530701-T)

16th Floor, KH Tower,  
8 Lorong P Ramlee,  
50250 Kuala Lumpur,  
Malaysia.

**T** : +603 2078 4488

**F** : +603 2070 6893

**W** : [www.omesti.com](http://www.omesti.com)