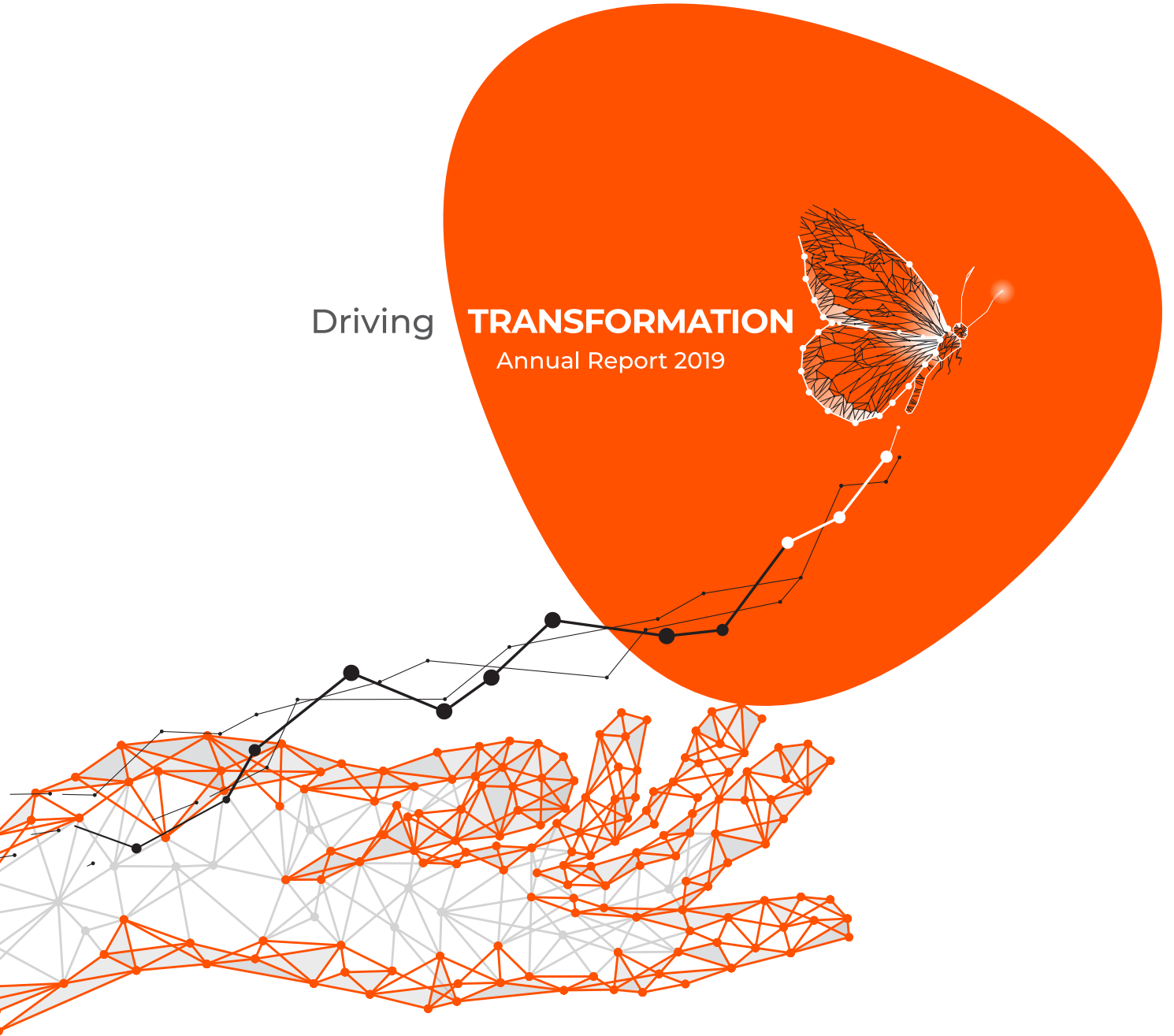




OMESTI

Driving **TRANSFORMATION**  
Annual Report 2019



Financial Statements

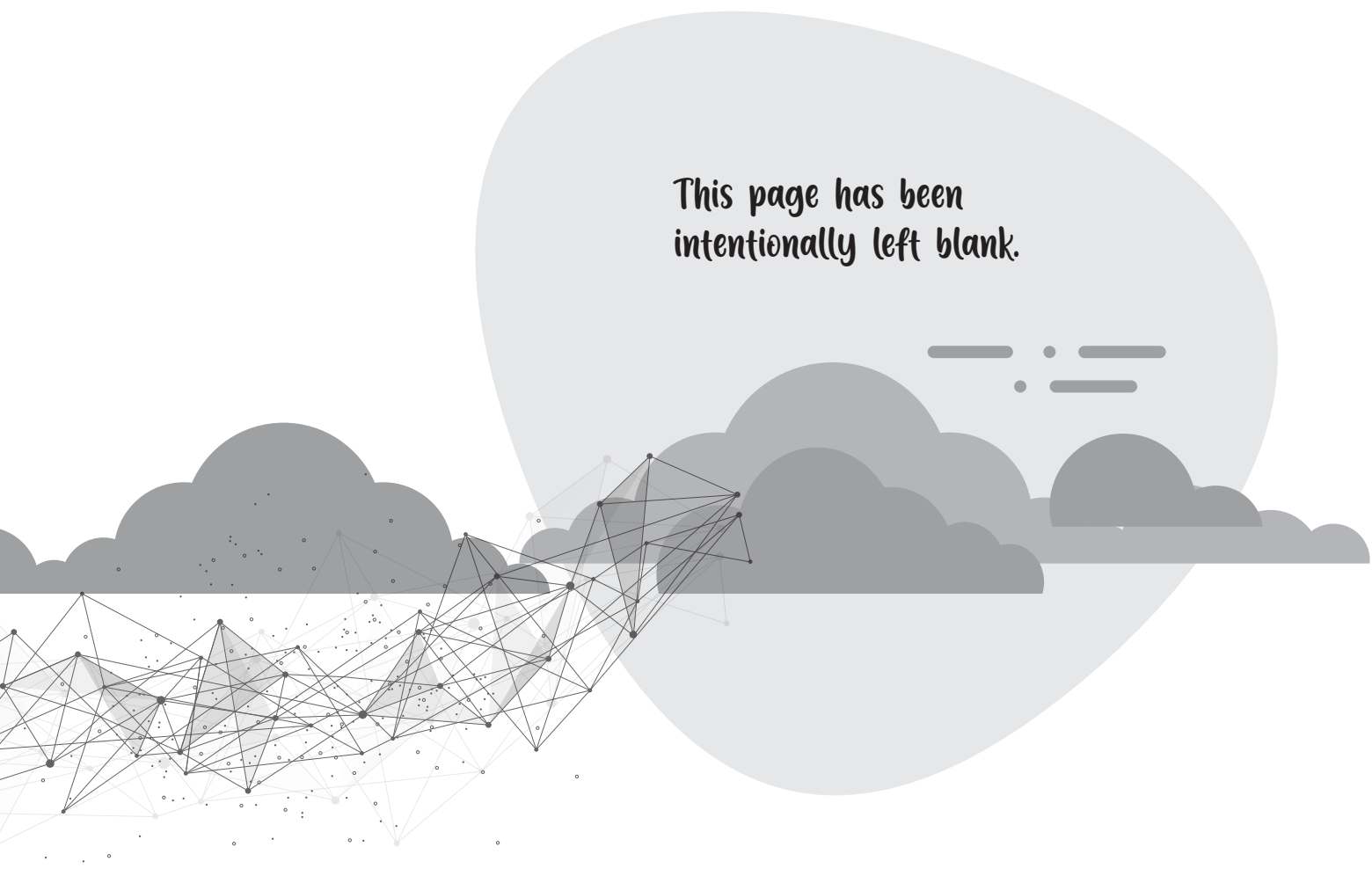


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# Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

## PRINCIPAL ACTIVITIES

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

	Group RM	Company RM
Loss for the financial year	(18,122,535)	(30,706,637)
Attributable to:		
Owners of the parent	(18,256,892)	(30,706,637)
Non-controlling interests	134,357	–
	(18,122,535)	(30,706,637)

## 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 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 number of issued and fully paid-up share capital of the Company has been increased from 431,075,491 to 477,592,225 ordinary shares by way of issuance of 1,485,000 new ordinary shares pursuant to the Long-Term Incentive Plan (LTIP) to eligible employees, issuance of 43,303,400 new ordinary shares pursuant to the private placement and issuance of 1,728,334 new ordinary shares pursuant to the conversion of Warrants 2013/2018 as disclosed in Note 22 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 issuance of shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

### *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 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.

On 16 August 2018, in pursuant to the By-Laws 26.3 of the Company's LTIP By-Laws and upon the recommendation by the LTIP Committee, the Board of Directors resolved to extend its existing LTIP for a period of five (5) years commencing from 16 October 2018 on the same terms and conditions as stipulated in the said By-Laws.

The main features of the LTIP are disclosed in Note 38 to the financial statements.

During the financial year, the Company has granted 1,254,200 new ordinary shares under the ESGP to eligible executive employees of the Company. A total of 1,485,000 has been vested during the financial year.

### *Warrants*

83,142,487 Warrants 2013/2018 were issued on 31 May 2013 with exercise price of RM0.50.

On 30 May 2018, 1,728,334 warrants had been exercised and the balance of warrants that remained unexercised were 81,414,153 warrants. The remaining unexercised warrants had expired on 30 May 2018.

There are no other warrants that remained unexercised as at 31 March 2019. 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 during the financial year and up to the date of this report are as follows:

### Omesti Berhad

Dato' Mah Siew Kwok

Mah Xian-Zhen

Monteiro Gerard Clair

Dato' Sri Thong Kok Khee

Tai Keat Chai

Mah Yong Sun

Tan Wee Hoong

Wan Mai Gan

Dato' Jaganath Derek Steven Sabapathy

(appointed on 7 November 2018)

Chia Yong Wei

(appointed on 7 November 2018)

## DIRECTORS (CONT'D.)

The Directors who have held office during the financial year and up to the date of this report are as follows (cont'd.):

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

Ainuddin Bin Jantan  
 Ch'ng Kai Fen  
 Elwin Lim Yew Mun  
 Gan Khong Kiat  
 Datuk Mohd Samsuri Bin Mohd Sohot  
 Martin Chu Leong Meng  
 Neo Poh Lian  
 Nik Shazni Farhan Bin Nik Muhammad Shah  
 Tun Arifin Bin Zakaria  
 Hj. Ahmad Bin Khalid  
 Louis Tan Hai Aun  
 Stephanie Lim May Ling

## 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 1.4.2018/ Date of Appointment	Bought	Sold	Balance as at 31.3.2019
<b>Shares in the Company</b>				
<u>Direct interests</u>				
Dato' Mah Siew Kwok	82,131,424	6,909,100	(4,763,003)	84,277,521
Mah Yong Sun	4,621,300	–	–	4,621,300
Monteiro Gerard Clair	9,238,800	10,080,500	–	19,319,300
Mah Xian-Zhen	9,588,300	130,400	(6,484,100)	3,234,600
Dato' Jaganath Derek Steven Sabapathy	3,100,000	–	–	3,100,000
Chia Yong Wei	341,800	–	–	341,800
<u>Direct interests</u>				
Dato' Sri Thong Kok Kheer^	48,659,500	–	–	48,659,500
Monteiro Gerard Clair#	68,142,300	–	(675,200)	67,467,100

## DIRECTORS' INTERESTS (CONT'D.)

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 (cont'd.):

	Number of warrants 2013/2018			Balance as at 31.3.2019
	Balance as at 1.4.2018	Bought	Lapsed/ Expired	

### Warrants 2013/2018 in the Company

#### Direct interests

Dato' Mah Siew Kwok	26,244,135	–	(26,244,135)	–
Mah Yong Sun	750,000	–	(750,000)	–
Monteiro Gerard Clair	759,500	–	(759,500)	–

#### Direct interests

Dato' Sri Thong Kok Kheea	7,671,100	–	(7,671,100)	–
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	Number of ordinary shares			Balance as at 31.3.2019
	Balance as at 1.4.2018/ Date of Appointment	Bought	Sold	

### Shares in a subsidiary

#### Microlink Solutions Berhad

#### Direct interests

Monteiro Gerard Clair	3,218,847	933,100	–	4,151,947
Dato' Mah Siew Kwok	1,178,936	–	(78,430)	1,100,506
Mah Xian-Zhen	118,666	–	–	118,666
Mah Yong Sun	1,173,413	–	–	1,173,413
Dato' Jaganath Derek Steven Sabapathy	2,420,500	–	–	2,420,500
Chia Yong Wei	85,700	–	–	85,700

#### Indirect interest

Dato' Sri Thong Kok Kheea	426,595	–	–	426,595
Dato' Mah Siew Kwok*	99,221,793	–	–	99,221,793
Chia Yong Wei@	10,600	–	–	10,600



## DIRECTORS' INTERESTS (CONT'D.)

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 (cont'd.):

	Number of options over ordinary shares				Balance as at 31.3.2019
	Balance as at 1.4.2018/ Date of Appointment	Granted	Exercised	Lapsed	

### ESOS in a subsidiary

#### Microlink Solutions Berhad

##### Direct interests

Monteiro Gerard Clair	1,000,200	–	–	–	1,000,200
Mah Xian-Zhen	600,000	–	–	–	600,000
Tai Keat Chai	600,000	–	–	–	600,000
Chia Yong Wei	1,999,800	–	–	–	1,999,800

<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.

<sup>@</sup> Deemed interest by virtue of his spouse's interest, pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

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 have 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, other than the following:

- certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 39 to the financial statements.

There were no arrangements made 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.

## DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 33 to the financial statements.

## INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM67,638 and RM33,819 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## 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.

## 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

- (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;
  - (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.
- (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 twelve (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 43 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 44 to the financial statements.

## AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2019 amounted to RM54,500 and RM335,709 respectively.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

**Monteiro Gerard Clair**

Director

Kuala Lumpur  
15 July 2019

**Mah Xian-Zhen**

Director

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 16 to 112 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Monteiro Gerard Clair**  
Director

**Mah Xian-Zhen**  
Director

Kuala Lumpur  
15 July 2019

# Statutory Declaration

I, Thoo W'y-Kit (CA 31394), 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 16 to 112 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 )  
15 July 2019 )

**Thoo W'y-Kit**

Before me:

**BALOO A/L T. PICHAJ (W 663)**  
Commissioner for 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 2019 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 16 to 112.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) 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 judgment, 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 on consolidation**

The carrying amount of goodwill on consolidation as at 31 March 2019 amounted to RM38.0 million, as disclosed in Note 5 to the financial statements.

We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the cash generating units (CGU) in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU.

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

To the members of Omesti Berhad  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

##### 1. *Impairment assessment of the carrying amount of goodwill on consolidation (cont'd.)*

###### **Audit response**

Our audit procedures included the following:

- (i) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;
- (ii) assessed and evaluated the key assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) assessed appropriateness of pre-tax discount rates 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.

##### 2. *Impairment of trade receivables*

As at 31 March 2019, the Group has gross trade receivables of RM65.2 million. The details of trade receivables and its credit risk have been disclosed in Note 16 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgments in determining the probability of default by trade receivables and appropriate forward looking information.

###### **Audit response**

Our audit procedures included the following:

- (i) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- (ii) recomputed the correlation coefficient between the forward-looking factors (gross domestic product (GDP)) used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

To the members of Omesti Berhad  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

##### **3. Impairment assessment on the carrying amount of investments in subsidiaries**

As at 31 March 2019, the net carrying amount of investments in subsidiaries with impairment indicators amounted to RM20.1 million as disclosed in Note 7(b) to the financial statements.

We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates about the future results and key assumptions applied to the cash flow projections of the affected subsidiaries in determining the recoverable amounts which were based on the value-in-use model. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each subsidiary.

##### **Audit response**

Our audit procedures included the following:

- (i) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;
- (ii) assessed and evaluated the key assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) assessed appropriateness of pre-tax discount rates 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 impairment assessment.

##### **4. Impairment assessment of the amounts owing by subsidiaries**

As at 31 March 2019, the gross amounts owing by subsidiaries of the Company were RM92.1 million as disclosed in Note 18 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgments in determining the probability of default by subsidiaries, appropriate forward looking information and significant increase in credit risk.

##### **Audit response**

Our audit procedures included the following:

- (i) assessed probability of default applied by the Company against external market source of data;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- (iii) evaluated management's basis for determining cash flows recoverable, where applicable.



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

To the members of Omesti Berhad  
(Incorporated in Malaysia)

### **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 MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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.

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

To the members of Omesti Berhad  
(Incorporated in Malaysia)

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment 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 MATTERS

- (a) As stated in Note 3 to the financial statements, Omesti Berhad adopted Malaysian Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These Standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended 31 March 2018 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as of 31 March 2019 and financial performance and cash flows for the financial year then ended.
- (b) 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 PLT**

LLP0018825-LCA & AF 0206  
Chartered Accountants

Kuala Lumpur  
15 July 2019

**Koo Swee Lin**

03281/08/2020 J  
Chartered Accountant

# Consolidated Statement of Financial Position

As at 31 March 2019

	Note	Group		
		31.3.2019 RM	31.3.2018 RM (Restated)	1.4.2017 RM (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill on consolidation	5	38,027,224	36,714,033	78,239,483
Other intangible assets	6	10,555,378	8,679,588	52,115,669
Investments in associates	8	88,739,352	103,124,714	85,680,914
Investments in jointly-controlled entities	9	22,214	–	–
Other investments	10	5,076,658	1,930,484	32,420,850
Trade receivables		–	–	6,272,463
Other receivables, deposits and prepayments	11	5,979,246	9,278,502	16,641,574
Deferred tax assets	12	5,054,799	4,553,396	6,705,076
Property, plant and equipment	13	8,646,459	11,836,551	31,718,325
Investment property	14	993,850	–	–
		163,095,180	176,117,268	309,794,354
<b>Current assets</b>				
Inventories	15	2,851,827	1,699,712	4,844,717
Other investments	10	106,651	103,077	119,989
Trade receivables	16	46,113,708	50,564,141	65,191,426
Other receivables, deposits and prepayments	11	95,319,666	80,852,612	91,828,800
Contract assets	17	5,770,963	5,582,880	4,388,909
Amounts owing by associates	19	737	8,702	8,752
Amount owing by a jointly-controlled entity	20	77,463	–	–
Current tax assets		6,771,751	5,696,628	9,415,081
Cash and bank balances	21	37,927,137	40,376,636	73,388,740
		194,939,903	184,884,388	249,186,414
<b>TOTAL ASSETS</b>		<b>358,035,083</b>	<b>361,001,656</b>	<b>558,980,768</b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)**

As at 31 March 2019

	Note	Group		
		31.3.2019 RM	31.3.2018 RM (Restated)	1.4.2017 RM (Restated)
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	22	248,722,769	230,698,331	230,280,629
Reserves	23	27,956,192	39,032,106	37,513,276
Accumulated losses		(135,345,464)	(124,251,600)	(3,409,934)
		141,333,497	145,478,837	264,383,971
<b>Non-controlling interests</b>	7	5,893,370	3,725,625	44,413,456
<b>TOTAL EQUITY</b>		147,226,867	149,204,462	308,797,427
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	24	9,982,991	15,328,960	18,011,845
Provisions	27	3,868,180	3,686,438	4,556,031
Deferred tax liabilities	12	2,030	144,727	797,153
		13,853,201	19,160,125	23,365,029
<b>Current liabilities</b>				
Trade payables	28	38,256,992	29,649,907	35,013,232
Other payables, deposits and accruals	29	50,398,216	56,254,228	59,573,284
Contract liabilities	30	30,167,755	30,686,315	36,451,420
Amounts owing to associates	19	377,831	510,521	1,279,704
Borrowings	24	77,372,854	75,533,890	94,097,219
Current tax payable		381,367	2,208	403,453
		196,955,015	192,637,069	226,818,312
<b>TOTAL LIABILITIES</b>		210,808,216	211,797,194	250,183,341
<b>TOTAL EQUITY AND LIABILITIES</b>		358,035,083	361,001,656	558,980,768

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

# Statement of Financial Position

As at 31 March 2019

	Note	Company		
		31.3.2019 RM	31.3.2018 RM (Restated)	1.4.2017 RM (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Other intangible assets	6	4,167,200	–	–
Investments in subsidiaries	7	160,060,001	160,060,001	160,060,001
Other investments		–	–	29,090,890
Other receivables, deposits and prepayments	11	16,685,110	16,685,110	18,009,691
Property, plant and equipment	13	416,435	520,492	771,198
		181,328,746	177,265,603	207,931,780
<b>Current assets</b>				
Trade receivables	16	–	146,936	4,880
Other receivables, deposits and prepayments	11	438,493	954,463	7,764,688
Amounts owing by subsidiaries	18	15,548,346	29,039,246	57,564,817
Current tax assets		324,546	352,761	229,993
Cash and bank balances	21	3,105,931	71,764	447,446
		19,417,316	30,565,170	66,011,824
<b>TOTAL ASSETS</b>		200,746,062	207,830,773	273,943,604
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	22	248,722,769	230,698,331	230,280,629
Reserves	23	24,663,246	35,970,624	35,970,624
Accumulated losses		(108,675,526)	(89,041,214)	(19,577,023)
<b>TOTAL EQUITY</b>		164,710,489	177,627,741	246,674,230
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions	27	891,673	801,183	706,450
<b>Current liabilities</b>				
Other payables, deposits and accruals	29	2,621,659	868,500	997,310
Amounts owing to subsidiaries	18	32,522,241	28,533,349	25,565,614
		35,143,900	29,401,849	26,562,924
<b>TOTAL LIABILITIES</b>		36,035,573	30,203,032	27,269,374
<b>TOTAL EQUITY AND LIABILITIES</b>		200,746,062	207,830,773	273,943,604

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 2019

	Note	Group		Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
Revenue	32	253,050,224	345,153,754	2,180,322	1,601,248
Changes in inventories		3,676,962	15,442,224	–	–
Purchases		(193,556,405)	(256,725,942)	–	–
Other operating income		3,166,324	4,056,030	1,688,789	1,413,997
Depreciation and amortisation expenses	6,13	(5,511,034)	(8,278,456)	(1,305,707)	(252,874)
Employee benefits	33	(44,631,367)	(89,383,057)	(4,932,007)	(4,663,560)
Other operating expenses		(28,464,538)	(152,063,283)	(28,334,450)	(67,553,469)
Finance costs	34	(7,983,746)	(9,668,666)	(3,584)	(1,406)
Share of profit of associates, net of tax	8	3,344,731	4,054,165	–	–
Share of loss of a jointly-controlled entity, net of tax	9	(127,786)	–	–	–
Loss before tax		(17,036,635)	(147,413,231)	(30,706,637)	(69,456,064)
Taxation	35	(1,085,900)	(2,103,574)	–	(8,127)
Loss for the financial year		(18,122,535)	(149,516,805)	(30,706,637)	(69,464,191)
<b>Other comprehensive (loss)/ income, 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		(47,862)	483,915	–	–
Share of other comprehensive loss of associates, net of tax	8	(59,019)	(155,238)	–	–
Total other comprehensive (loss)/income		(106,881)	328,677	–	–
Total comprehensive loss		(18,229,416)	(149,188,128)	(30,706,637)	(69,464,191)

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 2019

	Note	Group		Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
(Loss)/Profit attributable to:					
Owners of the parent		(18,256,892)	(128,374,553)	(30,706,637)	(69,464,191)
Non-controlling interests	7	134,357	(21,142,252)	-	-
		(18,122,535)	(149,516,805)	(30,706,637)	(69,464,191)
Total comprehensive loss attributable to:					
Owners of the parent		(18,317,779)	(127,879,126)	(30,706,637)	(69,464,191)
Non-controlling interests		88,363	(21,309,002)	-	-
		(18,229,416)	(149,188,128)	(30,706,637)	(69,464,191)
Loss per ordinary share attributable to owners of the parent:					
Basic (sen)	36	(4.01)	(29.80)		
Diluted (sen)	36	(4.01)	(29.80)		

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



# Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2019

Group	Note	Non-distributable					Retained earnings/ (Accumulated losses) RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Capital reserve RM	Warrant reserve RM	Equity compensation reserve RM	Exchange translation reserve RM				
Balance as at 1 April 2017 (as previously reported)		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
Effects of adoption of MFRSs:										
MFRS 9		-	-	-	-	-	(11,424,570)	(11,424,570)	(8,395,156)	(19,819,726)
MFRS 15		-	-	-	-	-	(685,303)	(685,303)	(606,532)	(1,291,835)
Balance as at 1 April 2017 (restated)		230,280,629	24,663,246	11,307,378	2,493,174	(950,522)	(3,409,934)	264,383,971	44,413,456	308,797,427
Loss for the financial year		-	-	-	-	-	(128,374,553)	(128,374,553)	(21,142,252)	(149,516,805)
Foreign currency translations for foreign operations, net of tax		-	-	-	-	650,665	-	650,665	(166,750)	483,915
Share of other comprehensive loss of associates, net of tax		-	-	-	-	48,588	(203,826)	(155,238)	-	(155,238)
Total comprehensive income/(loss)		-	-	-	-	699,253	(128,578,379)	(127,879,126)	(21,309,002)	(149,188,128)
<b>Transactions with owners</b>										
Shares issued pursuant to LTIP	22	417,702	-	-	-	-	-	417,702	-	417,702
Arising from acquisition of a subsidiary		-	-	-	-	-	-	-	375,460	375,460
Arising from disposal of a subsidiary		-	-	-	-	-	-	-	(39,246,995)	(39,246,995)
Arising from accretion of equity interests in subsidiaries		-	-	-	-	-	(34,143,306)	(34,143,306)	1,943,682	(1,470,624)
Arising from dilution of equity interests in subsidiaries		-	-	-	-	-	11,151,019	11,151,019	16,955,365	28,106,384
Share-based payment transactions in a subsidiary		-	-	-	819,577	-	-	819,577	593,659	1,413,236
Total transactions with owners		417,702	-	-	819,577	-	7,736,713	8,973,992	(19,378,829)	(10,404,837)
Balance as at 31 March 2018		230,698,331	24,663,246	11,307,378	3,312,751	(251,269)	(124,251,600)	145,478,837	3,725,625	149,204,462

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

For the financial year ended 31 March 2019

Group	Note	Non-distributable						Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Capital reserve RM	Warrant reserve RM	Equity compensation reserve RM	Exchange translation reserve RM	Accumulated losses RM			
Balance as at 1 April 2018 (as previously reported)		230,698,331	24,663,246	11,307,378	3,312,751	(251,269)	(115,411,593)	154,318,844	13,088,048	167,406,892
Effects of adoption of MFRSs:		-	-	-	-	-	(4,243,917)	(4,243,917)	(5,998,034)	(10,241,951)
MFRS 9		-	-	-	-	-	(4,596,090)	(4,596,090)	(3,364,389)	(7,960,479)
MFRS 15		-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018 (restated)		230,698,331	24,663,246	11,307,378	3,312,751	(251,269)	(124,251,600)	145,478,837	3,725,625	149,204,462
Loss for the financial year		-	-	-	-	-	(18,256,892)	(18,256,892)	134,357	(18,122,535)
Foreign currency translations for foreign operations, net of tax		-	-	-	-	(1,868)	-	(1,868)	(45,994)	(47,862)
Share of other comprehensive loss of associates, net of tax		-	-	-	-	(31,363)	(27,656)	(59,019)	-	(59,019)
Total comprehensive (loss)/income		-	-	-	-	(33,231)	(18,284,548)	(18,317,779)	88,363	(18,229,416)
<b>Transactions with owners</b>										
Shares issued pursuant to LTIP	22	607,511	-	-	-	-	-	607,511	-	607,511
Shares issued pursuant to private placement	22	16,317,707	-	-	-	-	-	16,317,707	-	16,317,707
Warrants lapsed		-	-	(11,072,325)	-	-	11,072,325	-	-	-
Arising from disposal of a subsidiary		-	-	-	-	-	-	-	(109,025)	(109,025)
Arising from accretion of equity interests in subsidiaries		-	-	-	-	-	(3,881,641)	(3,881,641)	1,997,659	(1,883,982)
Issuance of shares pursuant to exercise of warrant	22	1,099,220	-	(235,053)	-	-	-	864,167	-	864,167
Share-based payment transactions in a subsidiary		-	-	-	264,695	-	-	264,695	190,748	455,443
Total transactions with owners		18,024,438	-	(11,307,378)	264,695	-	7,190,684	14,172,439	2,079,382	16,251,821
Balance as at 31 March 2019		248,722,769	24,663,246	-	3,577,446	(284,500)	(135,345,464)	141,333,497	5,893,370	147,226,867

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

# Statement of Changes in Equity

For the financial year ended 31 March 2019

Company	Note	<----- Non-distributable ----->			Retained earnings/ (Accumulated losses) RM	Total equity RM
		Share capital RM	Capital reserve RM	Warrant reserve RM		
Balance as at 1 April 2017 (as previously reported)		230,280,629	24,663,246	11,307,378	5,780,374	272,031,627
Effects of adoption of MFRS 9		-	-	-	(25,357,397)	(25,357,397)
Balance as at 1 April 2017 (restated)		230,280,629	24,663,246	11,307,378	(19,577,023)	246,674,230
Loss for the financial year		-	-	-	(69,464,191)	(69,464,191)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(69,464,191)	(69,464,191)
<b>Transaction with owners</b>						
Shares issued pursuant to LTIP	22	417,702	-	-	-	417,702
Total transaction with owners		417,702	-	-	-	417,702
Balance as at 31 March 2018		230,698,331	24,663,246	11,307,378	(89,041,214)	177,627,741
Balance as at 1 April 2018 (as previously reported)		230,698,331	24,663,246	11,307,378	(38,889,427)	227,779,528
Effects of adoption of MFRS 9		-	-	-	(50,151,787)	(50,151,787)
Balance as at 1 April 2018 (restated)		230,698,331	24,663,246	11,307,378	(89,041,214)	177,627,741
Loss for the financial year		-	-	-	(30,706,637)	(30,706,637)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(30,706,637)	(30,706,637)
<b>Transactions with owners</b>						
Shares issued pursuant to LTIP	22	607,511	-	-	-	607,511
Shares issued pursuant to private placement	22	16,317,707	-	-	-	16,317,707
Issuance of shares pursuant to exercise of warrant	22	1,099,220	-	(235,053)	-	864,167
Warrants lapsed		-	-	(11,072,325)	11,072,325	-
Total transactions with owners		18,024,438	-	(11,307,378)	11,072,325	17,789,385
Balance as at 31 March 2019		248,722,769	24,663,246	-	(108,675,526)	164,710,489

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

# Statements of Cash Flows

For the financial year ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before tax		(17,036,635)	(147,413,231)	(30,706,637)	(69,456,064)
Adjustments for:					
Amortisation of:					
– software development costs	6	1,992,555	3,195,994	–	–
– license agreement	6	1,761,296	719,496	1,041,800	–
Bad debts recovered		(5,988)	(3,201)	–	–
Bad debts written off		195,871	148,484	45,000	–
Depreciation of property, plant and equipment	13	1,757,183	4,362,966	263,907	252,874
Dividend income from investment in quoted shares	32	–	(17)	–	–
Equity settled share-based payment expense	33	1,062,954	1,830,938	607,511	417,702
Net loss on dilution of equity interest in associates		1,090,147	2,014,317	–	–
Net loss on fair value adjustments on other investments	10(b)	3,174,917	1,570,602	–	–
Net loss/(gain) on disposal of:					
– investment in an associate		2,345,823	(38,125)	–	–
– other investments		–	250,238	–	–
– property, plant and equipment		–	(25,076)	–	(10,000)
– subsidiaries	7(d)	1,496,860	17,555,831	–	–
Impairment losses on:					
– goodwill on consolidation	5(d)	–	3,745,889	–	–
– trade receivables	16(c)	6,437,385	10,259,713	332,172	–
– other receivables	11(c)	229,679	2,745,276	–	2,128,229
– amounts owing from subsidiaries	18(e)	–	–	23,850,073	24,794,390
– investment in associates	8(h)	–	3,741,577	–	–
– other investments	10(f)	–	26,669,729	–	29,090,890
– property, plant and equipment	13	–	16,549,310	–	–
– software development costs	6(d)	–	40,040,255	–	–
Interest expense		7,877,740	9,045,329	1,298	–
Interest income		(824,351)	(1,152,615)	(12,501)	(5,351)
Preference share dividend from a subsidiary		–	–	(1,585,086)	(1,243,846)

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

**STATEMENTS OF CASH FLOWS (CONT'D.)**

For the financial year ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd.)</b>					
Inventories written off	15(b)	2,516,268	3,115,606	-	-
Property, plant and equipment written off	13	27,720	135,031	-	-
Provision for gratuity obligations	33	181,742	369,384	90,490	94,733
Provision for post-employment benefits	33	-	178,255	-	-
Reversal of impairment loss on					
– trade receivables	16(c)	(5,408,858)	(11,275,639)	-	-
– other receivables	11(c)	(290,600)	-	-	-
– amounts owing from subsidiaries	18(e)	-	-	(4,076)	-
Share of profit of associates	8(c)	(3,344,731)	(4,054,165)	-	-
Share of loss of a jointly-controlled entity	9(c)	127,786	-	-	-
Waiver of loan receivable from a subsidiary		-	-	241,819	2,294,251
Write off of deposits		12,715	6,350	-	-
Net unrealised (gain)/loss on foreign currency exchange		(680)	321,762	-	-
Operating profit/(loss) before changes in working capital		5,376,798	(15,389,737)	(5,834,230)	(11,642,192)
Increase in inventories		(3,676,962)	(3,055,245)	-	-
Decrease/(Increase) in trade receivables		3,106,875	(15,782,296)	(185,236)	542
(Increase)/Decrease in other receivables, deposits and prepayments		(14,145,476)	(2,736,744)	(307,431)	5,863,978
Increase in trade payables		9,574,993	4,757,927	-	-
(Decrease)/Increase in other payables, deposits and accruals		(8,009,860)	21,567,345	120,761	(128,810)
Cash used in operations		(7,773,632)	(10,638,750)	(6,206,136)	(5,906,482)
Tax paid		(3,618,321)	(7,346,272)	(176,975)	(208,213)
Tax refunded		1,083,045	421,856	205,190	77,318
Net cash used in operating activities		(10,308,908)	(17,563,166)	(6,177,921)	(6,037,377)

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

**STATEMENTS OF CASH FLOWS (CONT'D.)**

For the financial year ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary, net of cash acquired	7(d)	(930,827)	–	–	–
Acquisition of additional interest in					
– subsidiaries	7(d)	(1,883,982)	(1,470,624)	–	–
– associates	8(e)	(24,109)	–	–	–
Disposal of subsidiaries, net of cash	7(d)	(233,159)	(11,513,282)	–	–
Disposal of interest in subsidiaries		–	28,106,384	–	–
Dividend income from investment in quoted shares	32	–	17	–	–
Interest received		820,777	1,145,809	12,501	5,351
Net advances (to)/from subsidiaries		–	–	(6,608,025)	4,404,666
Preference share dividend from a subsidiary		–	–	1,585,086	1,243,846
Proceeds from disposal of interest in an associate		8,130,140	1,653,129	–	–
Proceeds from disposal of other investments		–	2,045,592	–	–
Proceeds from disposal of property, plant and equipment		–	128,440	–	10,000
Purchase of other intangible assets	6(e)	(3,218,841)	(519,664)	(2,798,200)	–
Purchase of other investments		–	(22,068)	–	–
Purchase of property, plant and equipment	13(c)	(558,773)	(4,223,281)	(159,850)	(2,168)
Purchase of investment in a jointly-controlled entity	9(e)	(150,000)	–	–	–
(Placement)/Withdrawal of deposits pledged to licensed banks		(491,858)	8,181,622	–	–
Net cash from/(used in) investing activities		1,459,368	23,512,074	(7,968,488)	5,661,695

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

**STATEMENTS OF CASH FLOWS (CONT'D.)**

For the financial year ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net drawdown/(Repayments) of:					
– invoice financing and factoring loan, trust receipts and term loans		6,464,276	(12,027,682)	–	–
– hire purchase and lease creditors		(11,365,758)	(6,205,059)	–	–
Interest paid		(7,877,740)	(9,045,329)	(1,298)	–
Net proceeds from shares issued pursuant to private placement	22	16,317,707	–	16,317,707	–
Proceeds from conversion of warrants		864,167	–	864,167	–
Net cash from/(used in) financing activities		4,402,652	(27,278,070)	17,180,576	–
Net (decrease)/increase in cash and cash equivalents		(4,446,888)	(21,329,162)	3,034,167	(375,682)
Cash and cash equivalents at beginning of financial year		25,632,243	46,953,675	71,764	447,446
Effect of changes in exchange rates		(402)	7,730	–	–
Cash and cash equivalents at end of financial year	21	21,184,953	25,632,243	3,105,931	71,764

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

**STATEMENTS OF CASH FLOWS (CONT'D.)**

For the financial year ended 31 March 2019

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Invoice financing and factoring loan, trust receipts and term loans (Note 25)		Hire purchase and lease creditors (Note 26)	
	Group RM	Company RM	Group RM	Company RM
At 1 April 2017	72,658,116	–	35,756,652	–
Cash flows	(12,027,682)	–	(6,205,059)	–
Non-cash flows:				
– Disposal of a subsidiary	(3,670)	–	(213,753)	–
– Purchase of property, plant and equipment	–	–	713,000	–
At 31 March 2018	60,626,764	–	30,050,840	–
At 1 April 2018	60,626,764	–	30,050,840	–
Cash flows	6,464,276	–	(11,365,758)	–
Non-cash flows:				
– Disposal of subsidiaries	–	–	(111,456)	–
At 31 March 2019	67,091,040	–	18,573,626	–

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



# Notes to the Financial Statements

31 March 2019

## 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 of the Company is located at No. 47-5, The Boulevard Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at Ho Hup Tower – Aurora Place, 2-07-01 Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2019 comprise the Company and its subsidiaries and the interest of the Group in associates and jointly controlled entities. These financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

The financial statements were authorised for issuance in accordance with a resolution by the Board of Directors on 15 July 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and the provision of management services. The principal activities and the details 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 Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 in Malaysia.

These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and IFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (FRSs) in Malaysia.

The Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 April 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2017 and 2018 in these financial statements have been restated to give effect to these changes, and Note 42 to the financial statements discloses the new MFRSs, amendments to MFRSs adopted during the financial year, the impact of the transition to MFRSs and prior year restatements on the Group's and the Company's reported financial position and financial performance for the financial year then ended.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on a going concern basis.

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

The Group and the Company incurred a net loss of RM18,122,535 and RM30,706,637 respectively during the financial year ended 31 March 2019 and, as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM2,015,112 and RM15,726,584 respectively. The Directors are of the opinion that the net current liabilities position as at 31 March 2019 was temporary and there is no material uncertainty on the going concern assumption in the preparation of financial statements. There are on-going plans to improve operational cash flows in the Group and the Company in the near future.

### 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 and Distribution Services

Distribution and reselling of hardware and software and related services;

(iii) Digital and Infrastructure Services

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

Other segments comprise operations related to 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.

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

(a) Reportable segments (cont'd.)

2019	Business performance services RM	Trading and distribution services RM	Digital and infrastructure services RM	Others RM	Elimination RM	Consolidation RM
<b>Revenue</b>						
External sales	129,680,083	119,861,713	3,067,936	440,492	-	253,050,224
Inter-segment sales	31,303,911	15,644,117	49,448	2,171,173	(49,168,649)	-
<b>Total</b>	<b>160,983,994</b>	<b>135,505,830</b>	<b>3,117,384</b>	<b>2,611,665</b>	<b>(49,168,649)</b>	<b>253,050,224</b>
<b>Results</b>						
Segment results	(2,163,314)	1,645,701	(3,164,151)	(83,436,694)	73,918,267	(13,200,191)
Interest expense	(1,800)	(3,478,421)	(113,725)	(4,388,369)	104,575	(7,877,740)
Interest income	543,158	263,817	2,203	119,748	(104,575)	824,351
Share of profit in associates, net of tax	-	-	-	3,344,731	-	3,344,731
Share of loss in a jointly-controlled entity, net of tax	-	-	-	(127,786)	-	(127,786)
Loss before tax	(1,621,956)	(1,568,903)	(3,275,673)	(84,488,370)	73,918,267	(17,036,635)
Tax expense						(1,085,900)
Loss for the financial year						<u>(18,122,535)</u>
<b>Other information</b>						
Segment assets	252,375,780	100,308,954	381,950	172,651,569	(167,683,170)	358,035,083
Segment liabilities	344,798,780	129,358,476	25,695,744	174,958,416	(464,003,200)	210,808,216
Capital expenditure	52,787	193,856	119,610	192,520	-	558,773
Depreciation and amortisation	3,656,724	130,505	118,319	1,320,214	285,272	5,511,034
Non-cash expenses other than depreciation and amortisation	11,427,188	5,318,762	339,373	75,533,904	(79,777,526)	12,841,701

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

(a) Reportable segments (cont'd.)

2018 (Restated)	Business performance services RM	Trading and distribution services RM	Digital and infrastructure services RM	Others RM	Elimination RM	Consolidation RM
<b>Revenue</b>						
External sales	176,619,981	150,953,542	17,294,163	286,068	-	345,153,754
Inter-segment sales	45,972,130	1,825,341	2,395,456	1,809,182	(52,002,109)	-
<b>Total</b>	<b>222,592,111</b>	<b>152,778,883</b>	<b>19,689,619</b>	<b>2,095,250</b>	<b>(52,002,109)</b>	<b>345,153,754</b>
<b>Results</b>						
Segment results	(61,427,604)	3,612,252	(16,088,142)	(53,908,038)	(15,763,150)	(143,574,682)
Interest expense	(1,804,190)	(1,599,337)	(743,073)	(5,350,059)	451,330	(9,045,329)
Interest income	716,593	235,387	175,301	476,664	(451,330)	1,152,615
Share of profit in associates, net of tax	-	-	-	4,054,165	-	4,054,165
(Loss)/Profit before tax	(62,515,201)	2,248,302	(16,655,914)	(54,727,268)	(15,763,150)	(147,413,231)
Tax expense						(2,103,574)
<b>Loss for the financial year</b>						<b>(149,516,805)</b>
<b>Other information</b>						
Segment assets	326,640,606	113,889,429	4,894,423	283,331,206	(367,754,008)	361,001,656
Segment liabilities	363,773,518	83,122,865	35,533,187	164,938,870	(435,571,246)	211,797,194
Capital expenditure	1,960,777	50,027	1,640,894	27,168	1,257,415	4,936,281
Depreciation and amortisation	4,571,985	378,311	2,139,440	262,898	925,822	8,278,456
Non-cash expenses other than depreciation and amortisation	71,331,043	(702,221)	9,327,051	65,891,489	(17,649,904)	128,197,458

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

## (b) Geographical segments

	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation and amortisation RM
<b>2019</b>					
Malaysia	252,972,842	354,573,253	190,490,348	557,955	5,402,714
Singapore	77,382	732,218	10,854,941	–	104,591
Thailand	–	–	–	–	–
Indonesia	–	14,388	7,494,977	–	–
Vietnam	–	56,768	1,862,491	818	3,729
Brunei	–	2,658,456	105,459	–	–
	253,050,224	358,035,083	210,808,216	558,773	5,511,034
<b>2018 (Restated)</b>					
Malaysia	285,219,370	357,325,277	193,172,976	4,659,820	7,868,076
Singapore	193,933	1,048,701	9,879,578	–	139,824
Thailand	59,740,451	–	–	275,422	265,425
Indonesia	–	15,324	7,316,609	–	–
Vietnam	–	117,384	1,416,503	1,039	5,131
Brunei	–	2,494,970	11,528	–	–
	345,153,754	361,001,656	211,797,194	4,936,281	8,278,456

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

## 5. GOODWILL ON CONSOLIDATION

	Group	
	2019 RM	2018 RM
Cost	42,518,754	42,518,754
Add: Goodwill arising from the acquisition of a subsidiary (Note 7)	1,313,191	–
Less: Accumulated impairment losses	(5,804,721)	(5,804,721)
Carrying amount	38,027,224	36,714,033

- (a) Goodwill on consolidation is accounted for using the proportionate method. After initial recognition, goodwill on consolidation is measured at cost less any accumulated impairment losses.
- (b) Goodwill on consolidation arising from business combinations have been allocated to the CGUs of the Group based on the following reportable segments:

	Business performance services RM	Trading and distribution services RM	Digital and infrastructure services RM	Total RM
As at 1 April 2017	41,838,205	1,767,113	34,634,165	78,239,483
Disposal of a subsidiary (Note 7)	(5,737,705)	–	(32,041,856)	(37,779,561)
Impairment loss during the financial year	(1,153,580)	–	(2,592,309)	(3,745,889)
As at 31 March 2018/ 1 April 2018	34,946,920	1,767,113	–	36,714,033
Acquisition of a subsidiary (Note 7)	1,313,191	–	–	1,313,191
As at 31 March 2019	36,260,111	1,767,113	–	38,027,224

- (c) Recoverable amounts of goodwill on consolidation for both financial years have been determined based on the value-in-use method using the following assumptions:
- Cash flow forecasts based on approved financial budgets covering a five (5) year period;
  - Pre-tax discount rate of the Group of 7.49%-7.70% (2018: 9.39%) per annum;
  - Forecasted growth rates ranging from 5% to 10% (2018: 5% to 10%) based on past performance of the segment;
  - Terminal value based on the fifth year cash flow without incorporating any growth rate; and
  - Projected profit margins based on historical profit margins achieved.

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

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

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

	Group	
	2019 RM	2018 RM
As at 1 April 2018/2017	5,804,721	2,058,832
Impairment losses charged during the financial year	–	3,745,889
As at 31 March 2019/2018	5,804,721	5,804,721

## 6. OTHER INTANGIBLE ASSETS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Software development costs</b>				
As at 1 April 2018/2017	5,561,801	48,278,386	–	–
Add: Addition during the financial year	420,641	519,664	–	–
Less: Impairment losses during the financial year	–	(40,040,255)	–	–
Less: Amortised during the financial year	(1,992,555)	(3,195,994)	–	–
As at 31 March 2019/2018	3,989,887	5,561,801	–	–
<b>License agreement</b>				
As at 1 April 2018/2017	3,117,787	3,837,283	–	–
Add: Addition during the financial year	5,209,000	–	5,209,000	–
Less: Amortised during the financial year	(1,761,296)	(719,496)	(1,041,800)	–
As at 31 March 2019/2018	6,565,491	3,117,787	4,167,200	–
Total other intangible assets	10,555,378	8,679,588	4,167,200	–

**6. OTHER INTANGIBLE ASSETS (CONT'D.)**

Group	As at 31.3.2019			
	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Software development costs	77,049,044	(30,728,231)	(42,330,926)	3,989,887
License agreement	11,684,433	(5,118,942)	–	6,565,491
	88,733,477	(35,847,173)	(42,330,926)	10,555,378

Group	As at 31.3.2018			
	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Software development costs	76,628,403	(28,735,676)	(42,330,926)	5,561,801
License agreement	6,475,433	(3,357,646)	–	3,117,787
	83,103,836	(32,093,322)	(42,330,926)	8,679,588

Company	As at 31.3.2019			
	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
<b>License agreement</b>	5,209,000	(1,041,800)	–	4,167,200

(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 estimated useful lives represent common life expectancies applied in the industry within which the Group and the Company operate. The principal amortisation periods are as follows:

Software development costs	4 to 10 years
License agreement	5 to 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 the reporting period has no significant impact on the carrying amount of software development costs and license agreement.



## 6. OTHER INTANGIBLE ASSETS (CONT'D.)

- (d) In the previous financial year, management impaired software development costs of the Group amounted to RM40,040,255 because the Directors do not anticipate any future economic benefits associated with these intangible assets.

Movements in accumulated impairment losses are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at 1 April 2018/2017	42,330,926	2,290,671	-	-
Impairment losses charged during the financial year	-	40,040,255	-	-
As at 31 March 2019/2018	42,330,926	42,330,926	-	-

- (e) During the financial year, the Group and the Company made the following cash payments to purchase other intangible assets.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Purchase of other intangible assets	5,629,641	519,664	5,209,000	-
Amount outstanding in other payables	(1,632,400)	-	(1,632,400)	-
Amount prepaid in previous financial year	(778,400)	-	(778,400)	-
Cash payments on purchase of other intangible assets	3,218,841	519,664	2,798,200	-

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM	2018 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

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

- (a) Investments in subsidiaries are measured at cost. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs.
- (b) The management has assessed whether there were any indicators of impairment in the subsidiaries during the financial year. In doing this, management considered the current environments and performance of the affected subsidiaries. Management has considered the shareholders' deficit as at financial year end in certain subsidiaries as impairment indicators. The carrying amount of these subsidiaries as at 31 March 2019 was RM20,121,650.

Management has made estimates about the future results and key assumptions applied to cash flow projections of the affected subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each subsidiary. Management has determined that the recoverable amounts are in excess of the carrying amounts of the investments in subsidiaries and no further impairment has been recorded in the current financial year.

- (c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
Continuous Network Advisers Sdn Bhd (CNA)	Malaysia	100	100	-	-	Investment holding
Man Yau Holdings Berhad (MYHB)	Malaysia	100	100	-	-	Investment holding activities
Omesti Holdings Berhad (OHB)	Malaysia	100	100	-	-	Investment holding activities
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

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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
<b>Subsidiaries of CNA</b>						
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 maintaining financial technology software in Asia Pacific region
MYATM Sdn Bhd (MYATM)	Malaysia	-	-	-*	89.7	Manufacturing, trading and servicing of banking equipment and providing out-source related services
Chelsea Apps Factory Bangsar Sdn Bhd (CAFB)	Malaysia	-	-	80	80	Dormant
†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 (OILS)	Republic of Singapore	-	-	-	100	Dormant
Fiber At Home City Networks Sdn Bhd (FIBER)	Malaysia	-	-	-	87.5	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

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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
<b>Subsidiaries of CNA (cont'd.)</b>						
Omesti Data Sdn Bhd (ODSB)	Malaysia	–	–	100	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
# Omesti Vietnam Company Limited (OVCL) (formerly known as 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
<b>Subsidiaries of MYHB</b>						
Omesti Assist Sdn Bhd (OASB)	Malaysia	–	–	100	100	Investment holding and development of application software, system integration services and the provision of hardware and software maintenance services
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
Channel Legacy Sdn Bhd (CLSB)	Malaysia	–	–	60	60	Dormant

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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
<b>Subsidiary of OASB</b>						
†PDAC Formis Sdn Bhd (PDAC)	Brunei	–	–	70	70	Dormant
<b>Subsidiaries of OHB</b>						
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
Com-Line Systems Sdn Bhd (CLS)	Malaysia	–	–	85	85	Development of standard application packages and the provision of turnkey solution development services
^ Microlink Solutions Berhad (Microlink)	Malaysia	–	–	61.5	59.3	Investment holding and provision of research and development on information technology solutions to the financial services industry
Formis Media Teknologi Sdn Bhd (FMT)	Malaysia	–	–	65	65	Dormant
# PT Formis Solusi Indonesia (PTFSI)	Republic of Indonesia	–	–	100	100	Dormant
Formis International Limited (FIL)	Federal Territory of Labuan	–	–	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

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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
<b>Subsidiary of OHB (cont'd.)</b>						
Amadeus Digital Xpress Sdn Bhd (ADX) (formerly known as Formis Automation Sdn Bhd (FASB))	Malaysia	–	–	100	100	Automation, installation and maintenance of computer hardware and software and other automated related projects
Next Intelligent Sdn Bhd (NISB)	Malaysia	–	–	100	100	Dormant
Prima Arenaniaga Sdn Bhd (PASB)	Malaysia	–	–	60	60	Provision of information technology solutions
Red Ape Solutions Sdn Bhd (RAS)	Malaysia	–	–	100	–	Provisions of business solutions, training and consultation, consultation services in information technology, web development and applications.
<b>Subsidiary of FNS</b>						
Formis Niaga Solusi Sdn Bhd (FNSi)	Malaysia	–	–	100	100	Dormant
<b>Subsidiary of CLS</b>						
Comline Dotcom Sdn Bhd (CDC)	Malaysia	–	–	100	100	Dormant

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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
<b>Subsidiaries of Microlink</b>						
CSA Servis (M) Sdn Bhd (CSAS)	Malaysia	–	–	100	100	Investment holding and provision of computer repair and maintenance service, supply of computer parts, accessories, computers and peripherals
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	In liquidation
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 of consultancy services in supporting and modifying banking software
Omesti Innovation Lab (Malaysia) Sdn Bhd (OIL)	Malaysia	–	–	100	100	Development of information and multimedia technology and provision of deployment services
† PT Microlink Indonesia (PTMI)	Republic of Indonesia	–	–	100	100	Provision of information technology solutions to the financial services industry and dealing in related products

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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2019 %	2018 %	2019 %	2018 %	
<b>Subsidiaries of CSAS</b>						
Applied Business Systems Sdn Bhd (ABS)	Malaysia	–	–	100	100	Distribution and maintenance of computer hardware 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	Provision of information technology services in terms of hardware, software, consultancy and maintenance
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
<b>Subsidiary of MSSB</b>						
†PT Microlink International Maju (PTMIM)	Republic of Indonesia	–	–	65	65	Provision of information technology solutions to the financial services industry and dealing in related products

# Subsidiaries audited by BDO Member Firm.

† Subsidiaries not audited by BDO PLT.

\* The Group now holds 35.9% of equity interest in MYATM as at 31 March 2019 and accounts for it as an associate company (Note 8).

^ 101,599,093 (2018: 81,847,893) ordinary shares in Microlink with a carrying amount of RM53,895,198 (2018: RM43,495,930) have been pledged for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.



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

(d) Other details of investments in subsidiaries

(i) Newly incorporated subsidiary

In the previous financial year, MSSB, a wholly-owned subsidiary of Microlink had subscribed for a total of 162,500 shares represented 65% of the entire issued and paid-up share capital of PTMIM, a company incorporated in the Republic of Indonesia for a total subscription consideration of USD162,500 (equivalent to RM697,283).

(ii) Acquisition of a subsidiary

(1) In the previous financial year, OHB, a wholly-owned subsidiary of the Company had on 21 February 2018 acquired one (1) ordinary share in NISB, a company incorporated in Malaysia that remained dormant, represented 100% of the equity interest for a total cash consideration of RM1. Following the acquisition, NISB became a wholly-owned subsidiary of OHB.

(2) On 22 November 2018, OHB, a wholly-owned subsidiary of the Company acquired 100,000 ordinary shares in RAS, a company incorporated in Malaysia that is engaged in the provisions of business solutions, training and consultation, consultation services in information technology, web development and applications, representing 100% of the equity interest for a total cash consideration of RM1,000,000. Following the acquisition, RAS became a wholly-owned subsidiary of OHB.

Goodwill on consolidation arising from the acquisition of RAS of RM1,313,191 was accounted for using the acquisition method of accounting.

The fair value of the assets acquired and the liabilities assumed from the acquisition of the subsidiary are as follows:

	Acquiree's carrying amount RM	Fair value recognised on acquisition RM
Property, plant and equipment (Note 13)	14,787	14,787
Trade receivables	270,703	270,703
Other receivables, deposits and prepayments	52,321	52,321
Cash and bank balances	69,173	69,173
Trade payables	(490,780)	(490,780)
Other payables, deposits and accruals	(122,577)	(122,577)
Current tax payable	(106,818)	(106,818)
Net identifiable liabilities assumed	<u>(313,191)</u>	<u>(313,191)</u>
Add: Goodwill on acquisition (Note 5)		1,313,191
Total cost of acquisition		1,000,000
Less: Cash and cash equivalent of subsidiary acquired		<u>(69,173)</u>
Net cash outflow of the Group on acquisition		<u>930,827</u>

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

(d) Other details of investments in subsidiaries (cont'd.)

(iii) Accretion of equity interest in a subsidiary

- (1) Pursuant to the Subscription Agreement dated 1 September 2016 in respect of Redeemable Convertible Preference Shares (RCPS) in FIBER for the subscription of 2,500,000 RCPS in FIBER and Subscription Agreement dated 31 January 2017 in respect of RCPS for the subscription of 2,000,000 RCPS-B in FIBER, CNA, a wholly-owned subsidiary of the Company had on 19 October 2017, converted both 2,500,000 RCPS and 2,000,000 RCPS-B into ordinary shares in FIBER. Following the conversions, CNA now holds a total of 6,300,000 ordinary shares in FIBER, representing 87.5% equity interest in FIBER. CNA had on 31 October 2017 entered into another Subscription Agreement in respect of RCPS in FIBER for the subscription of 7,500,000 RCPS-C in FIBER.
- (2) In the previous financial year, OHB, a wholly-owned subsidiary of the Company, acquired 2,169,700 ordinary shares in Microlink, a 58.0% owned subsidiary of OHB, represented 1.3% of the total issued and paid-up share capital of Microlink for a total cash consideration of RM1,470,624. Following the acquisition, OHB now holds 59.3% equity interest in Microlink.
- (3) During the financial year, OHB, a wholly-owned subsidiary of the Company, acquired 3,730,100 ordinary shares in Microlink, a 59.3% owned subsidiary of OHB, representing 2.2% of the total issued and paid-up share capital of Microlink for a total cash consideration of RM1,883,982. Following the acquisition, OHB now holds 61.5% equity interest in Microlink.
- (4) During the financial year, the Company subscribed for additional 500,001 and 1,500,001 ordinary shares in MSSB and OIL respectively for a total cash consideration of RM2,000,002.

(iv) Strike-off of a subsidiary

On 14 September 2018, CNA, a wholly-owned subsidiary of the Company, strike off OILS, a company incorporated in the Republic of Singapore. The strike off has no material financial effect to the Group.

(v) Disposal of interest in subsidiaries

- (1) In the previous financial year, OHB, a wholly-owned subsidiary of the Company, disposed of a total of 239,332,292 ordinary shares in DGSB represented 17.7% of the equity interest in Diversified Gateway Solutions Berhad (DGSB), in the open market for a total cash consideration of RM16,331,384, and a total of 290,000,000 ordinary shares in DGSB represented 21.4% of the equity interest in DGSB to Insas Technology Berhad (ITB), Dato' Dr Tan Seng Chuan and Dato' Wong Gian Kui for a total cash consideration of RM13,775,000. Following all the disposals, OHB now holds 15.4% equity interests in DGSB. Consequently, with the increased involvement of ITB over the operations and direction of DGSB, DGSB ceased to be a subsidiary of the Company. The net assets of subsidiary disposed is disclosed below.

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

(d) Other details of investments in subsidiaries (cont'd.)

(v) Disposal of interest in subsidiaries (cont'd.)

(1) In the previous financial year, the value of assets and liabilities of DGSB recorded in the consolidated financial statement as at the date of disposal of 7 March 2018 are as follows:

	RM
Property, plant and equipment	3,894,880
Deferred tax assets	3,486,079
Trade receivables	37,902,475
Goodwill on consolidation (Note 5)	5,737,705
Inventories	3,084,644
Amounts owing by related companies	2,236,854
Other receivables, deposits and prepayments	14,140,941
Current tax assets	6,058,527
Cash and bank balances	19,798,904
Trade payables	(10,121,362)
Other payables, deposits and accruals	(19,689,714)
Amount owing to holding company	(9,013,345)
Amounts owing to related companies	(1,957,623)
Borrowings	(6,565,301)
Provisions	(1,379,180)
Net assets	47,614,484
Non-controlling interest	(87,185)
	47,527,299
Capitalised as investment in associate company	(20,915,770)
Loss on disposal of a subsidiary company	(17,555,831)
Non-controlling interest recognised at subsidiary company level	(39,159,810)
Goodwill on consolidation written-off (Note 5)	32,041,856
	1,937,744
Cash balances of a subsidiary company disposed	(13,451,026)
Net cash outflow from disposal of subsidiary company	(11,513,282)

(2) Pursuant to the Subscription Agreement dated 30 October 2017 entered into between FIBER and CNA, CNA had on 21 May 2018 converted 7,500,000 RCPS-C into ordinary shares in FIBER. Following the conversion, CNA now holds 13,800,000 ordinary shares in FIBER, representing 93.8% equity interest in FIBER.

CNA has on 6 June 2018 entered into a Subscription Agreement in respect of RCPS in FIBER for the subscription of up to 10,000,000 RCPS – Series D (RCPS-D) in FIBER. Thereafter, CNA had on 7 June 2018 converted 10,000,000 RCPS-D into ordinary shares in FIBER. Following the conversion, CNA now holds 23,800,000 ordinary shares in FIBER, representing 96.36% equity interest in FIBER.

On 2 August 2018, CNA disposed a total of 23,800,000 ordinary shares in FIBER representing 96.36% of the equity interest in FIBER for a total cash consideration of RM1. Following the disposal, FIBER ceased to be a subsidiary of CNA.

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

(d) Other details of investments in subsidiaries (cont'd.)

(v) Disposal of interest in subsidiaries (cont'd.)

- (3) On 29 March 2019, CNA disposed 5,220,000 ordinary shares in MYATM, representing 53.8% of the equity interest of MYATM for a total cash consideration of RM1. Following the disposal, CNA holds 35.9% of MYATM and MYATM ceased to be a subsidiary of CNA. However, the Group still regards MYATM as its associate.

The value of assets and liabilities of FIBER and MYATM recorded in the consolidated financial statements as at the dates of disposal are as follows:

	FIBER RM	MYATM RM	Total RM
Property, plant and equipment (Note 13)	1,783,456	198,450	1,981,906
Trade receivables	264,819	131,032	395,851
Inventories	–	1,309	1,309
Other receivables, deposits and prepayments	496,353	427,519	923,872
Current tax assets	2,500	–	2,500
Provision for taxation	–	(6)	(6)
Cash and bank balances	157,641	75,520	233,161
Trade payables	(1,428,527)	(29,862)	(1,458,389)
Other payables, deposits and accruals	(1,414,862)	(173,582)	(1,588,444)
Amount owing to holding company	1,614,218	–	1,614,218
Amounts owing to related companies	(139,067)	–	(139,067)
Amount owing to joint venture	–	(810)	(810)
Amounts owing to associates	(15,900)	–	(15,900)
Borrowings	(111,456)	–	(111,456)
Net assets	1,209,175	629,570	1,838,745
Non-controlling interest	(44,059)	(64,966)	(109,025)
	1,165,116	564,604	1,729,720
Capitalised as investment in associate	–	(232,858)	(232,858)
Loss on disposal of subsidiaries	(1,165,115)	(331,745)	(1,496,860)
Net consideration from disposal	1	1	2
Cash balances of subsidiaries disposed	(157,641)	(75,520)	(233,161)
Net cash outflow from disposal of subsidiaries	(157,640)	(75,519)	(233,159)

(vi) Internal reorganisation

In the previous financial year, OHB had on 1 March 2018, acquired 6,000 ordinary shares represented 60% of the total issued and paid-up share capital PASB from FNS, a 51% owned subsidiary of OHB for a total cash consideration of RM6,000. Following the internal reorganisation, PASB became a direct 60% owned subsidiary of OHB.

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

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

	MYATM	BAP	FIBER	PASB	MICROLINK	DGSB	FNS	Other individually immaterial subsidiaries	Total
<b>2019</b>									
NCI percentage of ownership interest and voting interest (%)	-	33.3	-	40.0	38.5	-	49.0	-	-
Carrying amount of NCI (RM)	-	(2,524,185)	-	(1,565,964)	7,445,937	-	2,592,041	(54,459)	5,893,370
Profit/(Loss) allocated to NCI (RM)	22,073	(301,827)	(70,984)	(1,173,365)	45,886	-	1,625,196	(12,622)	134,357
Total comprehensive income/(loss) allocated to NCI	22,073	(351,175)	(70,984)	(1,173,365)	49,240	-	1,625,196	(12,622)	88,363
<b>2018 (Restated)</b>									
NCI percentage of ownership interest and voting interest (%)	10.3	33.3	12.5	40.0	40.7	-	49.0	-	-
Carrying amount of NCI (RM)	42,893	(2,173,010)	(1,933,474)	(392,599)	7,256,808	-	936,930	(11,923)	3,725,625
Profit/(Loss) allocated to NCI (RM)	181,827	(546,393)	(2,583,901)	(370,455)	(20,088,587)	2,180,033	88,193	(2,969)	(21,142,252)
Total comprehensive income/(loss) allocated to NCI	181,827	(395,411)	(2,583,901)	(370,455)	(20,177,050)	1,950,764	88,193	(2,969)	(21,309,002)

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

(f) 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:

2019	MYATM RM	BAP RM	FIBER RM	PASB RM	MICROLINK RM	FNS RM
<b>Assets and liabilities</b>						
Non-current assets	-	405	-	9,804,850	28,017,787	6,638,751
Current assets	-	217,922	-	14,515,695	112,510,993	87,971,119
Non-current liabilities	-	-	-	(222,248)	(29,479,706)	(8,198,340)
Current liabilities	-	(7,790,882)	-	(28,013,207)	(92,019,197)	(81,121,650)
Net (liabilities)/assets	-	(7,572,555)	-	(3,914,910)	19,029,877	5,289,880
<b>Results</b>						
Revenue	683,858	73,770	539,579	48,823	189,756,478	75,103,129
Profit/(Loss) for the financial year	214,111	(905,482)	(823,033)	(2,933,413)	1,004,565	3,316,728
Total comprehensive income/(loss)	214,111	(938,462)	(823,033)	(2,933,413)	1,007,209	3,316,728
Cash flows (used in)/from operating activities	(809,348)	(138,499)	(10,542,473)	1,536,292	11,074,641	(6,805,694)
Cash flows from/(used in) investing activities	891,588	(813)	12,330	(58,740)	(1,293,081)	6,487,229
Cash flows (used in)/from financing activities	(131,089)	-	9,877,440	(1,482,631)	(1,568,173)	(3,950,876)
Net (decrease)/increase in cash and cash equivalents	(48,849)	(139,312)	(652,703)	(5,079)	8,213,387	(4,269,341)

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

(f) 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 (cont'd.):

2018 (Restated)	MYATM RM	BAP RM	FIBER RM	PASB RM	MICROLINK RM	DGSB RM	FNS RM
<b>Assets and liabilities</b>							
Non-current assets	392,108	127,873	1,720,439	10,395,000	29,114,619	-	9,604,365
Current assets	756,598	353,134	2,165,284	14,257,242	109,603,865	-	53,987,696
Non-current liabilities	-	-	(76,963)	(263,510)	(32,160,943)	-	(10,673,790)
Current liabilities	(733,248)	(7,000,037)	(11,776,553)	(25,368,430)	(88,976,098)	-	(50,943,831)
Net assets/(liabilities)	4,15,458	(6,519,030)	(7,967,793)	(979,698)	17,581,443	-	1,974,440
<b>Results</b>							
Revenue	539,513	170,372	2,778,129	1,919,120	196,302,090	73,260,846	75,709,770
Profit/(Loss) for the financial year	1,763,142	(1,639,180)	(15,094,085)	(924,339)	(39,522,517)	2,923,299	210,099
Total comprehensive income/(loss)	1,763,142	(1,557,379)	(15,094,085)	(924,339)	(46,268,845)	3,053,010	210,099
Cash flows from/(used in) operating activities	100,409	(1,178,876)	(2,633,422)	(14,419,430)	(7,697,964)	(1,835,291)	8,198,414
Cash flows (used in)/from investing activities	(120,650)	1,220,184	1,133,991	16,295,994	(1,724,898)	589,363	(2,796,955)
Cash flows from/(used in) financing activities	13,300	-	1,551,379	(132,570)	2,425,052	(419,387)	(15,644,802)
Net (decrease)/increase in cash and cash equivalents	(6,941)	41,308	51,948	1,743,994	(6,997,810)	(1,665,315)	(10,243,343)

## 8. INVESTMENTS IN ASSOCIATES

	Group	
	2019 RM	2018 RM
<b>Quoted equity shares in Malaysia</b>		
Cost	34,906,510	55,798,171
Less: Accumulated impairment losses	–	(2,091,577)
Carrying amount	34,906,510	53,706,594
<b>Unquoted equity shares in Malaysia</b>		
Cost	3,532,858	3,300,000
Less: Accumulated impairment losses	(1,650,000)	(1,650,000)
Carrying amount	1,882,858	1,650,000
Share of post-acquisition results, net of tax	51,949,984	47,768,120
	<b>88,739,352</b>	<b>103,124,714</b>
Market value:		
Quoted equity shares in Malaysia	22,911,266	40,703,418

(a) Investments in associates are measured at cost less impairment losses in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements of the Group.

(b) Details of the associates are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2019 %	2018 %	2019 %	2018 %	
#^@ Ho Hup Construction Company Berhad (Ho Hup)	Malaysia	–	–	13.3	13.3	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.



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

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

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2019 %	2018 %	2019 %	2018 %	
*^ Diversified Gateway Solutions Berhad (DGSB)	Malaysia	–	–	–*	15.4	Investment holding
MYATM Sdn Bhd (MYATM)	Malaysia	–	–	35.9	–	Manufacturing, trading and servicing of banking equipment and providing outsource related services

© 49,725,100 (2018: 49,725,100) ordinary shares with a carrying amount of RM34,849,040 (2018: RM34,882,400) have been pledged for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

+ In the previous financial year, 209,157,709 ordinary shares in DGSB with a carrying amount of RM18,824,194 have been pledged for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

# This associate has a different financial year end from the Group. In applying the equity method of accounting, the audited financial statements of the associate for the financial year ended 31 December 2018 have been used and the unaudited financial statements for the period between 1 January 2019 and 31 March 2019.

\* The Group now holds 5.7% of equity interest in DGSB Group as at 31 March 2019 and accounts for it as other investment (Note 10).

^ Associates not audited by BDO PLT.

## 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:

	Ho Hup RM	MIHCM RM	DGSB RM	MYATM RM	Total RM
<b>2019</b>					
Share of net assets of the Group	51,154,834	669,134	–	232,858	52,056,826
Share of other reserve	(3,829,223)	–	–	–	(3,829,223)
Goodwill on consolidation	40,511,749	–	–	–	40,511,749
Carrying amount in the statements of financial position	87,837,360	669,134	–	232,858	88,739,352
<b>Share of results of the Group for the financial year ended 31 March 2019</b>					
Share of profit/(loss) of the Group	3,419,255	(131,672)	57,148	–	3,344,731
Share of other comprehensive loss of the Group, net of tax	(29,211)	–	(29,808)	–	(59,019)
Share of total comprehensive income/(loss) of the Group	3,390,044	(131,672)	27,340	–	3,285,712
<b>2018</b>					
Share of net assets of the Group	47,674,770	800,806	26,746,574	–	75,222,150
Share of other reserve	(3,801,568)	–	(20,300,246)	–	(24,101,814)
Goodwill on consolidation	40,511,749	–	11,492,629	–	52,004,378
Carrying amount in the statements of financial position	84,384,951	800,806	17,938,957	–	103,124,714
<b>Share of results of the Group for the financial year ended 31 March 2018</b>					
Share of profit/(loss) of the Group	5,073,848	(148,643)	(871,040)	–	4,054,165
Share of other comprehensive loss of the Group, net of tax	(141,042)	–	(14,196)	–	(155,238)
Share of total comprehensive income/(loss) of the Group	4,932,806	(148,643)	(885,236)	–	3,898,927

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

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

	Ho Hup RM	MIHCM RM	DGSB RM	MYATM RM
<b>2019</b>				
<b>Assets and liabilities</b>				
Non-current assets	291,849,494	2,884	–	198,450
Current assets	819,547,489	743,607	–	635,380
Non-current liabilities	(223,034,216)	–	–	–
Current liabilities	(506,308,580)	(425,043)	–	(204,261)
Net assets	382,054,187	321,448	–	629,569
<b>Results</b>				
Revenue	244,678,846	749,517	–	–
Profit/(Loss) for the financial year	24,790,594	(395,018)	–	–
Total comprehensive income/(loss)	24,336,000	(395,018)	–	–
Cash flows used in operating activities	(80,165,000)	(457,198)	–	–
Cash flows (used in)/from investing activities	(761,000)	470,432	–	–
Cash flows from financing activities	77,738,000	–	–	–
Net (decrease)/increase in cash and cash equivalents	(3,188,000)	13,234	–	–

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

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

	Ho Hup RM	MIHCM RM	DGSB RM	MYATM RM
<b>2018</b>				
<b>Assets and liabilities</b>				
Non-current assets	288,135,321	4,155	24,964,962	–
Current assets	639,334,186	1,129,637	63,150,680	–
Non-current liabilities	(190,996,239)	–	(4,330,604)	–
Current liabilities	(378,816,255)	(402,098)	(41,909,284)	–
Net assets	357,657,013	731,694	41,875,754	–
<b>Results</b>				
Revenue	202,628,000	503,418	10,653,808	–
Profit/(Loss) for the financial year	34,816,000	(445,929)	(5,646,703)	–
Total comprehensive income/(loss)	35,048,000	(445,929)	(5,738,596)	–
Cash flows (used in)/from operating activities	(30,174,000)	1,921	4,373,764	–
Cash flows used in investing activities	(36,350,000)	–	(61,333)	–
Cash flows from/(used in) financing activities	71,834,000	(2,027)	30,459	–
Net increase/(decrease) in cash and cash equivalents	5,310,000	(106)	4,342,890	–

(e) Accretion of equity interest in an associate

During the financial year, OHB acquired of a total of 82,000 ordinary shares in Ho Hup representing 0.03% of the equity interest in Ho Hup, in the open market for a total cash consideration of RM24,109. Following the acquisition, OHB now holds 13.3% equity interest in Ho Hup.

(f) Significant influence – Interest in Ho Hup

As at 31 March 2019, the Group holds a 13.3% interest in Ho Hup.

The Group 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 investments in associates.

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

(g) Disposal of associate

During the financial year, OHB disposed a total of 124,876,500 ordinary shares in DGSB representing 9.8% of the equity interest for a total cash consideration of RM8,130,140. Following the disposal, OHB now holds 5.6% of DGSB and DGSB ceased to be an associate of OHB.

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

	Group	
	2019 RM	2018 RM
As at 1 April 2018/2017	3,741,577	–
Disposal of an associate during the financial year	(2,091,577)	–
Impairment losses charged during the financial year		
Quoted equity shares in Malaysia	–	2,091,577
Unquoted equity shares in Malaysia	–	1,650,000
As at 31 March 2019/2018	1,650,000	3,741,577

## 9. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2019 RM	2018 RM
Unquoted shares, at cost	524,060	374,060
Share of post-acquisition reserve, net of tax	(501,846)	(374,060)
	22,214	–

- (a) Investments in jointly-controlled entities are stated at cost in the separate financial statements. The Group recognises its interest in jointly-controlled entities as an investment and accounts for its investments using the equity method.

## 9. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (CONT'D.)

(b) Details of the jointly-controlled entities are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2019 %	2018 %	2019 %	2018 %	
^# Quadrant Biz Solutions Sdn Bhd (QBS)	Malaysia	-	-	50.0	-	Provision of corporate secretarial, share registration and management services
^ Microlink Middle East Company for Programming and Computer Corporation LLC	The State of Kuwait	-	-	50.0	50.0	Provision of information technology solutions to the financial services industry and dealing in related products

^ Not audited by BDO PLT.

# This jointly-controlled entity has a different financial year end from the Group. In applying the equity method of accounting, the unaudited financial statements of the jointly-controlled entity as at 31 March 2019 have been used.

(c) The joint ventures, in which the Group participates, are unlisted separate structured entities whose quoted market prices are not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of joint ventures and provides the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for liabilities of the joint arrangements resting primarily with the joint ventures. These joint arrangements have been classified as joint ventures and have been included in the consolidated financial statements using the equity method.

(d) Reconciliation of net assets of the material jointly-controlled entity to the carrying amount of the investments in jointly-controlled entities is as follows:

	QBS RM
<b>2019</b>	
Share of net assets of the Group	22,214
Share of loss of the Group	(127,786)
	<hr/>

**9. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (CONT'D.)**

(e) Summarised financial information of the material jointly-controlled entity are as follows:

	QBS RM
<b>2019</b>	
<b>Assets and liabilities</b>	
Non-current assets	18,346
Current assets	209,832
Current liabilities	(183,750)
Net assets	44,428
<b>Results</b>	
Revenue	130,586
Loss for the financial year	(255,572)
Total comprehensive loss	(255,572)
Cash flows used in operating activities	(259,991)
Cash flows from investing activities	280,440
Net increase in cash and cash equivalents	20,449

(f) On 13 September 2018, OHB, a wholly-owned subsidiary of the Company, had subscribed for a total of 150,000 shares representing 50% of the entire issued and paid-up share capital of QBS for a total consideration of RM150,000.

**10. OTHER INVESTMENTS**

	Group	
	2019 RM	2018 RM
<b>Non-current</b>		
Equity securities:		
– Quoted shares in Malaysia	3,371,658	479
– Quoted warrants in Malaysia	–	225,005
– Unquoted shares in Malaysia	1,600,000	1,600,000
	4,971,658	1,825,484
Transferable club memberships	105,000	105,000
Total non-current other investments	5,076,658	1,930,484
<b>Current</b>		
Quoted income funds in Malaysia	106,651	103,077
Total other investments	5,183,309	2,033,561

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

- (a) The equity securities are classified as financial assets at fair value through profit or loss.
- (b) Net fair value loss of RM3,174,917 (2018: RM1,570,602) 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 29 March 2019.
- (c) Quoted ordinary shares of 42,140,604 (2018: Nil) with a carrying amount of RM3,371,248 (2018: RM Nil) have been pledged for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.
- (d) Fair value hierarchy

Group	Fair value of financial instruments carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		

### 2019

#### Financial assets at fair value through profit or loss

- Quoted shares and warrants	3,371,658	-	-	3,371,658	3,371,658	3,371,658
- Quoted income funds	106,651	-	-	106,651	106,651	106,651
- Unquoted shares	-	-	1,600,000	1,600,000	1,600,000	1,600,000
- Transferable golf club memberships	-	-	105,000	105,000	105,000	105,000

### 2018

#### Financial assets at fair value through profit or loss

- Quoted shares and warrants	225,484	-	-	225,484	225,484	225,484
- Quoted income funds	103,077	-	-	103,077	103,077	103,077
- Transferable golf club memberships	-	-	105,000	105,000	105,000	105,000



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

- (e) 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
Unquoted shares	Price to book approach	Net book value	The higher the net book value, the higher the fair value of the other investment

- (f) In the previous financial year, management impaired unquoted shares of the Group and of the Company amounted to RM26,669,729 and RM29,090,890 respectively because the Directors do not anticipate any future economic benefits associated with these other investments.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
<b>Non-current assets</b>				
Other receivables	–	–	16,685,110	16,685,110
Prepayments	5,979,246	9,278,502	–	–
	5,979,246	9,278,502	16,685,110	16,685,110
<b>Current assets</b>				
Other receivables	78,623,104	51,573,077	4,792,528	4,822,008
Less: Impairment losses	(5,555,182)	(5,895,855)	(4,758,070)	(4,758,070)
	73,067,922	45,677,222	34,458	63,938
Deposits	2,818,816	3,038,122	101,636	100,847
Prepayments	19,432,928	32,137,268	302,399	789,678
	95,319,666	80,852,612	438,493	954,463

- (a) Other receivables and deposits are classified as financial assets measured at amortised cost.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

- (b) Included in prepayments are prepaid lease rental for equipment leases, which would be recognised in profit or loss as follows:

	Group	
	2019 RM	2018 RM
Not later than 1 year	7,667,361	12,670,939
Later than 1 year and not later than five years	5,979,246	9,278,502
	13,646,607	21,949,441

- (c) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables is adjusted by forward looking information (gross domestic product (GDP)) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

It requires management to exercise significant judgment in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

- (c) The reconciliation of movements in allowance for impairment accounts in other receivables of the Group and the Company are as follows:

	Lifetime ECL allowance RM	Group	
		Credit impaired RM	Total allowance RM
At 1 April 2018	–	5,778,808	5,778,808
Effects of adoption of MFRS 9	117,047	–	117,047
At beginning of financial year (restated)	117,047	5,778,808	5,895,855
Charge for the year	173,517	56,162	229,679
Reversal of impairment losses	(9,650)	(280,950)	(290,600)
Written off	–	(219,050)	(219,050)
Disposal of subsidiaries	–	(60,702)	(60,702)
At 31 March 2019	280,914	5,274,268	5,555,182
At 1 April 2017	–	3,150,579	3,150,579
Charge for the year	117,047	2,628,229	2,745,276
At 31 March 2018	117,047	5,778,808	5,895,855

	Company	
	Credit impaired RM	Total allowance RM
At 1 April 2018/31 March 2019	4,758,070	4,758,070
At 1 April 2017	2,629,841	2,629,841
Charge for the year	2,128,229	2,128,229
At 31 March 2018	4,758,070	4,758,070

- (d) No expected credit loss is recognised arising from deposits as it is negligible.

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

(e) The currency exposure profile of other receivables and deposits is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	75,426,400	48,384,587	16,821,204	16,849,895
Singapore Dollar	73,465	108,751	–	–
Indonesian Rupiah	334,649	52,656	–	–
Vietnamese Dong	52,224	23,275	–	–
US Dollar	–	146,075	–	–
	75,886,738	48,715,344	16,821,204	16,849,895

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

	Group	
	2019 RM	2018 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
Loss after tax	±35,000	±25,000

**12. DEFERRED TAX**

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
As at 1 April 2018/2017	(4,408,669)	(5,907,923)	–	–
Recognised in profit or loss (Note 35)	(644,100)	(1,986,825)	–	–
Disposal of a subsidiary (Note 7)	–	3,486,079	–	–
As at 31 March 2019/2018	(5,052,769)	(4,408,669)	–	–
Presented after appropriate offsetting:				
Deferred tax assets, net	(5,054,799)	(4,553,396)	–	(17,261)
Deferred tax liabilities, net	2,030	144,727	–	17,261
	(5,052,769)	(4,408,669)	–	–

## 12. DEFERRED TAX (CONT'D.)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Deferred tax assets</b>				
As at 1 April 2018/2017	4,553,396	6,705,076	17,261	34,510
Recognised in profit or loss:				
Property, plant and equipment	770	-	-	-
Unused tax losses	1,657,650	277,393	-	-
Unabsorbed capital allowances	20,722	(2,420)	-	-
Provisions	(1,177,739)	1,711,852	(17,261)	(17,249)
Disposal of a subsidiary	-	(4,138,505)	-	-
As at 31 March 2019/2018	5,054,799	4,553,396	-	17,261
<b>Deferred tax liabilities</b>				
As at 1 April 2018/2017	144,727	797,153	17,261	34,510
Recognised in profit or loss:				
Property, plant and equipment	-	-	(17,261)	(17,249)
Software development costs	(142,697)	-	-	-
Disposal of a subsidiary	-	(652,426)	-	-
As at 31 March 2019/2018	2,030	144,727	-	17,261

**12. DEFERRED TAX (CONT'D.)**

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Deferred tax assets</b>				
Property, plant and equipment	770	-	-	-
Unused tax losses	2,995,720	1,338,070	-	-
Unabsorbed capital allowances	105,070	84,348	-	-
Provisions	1,953,239	3,130,978	-	17,261
	5,054,799	4,553,396	-	17,261
<b>Deferred tax liabilities</b>				
Property, plant and equipment	2,930	2,930	-	17,261
Software development costs	(900)	141,797	-	-
	2,030	144,727	-	17,261

(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		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unused tax losses	142,184,376	141,093,473	14,487,738	12,343,002
Unabsorbed capital allowances	3,676,848	3,631,928	-	-
Provisions	12,009,220	1,842,556	(1,034,626)	(70,628)
	157,870,444	146,567,957	13,453,112	12,272,374

For the Malaysian entities, the unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unused tax losses for the year of assessment 2019 onwards will expire in 7 years. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

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

**13. PROPERTY, PLANT AND EQUIPMENT**

Group 2019	Balance as at 1.4.2018 RM	Additions RM	Acquisition of a subsidiary (Note 7) RM	Reclassification RM	Written off RM	Disposal of subsidiaries (Note 7) RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2019 RM
<b>Carrying amount</b>									
Computer equipment and software	885,902	261,633	14,787	7,569,554	(4,321)	(91,376)	(1,067,787)	2,057	7,570,449
Office equipment, furniture, fittings and renovation	1,372,100	197,900	-	-	(626)	(574,921)	(504,396)	286	490,343
Motor vehicles	770,667	-	-	-	-	-	(185,000)	-	585,667
Work-in-progress	8,807,882	99,240	-	(7,569,554)	(22,773)	(1,315,609)	-	814	-
	11,836,551	558,773	14,787	-	(27,720)	(1,981,906)	(1,757,183)	3,157	8,646,459
<b>As at 31.3.2019</b>									
Computer equipment and software					21,240,657	(13,535,346)		(134,862)	7,570,449
Office equipment, furniture, fittings and renovation					6,981,249	(6,410,522)		(80,384)	490,343
Motor vehicles					2,081,150	(1,495,483)		-	585,667
Work-in-progress					16,715,314	-		(16,715,314)	-
					47,018,370	(21,441,351)		(16,930,560)	8,646,459

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

Group 2018	Balance as at 1.4.2017 RM	Additions RM	Reclassification RM	Written off RM	Disposals RM	Disposal of a subsidiary (Note 7) RM	Impairment losses RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2018 RM
<b>Carrying amount</b>										
Computer equipment and software	3,052,103	567,793	32,711	(1,377)	(7,465)	(63,118)	(134,862)	(2,774,626)	214,743	885,902
Office equipment, furniture, fittings and renovation	5,851,699	112,991	674,162	(133,654)	-	(3,798,459)	(80,384)	(1,267,008)	12,753	1,372,100
Motor vehicles	296,201	925,000	-	-	(95,899)	(33,303)	-	(321,332)	-	770,667
Work-in-progress	22,518,322	3,330,497	(706,873)	-	-	-	(16,334,064)	-	-	8,807,882
	31,718,325	4,936,281	-	(135,031)	(103,364)	(3,894,880)	(16,549,310)	(4,362,966)	227,496	11,836,551
	<b>As at 31.3.2018</b>									
							<b>Accumulated depreciation RM</b>	<b>Accumulated impairment losses RM</b>		<b>Carrying amount RM</b>
Computer equipment and software					15,028,707		(14,007,943)	(134,862)		885,902
Office equipment, furniture, fittings and renovation					7,749,632		(6,297,148)	(80,384)		1,372,100
Motor vehicles					2,081,150		(1,310,483)	-		770,667
Work-in-progress					25,523,196		-	(16,715,314)		8,807,882
					50,382,685		(21,615,574)	(16,930,560)		11,836,551



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

<b>Company 2019</b>	<b>Balance as at 1.4.2018 RM</b>	<b>Additions RM</b>	<b>Depreciation charge for the financial year RM</b>	<b>Balance as at 31.3.2019 RM</b>
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**Carrying amount**

Computer equipment and software	34,055	–	(29,418)	4,637
Office equipment, furniture and fittings	486,437	159,850	(234,489)	411,798
	520,492	159,850	(263,907)	416,435

	<b>As at 31.3.2019</b>		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Computer equipment and software	328,876	(324,239)	4,637
Office equipment, furniture and fittings	1,836,008	(1,424,210)	411,798
	2,164,884	(1,748,449)	416,435

<b>Company 2018</b>	<b>Balance as at 1.4.2017 RM</b>	<b>Additions RM</b>	<b>Depreciation charge for the financial year RM</b>	<b>Balance as at 31.3.2018 RM</b>
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**Carrying amount**

Computer equipment and software	76,066	318	(42,329)	34,055
Office equipment, furniture and fittings	695,132	1,850	(210,545)	486,437
	771,198	2,168	(252,874)	520,492

	<b>As at 31.3.2018</b>		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Computer equipment and software	328,876	(294,821)	34,055
Office equipment, furniture and fittings	1,676,158	(1,189,721)	486,437
	2,005,034	(1,484,542)	520,492

### 13. 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 and the Company operate. The principal depreciation rates are as follows:

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 and are not depreciated until such time when the assets are available for use.

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Purchase of property, plant and equipment	558,773	4,936,281	159,850	2,168
Financed by hire purchase and lease arrangements	–	(713,000)	–	–
Cash payments on purchase of property, plant and equipment	558,773	4,223,281	159,850	2,168

- (d) Included in property, plant and equipment of the Group are assets acquired under hire purchase and lease arrangements with a carrying amount of RM570,667 (2018: RM713,000).
- (e) In the previous financial year, management impaired property, plant and equipment of the Group amounted to RM16,549,310 because the Directors do not anticipate any future economic benefits associated with these property, plant and equipment.

**14. INVESTMENT PROPERTY**

Group	Balance as at 1.4.2018 RM	Addition RM	Depreciation charge for the financial year RM	Balance as at 31.3.2019 RM
<b>Carrying amount</b>				
Freehold building	–	993,850	–	993,850

	As at 31.3.2019		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold building	993,850	–	993,850

- (a) Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment property to its residual values on a straight line basis over its estimated useful life. The estimated useful life represents common life expectancy applied in the industry within which the Group operates. The principal depreciation period for the investment property is fifty (50) years.

- (b) The Level 3 fair value of investment property is RM940,079. The fair value is determined by the Directors based on market values for similar properties in the same vicinity obtained from property agencies. There is no transfer between levels in the hierarchy during the financial year.

**15. INVENTORIES**

	Group	
	2019 RM	2018 RM
<b>At cost</b>		
Hardware and software	1,552,091	1,596,115
Hardware maintenance parts and spares	1,299,736	103,597
	2,851,827	1,699,712

- (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 RM189,879,442 (2018: RM240,865,072). The amount of inventories written off recognised as expenses during the financial year amounted to RM2,516,268 (2018: RM3,115,606).

**16. TRADE RECEIVABLES**

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Trade receivables	65,221,819	69,369,424	332,172	4,338
Less: Impairment losses	(19,108,111)	(19,165,001)	(332,172)	–
	46,113,708	50,204,423	–	4,338
Amounts owing by associates	–	359,718	–	142,598
	46,113,708	50,564,141	–	146,936

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade credit terms of trade receivables granted by the Group and the Company range from 30 to 90 days (2018: 30 to 90 days) from date of invoice. They are recognised at their original amounts, which represent their fair values on initial recognition.
- (c) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (gross domestic product (GDP)) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgment in determining the probability of default by trade receivables and appropriate forward looking information.

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

- (c) The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	Lifetime ECL allowance RM	Group	
		Credit impaired RM	Total allowance RM
At 1 April 2018	–	9,040,097	9,040,097
Effects of adoption of MFRS 9	10,124,904	–	10,124,904
At beginning of financial year (restated)	10,124,904	9,040,097	19,165,001
Charge for the year	3,190,578	3,246,807	6,437,385
Reversal of impairment losses	(5,408,858)	–	(5,408,858)
Written off	–	(43,040)	(43,040)
Disposal of subsidiaries	(4,619)	(1,037,758)	(1,042,377)
At 31 March 2019	7,902,005	11,206,106	19,108,111

	Lifetime ECL allowance RM	Group	
		Credit impaired RM	Total allowance RM
At 1 April 2017	–	675,714	675,714
Effects of adoption of MFRS 9	19,819,726	–	19,819,726
At beginning of financial year (restated)	19,819,726	675,714	20,495,440
Charge for the year	1,551,438	8,708,275	10,259,713
Written off	–	(513)	(513)
Reversal of impairment losses	(11,246,260)	(29,379)	(11,275,639)
Disposal of subsidiaries	–	(248,383)	(248,383)
Exchange differences	–	(65,617)	(65,617)
At 31 March 2018	10,124,904	9,040,097	19,165,001

	Lifetime ECL allowance RM	Company	
		Credit impaired RM	Total allowance RM
At 1 April 2018	–	–	–
Charge for the year	332,172	–	332,172
At 31 March 2019	332,172	–	332,172

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

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

(d) Ageing analysis of trade receivables (excluding amounts owing by associates) of the Group and of the Company are as follows:

2019	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
<b>Group</b>			
Current	37,637,423	(3,763,300)	33,874,123
31 to 60 days	5,624,588	(188,613)	5,435,975
61 to 90 days	2,426,452	(123,496)	2,302,956
More than 91 days	1,139,273	(76,541)	1,062,732
More than 120 days	18,394,083	(14,956,161)	3,437,922
	27,584,396	(15,344,811)	12,239,585
	65,221,819	(19,108,111)	46,113,708
<b>Company</b>			
More than 120 days	332,172	(332,172)	-
<b>2018</b>			
2018	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
<b>Group</b>			
Current	31,755,687	(5,410,518)	26,345,169
31 to 60 days	7,083,995	(1,057,181)	6,026,814
61 to 90 days	9,062,620	(616,226)	8,446,394
More than 91 days	1,812,690	(83,804)	1,728,886
More than 120 days	19,654,432	(11,997,272)	7,657,160
	37,613,737	(13,754,483)	23,859,254
	69,369,424	(19,165,001)	50,204,423
<b>Company</b>			
Current	1,410	-	1,410
31 to 60 days	1,518	-	1,518
61 to 90 days	1,410	-	1,410
More than 91 days	-	-	-
More than 120 days	-	-	-
	2,928	-	2,928
	4,338	-	4,338

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

- (e) The credit risk concentration profile of the trade receivables at the end of the reporting period is as follows:

	Group			
	2019		2018 (Restated)	
	RM	% of total	RM	% of total
<b>By country</b>				
Malaysia	45,928,982	99%	50,466,574	99%
Singapore	120,386	1%	15,911	1%
United States of America	64,340	*	2,486	*
Brunei	–	–	79,170	*
	46,113,708	100%	50,564,141	100%

\* The percentage is below 1%

The Group does not have any significant exposure to any individual customer. The Group does not anticipate the carrying amounts recorded at the end of the reporting period to be significantly different from the values that would eventually be received.

- (f) The currency exposure profile of trade receivables is as follows:

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Ringgit Malaysia	45,928,982	50,466,574	–	146,936
US Dollar	64,340	2,486	–	–
Brunei Dollar	–	79,170	–	–
Singapore Dollar	120,386	15,911	–	–
	46,113,708	50,564,141	–	146,936

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

	Group	
	2019 RM	2018 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
Loss after tax	±14,000	±7,000

**17. CONTRACT ASSETS**

	Group	
	2019 RM	2018 RM
Aggregate pre-contract costs incurred to date	79,990,260	67,582,989
Add: Attributable profits	11,706,064	7,552,478
	91,696,324	75,135,467
Less: Progress billings	(95,613,385)	(76,509,665)
	(3,917,061)	(1,374,198)
Represented by:		
<b>Contract assets</b>		
Projects	5,770,963	5,582,880
<b>Contract liabilities (Note 30)</b>		
Projects	(9,688,024)	(6,957,078)
	(3,917,061)	(1,374,198)

## (a) Projects

Projects represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

## (b) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 16(c) to the financial statements.

## (c) No expected credit loss is recognised arising from contract assets as it is negligible.



**18. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	Company	
	2019 RM	2018 RM (Restated)
Amounts owing by subsidiaries	92,110,055	81,754,958
Less: Impairment losses	(76,561,709)	(52,715,712)
	15,548,346	29,039,246
Amounts owing to subsidiaries	32,522,241	28,533,349

- (a) Amounts owing by/(to) subsidiaries are classified as financial assets and financial liabilities respectively, and measured at amortised cost.
- (b) Amounts owing by/(to) subsidiaries represent payments made on behalf, which are unsecured, interest-free and collectible/payable within next twelve (12) months in cash and cash equivalents.
- (c) Amounts owing by/(to) subsidiaries of the Company are denominated in RM.
- (d) Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by the subsidiaries is adjusted by forward looking information (gross domestic product (GDP)) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiaries.

It requires management to exercise significant judgment in determining the probability of default by subsidiaries, appropriate forward looking information and significant increase in credit risk.

## 18. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D.)

(e) Movements in the impairment allowance for amounts owing by subsidiaries are as follows:

	Company	
	Credit impaired RM	Total allowance RM
At 1 April 2018	2,563,925	2,563,925
Effects of adoption of MFRS 9	50,151,787	50,151,787
At beginning of financial year (restated)	52,715,712	52,715,712
Charge for the year	23,850,073	23,850,073
Reversal of impairment losses	(4,076)	(4,076)
At 31 March 2019	76,561,709	76,561,709
At 1 April 2017	2,563,925	2,563,925
Effects of adoption of MFRS 9	25,357,397	25,357,397
At beginning of financial year (restated)	27,921,322	27,921,322
Charge for the year	24,794,390	24,794,390
At 31 March 2018	52,715,712	52,715,712

(f) The maturity profile of amounts owing to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

## 19. AMOUNTS OWING BY/(TO) ASSOCIATES

- (a) Amounts owing by/(to) associates are classified as financial assets and financial liabilities respectively, and measured at amortised cost.
- (b) Amounts owing by/(to) associates represent payments made on behalf, which are unsecured, interest-free and collectible/payable within next twelve (12) months in cash and cash equivalents.
- (c) Amounts owing by/(to) associates are denominated in RM.
- (d) Impairment for amounts owing by associates is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 18(d) to the financial statements.

No expected credit loss is recognised arising from amounts owing by associates as it is negligible.

(e) The maturity profile of amounts owing to associates of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

## 20. AMOUNT OWING BY A JOINTLY-CONTROLLED ENTITY

- (a) Amount owing by a jointly-controlled entity is classified as financial assets measured at amortised cost.
- (b) Amount owing by a jointly-controlled entity represents payments made on behalf, which are unsecured, interest-free and collectible within next twelve (12) months in cash and cash equivalents.
- (c) Amount owing by a jointly-controlled entity is denominated in RM.
- (d) Impairment for amount owing by a jointly-controlled entity is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 18(d) to the financial statements.

No expected credit loss is recognised arising from owing by a jointly-controlled entity as it is negligible.

## 21. CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	20,381,306	11,336,993	3,104,857	70,724
Fixed deposits	17,545,831	18,361,146	1,074	1,040
Short term money market deposits	–	10,678,497	–	–
	37,927,137	40,376,636	3,105,931	71,764

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits with licensed banks of the Group amounting to RM15,051,005 (2018: RM14,559,147) are pledged to licensed banks for credit facilities granted to the Company and certain subsidiaries as disclosed in Note 25 to the financial statements.
- (c) Fixed deposits and short term money market deposits of the Group with a carrying amount of RM17,545,831 (2018: RM18,361,146) and RM Nil (2018: RM10,678,497) are subject to fixed weighted average effective interest rates of 3.67% (2018: 2.47%) and Nil% (2018: 2.86%) respectively.
- (d) Sensitivity analysis for fixed deposits and short term money market deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.

**21. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	20,381,306	11,336,993	3,104,857	70,724
Fixed deposits	17,545,831	18,361,146	1,074	1,040
Short term money market deposits	–	10,678,497	–	–
	37,927,137	40,376,636	3,105,931	71,764
Less: Deposits pledged to licensed banks (Note 25)	(15,051,005)	(14,559,147)	–	–
Less: Bank overdrafts (Note 24)	(1,691,179)	(185,246)	–	–
	21,184,953	25,632,243	3,105,931	71,764

- (f) No expected credit losses were recognised arising from cash and bank balances because the probability of default by these financial institutions were negligible.
- (g) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	37,735,127	40,076,380	3,105,931	71,764
Singapore Dollar	57,510	265,418	–	–
US Dollar	13,725	10,700	–	–
Indonesian Rupiah	21,662	4,538	–	–
Brunei Dollar	97,806	4,084	–	–
Vietnamese Dong	1,307	15,516	–	–
	37,927,137	40,376,636	3,105,931	71,764

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

	Group	
	2019 RM	2018 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
Loss after tax	±14,000	±14,000

## 22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
<b>Issued and fully paid-up share capital</b>				
As at 1 April 2018/2017	431,075,491	430,254,891	230,698,331	230,280,629
Ordinary shares issued pursuant to Long-Term Incentive Plan	1,485,000	820,600	607,511	417,702
Ordinary shares issued pursuant to private placement	43,303,400	–	16,317,707	–
Conversion of warrants	1,728,334	–	1,099,220	–
As at 31 March 2019/2018	477,592,225	431,075,491	248,722,769	230,698,331

- (a) During the financial year, the number of issued and fully paid-up share capital of the Company has been increased from RM230,698,331 comprising 431,075,491 ordinary shares to RM248,722,769 comprising 477,592,225 ordinary shares. The increase in the issued and paid-up share capital of the Company arose from the issuance of 1,485,000 new ordinary shares pursuant to the Long-Term Incentive Plan (LTIP) to eligible employees, issuance of 43,303,400 new ordinary shares pursuant to private placement and issuance of 1,728,334 new ordinary shares pursuant to conversion of Warrants 2013/2018.
- (b) In the previous financial year, the issued and paid-up share capital of the Company has been increased from RM230,280,629 comprising 430,254,891 ordinary shares to RM230,698,331 comprising 431,075,491 ordinary shares. The increase in the issued and paid-up share capital of the Company arose from the issuance of 820,600 new ordinary shares pursuant to the Long-Term Incentive Plan (LTIP) to eligible employees.
- (c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 23. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:				
Capital reserve	24,663,246	24,663,246	24,663,246	24,663,246
Warrant reserve	–	11,307,378	–	11,307,378
Equity compensation reserve	3,577,446	3,312,751	–	–
Exchange translation reserve	(284,500)	(251,269)	–	–
	27,956,192	39,032,106	24,663,246	35,970,624

## 23. RESERVES (CONT'D.)

(a) Capital reserve

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

(b) 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.

On 30 May 2018, 1,728,000 warrants had been exercised and the balances of warrants that remained unexercised were 81,414,487 warrants. The remaining unexercised warrants had expired on 30 May 2018.

(c) Equity compensation reserve

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

(d) 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.

## 24. BORROWINGS

	Group	
	2019 RM	2018 RM
<b>Current liabilities</b>		
Invoice financing and factoring loan (Note 25)	3,820,854	2,870,439
Bank overdrafts (Note 25)	1,691,179	185,246
Hire purchase and lease creditors (Note 26)	8,590,635	14,721,880
Trust receipts (Note 25)	22,284,762	14,563,111
Term loans (Note 25)	40,985,424	43,193,214
	77,372,854	75,533,890
<b>Non-current liabilities</b>		
Hire purchase and lease creditors (Note 26)	9,982,991	15,328,960
	87,355,845	90,862,850
<b>Total borrowings</b>		
Invoice financing and factoring loan (Note 25)	3,820,854	2,870,439
Bank overdrafts (Note 25)	1,691,179	185,246
Hire purchase and lease creditors (Note 26)	18,573,626	30,050,840
Trust receipts (Note 25)	22,284,762	14,563,111
Term loans (Note 25)	40,985,424	43,193,214
	87,355,845	90,862,850

**24. BORROWINGS (CONT'D.)**

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (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 2019</b>				
Invoice financing and factoring loan	4,012,661	–	–	4,012,661
Bank overdrafts	1,834,084	–	–	1,834,084
Hire purchase and lease creditors	9,045,248	10,328,902	24,087	19,398,237
Trust receipts	24,005,146	–	–	24,005,146
Term loans	45,391,357	–	–	45,391,357
Total undiscounted financial liabilities	84,288,496	10,328,902	24,087	94,641,485
<b>31 March 2018</b>				
Invoice financing and factoring loan	3,014,822	–	–	3,014,822
Bank overdrafts	192,545	–	–	192,545
Hire purchase and lease creditors	16,034,354	15,650,760	81,940	31,767,054
Trust receipts	14,880,587	–	–	14,880,587
Term loans	48,324,568	–	–	48,324,568
Total undiscounted financial liabilities	82,446,876	15,650,760	81,940	98,179,576

- (c) Invoice financing and factoring loan, bank overdrafts and trust receipts of the Group with a carrying amount of RM3,820,854 (2018: RM2,870,439), RM1,691,179 (2018: RM185,246) and RM22,284,762 (2018: RM14,563,111) are subject to floating weighted average effective interest rates of 5.02% (2018: 5.03%), 8.45% (2018: 3.94%) and 7.72% (2018: 8.32%) respectively.
- (d) Term loans and hire purchase and lease creditors of the Group with a carrying amount of RM40,985,424 (2018: RM43,193,214) and RM18,573,626 (2018: RM30,050,840), are subject to fixed weighted average effective interest rates of 10.75% (2018: 12%) and 4.17% (2018: 4.5%) respectively. Included in terms loans is an amount of RM32,048,242 (2018: RM33,377,740) owing to a company related to a Director of the Company.

## 24. BORROWINGS (CONT'D.)

- (e) Sensitivity analysis of fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2019 RM	2018 RM
<b>Effects of 100bp changes to loss after tax</b>		
Floating rate instruments	±864,000	±589,000

- (f) All borrowings are denominated in Ringgit Malaysia.

## 25. 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 21 to the financial statements;
- (b) First legal charge over the following:
- (i) 101,599,093 (2018: 81,847,893) shares in Microlink with carrying amount of RM53,895,198 (2018: RM43,495,930) as disclosed in Note 7 to the financial statements;
  - (ii) 42,140,604 (2018: 209,157,709) shares in DGSB with a carrying amount of RM3,371,248 (2018: RM18,824,194) as disclosed in Note 10 (2018: Note 8) to the financial statements; and
  - (iii) 49,725,100 (2018: 49,725,100) ordinary shares and Nil (2018: 4,091,000) warrants in Ho Hup with a total carrying amount of RM34,906,509 (2018: RM35,107,405) as disclosed in Note 8 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.



## 26. HIRE PURCHASE AND LEASE CREDITORS

	Group	
	2019 RM	2018 RM
Minimum hire purchase and lease payments:		
– not later than 1 year	9,045,248	16,034,354
– later than 1 year and not later than 5 years	10,328,902	15,650,760
– later than 5 years	24,087	81,940
	19,398,237	31,767,054
Less: Future interest charges	(824,611)	(1,716,214)
Present value of hire purchase and lease creditors	18,573,626	30,050,840
Repayable as follows:		
<b>Current liabilities</b>		
– not later than 1 year	8,590,635	14,721,880
<b>Non-current liabilities</b>		
– later than 1 year and not later than 5 years	9,959,251	15,250,575
– later than 5 years	23,740	78,385
	18,573,626	30,050,840

## 27. PROVISIONS

The Group and the Company operate 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 statements of financial position is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Present value of unfunded defined benefit obligations:				
Gratuity obligations	3,868,180	3,686,438	891,673	801,183
	3,868,180	3,686,438	891,673	801,183

## 27. PROVISIONS (CONT'D.)

(a) Gratuity obligations

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Analysed as follows:				
Non-current liabilities				
– later than 1 year and not later than 5 years	919,335	698,025	277,388	149,145
– more than 5 years	2,948,845	2,988,413	614,285	652,038
	<b>3,868,180</b>	<b>3,686,438</b>	<b>891,673</b>	<b>801,183</b>

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Balance as at 1 April 2018/2017	3,686,438	3,317,054	801,183	706,450
Current service cost recognised in profit or loss	181,742	369,384	90,490	94,733
Balance as at 31 March 2019/2018	<b>3,868,180</b>	<b>3,686,438</b>	<b>891,673</b>	<b>801,183</b>

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

Group	2019	2018
Discount rate	4.85%	4.83%
Salary increase rate	2.16-4.61%	3.23%-4.47%
Annual voluntary resignation rate	0.00%-60.00%	0.00%-50.00%
Mortality rate	Malaysia Ordinary Insured 2011-2015	Malaysia Ordinary Insured 2006-2010
Normal retirement age	60 years	60 years

Company	2019	2018
Discount rate	4.85%	4.83%
Salary increase rate	2.57%	3.01%
Annual voluntary resignation rate	11.11%	11.11%
Mortality rate	Malaysia Ordinary Insured 2011-2015	Malaysia Ordinary Insured 2006-2010
Normal retirement age	60 years	60 years

## 28. TRADE PAYABLES

- (a) Trade payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 1 month to 6 months (2018: 1 month to 6 months) from date of invoice.
- (c) The currency exposure profile of trade payables is as follows:

	Group	
	2019 RM	2018 RM
Ringgit Malaysia	34,834,105	28,012,606
US Dollar	2,966,616	1,466,037
Singapore Dollar	70,489	59,079
Great Britain Pound	385,429	110,930
Vietnamese Dong	353	1,255
	<b>38,256,992</b>	<b>29,649,907</b>

- (d) The maturity profile of the trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group	
	2019 RM	2018 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
Loss after tax	±259,000	±123,000

## 29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Other payables and accruals	50,278,431	55,759,409	2,621,659	868,500
Refundable deposits	119,785	494,819	–	–
	<b>50,398,216</b>	<b>56,254,228</b>	<b>2,621,659</b>	<b>868,500</b>

## 29. OTHER PAYABLES, DEPOSITS AND ACCRUALS (CONT'D.)

- (a) Other payables, deposits and accruals are classified as financial liabilities measured at amortised cost.
- (b) The maturity profile of the other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) Other payables are denominated in Ringgit Malaysia.

## 30. CONTRACT LIABILITIES

	Note	Group	
		2019 RM	2018 RM
Contract liabilities in relation to:			
Projects	17	9,688,024	6,957,078
Unearned revenue		–	338,043
Deferred income:			
– maintenance income		20,479,731	23,391,194
		<b>30,167,755</b>	<b>30,686,315</b>

- (a) Contract liabilities are the obligations to transfer goods or services to customers for which the Group and the Company have received the consideration, the fair values at initial recognition, or has billed the customers. For projects, contract liabilities are excess of the progress billings to customers over the project costs incurred plus profit accrued. Deferred maintenance income and software licensing fees are billings have been made to the customers before the services are provided to the customers.
- (b) Unearned revenue represents advance billings for contract works and maintenance services.
- (c) The amount of RM29,253,051 (2018: RM 25,186,355) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 March 2019.
- (d) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, is as follows:

	Group	
	2019 RM	2018 RM
Within 1 year	27,279,092	29,253,051
Between 1 and 4 years	2,888,663	1,095,221
	<b>30,167,755</b>	<b>30,348,272</b>

### 31. CONTINGENT LIABILITIES

(a) Guarantees

	Company	
	2019 RM	2018 RM
Corporate guarantees given to financial institutions and leasing corporations for facilities granted to certain subsidiaries		
– Unsecured	34,122,580	38,122,580
– Secured	249,250,630	225,250,630

- (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 MFRS 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 25 to the financial statements.

### 32. REVENUE

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Project	33,778,213	47,597,286	–	–
Maintenance income	77,202,822	104,828,741	–	–
Sales of hardware equipment and software	139,230,406	187,453,742	–	–
Management fees	174,000	87,600	2,134,800	1,555,800
Consultancy services	148,041	99,153	45,522	45,448
Network connectivity and bandwidth services	2,516,742	5,087,215	–	–
Other revenue				
– Dividend income	–	17	–	–
	253,050,224	345,153,754	2,180,322	1,601,248

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

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
<b>Timing of revenue recognition</b>				
Transferred over time	111,129,076	152,426,027	–	–
Transferred at a point in time	141,921,148	192,727,710	2,180,322	1,601,248
	253,050,224	345,153,737	2,180,322	1,601,248

*Disaggregation of revenue from contracts with customers*

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

## (a) Projects

Projects may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from projects is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group recognises revenue over time using an input method to measure progress towards complete satisfaction of the service, as the customer simultaneously received and consumes the benefits provided by the Group. Revenue is recognised on a straight-line basis over the contracted period as services are provided on a continuous basis.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations. The Group also estimate total performance period in applying the input method to recognise revenue over time. In estimating total performance period to complete, the Group considers the completeness and accuracy of its performance period estimation, including performance period for contract variations.

## 32. REVENUE (CONT'D.)

(b) Maintenance income

Revenue from sale of maintenance and software support services rendered is recognised over time 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 deferred maintenance income.

(c) Sale of hardware and software

Revenue from sale of hardware and software is recognised at a point in time when the hardware and software has been transferred to the customers and coincides with the delivery of products and acceptance by customers.

Some contracts include multiple deliverables, such as the installation of hardware and/or software. In most cases, the installation is simple, does not include an integration service and could be performed by another party. Therefore, it is accounted for as a separate performance obligation. The transaction price will be allocated to each performance obligation based on stand-alone selling prices. Where these are not directly observable, they are estimated based on cost plus expected margin. If contracts include the installation of hardware and software, the revenue for installation services are recognised at a point in time when the customer has accepted the installation of the hardware or software.

There is no significant financing component in the revenue arising from sale of hardware and software as the sales are made on the normal credit terms not exceeding twelve months.

(d) Management fees

Management fees is recognised at a point in time when management services is rendered and acceptance by customers.

(e) Consultancy services

Revenue from provision management consultancy services is recognised over time 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.

(f) Network connectivity and bandwidth services

Revenue from provision of network connectivity and bandwidth services is recognised at the time of customer usage and upon the rendering of services.

(g) Dividend income

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

### 33. EMPLOYEE BENEFITS

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages, bonuses and allowances	36,558,658	75,481,085	3,515,708	3,502,367
Defined contribution plan	4,834,579	6,555,333	482,546	464,027
Share options granted under ESOS				
– Directors	355,328	546,616	–	–
– Other employees	100,115	866,620	–	–
Shares granted under ESGP				
– Directors	607,511	417,702	607,511	417,702
Provision for post-employment benefits	–	178,255	–	–
Provision for gratuity obligations	181,742	369,384	90,490	94,733
Other employee benefits	1,993,434	4,968,062	235,752	184,731
	44,631,367	89,383,057	4,932,007	4,663,560

(a) Included in the employee benefits of the Group and of the Company are remuneration paid to Executive Directors' amounting to RM3,211,082 (2018: RM3,174,511) and RM1,219,498 (2018: RM1,498,670) respectively.

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors' fees	933,250	881,935	455,750	471,000
Salaries, and other short term employee benefits:				
Directors	3,211,082	3,174,511	1,219,498	1,498,670
Other key management personnel	3,148,152	3,938,728	1,074,820	–
	6,359,234	7,113,239	2,294,318	1,498,670



**34. FINANCE COSTS**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses on:				
– bank charges	192,720	218,026	2,286	1,406
– bank guarantee charges	(95,014)	315,318	–	–
– bank overdrafts	149,599	176,249	–	–
– commitment fees	8,300	89,993	–	–
– hire purchase and lease	1,200,650	1,651,197	–	–
– letter of credit and trust receipts	785,435	1,493,454	–	–
– term loans	4,400,870	5,237,083	–	–
– others	1,341,186	487,346	1,298	–
	7,983,746	9,668,666	3,584	1,406

**35. TAXATION**

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Current tax expense based on loss for the financial year				
Malaysian income tax	2,182,369	3,180,890	–	–
Foreign income tax	–	618,529	–	–
	2,182,369	3,799,419	–	–
(Over)/Under-provision in prior years				
Malaysian income tax	(452,369)	319,228	–	8,127
Foreign income tax	–	(28,248)	–	–
	(452,369)	290,980	–	8,127
	1,730,000	4,090,399	–	8,127
Deferred tax (Note 12)				
Relating to originating and reversal of temporary differences	(456,421)	(1,964,662)	–	–
Over-provision in prior years	(187,679)	(22,163)	–	–
	(644,100)	(1,986,825)	–	–
	1,085,900	2,103,574	–	8,127

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

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable loss for the fiscal year.

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

Numerical reconciliation between the tax expense and the product of accounting loss multiplied by applicable tax rates of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM (Restated)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	(4,088,792)	(35,379,175)	(7,369,593)	(16,669,455)
Tax effect in respect of:				
Non-allowable expenses	7,844,070	50,452,963	7,086,216	15,768,973
Non-taxable income	(4,741,927)	(4,331,937)	-	-
Movements in deferred tax assets not recognised	2,712,597	(8,609,813)	283,377	900,482
Differential in tax rates	-	(297,281)	-	-
	1,725,948	1,834,757	-	-
(Over)/Under provision of income tax in prior years	(452,369)	290,980	-	8,127
Over-provision of deferred tax in prior years	(187,679)	(22,163)	-	-
	1,085,900	2,103,574	-	8,127

Tax on each component of other comprehensive (loss)/income is as follows:

	Group		
	Before tax RM	Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
<b>2019</b>			
Foreign currency translations	(47,862)	-	(47,862)
Share of other comprehensive loss of associates	(59,019)	-	(59,019)
<b>2018</b>			
Foreign currency translations	483,915	-	483,915
Share of other comprehensive loss of associates	(155,238)	-	(155,238)

### 36. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

	Group	
	2019	2018 (Restated)
Loss attributable to owners of the Company (RM)	(18,256,892)	(128,374,553)
Average number of ordinary shares in issue at the beginning of financial year	431,075,491	430,254,891
Effects of Private Placement of Shares	22,254,011	–
Effects of conversion of warrants	1,439,496	–
Effects of issuance of shares pursuant to LTIP	559,127	502,695
Weighted average number of ordinary shares applicable to basic loss per ordinary share	455,328,125	430,757,586
Basic loss per ordinary share (sen)	(4.01)	(29.80)

(b) Diluted loss per ordinary share

	Group	
	2019	2018 (Restated)
Loss attributable to owners of the Company (RM)	(18,256,892)	(128,374,553)
Weighted average number of ordinary shares in issue (basic)/ Adjusted weighted average number of ordinary shares applicable to diluted loss per ordinary share	455,328,125	430,757,586
Diluted loss per ordinary share (sen)	(4.01)	(29.80)

### 37. DIVIDEND

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

### 38. 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.

On 16 August 2018, in pursuant to the By-Laws 26.3 of the Company's LTIP By-Laws and upon the recommendation by the LTIP Committee, the Board of Directors resolved to extend its existing LTIP for a period of five (5) years commencing from 16 October 2018 on the same terms and conditions as stipulated in the said By-Laws.

The main features of the LTIP are as follows:

- (a) 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;
- (b) 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;
- (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 is as follows:

ESOS	Offer 1	Offer 2
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 and 5 April 2018, the ESOS expired and the remaining unexercised ESOS options became lapsed.

### 39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

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

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
  - (ii) Associates as disclosed in Note 8 to the financial statements;
  - (iii) Jointly-controlled entities as disclosed in Note 9 to the financial statements;
  - (iv) Companies in which certain Directors have financial interests; and
  - (v) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.
- (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	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Subsidiaries</b>				
- Management fee income	-	-	1,960,800	1,468,200
- Human resources consultancy services	-	-	7,122	17,093
- Preference share dividend income	-	-	1,585,086	1,243,846
- Training room rental income	-	-	90,820	154,800
<b>Associates</b>				
- Management fee income	174,000	87,600	174,000	87,600
<b>Company related to a Director of the Company</b>				
- Interest expense	3,800,747	4,424,646	-	-

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

#### 40. 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 concern 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 2018.

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. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2019.

The gearing ratios as at 31 March 2019 and 31 March 2018 are as follows:

	Group	
	2019 RM	2018 RM (Restated)
Total borrowings (Note 24)	87,355,845	90,862,850
Total equity	147,226,867	149,204,462
Gearing ratio	59.3%	60.9%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 March 2019.

The Group is not subject to any other externally imposed capital requirements.

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risks. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to financial risk management policies.

There have been no significant changes on the Group's exposure to financial risks from the previous year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, mainly Singapore Dollar (SGD), US Dollar (USD), Great Britain Pound (GBP), Indonesian Rupiah (IDR) and Brunei Dollar (BND). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

A sensitivity analysis for foreign currency risk has been disclosed in Notes 11, 16, 21, and 28 to the financial statements respectively.

(b) Interest rate risk

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

The income and operating cash flows of the Group are independent of changes in market interest rate. Interest rate exposure arises mainly from bank borrowings of the Group and is managed through effective negotiation with financial institutions for best available rates.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 21 and 24 to the financial statements respectively.

#### 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows (cont'd.):

(c) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade and other receivables, while the primary exposure of the Company arises through its other receivables and amounts owing by subsidiaries. The trading terms of the Group with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers.

The credit risk concentration profile has been disclosed in Note 16 to the financial statements.

(d) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 18, 19, 24, 28 and 29 to the financial statements respectively.



## 42. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

### 42.1 New MFRSs adopted during the financial year

The Group and the Company being transitioning entities as defined by the Malaysian Accounting Standards Board (MASB), have applied the MFRS Framework during the financial year ended 31 March 2019. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and Amendments to the MFRSs issued by MASB were adopted by the Group during the financial year:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

### 42.2 Explanation of transition to MFRSs and prior year restatements

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 January 2017, an explanation on the impact arising from the transition from FRSs to MFRSs and prior year restatements on the financial position and financial performance of the Group is set out as follows:

## 42. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONT'D.)

### 42.2 Explanation of transition to MFRSS and prior year restatements (cont'd.)

(a) Reconciliation of statements of financial position as at 1 April 2017

	Group			Company			
	Previously reported under FRSS RM	Effects of ----->		Previously reported under FRSS RM	Effects of ----->		Restated under MFRS RM
		adoption of MFRS 9 RM	adoption of MFRS 15 RM		adoption of MFRS 9 RM	adoption of MFRS 15 RM	
<b>Non-current assets</b>	309,794,354	-	-	309,794,354	207,931,780	-	207,931,780
<b>Current assets</b>							
Trade receivables	85,011,152	(19,819,726)	-	65,191,426	4,880	-	4,880
Other receivables, deposits and prepayments	94,881,933	-	(3,053,133)	91,828,800	7,764,688	-	7,764,688
Amounts owing by subsidiaries	-	-	-	4,388,909	82,922,214	(25,357,397)	57,564,817
Contract assets	-	-	-	4,388,909	-	-	-
Other current assets	87,777,279	-	-	87,777,279	677,439	-	677,439
	267,670,364	(19,819,726)	1,335,776	249,186,414	91,369,221	(25,357,397)	66,011,824
<b>Total assets</b>	577,464,718	(19,819,726)	1,335,776	558,980,768	299,301,001	(25,357,397)	273,943,604
<b>Equity attributable to owners of the parent</b>							
Share capital	230,280,629	-	-	230,280,629	230,280,629	-	230,280,629
Reserves	37,513,276	-	-	37,513,276	35,970,624	-	35,970,624
Retained earnings/ (Accumulated losses)	8,699,939	(11,424,570)	(685,303)	(3,409,934)	5,780,374	(25,357,397)	(19,577,023)
	276,493,844	(11,424,570)	(685,303)	264,383,971	272,031,627	(25,357,397)	246,674,230
Non-controlling interests	53,415,144	(8,395,156)	(606,532)	44,413,456	-	-	-
<b>Total equity</b>	329,908,988	(19,819,726)	(1,291,835)	308,797,427	272,031,627	(25,357,397)	246,674,230

## 42. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONT'D.)

### 42.2 Explanation of transition to MFRSS and prior year restatements (cont'd.)

(a) Reconciliation of statements of financial position as at 1 April 2017 (cont'd.)

	Group			Company			
	Previously reported under FRSs RM	Effects of ----->		Previously reported under FRSs RM	Effects of ----->		Restated under MFRS RM
		adoption of MFRS 9 RM	adoption of MFRS 15 RM		adoption of MFRS 9 RM	adoption of MFRS 15 RM	
<b>Non-current liabilities</b>	23,365,029	-	-	23,365,029	706,450	-	706,450
<b>Current liabilities</b>							
Other payables, deposits and accruals	93,397,093	-	(33,823,809)	59,573,284	997,310	-	997,310
Contract liabilities	-	-	36,451,420	36,451,420	-	-	-
Other current liabilities	130,793,608	-	-	130,793,608	25,565,614	-	25,565,614
	224,190,701	-	2,627,611	226,818,312	26,562,924	-	26,562,924
<b>Total liabilities</b>	247,555,730	-	2,627,611	250,183,341	27,269,374	-	27,269,374
<b>Total equity and liabilities</b>	577,464,718	(19,819,726)	1,335,776	558,980,768	299,301,001	(25,357,397)	273,943,604

## 42. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONT'D.)

### 42.2 Explanation of transition to MFRSS and prior year restatements (cont'd.)

(b) Reconciliation of statements of financial position as at 31 March 2018

	Group			Company			
	Previously reported under FRSS RM	Effects of ----->		Previously reported under FRSS RM	Effects of ----->		Restated under MFRS RM
		adoption of MFRS 9 RM	adoption of MFRS 15 RM		adoption of MFRS 9 RM	adoption of MFRS 15 RM	
<b>Non-current assets</b>	176,117,268	-	-	176,117,268	-	-	177,265,603
<b>Current assets</b>							
Trade receivables	60,689,045	(10,124,904)	-	50,564,141	-	-	146,936
Other receivables, deposits and prepayments	88,031,314	(117,047)	(7,061,655)	80,852,612	-	-	954,463
Amounts owing by subsidiaries	-	-	-	-	-	(50,151,787)	29,039,246
Contract assets	-	-	5,582,880	5,582,880	-	-	-
Other current assets	47,884,755	-	-	47,884,755	-	-	424,525
	196,605,114	(10,241,951)	(1,478,775)	184,884,388	(50,151,787)	-	30,565,170
<b>Total assets</b>	372,722,382	(10,241,951)	(1,478,775)	361,001,656	(50,151,787)	-	207,830,773
<b>Equity attributable to owners of the parent</b>							
Share capital	230,698,331	-	-	230,698,331	-	-	230,698,331
Reserves	39,032,106	-	-	39,032,106	-	-	35,970,624
Accumulated losses	(115,411,593)	(4,243,917)	(4,596,090)	(124,251,600)	(50,151,787)	-	(89,041,214)
	154,318,844	(4,243,917)	(4,596,090)	145,478,837	(50,151,787)	-	177,627,741
Non-controlling interests	13,088,048	(5,998,034)	(3,364,389)	3,725,625	-	-	-
<b>Total equity</b>	167,406,892	(10,241,951)	(7,960,479)	149,204,462	(50,151,787)	-	177,627,741

## 42. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONT'D.)

### 42.2 Explanation of transition to MFRSS and prior year restatements (cont'd.)

(b) Reconciliation of statements of financial position as at 31 March 2018 (cont'd.)

	Group			Company				
	Previously reported under FRSS RM	←----- Effects of -----> adoption of MFRS 9 RM	adoption of MFRS 15 RM	Restated under MFRS RM	Previously reported under FRSS RM	←----- Effects of -----> adoption of MFRS 9 RM	adoption of MFRS 15 RM	Restated under MFRS RM
<b>Non-current liabilities</b>	19,160,125	-	-	19,160,125	801,183	-	-	801,183
<b>Current liabilities</b>								
Other payables, deposits and accruals	80,458,839	-	(24,204,611)	56,254,228	868,500	-	-	868,500
Contract liabilities	-	-	30,686,315	30,686,315	-	-	-	-
Other current liabilities	105,696,526	-	-	105,696,526	28,533,349	-	-	28,533,349
	186,155,365	-	6,481,704	192,637,069	29,401,849	-	-	29,401,849
<b>Total liabilities</b>	205,315,490	-	6,481,704	211,797,194	30,203,032	-	-	30,203,032
<b>Total equity and liabilities</b>	372,722,382	(10,241,951)	(1,478,775)	361,001,656	257,982,560	(50,151,787)	-	207,830,773

**42. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONT'D.)**

**42.2 Explanation of transition to MFRSS and prior year restatements (cont'd.)**

(c) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 March 2018

	Group			Company			
	Previously reported under FRSS RM	Effects of ----->		Previously reported under FRSS RM	Effects of ----->		Restated under MFRS RM
		adoption of MFRS 9 RM	adoption of MFRS 15 RM		adoption of MFRS 9 RM	adoption of MFRS 15 RM	
Revenue	354,599,078	-	(9,445,324)	1,601,248	-	-	1,601,248
Changes in inventories	15,442,224	-	-	-	-	-	-
Purchases	(259,502,622)	-	2,776,680	-	-	-	-
Other operating income	4,056,030	-	-	1,413,997	-	-	1,413,997
Depreciation and amortisation expenses	(8,278,456)	-	-	(252,874)	-	-	(252,874)
Employee benefits	(89,383,057)	-	-	(4,663,560)	-	-	(4,663,560)
Other operating expenses	(161,641,058)	9,577,775	-	(42,759,079)	(24,794,390)	-	(67,553,469)
Finance costs	(9,668,666)	-	-	(1,406)	-	-	(1,406)
Share of profit of associates, net of tax	4,054,165	-	-	-	-	-	-
Loss before tax	(150,322,362)	9,577,775	(6,668,644)	(44,661,674)	(24,794,390)	-	(69,456,064)
Taxation	(2,103,574)	-	-	(8,127)	-	-	(8,127)
Loss for the financial year	(152,425,936)	9,577,775	(6,668,644)	(44,669,801)	(24,794,390)	-	(69,464,191)
Other comprehensive income, net of tax							
Foreign currency translations for foreign operations, net of tax	483,915	-	-	-	-	-	-
Share of other comprehensive loss of associates, net of tax	(155,238)	-	-	-	-	-	-
Total other comprehensive income	328,677	-	-	-	-	-	-
Total comprehensive loss	(152,097,259)	9,577,775	(6,668,644)	(44,669,801)	(24,794,390)	-	(69,464,191)

## 42. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (CONT'D.)

### 42.2 Explanation of transition to MFRSS and prior year restatements (cont'd.)

(c) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 March 2018 (cont'd.)

	Group			Company				
	Previously reported under FRSS RM	←----- Effects of -----> adoption of MFRS 9 RM	adoption of MFRS 15 RM	Restated under MFRS RM	Previously reported under FRSS RM	←----- Effects of -----> adoption of MFRS 9 RM	adoption of MFRS 15 RM	Restated under MFRS RM
Loss attributable to:								
Owners of the parent	(131,644,419)	7,180,653	(3,910,787)	(128,374,553)	(44,669,801)	(24,794,390)	-	(69,464,191)
Non-controlling interests	(20,781,517)	2,397,122	(2,757,857)	(21,142,252)	-	-	-	-
	(152,425,936)	9,577,775	(6,668,644)	(149,516,805)	(44,669,801)	(24,794,390)	-	(69,464,191)
Total comprehensive income attributable to:								
Owners of the parent	(131,148,992)	7,180,653	(3,910,787)	(127,879,126)	(44,669,801)	(24,794,390)	-	(69,464,191)
Non-controlling interest	(20,948,267)	2,397,122	(2,757,857)	(21,309,002)	-	-	-	-
	(152,097,259)	9,577,775	(6,668,644)	(149,188,128)	(44,669,801)	(24,794,390)	-	(69,464,191)
Loss per ordinary share attributable to owners of the parent:								
Basic and diluted (sen)	(30.56)			(29.80)				

## 42. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

### 42.2 Explanation of transition to MFRSs and prior year restatements (cont'd.)

(d) Adoption of MFRS 9

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces FRS 139 *Financial Instruments: Recognition and Measurement*.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarise the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as Fair Value Through Profit or Loss (FVTPL) are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.



## 42. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

### 42.2 Explanation of transition to MFRSs and prior year restatements (cont'd.)

(d) Adoption of MFRS 9 (cont'd.)

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other operating expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

## 42. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

### 42.2 Explanation of transition to MFRSs and prior year restatements (cont'd.)

(d) Adoption of MFRS 9 (cont'd.)

(iii) The MFRS 9 adjustments are mainly due to reclassification of the financial assets and liabilities of the Group and the Company are as follows:

	Classification	
	Existing under MFRS 139	New under MFRS 9
<b>Group</b>		
<b>Financial assets</b>		
Other investments	AFS	FVTPL
Trade and other receivables	L&R	AC
Amounts owing by associates and a jointly-controlled entity	L&R	AC
Cash and bank balances	L&R	AC
<b>Financial liabilities</b>		
Trade and other payables	OFL	AC
Amounts owing to associates	OFL	AC
Borrowings	OFL	AC
<b>Company</b>		
<b>Financial assets</b>		
Other investments	AFS	FVTPL
Trade and other receivables	L&R	AC
Amounts owing by subsidiaries	L&R	AC
Cash and bank balances	L&R	AC
<b>Financial liabilities</b>		
Other payables	OFL	AC
Amounts owing to subsidiaries	OFL	AC

## 42. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

### 42.2 Explanation of transition to MFRSs and prior year restatements (cont'd.)

(e) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgment.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

- (a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- (b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and
- (c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to changes to the timing of revenue recognition for software development activities.

### 42.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019

## 42. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D.)

### 42.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (cont'd.)

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been early adopted by the Group and the Company (cont'd.):

Title	Effective Date
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of adopting the Standards above, since the effects would only be observable for future financial years.

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- During the financial year, the Company acquired a new subsidiary, as disclosed in Note 7 to the financial statements.
- During the financial year, the Company disposed certain subsidiaries as disclosed in Note 7 to the financial statements.

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

On 15 July 2019, MYHB, a wholly-owned subsidiary of the Company disposed of a total of 3,000,000 ordinary shares in FES, a company incorporated in Malaysia that remained inactive, representing 100% of the equity interest for a total cash consideration of RM26,880,000 to an unrelated party. Following the disposal, FES ceased to be a subsidiary of the Company.

# Contact Details of Subsidiaries

**AMADEUS DIGITAL XPRESS SDN BHD  
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(Co No 367357-K)

**CONTINUOUS NETWORK SERVICES SDN BHD**  
(Co No 495072-P)

**FORMIS SOFTWARE & TECHNOLOGIES SDN BHD**  
(Co No 22962-U)

**NEXT INTELLIGENT SDN BHD**  
(Co No 1268041-M)

**OHANA COMMUNICATIONS SDN BHD**  
(Co No 510513-H)

**OMESTI ACTIFY SDN BHD**  
(Co No 1051688-X)

**OMESTI ASSIST SDN BHD**  
(Co No 330351-M)

**OMESTI DATA SDN BHD**  
(Co No 1207190-P)

**OMESTI HOLDINGS BERHAD**  
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**CSA SERVIS (M) SDN BHD**

(Co No 232732-T)

**FIRST SOLUTION SDN BHD**

(Co No 398017-P)

**FORMIS COMPUTER SERVICES SDN BHD**

(Co No 112344-P)

**FORMIS SYSTEMS & TECHNOLOGY SDN BHD**

(Co No 312258-W)

**MICROLINK INNOVATION SDN BHD**

(Co No 839837-A)

**MICROLINK SOFTWARE SDN BHD**

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