OMESTI

DRIVING
DIGITAL TRANSFORMATION
FINANCIAL STATEMENTS

ANNUAL REPORT 2020

VOLUME 2

FINANCIAL STATEMENTS

WHAT'S INSIDE

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in 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
Profit/(Loss) for the financial year	28,342,803	(27,379,467)
Attributable to:		
Owners of the parent	24,025,220	(27,379,467)
Non-controlling interests	4,317,583	–
	28,342,803	(27,379,467)

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 Note 23 to 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 477,592,225 to 530,838,235 ordinary shares by way of issuance of 5,389,910 new ordinary shares pursuant to the Long Term Incentive Plan (LTIP) to eligible employees and issuance of 47,856,100 new ordinary shares pursuant to the private placement 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 39 to the financial statements.

During the financial year, the Company has awarded 5,389,910 new ordinary shares under the ESGP to eligible executive employees of the Company.

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	
Chia Yong Wei	
YAM Tunku Zain Al-'Abidin Ibni Tuanku Muhriz	(Appointed on 1 April 2020)
Dato' Ahmad Nazim Bin Abd Rahman	(Appointed on 1 April 2020)

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

Ainuddin Bin Jantan	
Ch'ng Kai Fen	
Gan Khong Kiat	
Datuk Mohd Samsuri Bin Mohd Sohot	
Martin Chu Leong Meng	
Neo Poh Lian	
Nik Shazni Farhan Bin Nik Mohammad Shah	
Tun Arifin Bin Zakaria	
Hj. Ahmad Bin Khalid	
Rafli Bin Dalam	(Appointed on 28 August 2019)
See Kar Fai	(Appointed on 31 December 2019)
Nazri bin Ismail	(Appointed on 1 January 2020)

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) (cont'd.)

Ku Azhar Bin Ku Abdul Razak	(Appointed on 17 January 2020)
Louis Tan Hai Aun	(Resigned on 11 July 2019)
Stephanie Lim May Ling	(Resigned on 11 July 2019)
Elwin Lim Yew Mun	(Resigned on 31 December 2019)

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 1.4.2019	**Bought**	**Sold**	**Balance as at 31.3.2020**
Shares in the Company				
Direct interests				
Dato' Mah Siew Kwok	84,277,521	11,395,654	–	95,673,175
Mah Yong Sun	4,621,300	–	–	4,621,300
Monteiro Gerard Clair	19,319,300	7,883,055	–	27,202,355
Mah Xian-Zhen	3,234,600	2,230,255	(4,000,000)	1,464,855
Dato' Jaganath Derek Steven Sabapathy	3,100,000	2,000,000	(1,230,200)	3,869,800
Chia Yong Wei	341,800	–	–	341,800
Indirect interests				
Dato' Sri Thong Kok Khee^	48,659,500	3,500,000	–	52,159,500
Monteiro Gerard Clair#	67,467,100	–	–	67,467,100
Chia Yong Wei@	60,000	–	–	60,000
Dato' Mah Siew Kwok@	–	450,000	–	450,000
Mah Xian-Zhen@	–	9,645,000	–	9,645,000

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 ordinary shares			
	Balance as at 1.4.2019	**Bought**	**Sold**	**Balance as at 31.3.2020**
Shares in a subsidiary				
Microlink Solutions Berhad				
Direct interests				
Monteiro Gerard Clair	4,151,947	1,190,952	–	5,342,899
Dato' Mah Siew Kwok	1,100,506	–	(100,400)	1,000,106
Mah Xian-Zhen	118,666	–	–	118,666
Mah Yong Sun	1,173,413	–	–	1,173,413
Dato' Jaganath Derek Steven Sabapathy	2,420,500	1,000,000	(615,000)	2,805,500
Chia Yong Wei	85,700	–	–	85,700
Indirect interests				
Dato' Sri Thong Kok Khee^	426,595	–	–	426,595
Chia Yong Wei@	10,600	–	–	10,600
Mah Xian-Zhen@	–	30,300	–	30,300

	Number of options over ordinary shares				
	Balance as at 1.4.2019	**Granted**	**Exercised**	**Lapsed**	**Balance as at 31.3.2020**
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)	–

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

Deemed interest by virtue of his substantial interest in H2O Holdings Sdn Bhd, pursuant to Section 8(4) of the Companies Act 2016 in Malaysia.

@ *Deemed interest by virtue of his/her 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 those 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:

(a) 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

(b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 40 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 34 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 RM73,196 and RM36,598 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 had 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 46 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 47 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 2020 amounted to RM54,500 and RM358,176 respectively.

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

Monteiro Gerard Clair
Director

Mah Xian-Zhen
Director

Kuala Lumpur
11 August 2020

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 15 to 104 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 2020 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	**Mah Xian-Zhen**
Director	Director

Kuala Lumpur
11 August 2020

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 15 to 104 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	)	
11 August 2020	)	**Thoo W'y-Kit**

Before me:

BALOO A/L T. PICHAI (W 663)
Commissioner for Oaths

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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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 2020 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, considering the impact of the COVID-19 pandemic.

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, considering the impact of the COVID-19 pandemic;

(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 cash flow projections to evaluate the impact on the impairment assessment.

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

KEY AUDIT MATTERS (CONT'D.)

2. Impairment of trade receivables

As at 31 March 2020, the Group has gross trade receivables of RM92.0 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, considering the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

(i) recomputed the probability of default using historical data and forward-looking information adjustment, considering the impact of the COVID-19 pandemic, 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.

3. Impairment assessment on the carrying amount of property, plant and equipment

As stated in Note 13(d) to the financial statements, the carrying amount of property, plant and equipment as at 31 March 2020, of a subsidiary which has impairment indicators was RM7.5 million. As such, management has performed impairment assessment on this Cash Generating Unit (CGU).

We have determined this to be a key audit matter because it requires the management to exercise significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining its recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates. In addition, the impairment assessment performed by management, where the value-in-use model is used, is complex.

Audit response

Our audit procedures included the following:

(i) compared cash flow projections against recent performance and assessed and evaluated the key assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

(ii) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(iii) assessed appropriateness of pre-tax discount rate used for the CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(iv) performed sensitivity analysis to stress test the key assumptions in the impairment model.

4. Impairment assessment on the carrying amount of other intangible assets

As stated in Note 6(f) to the financial statements, the carrying amounts of other intangible assets in the Group with indications of impairment amounted to RM74.3 million. As such, management has performed impairment assessments on these Cash Generating Units (CGUs).

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

KEY AUDIT MATTERS (CONT'D.)

4. *Impairment assessment on the carrying amount of other intangible assets (cont'd.)*

We have determined this to be a key audit matter because it requires the management to exercise significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining its recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates. In addition, the impairment assessment performed by management, where the value-in-use model is used, is complex.

Audit response

Our audit procedures included the following:

(i) compared cash flow projections against recent performance and assessed and evaluated the key assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

(ii) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process, where applicable;

(iii) assessed appropriateness of pre-tax discount rates used for the CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(iv) performed sensitivity analysis to stress test the key assumptions in the impairment model.

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

As at 31 March 2020, 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, considering the impact of the COVID-19 pandemic.

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, considering the impact of the COVID-19 pandemic;

(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.

6. *Impairment assessment of the amounts owing by subsidiaries*

As at 31 March 2020, the gross amounts owing by subsidiaries of the Company were RM144.7 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, considering the impact of the COVID-19 pandemic.

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

KEY AUDIT MATTERS (CONT'D.)

6. Impairment assessment of the amounts owing by subsidiaries (cont'd.)

Audit response

Our audit procedures included the following:

(i) recomputed probability of default using historical data and forward-looking adjustment, considering the impact of the COVID-19 pandemic, applied by the Company;

(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;

(iii) challenged management on the basis for determining cash flows recoverable, where applicable; and

(iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

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 ability of the Group and of the Company 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.

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 ability of the Group or of the Company 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, actions taken to eliminate threats or safeguards applied.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koo Swee Lin
03281/08/2020 J
Chartered Accountant

Kuala Lumpur
11 August 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Goodwill on consolidation	5	38,027,224	38,027,224	–	–
Other intangible assets	6	78,441,885	10,555,378	3,125,400	4,167,200
Investments in subsidiaries	7	–	–	160,060,001	160,060,001
Investments in associates	8	97,422,622	88,739,352	–	–
Investments in jointly-controlled entities	9	–	22,214	–	–
Other investments	10	2,633,581	5,076,658	–	–
Other receivables, deposits and prepayments	11	620,364	5,979,246	–	16,685,110
Deferred tax assets	12	3,815,004	5,054,799	–	–
Property, plant and equipment	13	25,050,992	8,646,459	948,915	416,435
Investment property	14	973,973	993,850	–	–
		246,985,645	163,095,180	164,134,316	181,328,746
Current assets					
Inventories and contract costs	15	4,143,462	68,783,872	–	–
Other investments	10	110,045	106,651	–	–
Trade receivables	16	78,162,154	46,113,708	234	–
Other receivables, deposits and prepayments	11	37,437,733	29,387,621	482,997	438,493
Contract assets	17	8,226,186	5,770,963	–	–
Amounts owing by subsidiaries	18	–	–	50,429,131	15,548,346
Amounts owing by associates	19	87,773	737	–	–
Amount owing by a jointly-controlled entity	20	401,574	77,463	–	–
Current tax assets		1,830,971	6,771,751	98,832	324,546
Cash and bank balances	21	40,875,046	37,927,137	6,995,377	3,105,931
		171,274,944	194,939,903	58,006,571	19,417,316
TOTAL ASSETS		418,260,589	358,035,083	222,140,887	200,746,062

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

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	275,505,851	248,722,769	275,505,851	248,722,769
Reserves	23	24,910,134	27,956,192	24,663,246	24,663,246
Accumulated losses		(107,975,767)	(135,345,464)	(136,054,993)	(108,675,526)
		192,440,218	141,333,497	164,114,104	164,710,489
Non-controlling interests	7	10,688,131	5,893,370	–	–
TOTAL EQUITY		203,128,349	147,226,867	164,114,104	164,710,489
LIABILITIES					
Non-current liabilities					
Borrowings	24	–	9,982,991	–	–
Lease liabilities	27	12,968,719	–	581,445	–
Provisions	28	4,412,609	3,868,180	1,022,476	891,673
Other payables, deposits and accruals	30	146,148	–	–	–
Deferred tax liabilities	12	2,030	2,030	–	–
		17,529,506	13,853,201	1,603,921	891,673
Current liabilities					
Trade payables	29	60,732,432	38,256,992	–	–
Other payables, deposits and accruals	30	40,795,261	50,398,216	741,162	2,621,659
Contract liabilities	31	29,805,468	30,167,755	–	–
Amounts owing to subsidiaries	18	–	–	55,521,651	32,522,241
Amounts owing to associates	19	21,496	377,831	–	–
Amount owing to a jointly-controlled entity	20	14,149	–	–	–
Borrowings	24	53,421,504	77,372,854	–	–
Lease liabilities	27	10,878,850	–	160,049	–
Current tax payable		1,933,574	381,367	–	–
		197,602,734	196,955,015	56,422,862	35,143,900
TOTAL LIABILITIES		215,132,240	210,808,216	58,026,783	36,035,573
TOTAL EQUITY AND LIABILITIES		418,260,589	358,035,083	222,140,887	200,746,062

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 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	33	255,609,505	253,050,224	1,960,800	2,180,322
Changes in inventories		11,559,430	3,676,962	–	–
Purchases		(179,167,061)	(193,556,405)	–	–
Other operating income		29,692,082	3,166,324	3,532,111	1,688,789
Depreciation and amortisation expenses	6,13,14	(16,589,199)	(5,511,034)	(1,436,562)	(1,305,707)
Employee benefits	34	(50,279,528)	(44,631,367)	(8,675,502)	(4,932,007)
Other operating expenses		(16,664,282)	(28,464,538)	(22,708,108)	(28,334,450)
Finance costs	35	(8,496,805)	(7,983,746)	(52,206)	(3,584)
Share of profit of associates, net of tax	8	7,739,721	3,344,731	–	–
Share of loss of a jointly-controlled entity, net of tax	9	(22,214)	(127,786)	–	–
Profit/(Loss) before tax		33,381,649	(17,036,635)	(27,379,467)	(30,706,637)
Tax expense	36	(5,038,846)	(1,085,900)	–	–
Profit/(Loss) for the financial year		28,342,803	(18,122,535)	(27,379,467)	(30,706,637)
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations for foreign operations, net of tax		574,949	(47,862)	–	–
Share of other comprehensive loss of associates, net of tax	8	(2,050)	(59,019)	–	–
Total other comprehensive income/(loss)		572,899	(106,881)	–	–
Total comprehensive income/(loss)		28,915,702	(18,229,416)	(27,379,467)	(30,706,637)

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

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit/(Loss) attributable to:					
Owners of the parent		24,025,220	(18,256,892)	(27,379,467)	(30,706,637)
Non-controlling interests	7	4,317,583	134,357	–	–
		28,342,803	(18,122,535)	(27,379,467)	(30,706,637)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		24,556,608	(18,317,779)	(27,379,467)	(30,706,637)
Non-controlling interests	7	4,359,094	88,363	–	–
		28,915,702	(18,229,416)	(27,379,467)	(30,706,637)
Earnings/(Loss) per ordinary share attributable to owners of the parent:					
Basic (sen)	37	4.98	(4.01)		
Diluted (sen)	37	4.98	(4.01)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

Group	Note	Non-distributable: Share capital RM	Non-distributable: Capital reserve RM	Non-distributable: Warrant reserve RM	Non-distributable: Equity compensation reserve RM	Non-distributable: Exchange translation reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 April 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
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)
Transactions with owners										
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.

Group	Note	Non-distributable: Share capital RM	Non-distributable: Capital reserve RM	Non-distributable: Equity compensation reserve RM	Non-distributable: Exchange translation reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 April 2019 (as previously reported)		248,722,769	24,663,246	3,577,446	(284,500)	(135,345,464)	141,333,497	5,893,370	147,226,867
Effects of adoption of MFRS 16	43.1	–	–	–	–	54,149	54,149	57,825	111,974
Balance as at 1 April 2019		248,722,769	24,663,246	3,577,446	(284,500)	(135,291,315)	141,387,646	5,951,195	147,338,841
Profit for the financial year		–	–	–	–	24,025,220	24,025,220	4,317,583	28,342,803
Foreign currency translations for foreign operations, net of tax		–	–	–	533,438	–	533,438	41,511	574,949
Share of other comprehensive loss of associates, net of tax		–	–	–	(2,050)	–	(2,050)	–	(2,050)
Total comprehensive income		–	–	–	531,388	24,025,220	24,556,608	4,359,094	28,915,702
Transactions with owners									
Shares issued pursuant to LTIP	22	2,855,032	–	–	–	–	2,855,032	–	2,855,032
ESOS in a subsidiary lapsed		–	–	(3,685,499)	–	6,404,261	2,718,762	(2,718,762)	–
Shares issued pursuant to private placement	22	23,928,050	–	–	–	–	23,928,050	–	23,928,050
Arising from accretion of equity interests in subsidiaries		–	–	–	–	(7,220,179)	(7,220,179)	(2,082,098)	(9,302,277)
Arising from dilution of equity interests in a subsidiary		–	–	–	–	4,106,246	4,106,246	5,098,994	9,205,240
Share-based payment transactions in a subsidiary		–	–	108,053	–	–	108,053	79,708	187,761
Total transactions with owners		26,783,082	–	(3,577,446)	–	3,290,328	26,495,964	377,842	26,873,806
Balance as at 31 March 2020		275,505,851	24,663,246	–	246,888	(107,975,767)	192,440,218	10,688,131	203,128,349

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

Company	Note	Share capital RM	Capital reserve RM	Warrant reserve RM	Accumulated losses RM	Total equity RM
		---- Non-distributable ----				
Balance as at 1 April 2018		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)
Transactions with owners						
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
Balance as at 1 April 2019		248,722,769	24,663,246	–	(108,675,526)	164,710,489
Loss for the financial year		–	–	–	(27,379,467)	(27,379,467)
Other comprehensive income, net of tax		–	–	–	–	–
Total comprehensive loss		–	–	–	(27,379,467)	(27,379,467)
Transactions with owners						
Shares issued pursuant to LTIP	22	2,855,032	–	–	–	2,855,032
Shares issued pursuant to private placement	22	23,928,050	–	–	–	23,928,050
Total transactions with owners		26,783,082	–	–	–	26,783,082
Balance as at 31 March 2020		275,505,851	24,663,246	–	(136,054,993)	164,114,104

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		33,381,649	(17,036,635)	(27,379,467)	(30,706,637)
Adjustments for:					
Amortisation of:					
– software development costs	6	1,765,180	1,992,555	–	–
– license agreement	6	1,761,296	1,761,296	1,041,800	1,041,800
Bad debts recovered		–	(5,988)	–	–
Bad debts written off		–	195,871	–	45,000
Depreciation of:					
– property, plant and equipment	13	13,042,846	1,757,183	394,762	263,907
– investment property	14	19,877	–	–	–
Equity settled share-based payment expense	34	3,042,793	1,062,954	2,855,032	607,511
Net loss on dilution of equity interest in associates		142,318	1,090,147	–	–
Net loss on fair value adjustments on other investments	10(b)	179,516	3,174,917	–	–
Net (gain)/loss on disposal of:					
– investment in an associate		–	2,345,823	–	–
– subsidiary	7(d)	(24,618,905)	1,496,860	–	–
Impairment losses on:					
– trade receivables	16(e)	2,803,332	6,437,385	–	332,172
– other receivables	11(g)	205,918	229,679	–	–
– contract assets	17(b)	66,697	–	–	–
– amounts owing by subsidiaries	18(e)	–	–	17,732,612	23,850,073
Interest expense		8,278,154	7,877,740	46,023	1,298
Interest income		(891,716)	(824,351)	(99,353)	(12,501)
Preference share dividend from a subsidiary		–	–	(527,383)	(1,585,086)
Inventories written off	15(b)	1,004,487	2,516,268	–	–
Inventories loss	15(b)	9,856	–	–	–
Property, plant and equipment written off	13	570	27,720	–	–
Provision for gratuity obligations	34	544,429	181,742	130,803	90,490
Reversal of impairment loss on:					
– trade receivables	16(e)	(4,591,804)	(5,408,858)	(325,056)	–
– other receivables	11(g)	(94,107)	(290,600)	–	–
– amounts owing by subsidiaries	18(e)	–	–	–	(4,076)
Share of profit of associates	8(c)	(7,739,721)	(3,344,731)	–	–
Share of loss of a jointly-controlled entity	9(d)	22,214	127,786	–	–
Waiver of loan receivable from a subsidiary		–	–	–	241,819
Deposits written off		–	12,715	–	–
Net unrealised loss/(gain) on foreign currency exchange		16,393	(680)	–	–
Operating profit/(loss) before changes in working capital		28,351,272	5,376,798	(6,130,227)	(5,834,230)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Decrease/(Increase) in inventories and contract costs		63,626,067	(69,609,007)	–	–
(Increase)/Decrease in trade receivables		(30,259,974)	3,106,875	324,822	(185,236)
(Increase)/Decrease in other receivables, deposits and prepayments		(87,175,597)	51,786,569	16,640,606	(307,431)
Increase in trade payables		22,475,440	9,574,993	–	–
(Decrease)/Increase in other payables, deposits and accruals		(10,147,757)	(8,009,860)	(1,880,497)	120,761
Cash (used in)/generated from operations		(13,130,549)	(7,773,632)	8,954,704	(6,206,136)
Tax paid		(3,338,138)	(3,618,321)	(113,370)	(176,975)
Tax refunded		6,303,153	1,083,045	339,084	205,190
Net cash (used in)/from operating activities		(10,165,534)	(10,308,908)	9,180,418	(6,177,921)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash acquired	7(d)	–	(930,827)	–	–
Acquisition of additional interest in:					
– subsidiary	7(d)	(9,302,277)	(1,883,982)	–	–
– associates	8(e), 8(b)	(1,085,867)	(24,109)	–	–
Disposal of subsidiaries, net of cash	7(d)	26,879,636	(233,159)	–	–
Interest received		891,716	820,777	99,353	12,501
Net advances to subsidiaries		–	–	(29,613,987)	(6,608,025)
Preference share dividend from a subsidiary		–	–	527,383	1,585,086
Proceeds from disposal of interest in an associate		–	8,130,140	–	–
Proceeds from disposal of property, plant and equipment		9,510	–	–	–
Purchase of other intangible assets	6(e)	(226,693)	(3,218,841)	–	(2,798,200)
Purchase of other investments		(3,394)	–	–	–
Purchase of property, plant and equipment	13(e)	(774,264)	(558,773)	(63,015)	(159,850)
Purchase of investment in a jointly-controlled entity	9(f)	–	(150,000)	–	–
Withdrawal/(Placement) of deposits pledged to licensed banks		4,044,340	(491,858)	–	–
Net cash from/(used in) investing activities		20,432,707	1,459,368	(29,050,266)	(7,968,488)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayments)/drawdown of:					
– invoice financing, trust receipts and term loans		(17,457,576)	6,464,276	–	–
– hire purchase		–	(11,365,758)	–	–
– lease liabilities		(13,352,986)	–	(122,733)	–
Interest paid		(8,278,154)	(7,877,740)	(46,023)	(1,298)
Net proceeds from shares issued pursuant to private placement	22	23,928,050	16,317,707	23,928,050	16,317,707
Net proceeds of a private placement exercise in a subsidiary		9,205,240	–	–	–
Proceeds from conversion of warrants		–	864,167	–	864,167
Net cash (used in)/from financing activities		(5,955,426)	4,402,652	23,759,294	17,180,576
Net increase/(decrease) in cash and cash equivalents		4,311,747	(4,446,888)	3,889,446	3,034,167
Cash and cash equivalents at beginning of financial year		21,184,953	25,632,243	3,105,931	71,764
Effect of changes in exchange rates		583,641	(402)	–	–
Cash and cash equivalents at end of financial year	21	26,080,341	21,184,953	6,995,377	3,105,931

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

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Invoice financing, trust receipts and term loans (Note 24)		Hire purchase (Note 26)		Lease liabilities (Note 27)	
	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM
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	–	–	–
At 1 April 2019	67,091,040	–	18,573,626	–	–	–
Effects of adoption of MFRS 16 (Note 43.1)	–	–	(18,573,626)	–	24,658,002	540,789
At 1 April 2019 (restated)	67,091,040	–	–	–	24,658,002	540,789
Cash flows	(17,457,576)	–	–	–	(14,818,446)	(167,923)
Non-cash flows:						
– Unwinding of interest	–	–	–	–	1,465,460	45,190
– Additions of leases	–	–	–	–	12,542,553	323,438
At 31 March 2020	49,633,464	–	–	–	23,847,569	741,494

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

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at 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 2020 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 11 August 2020.

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.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 43.1 to the financial statements.

The Group applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 April 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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.

As of 31 March 2020, the current liabilities of the Group exceeded their current assets by RM26,327,790. The Directors are of the opinion that the net current liabilities position as at 31 March 2020 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 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, Indonesia and Vietnam 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; and

(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.)

2020	Business performance services RM	Trading and distribution services RM	Digital and infrastructure services RM	Others RM	Elimination RM	Consolidation RM
Revenue						
External sales	112,455,731	142,152,089	968,239	33,446	–	255,609,505
Inter-segment sales	47,695,518	8,799,611	3,548	1,960,800	(58,459,477)	–
Total	160,151,249	150,951,700	971,787	1,994,246	(58,459,477)	255,609,505
Results						
Segment results	29,673,881	3,711,002	(613,622)	(6,955,338)	7,234,657	33,050,580
Interest expense	(826,205)	(3,821,710)	(26,354)	(4,419,879)	815,994	(8,278,154)
Interest income	624,325	155,877	–	111,514	–	891,716
Share of profit in associates, net of tax	–	–	–	7,739,721	–	7,739,721
Share of loss in a jointly–controlled entity, net of tax	–	–	–	(22,214)	–	(22,214)
Profit/(Loss) before tax	29,472,001	45,169	(639,976)	(3,546,196)	8,050,651	33,381,649
Tax expense						(5,038,846)
Profit for the financial year						28,342,803
Other information						
Segment assets	281,862,477	120,821,638	2,356,132	223,486,091	(210,265,749)	418,260,589
Segment liabilities	334,087,164	150,529,355	28,309,902	219,503,301	(517,297,482)	215,132,240
Capital expenditure	142,485	27,865	–	603,914	–	774,264
Depreciation and amortisation	14,155,633	111,890	111,763	1,936,840	273,073	16,589,199
Non-cash expenses other than depreciation and amortisation	7,093,874	3,873,716	–	36,082,824	(17,102,416)	29,947,998

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
Revenue						
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)	–
Total	160,983,994	135,505,830	3,117,384	2,611,665	(49,168,649)	253,050,224
Results						
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						(18,122,535)
Other information						
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.)

(b) Geographical segments

	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation and amortisation RM
2020					
Malaysia	255,576,358	415,398,929	195,472,373	799,834	16,588,792
Singapore	33,147	108,288	11,645,754	–	407
Indonesia	–	13,189	5,588,860	–	–
Vietnam	–	67,772	2,319,241	–	–
Brunei	–	2,672,411	106,012	–	–
	255,609,505	418,260,589	215,132,240	799,834	16,589,199
2019					
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
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

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

5. GOODWILL ON CONSOLIDATION

	Group 2020 RM	Group 2019 RM
Cost	43,831,945	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	38,027,224

(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.

5. GOODWILL ON CONSOLIDATION (CONT'D.)

(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	Total RM
As at 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 2020/2019	36,260,111	1,767,113	38,027,224

(c) Impairment assessment on the carrying amount of goodwill on consolidation is performed at least on an annual basis. The Directors have made significant judgments and estimates about the future results and key assumptions applied to cash flow forecasts of the CGUs in determining its recoverable amount.

Recoverable amounts of goodwill on consolidation for both financial years have been determined based on the value-in-use method using the following assumptions:

(i) Cash flow forecasts based on approved financial budgets covering a five (5) year period;

(ii) Pre-tax discount rate of the Group of 7.40% – 9.53% (2019: 7.49% – 7.70%) per annum;

(iii) Forecasted growth rates ranging from 5% to 10% (2019: 5% to 10%) based on past performance of the segment;

(iv) Terminal value based on the fifth year cash flow without incorporating any growth rate; and

(v) Projected profit margins based on historical profit margins achieved.

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

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

	Group 2020 RM	Group 2019 RM
As at 31 March 2020/2019	5,804,721	5,804,721

6. OTHER INTANGIBLE ASSETS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Software development costs				
As at 1 April 2019/2018	3,989,887	5,561,801	–	–
Add: Addition during the financial year	71,412,983	420,641	–	–
Less: Amortised during the financial year	(1,765,180)	(1,992,555)	–	–
As at 31 March 2020/2019	73,637,690	3,989,887	–	–
License agreements				
As at 1 April 2019/2018	6,565,491	3,117,787	4,167,200	–
Add: Addition during the financial year	–	5,209,000	–	5,209,000
Less: Amortised during the financial year	(1,761,296)	(1,761,296)	(1,041,800)	(1,041,800)
As at 31 March 2020/2019	4,804,195	6,565,491	3,125,400	4,167,200
Total other intangible assets	78,441,885	10,555,378	3,125,400	4,167,200

	As at 31.3.2020			
Group	Cost RM	Accumulated amortisation RM	Accumulated impairment losses RM	Carrying amount RM
Software development costs	146,445,569	(30,476,953)	(42,330,926)	73,637,690
License agreement	11,684,433	(6,880,238)	–	4,804,195
	158,130,002	(37,357,191)	(42,330,926)	78,441,885

	As at 31.3.2019			
Group	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

6. OTHER INTANGIBLE ASSETS (CONT'D.)

Company	Cost RM	Accumulated amortisation RM	Carrying amount RM
	As at 31.3.2020		
License agreement	5,209,000	(2,083,600)	3,125,400

Company	Cost RM	Accumulated amortisation RM	Carrying amount RM
	As at 31.3.2019		
License agreement	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.

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

	Group 2020 RM	2019 RM
As at 31 March 2020/2019	42,330,926	42,330,926

6. OTHER INTANGIBLE ASSETS (CONT'D.)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of other intangible assets	71,412,983	5,629,641	–	5,209,000
Capitalisation of contract costs	(71,186,290)	–	–	–
Amount outstanding in other payables	–	(1,632,400)	–	(1,632,400)
Amount prepaid in previous financial year	–	(778,400)	–	(778,400)
Cash payment on purchase of other intangible assets	226,693	3,218,841	–	2,798,200

(f) Impairment assessment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units (CGUs). The carrying amounts of the other intangible assets in these subsidiaries with indications of impairment amounted to RM74,311,690 as at 31 March 2020.

Management has made significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amounts are in excess of the carrying amounts of the other intangible assets and no impairment has been recorded in the current financial year.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	186,171,649	186,171,649
Less: 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 2020 was RM20,121,650.

Management has made significant judgments and 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 and growth 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 Company		Interest in equity held by Subsidiaries		Principal activities
		2020 %	2019 %	2020 %	2019 %	
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 Company 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiaries of CNA						
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
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 Actify Sdn Bhd (OAS)	Malaysia	–	–	100	100	Distribution, marketing, implementing and maintenance of accounting, inventory and goods and services tax accounting software to small and medium sized enterprise in Malaysia
Omesti 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
Subsidiary of Yakimbi						
Yakimbi ICT Sdn Bhd (Yakimbi ICT)	Malaysia	–	–	–	100	Designing and development of website and software, and providing of maintenance services and other related services
Subsidiaries of BAP						
Bancore Sdn Bhd (BANCORE)	Malaysia	–	–	100	100	Inactive
#Omesti Vietnam Company Limited (OVCL)	Socialist Republic of Vietnam	–	–	100	100	Consulting services, software implementation services, data processing services, database services and 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 Company 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiaries of MYHB						
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	Development of application software, system integration services and the provision of hardware and software maintenance services
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
Subsidiary of OASB						
†PDAC Formis Sdn Bhd (PDAC)	Brunei	–	–	70	70	Dormant
Subsidiaries of OHB						
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	Inactive
^Microlink Solutions Berhad (Microlink)	Malaysia	–	–	62.1	61.5	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

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 Company 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiaries of OHB (cont'd.)						
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
Amadeus Digital Xpress Sdn Bhd (ADX)	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	100	Provisions of business solutions, training and consultation, consultation services in information technology, web development and applications
Yakimbi ICT Sdn Bhd (Yakimbi ICT)	Malaysia	–	–	100	–	Designing and development of website and software, and providing of maintenance services and other related services
Subsidiary of FNS						
Formis Niaga Solusi Sdn Bhd (FNSi)	Malaysia	–	–	100	100	Dormant
Subsidiary of CLS						
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		
		2020 %	2019 %	2020 %	2019 %	
Subsidiaries of Microlink						
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)	Malaysia	–	–	–	100	Dormant
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
Subsidiaries of CSAS						
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

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 Company 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiaries of CSAS (cont'd.)						
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
Subsidiary of MSSB						
†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.

^ 101,599,093 (2019: 101,599,093) ordinary shares in Microlink with a carrying amount of RM63,915,095 (2019: RM53,895,198) have been pledged for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

@ The financial statements of the subsidiary are not required to be audited as it had been placed under member's voluntary winding up in previous financial years.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(d) Other details of investments in subsidiaries

(i) Acquisition of a subsidiary

(1) In the previous financial year, 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	(313,191)	(313,191)
Add: Goodwill on acquisition (Note 5)		1,313,191
Total cost of acquisition		1,000,000
Less: Cash and cash equivalent of subsidiary acquired		(69,173)
Net cash outflow of the Group on acquisition		930,827

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

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

(ii) Dilution and accretion of equity interest in a subsidiary

(1) During the financial year, OHB, a wholly-owned subsidiary of the Company, acquired 1,529,000 ordinary shares in Microlink, a 61.5% owned subsidiary of OHB, representing 0.9% of the total issued and paid-up share capital of Microlink for a total cash consideration of RM833,665. In December 2019, OHB's equity interest in Microlink had been diluted from 62.4% to 56.8%, resulting from the private placement of 16,736,800 ordinary shares of Microlink. Subsequently, OHB acquired 9,864,900 ordinary shares in Microlink, representing 5.4% of the total issued and paid-up share capital of Microlink for a total consideration of RM8,468,612. Following the acquisition, OHB now holds 62.1% equity interest in Microlink.

(2) In the previous 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 held 61.5% equity interest in Microlink.

(3) In the previous financial year, the Group 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.

(iii) Strike-off of a subsidiary

In the previous financial year, CNA, a wholly-owned subsidiary of the Company, struck off OILS, a company incorporated in the Republic of Singapore. The strike-off had no material financial effect to the Group.

(iv) Disposal of interest in subsidiaries

(1) Pursuant to the Subscription Agreement dated 30 October 2017 entered into between Fiber At Home City Networks Sdn Bhd (FIBER) and CNA, CNA had on 21 May 2018 converted 7,500,000 RCPS-C into ordinary shares in FIBER. Following the conversion, CNA held 13,800,000 ordinary shares in FIBER, representing 93.8% equity interest in FIBER.

CNA had 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 held 23,800,000 ordinary shares in FIBER, representing 96.36% equity interest in FIBER.

(2) In the previous financial year, 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.)

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

(3) In the previous financial year, 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 held 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)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

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

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

(4) On 12 July 2019, MYHB, a wholly-owned subsidiary of the Company, disposed a total of 3,000,000 ordinary shares in FES, a company incorporated in Malaysia, 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 MYHB.

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

	RM
Other investments	2,263,561
Current tax asset	400
Cash and bank balance	364
Other payables and accruals	(2,550)
Amount owing to ultimate holding company	(680)
Net assets	2,261,095
Gain on disposal of subsidiary	24,618,905
Net consideration from disposal	26,880,000
Cash balance of subsidiary disposed	(364)
Net cash inflow from disposal of subsidiary	26,879,636

(v) Internal reorganisation

On 7 November 2019, OHB, a wholly-owned subsidiary of the Company, acquired 500,000 ordinary shares representing 100% of the total issued and paid-up share capital of Yakimbi ICT from Yakimbi, a 94.4% owned subsidiary of CNA, a wholly-owned subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, Yakimbi ICT became a direct 100% owned subsidiary of OHB.

(vi) De-registration of a subsidiary

On 18 July 2019, a wholly-owned subsidiary of Microlink, MWSB had been de-registered from Companies Commission of Malaysia.

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	FNS	Other individually immaterial subsidiaries	Total
2020								
NCI percentage of ownership interest and voting interest (%)	–	33.3	–	40.0	37.9	49.0	–	–
Carrying amount of NCI (RM)	–	(2,680,788)	–	(2,952,410)	12,151,081	4,218,516	(48,268)	10,688,131
(Loss)/Profit allocated to NCI (RM)	–	(122,198)	–	(1,386,446)	4,193,563	1,626,475	6,189	4,317,583
Total comprehensive (loss)/income allocated to NCI	–	(156,603)	–	(1,386,446)	4,269,479	1,626,475	6,189	4,359,094
2019								
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

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:

2020	BAP RM	PASB RM	MICROLINK RM	FNS RM
Assets and liabilities				
Non-current assets	–	7,883,934	29,578,127	88,658,964
Current assets	207,902	14,425,262	131,033,651	31,070,316
Non-current liabilities	–	(292,162)	(5,780,338)	(5,758,656)
Current liabilities	(8,250,266)	(29,398,060)	(115,724,614)	(105,361,408)
Net (liabilities)/assets	(8,042,364)	(7,381,026)	39,106,826	8,609,216
Results				
Revenue	96,204	341,608	221,207,321	51,977,041
(Loss)/Profit for the financial year	(366,595)	(3,466,116)	10,347,144	3,319,336
Total comprehensive (loss)/income	(469,810)	(3,466,116)	10,571,973	3,319,336
Cash flows (used in)/from operating activities	(317,478)	(895,389)	23,051,188	8,169,836
Cash flows from investing activities	431,851	930,778	8,035,268	493,824
Cash flows from/(used in) financing activities	–	108,063	(35,142,208)	(6,942,077)
Net increase/(decrease) in cash and cash equivalents	114,373	143,452	(4,055,752)	1,721,583

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.)

2019	MyATM RM	BAP RM	FIBER RM	PASB RM	MICROLINK RM	FNS RM
Assets and liabilities						
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
Results						
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)

8. INVESTMENTS IN ASSOCIATES

	Group 2020 RM	Group 2019 RM
Quoted equity shares in Malaysia		
Cost	35,692,376	34,906,510
Unquoted equity shares in Malaysia		
Cost	3,832,858	3,532,858
Less: Impairment losses	(1,650,000)	(1,650,000)
Carrying amount	2,182,858	1,882,858
Share of post-acquisition results, net of tax	59,547,388	51,949,984
	97,422,622	88,739,352
Market value:		
Quoted equity shares in Malaysia	17,330,412	22,911,266

(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 Company 2020 %	Company 2019 %	Subsidiary 2020 %	Subsidiary 2019 %	Principal activities
Associates of Omesti Holdings Berhad						
#^@Ho Hup Construction Company Berhad (Ho Hup)	Malaysia	–	–	12.7	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.
*^Diversified Gateway Solutions Berhad (DGSB)	Malaysia	–	–	–	–*	Investment holding
α^Crif Omesti Sdn Bhd (Crif Omesti)	Malaysia	–	–	30.0	–	Dormant

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 Company 2020 %	Company 2019 %	Subsidiary 2020 %	Subsidiary 2019 %	Principal activities
Associates of Continuous Network Advisers Sdn Bhd						
MYATM Sdn Bhd (MyATM)	Malaysia	–	–	35.9	35.9	Manufacturing, trading and servicing of banking equipment and providing outsource related services
µ^Viewqwest Holdings Sdn Bhd (VHSB)	Malaysia	–	–	20.0	–	Investment holding and provision of management services

@ 52,516,400 (2019: 49,725,100) ordinary shares with a carrying amount of RM35,692,376 (2019: RM34,906,510) 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 2019 have been used and the unaudited financial statements for the period between 1 January 2020 and 31 March 2020.

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

α The Group subscribed 3 ordinary shares on 30 December 2019 and 2,997 ordinary shares on 24 February 2020 in Crif Omesti at an issue price of RM100 per share, representing 30% of the total issued share capital for a total cash consideration of RM300,000.

µ In the previous financial year, CNA, a wholly-owned subsidiary of the Company, had acquired 19 ordinary shares in VHSB, representing 19% equity interest in VHSB for a total consideration of RM1. On 26 August 2019, CNA, had acquired 1 ordinary share in VHSB, representing 1% of equity interest in VHSB for a total cash consideration of RM1. Pursuant to that, CNA's equity interest in VHSB increased from 19% to 20% and VHSB became an indirect associate of the Group.

^ Associates not audited by BDO PLT.

8. INVESTMENTS IN ASSOCIATES (CONT'D.)

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

	Ho Hup RM	MIHCM RM	DGSB RM	MyATM RM	Other individually immaterial associates RM	Total RM
2020						
Share of net assets of the Group	59,651,834	493,212	–	295,050	300,000	60,740,096
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	96,334,360	493,212	–	295,050	300,000	97,422,622
Share of results of the Group for the financial year ended 31 March 2020						
Share of profit/(loss) of the Group	7,853,452	(175,923)	–	62,192	–	7,739,721
Share of other comprehensive loss of the Group, net of tax	(2,050)	–	–	–	–	(2,050)
Share of total comprehensive income/(loss) of the Group	7,851,402	(175,923)	–	62,192	–	7,737,671
2019						
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
Share of results of the Group for the financial year ended 31 March 2019						
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

8. INVESTMENTS IN ASSOCIATES (CONT'D.)

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

	Ho Hup RM	MIHCM RM	DGSB RM	MYATM RM
2020				
Assets and liabilities				
Non-current assets	480,303,000	46,333	–	225,235
Current assets	912,474,000	723,299	–	924,528
Non-current liabilities	(214,420,000)	(6,381)	–	(104,744)
Current liabilities	(713,525,000)	(930,472)	–	(242,097)
Net assets/(liabilities)	464,832,000	(167,221)	–	802,922
Results				
Revenue	409,308,000	1,304,042	–	838,201
Profit/(Loss) for the financial year	65,382,000	(488,670)	–	201,883
Total comprehensive income/(loss)	65,382,000	(488,670)	–	201,883
Cash flows from/(used in) operating activities	83,171,000	(687,995)	–	405,169
Cash flows (used in)/from investing activities	(51,529,000)	727,180	–	(220,889)
Cash flows from/(used in) financing activities	15,997,000	(32,000)	–	(49,202)
Net increase in cash and cash equivalents	47,639,000	7,185	–	135,078
2019				
Assets and liabilities				
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
Results				
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.)

(e) Dilution and accretion of equity interest in an associate

In the previous financial year, OHB acquired 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 held 13.3% equity interest in Ho Hup.

During the financial year, Ho Hup issued 37,489,200 ordinary shares in Ho Hup in a private placement exercise. Following the exercise, OHB equity interest in Ho Hup was diluted from 13.3% to 12.0%.

During the financial year, OHB acquired a total of 2,709,300 ordinary shares in Ho Hup representing 0.66% of the equity interest in Ho Hup, in the open market for a total cash consideration of RM785,867. Following the acquisition, OHB now holds 12.7% equity interest in Ho Hup.

(f) Significant influence – Interest in Ho Hup

The Group holds 12.7% (2019: 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.

(g) Disposal of associate

In the previous 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 held 5.7% of DGSB and DGSB ceased to be an associate of OHB.

(h) Movements in impairment losses are as follows:

	Group	
	2020 RM	2019 RM
As at 1 April 2019/2018	1,650,000	3,741,577
Disposal of an associate during the financial year	–	(2,091,577)
As at 31 March 2020/2019	1,650,000	1,650,000

9. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group 2020 RM	Group 2019 RM
Unquoted shares, at cost	524,060	524,060
Share of post-acquisition reserve, net of tax	(524,060)	(501,846)
	–	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.

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

Name of company	Country of incorporation	Interest in equity held by Company 2020 %	Company 2019 %	Subsidiary 2020 %	Subsidiary 2019 %	Principal activities
^#Quadrant Biz Solutions Sdn Bhd (QBS)	Malaysia	–	–	50.0	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 2020 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.

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

(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 2020 RM	QBS 2019 RM
Share of net assets of the Group	–	22,214
Share of loss of the Group	(22,214)	(127,786)

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

	QBS 2020 RM	QBS 2019 RM
Assets and liabilities		
Non-current assets	30,580	18,346
Current assets	555,439	209,832
Current liabilities	(814,664)	(183,750)
Net (liabilities)/assets	(228,645)	44,428
Results		
Revenue	1,001,769	130,586
Loss for the financial year	(273,073)	(255,572)
Total comprehensive loss	(273,073)	(255,572)
Cash flows from/(used in) operating activities	301,316	(259,991)
Cash flows (used in)/from investing activities	(16,774)	280,440
Net increase in cash and cash equivalents	284,542	20,449

(f) In the previous financial year, 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 2020 RM	Group 2019 RM
Non-current		
Equity securities:		
– Quoted shares in Malaysia	2,528,581	3,371,658
– Unquoted shares in Malaysia	–	1,600,000
	2,528,581	4,971,658
Transferable club memberships	105,000	105,000
Total non-current other investments	2,633,581	5,076,658
Current		
Quoted income funds in Malaysia	110,045	106,651
Total other investments	2,743,626	5,183,309

(a) The equity securities are classified as financial assets at fair value through profit or loss.

(b) Net fair value loss of RM179,516 (2019: RM3,174,917) was recognised during the financial year due to the decline in market value of quoted shares. The fair value was determined based on the last transacted price on 31 March 2020.

(c) Quoted ordinary shares of 42,140,604 (2019: 42,140,604) with a carrying amount of RM2,528,436 (2019: RM3,371,248) have been pledged for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

(d) Fair value hierarchy

	Fair value of financial instruments carried at fair value				Total fair	Carrying
	Level 1	Level 2	Level 3	Total	value	amount
Group	RM	RM	RM	RM	RM	RM
2020						
Financial assets at fair value through profit or loss						
– Quoted shares and warrants	2,528,581	–	–	2,528,581	2,528,581	2,528,581
– Quoted income funds	110,045	–	–	110,045	110,045	110,045
– Transferable golf club memberships	–	–	105,000	105,000	105,000	105,000

10. OTHER INVESTMENTS (CONT'D.)

(d) Fair value hierarchy (cont'd.)

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

(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

11. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current assets				
Other receivables	–	–	–	16,685,110
Lease receivables	620,364	–	–	–
Prepayments	–	5,979,246	–	–
	620,364	5,979,246	–	16,685,110
Current assets				
Other receivables	22,339,351	12,691,059	4,870,111	4,792,528
Less: Impairment losses	(5,666,993)	(5,555,182)	(4,758,070)	(4,758,070)
	16,672,358	7,135,877	112,041	34,458
Lease receivables	1,780,594	–	–	–
Deposits	1,092,337	2,818,816	48,010	101,636
Prepayments	17,892,444	19,432,928	322,946	302,399
	37,437,733	29,387,621	482,997	438,493

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

(b) In the previous financial year, included in prepayments are prepaid lease rental for equipment leases, which would be recognised in profit or loss as follows:

	Group	
	2020 RM	2019 RM
Not later than 1 year	–	7,667,361
Later than 1 year and not later than 5 years	–	5,979,246
	–	13,646,607

During the financial year, the prepaid lease rentals for equipment leases have been transferred to right-of-use assets account upon adoption of MFRS 16.

(c) The Group is an intermediate lessor in the sublease of software and hardware equipment. The subleases are classified as finance leases with reference to the right-of-use assets arising from the head leases. The Group derecognises the underlying assets and recognises receivables at an amount equal to net investments in finance leases. Net investments in the finance leases are measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset.

The finance lease receivables are subject to a fixed weighted average effective interest rate of 6.68% per annum. Sensitivity analysis for fixed rate receivables as at the end of the reporting period is not presented as fixed rate instruments as it is not affected by change in interest rate.

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

(d) Movement of finance lease receivables upon adoption of MFRS 16 is as follows:

	Note	Group 2020 RM
Carrying amount		
At 1 April 2019		–
Effects of adoption of MFRS 16	43.1	4,066,906
Interest income		221,105
Lease payments received during the financial year		(1,887,053)
At 31 March 2020		2,400,958

(e) The maturity profile of finance lease receivables at the end of each reporting period is summarised as follows:

	Group 2020 RM
Less than one (1) year	1,887,051
One (1) to two (2) years	629,017
	2,516,068
Less: Unearned interest income	(115,110)
	2,400,958

(f) Impairment for other receivables, lease receivables and deposits 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 Group defined significant increase in credit risk based on payment trends and past due information.

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 & PREPAYMENTS (CONT'D.)

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

	Group		
	Lifetime ECL allowance RM	Individually credit impaired RM	Total allowance RM
At 1 April 2018	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/1 April 2019	280,914	5,274,268	5,555,182
Charge for the year	205,918	–	205,918
Reversal of impairment losses	(37,945)	(56,162)	(94,107)
At 31 March 2020	448,887	5,218,106	5,666,993

	Company	
	Individually credit impaired RM	Total allowance RM
As at 31 March 2020/2019	4,758,070	4,758,070

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	19,740,992	9,494,355	160,051	16,821,204
Singapore Dollar	89,114	73,465	–	–
Indonesian Rupiah	306,665	334,649	–	–
Vietnamese Dong	28,882	52,224	–	–
	20,165,653	9,954,693	160,051	16,821,204

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

	Group	
	2020 RM	2019 RM
Effects of 10% changes to RM against foreign currencies		
Profit/(Loss) after tax	±32,000	±35,000

12. DEFERRED TAX

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
As at 1 April 2019/2018	(5,052,769)	(4,408,669)	–	–
Effects of adoption of MFRS 16 (Note 43.1)	35,361	–	–	–
	(5,017,408)	(4,408,669)	–	–
Recognised in profit or loss (Note 36)	1,204,434	(644,100)	–	–
As at 31 March 2020/2019	(3,812,974)	(5,052,769)	–	–
Presented after appropriate offsetting:				
Deferred tax assets, net	(3,815,004)	(5,054,799)	–	–
Deferred tax liabilities, net	2,030	2,030	–	–
	(3,812,974)	(5,052,769)	–	–

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets				
As at 1 April 2019/2018	5,054,799	4,553,396	–	17,261
Effects of adoption of MFRS 16 (Note 43.1)	(35,361)	–	–	–
	5,019,438	4,553,396	–	17,261
Recognised in profit or loss:				
Property, plant and equipment	(153,350)	770	–	–
Unused tax losses	231,916	1,657,650	–	–
Unabsorbed capital allowances	7,511	20,722	–	–
Provisions	(1,290,511)	(1,177,739)	–	(17,261)
As at 31 March 2020/2019	3,815,004	5,054,799	–	–
Deferred tax liabilities				
As at 1 April 2019/2018	2,030	144,727	–	17,261
Recognised in profit or loss:				
Property, plant and equipment	–	–	–	(17,261)
Software development costs	–	(142,697)	–	–
As at 31 March 2020/2019	2,030	2,030	–	–

12. DEFERRED TAX (CONT'D.)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets				
Property, plant and equipment	(188,711)	770	–	–
Unused tax losses	3,227,636	2,995,720	–	–
Unabsorbed capital allowances	113,351	105,070	–	–
Provisions	662,728	1,953,239	–	–
	3,815,004	5,054,799	–	–
Deferred tax liabilities				
Property, plant and equipment	2,930	2,930	–	–
Software development costs	(900)	(900)	–	–
	2,030	2,030	–	–

(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	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses				
Expires by 31 March 2025	141,093,473	141,093,473	12,343,002	12,343,002
Expires by 31 March 2026	3,316,669	3,316,669	2,093,676	2,093,676
Expires by 31 March 2027	2,340,954	–	6,551,921	–
Unabsorbed capital allowances	13,731,585	10,939,456	–	–
Provisions	7,105,078	16,144,373	3,153,008	4,174,374
	167,587,759	171,493,971	24,141,607	18,611,052

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.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

13. PROPERTY, PLANT & EQUIPMENT

Group 2020	Balance as at 1.4.2019 RM	Additions RM	Effects of adoption of MFRS 16 (Note 43.1) RM	Disposal RM	Written off RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2020 RM
Carrying amount								
Buildings								
– Right-of-use assets	–	6,641,343	1,042,788	–	–	(1,168,080)	–	6,516,051
Computer equipment and software								
– Owned	7,570,449	229,056	–	(9,499)	–	(2,254,417)	12	5,535,601
– Right-of-use assets	–	4,580,972	13,657,439	–	–	(8,470,504)	–	9,767,907
Office equipment, furniture, fittings and renovation								
– Owned	490,343	545,208	–	(11)	(570)	(306,637)	(1,148)	727,185
– Right-of-use assets	–	241,419	28,376	–	–	(29,406)	–	240,389
Motor vehicles								
– Owned	585,667	–	(570,667)	–	–	(5,042)	–	9,958
– Right-of-use assets	–	1,409,185	1,653,476	–	–	(808,760)	–	2,253,901
	8,646,459	13,647,183	15,811,412	(9,510)	(570)	(13,042,846)	(1,136)	25,050,992

	As at 31.3.2020		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings			
– Right-of-use assets	7,684,131	(1,168,080)	6,516,051
Computer equipment and software			
– Owned	17,847,108	(12,311,507)	5,535,601
– Right-of-use assets	18,238,411	(8,470,504)	9,767,907
Office equipment, furniture, fittings and renovation			
– Owned	4,479,198	(3,752,013)	727,185
– Right-of-use assets	269,795	(29,406)	240,389
Motor vehicles			
– Owned	557,664	(547,706)	9,958
– Right-of-use assets	3,391,994	(1,138,093)	2,253,901
	52,468,301	(27,417,309)	25,050,992

13. PROPERTY, PLANT & EQUIPMENT (CONT'D.)

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
Carrying amount									
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

	As at 31.3.2019			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
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 & EQUIPMENT (CONT'D.)

Company 2020	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 43.1) RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2020 RM
Carrying amount					
Computer equipment and software					
– Owned	4,637	–	9,085	(5,028)	8,694
– Right-of-use assets	–	10,832	–	(3,610)	7,222
Office equipment, furniture and fittings					
– Owned	411,798	–	53,930	(215,445)	250,283
Motor vehicles					
– Right-of-use assets	–	529,957	323,438	(170,679)	682,716
	416,435	540,789	386,453	(394,762)	948,915

	As at 31.3.2020 Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment and software			
– Owned	337,961	(329,267)	8,694
– Right-of-use assets	10,832	(3,610)	7,222
Office equipment, furniture and fittings			
– Owned	1,889,938	(1,639,655)	250,283
Motor vehicles			
– Right-of-use assets	853,395	(170,679)	682,716
	3,092,126	(2,143,211)	948,915

2019	Balance as at 1.4.2018 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2019 RM
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

13. PROPERTY, PLANT & EQUIPMENT (CONT'D.)

	As at 31.3.2019		
Company	Cost RM	Accumulated depreciation RM	Carrying amount RM
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

(a) Each class of property, plant and equipment (excluding right-of-use assets) 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 represented equipment in progress and were not depreciated until such time when the assets are available for use.

(c) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Buildings	2 – 10 years
Motor vehicles	2 – 5 years
Computer equipment	2 – 5 years

(d) Impairment assessment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units (CGUs). The carrying amounts of the property, plant and equipment in a subsidiary with indications of impairment amounted to RM7,532,250 as at 31 March 2020.

Management has made significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining the recoverable amount using the value in use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amount is in excess of the carrying amount of the property, plant and equipment and no impairment has been recorded in the current financial year.

13. PROPERTY, PLANT & EQUIPMENT (CONT'D.)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of property, plant and equipment	13,647,183	558,773	386,453	159,850
Provision of restoration cost	(135,573)	–	–	–
Amount remained outstanding in other payables	(110,922)	–	–	–
Financed by hire purchase and lease liabilities	(12,626,424)	–	(323,438)	–
Cash payments on purchase of property, plant and equipment	774,264	558,773	63,015	159,850

(f) In the previous financial year, included in property, plant and equipment of the Group were assets acquired under hire purchase and lease arrangements with a carrying amount of RM570,667.

(g) The Group as lessor

The Group had entered into non-cancellable lease agreements on computer equipment, for terms of between three (3) to four (4) years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group 2020 RM
Less than one (1) year	6,329,927
One (1) to two (2) years	3,803,427
Two (2) to three (3) years	1,300,200
	11,433,554

14. INVESTMENT PROPERTY

Group	Balance as at 1.4.2019 RM	Depreciation charge for the financial year RM	Balance as at 31.3.2020 RM
Carrying amount			
Freehold building	993,850	(19,877)	973,973

	----- As at 31.3.2020 -----		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold building	993,850	(19,877)	973,973

	Balance as at 1.4.2018 RM	Addition RM	Depreciation charge for the financial year RM	Balance as at 31.3.2019 RM
Carrying amount				
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 RM906,786. 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 & CONTRACT COSTS

	Note	Group 2020 RM	2019 RM
Inventories	(a)		
At cost			
Hardware and software		1,391,275	1,552,091
Hardware maintenance parts and spares		820,240	1,299,736
		2,211,515	2,851,827
Contract costs	(b)	1,931,947	65,932,045
		4,143,462	68,783,872

(a) Inventories

(i) Inventories are determined on the first-in, first-out basis and stated at the lower of cost and net realisable value.

(ii) Cost of inventories of the Group recognised as an expense during the financial year amounted to RM167,607,631 (2019: RM189,879,443). The amount of inventories written off and inventory loss recognised as expenses during the financial year amounted to RM1,004,487 (2019: RM2,516,268) and RM9,856 (2019: Nil).

(b) Contract costs

(i) Contract costs represent directly attributable costs incurred in fulfilling a contract that are expected to be recovered in satisfying future performance obligations. Costs incurred by the Group to fulfill a contract prior to the commencement of its performance are mostly general and administrative expenses that are expensed as incurred.

(ii) Contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relates. The basis of amortisation is reviewed at the end of the year to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the assets relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(iii) An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for goods or services to which the asset relates, net of remaining directly attributable costs yet to be expensed.

At the end of the year, the Group assesses if there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable.

15. INVENTORIES & CONTRACT COSTS (CONT'D.)

(b) Contract costs (cont'd.)

(iv) Movement of contract costs is as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 April 2019/2018	65,932,045	28,551,700
Capitalised during the financial year	29,861,051	83,407,699
	95,793,096	111,959,399
Transfer to software development cost	(71,186,290)	–
Recognised in profit or loss	(22,674,859)	(46,027,354)
Balance as at 31 March 2020/2019	1,931,947	65,932,045

No provision for impairment losses were required on contract costs as at 31 March 2020 and 31 March 2019.

16. TRADE RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	92,007,872	65,221,819	7,350	332,172
Less: Impairment losses	(13,845,718)	(19,108,111)	(7,116)	(332,172)
	78,162,154	46,113,708	234	–

(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 (2019: 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.

16. TRADE RECEIVABLES (CONT'D.)

(d) The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristic which is age of customer relationship.

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. The Group has identified the gross domestic product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward-looking information. 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.

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

	Group Lifetime ECL allowance RM	Individually credit impaired RM	Total allowance RM
At 1 April 2018	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/1 April 2019	7,902,005	11,206,106	19,108,111
Charge for the year	748,684	2,054,648	2,803,332
Reversal of impairment losses	(4,491,804)	(100,000)	(4,591,804)
Written off	–	(3,473,921)	(3,473,921)
At 31 March 2020	4,158,885	9,686,833	13,845,718

	Company Lifetime ECL allowance RM	Individually credit impaired RM	Total allowance RM
At 1 April 2018	–	–	–
Charge for the year	332,172	–	332,172
At 31 March/1 April 2019	332,172	–	332,172
Reversal of impairment losses	(325,056)	–	(325,056)
At 31 March 2020	7,116	–	7,116

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.)

(f) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

2020 Group	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
Current	42,855,583	(130,984)	42,724,599
Past due:			
31 to 60 days	21,363,363	(4,585)	21,358,778
61 to 90 days	2,739,386	(1,198)	2,738,188
91 to 120 days	253,224	(1,965)	251,259
More than 120 days	24,796,316	(13,706,986)	11,089,330
	49,152,289	(13,714,734)	35,437,555
	92,007,872	(13,845,718)	78,162,154
Company			
More than 120 days	7,350	(7,116)	234

2019 Group	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
Current	37,637,423	(3,763,300)	33,874,123
Past due:			
31 to 60 days	5,624,588	(188,613)	5,435,975
61 to 90 days	2,426,452	(123,496)	2,302,956
91 to 120 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
Company			
More than 120 days	332,172	(332,172)	–

16. TRADE RECEIVABLES (CONT'D.)

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

	Group			
	2020		2019	
	RM	% of total	RM	% of total
By country				
Malaysia	78,162,154	100%	45,928,982	99%
Singapore	–	–	120,386	1%
United States of America	–	–	64,340	*
	78,162,154	100%	46,113,708	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.

(h) The currency exposure profile of trade receivables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	78,162,154	45,928,982	234	–
US Dollar	–	64,340	–	–
Singapore Dollar	–	120,386	–	–
	78,162,154	46,113,708	234	–

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

	Group	
	2020 RM	2019 RM
Effects of 10% changes to RM against foreign currencies		
Profit/(Loss) after tax	–	±14,000

17. CONTRACT ASSETS

	Group 2020 RM	Group 2019 RM
Aggregate pre-contract costs incurred to date	56,662,275	79,990,260
Less: Impairment losses	(66,697)	–
Add: Attributable profits	25,378,730	11,706,064
	81,974,308	91,696,324
Less: Progress billings	(77,458,980)	(95,613,385)
	4,515,328	(3,917,061)
Represented by:		
Contract assets		
Projects	8,226,186	5,770,963
Contract liabilities (Note 31)		
Projects	(3,710,858)	(9,688,024)
	4,515,328	(3,917,061)

(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.

The reconciliation of movements in allowance for impairment accounts in contract assets is as follows:

	Group Lifetime ECL allowance RM	Group Total allowance RM
At 31 March/1 April 2019	–	–
Charge for the year	66,697	66,697
At 31 March 2020	66,697	66,697

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company 2020 RM	2019 RM
Amounts owing by subsidiaries	144,723,452	92,110,055
Less: Impairment losses	(94,294,321)	(76,561,709)
	50,429,131	15,548,346
Amounts owing to subsidiaries	55,521,651	32,522,241

(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 Group defined significant increase in credit risk based on payment trends and past due information.

The probability of non-payment by the subsidiaries is adjusted by forward-looking information (gross domestic product (GDP), unemployment rate, inflation rate, labour force participation rate and consumer price index) 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 of the Company are as follows:

	Lifetime ECL allowance RM	Individually credit impaired RM	Total allowance RM
At 1 April 2018	–	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/1 April 2019	–	76,561,709	76,561,709
Charge for the year	4,098,069	13,634,543	17,732,612
At 31 March 2020	4,098,069	90,196,252	94,294,321

(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 (1) 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 (1) year.

20. AMOUNT OWING BY/(TO) A JOINTLY-CONTROLLED ENTITY

(a) Amount owing by/(to) a jointly-controlled entity is classified as financial asset and financial liability respectively, measured at amortised cost.

(b) Amount owing by/(to) a jointly-controlled entity represents payments made on behalf, which are unsecured, interest-free and collectible/payable within next twelve (12) months in cash and cash equivalents.

(c) Amount owing by/(to) 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.

(e) The maturity profile of amount owing to a jointly-controlled entity of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one (1) year.

21. CASH & BANK BALANCES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	29,852,620	20,381,306	6,994,270	3,104,857
Fixed deposits	11,022,426	17,545,831	1,107	1,074
	40,875,046	37,927,137	6,995,377	3,105,931

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) Deposits with licensed banks of the Group amounting to RM11,006,665 (2019: RM15,051,005) 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 of the Group and of the Company with a carrying amount of RM11,022,426 (2019: RM17,545,831) and RM1,107 (2019: RM1,074) respectively are subject to fixed weighted average effective interest rates of 1.96% (2019: 3.67%) and 2.70% (2019: 2.71%) respectively.

(d) Sensitivity analysis for fixed 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 & 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	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	29,852,620	20,381,306	6,994,270	3,104,857
Fixed deposits	11,022,426	17,545,831	1,107	1,074
	40,875,046	37,927,137	6,995,377	3,105,931
Less: Deposits pledged to licensed banks (Note 25)	(11,006,665)	(15,051,005)	–	–
Less: Bank overdrafts (Note 24)	(3,788,040)	(1,691,179)	–	–
	26,080,341	21,184,953	6,995,377	3,105,931

(f) No expected credit losses are recognised arising from cash and bank balances because the probability of default by these financial institutions are negligible.

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	40,671,234	37,735,127	6,995,377	3,105,931
Singapore Dollar	66,486	57,510	–	–
US Dollar	10,783	13,725	–	–
Indonesian Rupiah	19,661	21,662	–	–
Brunei Dollar	98,320	97,806	–	–
Vietnamese Dong	8,562	1,307	–	–
	40,875,046	37,927,137	6,995,377	3,105,931

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

	Group	
	2020	**2019**
	RM	**RM**
Effects of 10% changes to RM against foreign currencies		
Profit/(Loss) after tax	±13,000	±14,000

22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020	2019	2020 RM	2019 RM
Issued and fully paid-up share capital				
As at 1 April 2019/2018	477,592,225	431,075,491	248,722,769	230,698,331
Ordinary shares issued pursuant to Long Term Incentive Plan (LTIP)	5,389,910	1,485,000	2,855,032	607,511
Ordinary shares issued pursuant to private placement	47,856,100	43,303,400	23,928,050	16,317,707
Conversion of warrants	–	1,728,334	–	1,099,220
As at 31 March 2020/2019	530,838,235	477,592,225	275,505,851	248,722,769

(a) During the financial year, the number of issued and fully paid-up share capital of the Company has been increased from RM248,722,769 comprising 477,592,225 ordinary shares to RM275,505,851 comprising 530,838,235 ordinary shares. The increase in the issued and paid-up share capital of the Company arose from the issuance of 5,389,910 new ordinary shares pursuant to the LTIP to eligible employees and issuance of 47,856,100 new ordinary shares pursuant to private placement.

(b) In the previous 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 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.

(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	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Capital reserve	24,663,246	24,663,246	24,663,246	24,663,246
Equity compensation reserve	–	3,577,446	–	–
Exchange translation reserve	246,888	(284,500)	–	–
	24,910,134	27,956,192	24,663,246	24,663,246

23. RESERVES (CONT'D.)

(a) Capital reserve

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

(b) Equity compensation reserve

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

(c) 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 2020 RM	Group 2019 RM
Current liabilities		
Invoice financing (Note 25)	653,760	3,820,854
Bank overdrafts (Note 25)	3,788,040	1,691,179
Hire purchase (Note 26)	–	8,590,635
Trust receipts (Note 25)	10,848,406	22,284,762
Term loans (Note 25)	38,131,298	40,985,424
	53,421,504	77,372,854
Non-current liabilities		
Hire purchase (Note 26)	–	9,982,991
	53,421,504	87,355,845
Total borrowings		
Invoice financing (Note 25)	653,760	3,820,854
Bank overdrafts (Note 25)	3,788,040	1,691,179
Hire purchase (Note 26)	–	18,573,626
Trust receipts (Note 25)	10,848,406	22,284,762
Term loans (Note 25)	38,131,298	40,985,424
	53,421,504	87,355,845

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
31 March 2020				
Invoice financing	686,121	–	–	686,121
Bank overdrafts	4,108,129	–	–	4,108,129
Trust receipts	11,674,987	–	–	11,674,987
Term loans	42,210,279	–	–	42,210,279
Total undiscounted financial liabilities	58,679,516	–	–	58,679,516
31 March 2019				
Invoice financing	4,012,661	–	–	4,012,661
Bank overdrafts	1,834,084	–	–	1,834,084
Hire purchase	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

(c) Invoice financing, bank overdrafts and trust receipts of the Group with a carrying amount of RM653,760 (2019: RM3,820,854), RM3,788,040 (2019: RM1,691,179) and RM10,848,406 (2019: RM22,284,762) are subject to floating weighted average effective interest rates of 4.95% (2019: 5.02%), 8.45% (2019: 8.45%) and 7.62% (2019: 7.72%) respectively.

(d) Term loans of the Group with a carrying amount of RM38,131,298 (2019: RM40,985,424) are subject to fixed weighted average effective interest rates of 10.70% (2019: 10.75%). Included in terms loans is an amount of RM30,329,613 (2019: RM32,048,242) owing to a company related to a Director of the Company.

(e) In the previous financial year, hire purchase of the Group with a carrying amount of RM18,573,626 were subject to fixed weighted average effective interest rate of 4.17%.

(f) 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 2020 RM	Group 2019 RM
Effects of 100bp changes to profit/(loss) after tax		
Floating rate instruments	±131,000	±864,000

(g) All borrowings are denominated in Ringgit Malaysia.

25. BANK OVERDRAFTS, INVOICE FINANCING, TRUST RECEIPTS & TERM LOANS

Bank overdrafts, invoice financing, 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 (2019: 101,599,093) shares in Microlink with carrying amount of RM63,915,095 (2019: RM53,895,198) as disclosed in Note 7 to the financial statements;

(ii) 42,140,604 (2019: 42,140,604) shares in DGSB with a carrying amount of RM2,528,436 (2019: RM3,371,248) as disclosed in Note 10 to the financial statements; and

(iii) 52,516,400 (2019: 49,725,100) ordinary shares in Ho Hup with a total carrying amount of RM35,692,376 (2019: RM34,906,510) as disclosed in Note 8 to the financial statements.

(c) Personal guarantee from certain Directors of certain subsidiaries; and

(d) Corporate guarantees from certain subsidiaries and the Company.

26. HIRE PURCHASE

	Group 2020 RM	Group 2019 RM
Minimum hire purchase and lease payments:		
– not later than 1 year	–	9,045,248
– later than 1 year and not later than 5 years	–	10,328,902
– later than 5 years	–	24,087
	–	19,398,237
Less: Future interest charges	–	(824,611)
Present value of hire purchase and lease creditors	–	18,573,626
Repayable as follows:		
Current liabilities		
– not later than 1 year	–	8,590,635
Non-current liabilities		
– later than 1 year and not later than 5 years	–	9,959,251
– later than 5 years	–	23,740
	–	18,573,626

During the financial year, the hire purchase have been reclassified to lease liabilities account upon adoption of MFRS 16.

27. LEASE LIABILITIES

Carrying amount

	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 43.1) RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.3.2020 RM
Group						
Buildings	–	1,042,788	6,505,771	(1,006,170)	555,469	7,097,858
Computer equipment and software	–	12,856,905	4,469,736	(8,355,039)	356,269	9,327,871
Office equipment, furniture, fittings and renovation	–	9,136,377	241,419	(4,677,885)	392,173	5,092,084
Motor vehicles	–	1,621,932	1,325,627	(779,352)	161,549	2,329,756
	–	24,658,002	12,542,553	(14,818,446)	1,465,460	23,847,569
Company						
Computer equipment and software	–	10,832	–	(3,988)	624	7,468
Motor vehicles	–	529,957	323,438	(163,935)	44,566	734,026
	–	540,789	323,438	(167,923)	45,190	741,494

	Group 2020 RM	Company 2020 RM
Represented by:		
Current liabilities	10,878,850	160,049
Non-current liabilities	12,968,719	581,445
	23,847,569	741,494
Lease liabilities owing to financial institutions	3,076,715	–
Lease liabilities owing to non-financial institutions	20,770,854	741,494
	23,847,569	741,494

(a) The Group and the Company have certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM10,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

27. LEASE LIABILITIES (CONT'D.)

(b) The following are the amounts recognised in profit or loss:

	Group 2020 RM	Company 2020 RM
Depreciation charge of right-of-use assets (included in depreciation and amortisation expenses)	10,476,750	174,289
Interest expense on lease liabilities (included in finance costs)	1,465,460	45,190
Expense relating to short-term leases and low-value assets (included in other operating expenses)	664,467	123,905
	12,606,677	343,384

(c) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

31 March 2020	Weighted average incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group					
Lease liabilities	4.48% - 8.7%	11,684,900	8,620,566	6,259,439	26,564,905
Company					
Lease liabilities	6.95%	206,083	648,433	–	854,516

28. 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Present value of unfunded defined benefit obligations:				
Gratuity obligations	4,412,609	3,868,180	1,022,476	891,673
Analysed as follows:				
Non-current liabilities				
– later than 1 year and not later than 5 years	1,341,489	919,335	657,967	277,388
– more than 5 years	3,071,120	2,948,845	364,509	614,285
	4,412,609	3,868,180	1,022,476	891,673

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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Balance as at 1 April 2019/2018	3,868,180	3,686,438	891,673	801,183
Current service cost recognised in profit or loss	544,429	181,742	130,803	90,490
Balance as at 31 March 2020/2019	4,412,609	3,868,180	1,022,476	891,673

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

Group	**2020**	**2019**
Discount rate	4.07%	4.85%
Salary increase rate	2.04% – 7.14%	2.16% – 4.61%
Annual voluntary resignation rate	11.11% – 60.00%	0.00% – 60.00%
Mortality rate	Malaysia Ordinary Insured 2011-2015	Malaysia Ordinary Insured 2011-2015
Normal retirement age	60 years	60 years

28. PROVISIONS (CONT'D.)

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

Company	2020	2019
Discount rate	4.07%	4.85%
Salary increase rate	3.47%	2.57%
Annual voluntary resignation rate	11.11%	11.11%
Mortality rate	Malaysia Ordinary Insured 2011-2015	Malaysia Ordinary Insured 2011-2015
Normal retirement age	60 years	60 years

Significant assumptions for the determination of the present value of the gratuity obligations are discount rate, salary increase rate and annual voluntary resignation rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, assuming that all other assumptions remain constant.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Effects of 100bp changes in:				
– discount rate	±309,955	±43,604	±48,738	±49,848
– salary increase rate	±346,313	±81,896	±52,756	±54,555
– annual voluntary resignation rate	±5,754	±16,381	±11,503	±10,031

Sensitivity analysis may not be representative of the actual change in the gratuity obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

29. 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 (2019: 1 month to 6 months) from date of invoice.

29. TRADE PAYABLES (CONT'D.)

(c) The currency exposure profile of trade payables are as follows:

	Group	
	2020 RM	2019 RM
Ringgit Malaysia	59,073,394	34,834,105
US Dollar	1,518,217	2,966,616
Singapore Dollar	40,916	70,489
Great Britain Pound	29,300	385,429
Australian Dollar	58,403	–
Vietnamese Dong	12,202	353
	60,732,432	38,256,992

(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 (1) year.

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

	Group	
	2020 RM	2019 RM
Effects of 10% changes to RM against foreign currencies		
Profit/(Loss) after tax	±125,000	±259,000

30. OTHER PAYABLES, DEPOSITS & ACCRUALS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current:				
Provision for restoration cost	146,148	–	–	–
Current:				
Other payables and accruals	40,467,406	50,278,431	741,162	2,621,659
Refundable deposits	327,855	119,785	–	–
	40,795,261	50,398,216	741,162	2,621,659

(a) Other payables, deposits and accruals are classified as financial liabilities measured at amortised cost.

30. OTHER PAYABLES, DEPOSITS & ACCRUALS (CONT'D.)

(b) A reconciliation of the provision for restoration cost is as follows:

	Group	
	2020 RM	2019 RM
At 1 April 2019/2018	–	–
Provision made during the year	135,573	–
Unwinding of discount	10,575	–
At 31 March 2020/2019	146,148	–

Under the provision of lease agreements, the Group has obligations to dismantle and remove refurbishments on the demised premise and restore it at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 7.8%.

(c) The table below summarises the maturity profile of the other payables, deposits and accruals of the Group 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	Total RM
31 March 2020			
Other payables, deposits and accruals	40,795,261	273,416	41,068,677
31 March 2019			
Other payables, deposits and accruals	50,398,216	-	50,398,216

The maturity profile of the other payables, deposits and accruals of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one (1) year.

(d) Other payables, deposits and accruals are denominated in RM.

31. CONTRACT LIABILITIES

		Group	
	Note	2020 RM	2019 RM
Contract liabilities in relation to:			
Projects	17	3,710,858	9,688,024
Deferred income:			
– maintenance income		26,094,610	20,479,731
		29,805,468	30,167,755

31. CONTRACT LIABILITIES (CONT'D.)

(a) Contract liabilities are the obligations to transfer goods or services to customers for which the Group 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 RM27,279,092 (2019: RM29,253,051) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue at the end of reporting period.

(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, are as follows:

	Group	
	2020 RM	2019 RM
Within 1 year	27,311,298	27,279,092
Between 1 and 4 years	2,494,170	2,888,663
	29,805,468	30,167,755

32. CONTINGENT LIABILITIES

	Company	
	2020 RM	2019 RM
Corporate guarantees given to financial institutions and leasing corporations for facilities granted to certain subsidiaries		
– Unsecured	34,122,580	34,122,580
– Secured	167,707,528	249,250,630

(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.

33. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers:				
Project	47,976,183	33,778,213	–	–
Maintenance income	41,138,236	69,903,371	–	–
Sales of hardware equipment and software	153,047,391	139,230,406	–	–
Management fees	–	174,000	1,960,800	2,134,800
Consultancy services	300	148,041	–	45,522
Network connectivity and bandwidth services	787,556	2,516,742	–	–
	242,949,666	245,750,773	1,960,800	2,180,322
Other revenue:				
Rental income	12,659,839	7,299,451	–	–
	255,609,505	253,050,224	1,960,800	2,180,322
Timing of revenue recognition				
Transferred over time	89,114,719	103,829,625	–	–
Transferred at a point in time	153,834,947	141,921,148	1,960,800	2,180,322
	242,949,666	245,750,773	1,960,800	2,180,322

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.

33. REVENUE (CONT'D.)

(a) Projects (cont'd.)

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.

(b) Maintenance income

Revenue from sale of maintenance and software support services rendered is recognised over time throughout the period of contracts using an input method. 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.

33. REVENUE (CONT'D.)

(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) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

34. EMPLOYEE BENEFITS

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages, bonuses and allowances	39,758,541	36,558,658	4,732,383	3,515,708
Defined contribution plan	4,729,694	4,834,579	626,619	482,546
Share options granted under ESOS				
– Directors	–	355,328	–	–
– Other employees	187,761	100,115	–	–
Shares granted under ESGP				
– Directors	2,461,782	607,511	2,461,782	607,511
– Other employees	393,250	–	393,250	–
Provision for gratuity obligations	544,429	181,742	130,803	90,490
Other employee benefits	2,204,071	1,993,434	330,665	235,752
	50,279,528	44,631,367	8,675,502	4,932,007

(a) Included in the employee benefits of the Group and of the Company are remuneration paid to Executive Directors' amounting to RM5,415,315 (2019: RM3,041,082) and RM3,692,603 (2019: RM1,219,498) respectively.

(b) Estimated monetary value of benefits-in-kind provided to the Directors of the Group are RM71,100 (2019: RM100,880).

34. EMPLOYEE BENEFITS (CONT'D.)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' fees	1,219,419	1,103,250	492,000	455,750
Salaries, and other short term employee benefits:				
Directors	5,415,315	3,041,082	3,692,603	1,219,498
Other key management personnel	4,457,215	3,148,152	1,643,795	1,074,820
	9,872,530	6,189,234	5,336,398	2,294,318

35. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:				
– bank charges	71,412	192,720	6,183	2,286
– bank guarantee charges	147,239	(95,014)	–	–
– bank overdrafts	190,199	149,599	–	–
– commitment fees	–	8,300	–	–
– hire purchase	–	1,200,650	–	–
– lease liabilities	1,465,460	–	45,190	–
– letter of credit and trust receipts	1,241,443	785,435	–	–
– term loans	3,856,867	4,400,870	–	–
– others	1,524,185	1,341,186	833	1,298
	8,496,805	7,983,746	52,206	3,584

36. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense based on profit/(loss) for the financial year				
Malaysian income tax	3,448,179	2,182,369	–	–
Under/(Over)-provision in prior years				
Malaysian income tax	386,233	(452,369)	–	–
	3,834,412	1,730,000	–	–
Deferred tax (Note 12)				
Relating to originating and reversal of temporary differences	679,734	(456,421)	–	–
Under/(Over)-provision in prior years	524,700	(187,679)	–	–
	1,204,434	(644,100)	–	–
	5,038,846	1,085,900	–	–

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit/(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 profit/(loss) multiplied by applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	8,011,596	(4,088,792)	(6,571,072)	(7,369,593)
Tax effects in respect of:				
Non-allowable expenses	7,093,524	7,844,070	5,243,739	7,086,216
Non-taxable income	(10,039,716)	(4,741,927)	–	–
Movements in deferred tax assets not recognised	(937,491)	2,712,597	1,327,333	283,377
	4,127,913	1,725,948	–	–
Under/(Over)-provision of income tax in prior years	386,233	(452,369)	–	–
Under/(Over)-provision of deferred tax in prior years	524,700	(187,679)	–	–
	5,038,846	1,085,900	–	–

36. TAX EXPENSE (CONT'D.)

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

	Group		
	Before tax RM	Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
2020			
Foreign currency translations	574,949	–	574,949
Share of other comprehensive loss of associates	(2,050)	–	(2,050)
2019			
Foreign currency translations	(47,862)	–	(47,862)
Share of other comprehensive loss of associates	(59,019)	–	(59,019)

37. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

	Group	
	2020 RM	2019 RM
Profit/(Loss) attributable to owners of the parent (RM)	24,025,220	(18,256,892)
Average number of ordinary shares in issue at the beginning of financial year	477,592,225	431,075,491
Effects of Private Placement of Shares	4,053,386	22,254,011
Effects of conversion of warrants	–	1,439,496
Effects of issuance of shares pursuant to LTIP	1,148,208	559,127
Weighted average number of ordinary shares applicable to basic earnings/(loss) per ordinary share	482,793,819	455,328,125
Basic earnings/(loss) per ordinary share (sen)	4.98	(4.01)

(b) Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share equal basic earnings/(loss) per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

38. DIVIDEND

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

39. 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 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 are 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.

40. 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Subsidiaries				
– Management fee income	–	–	1,960,800	1,960,800
– Human resources consultancy services	–	–	–	7,122
– Preference share dividend income	–	–	527,383	1,585,086
– Training room rental income	–	–	3,760	90,820
Associates				
– Management fee income	–	174,000	–	174,000
Company related to a Director of the Company				
– Interest expense	3,799,772	3,800,747	–	–

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

41. 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 2019.

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 2020.

The gearing ratios as at 31 March 2020 and 31 March 2019 are as follows:

	Group	
	2020 **RM**	**2019** **RM**
Total borrowings (Note 24 and 27)	56,498,219	87,355,845
Total equity	203,128,349	147,226,867
Gearing ratio	27.8%	59.3%

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 2020.

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES & 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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONT'D.)

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), Vietnam Dong (VND) 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 29 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.

(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 30 days, extending up to 90 days 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 11, 18, 19, 20, 24, 27, 29 and 30 to the financial statements respectively.

43. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs

43.1 New MFRSs adopted during the current financial year

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

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following section.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group or the Company is the lessor.

However, MFRS 16 requires the intermediate lessor to assess the lease classification of a sublease by reference to the right-of-use assets arising from the head leases (and not by reference to the underlying assets as was the case under MFRS 117).

Until the financial year ended 31 March 2019, when the Group was an intermediate lessor, the subleases of software and hardware equipment were classified as operating leases by reference to the underlying assets. Because of this change, the Group has reclassified certain of its sublease agreements as finance leases as at 1 April 2019.

43. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs (CONT'D.)

43.1 New MFRSs adopted during the financial year (cont'd.)

MFRS 16 *Leases* (cont'd.)

The Group and the Company applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group and of the Company as of 1 April 2019. The range of incremental borrowing rates of the Group and of the Company applied to the lease liabilities on 1 April 2019 were between 4.48% to 8.70% and 6.95% respectively.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group and the Company recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group and the Company has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019;

(c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 and do not contain a purchase option as short-term leases;

(d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

43. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs (CONT'D.)

43.1 New MFRSs adopted during the financial year (cont'd.)

MFRS 16 *Leases* (cont'd.)

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	Note	As at 31 March 2019 RM	Impact RM	As at 1 April 2019 RM
Group				
Property, plant and equipment	(a)	8,646,459	15,811,412	24,457,871
Other receivables	(b)	35,366,867	(13,646,607)	21,720,260
Lease receivables		–	4,066,906	4,066,906
Deferred tax assets		5,054,799	(35,361)	5,019,438
Lease liabilities	(c)	–	24,658,002	24,658,002
Borrowings		87,355,845	(18,573,626)	68,782,219
Accumulated losses		(135,345,464)	54,149	(135,291,315)
Non-controlling interests		5,893,370	57,825	5,951,195
Company				
Property, plant and equipment		416,435	540,789	957,224
Lease liabilities	(c)	–	(540,789)	(540,789)

(a) Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 March 2019.

(b) The Group reassessed the classification of ongoing operating sublease by using remaining contractual terms of head lease and sublease agreements. Lease receivables were recognised at an amount equal to the net investment in the leases and the differences were recorded in accumulated losses in the financial statements as at 31 March 2019 as these operating subleases were classified as finance leases.

(c) Lease liabilities are measured as follows:

	Group RM	Company RM
Contracts reassessed as lease contracts	24,658,002	540,789
Lease liabilities recognised at 1 April 2019	24,658,002	540,789

43. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs (CONT'D.)

43.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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.

44. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision – An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee (IFRIC) issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 March 2020.

45. MATERIAL LITIGATION

Foster Moore International Limited (the Plaintiff) vs. Formis Network Services Sdn Bhd (FNS) and Omesti Berhad (Omesti)

On 13 May 2020, the Group announced that the Company, together with FNS (collectively "the Defendants"), received a Writ of Summons (Writ) and Statement of Claim both dated 2 April 2020 filed by the Plaintiff.

It alleged that FNS has failed to pay the Plaintiff for works done in accordance with a Master Service Agreement dated 20 November 2017 entered into between the Plaintiff, Omesti (as corporate guarantor to guarantee the payment obligation of FNS) and FNS. The works in question relate to the provision of services and deliverables by the Plaintiff to FNS in connection with an online register of companies solution to the Companies Commission of Malaysia (CCM). The Plaintiff's claim against both FNS and the Company are, amongst others, in the sum of USD786,282.75 together with interest and costs.

The Defendants filed a Statement of Defence and Counterclaim against the Plaintiff on 10 July 2020. In the Counterclaim, the Defendants are claiming for damages for overpayment to the Plaintiff and licence fees in the approximate sum of USD1.0 million.

The Group is of the view that the Group has a fair chance of defending the claim and also in succeeding with the Counterclaim. The Group assessed that the expected losses arising from the litigation are the expenses in engaging advocates and solicitors to address the litigation and the cost of the litigation and litigation proceedings.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) During the financial year, the Company disposed a subsidiary as disclosed in Note 7 to the financial statements.

(b) During the financial year, the Company deregistered a subsidiary as disclosed in Note 7 to the financial statements.

(c) The World Health Organisation declared the novel coronavirus (COVID-19) a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order (MCO) on 18 March 2020 and has subsequently entered into the recovery phase of the MCO until 31 August 2020.

The extent of the financial impact on the Group and the Company is difficult to assess at the date of authorisation of financial statements due to uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

47. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 18 May 2020, NISB, an indirectly wholly-owned subsidiary of the Company, subscribed a total of 1 ordinary share in O Dojo Sdn Bhd (Dojo), which consists of 100% of its total equity, for a total cash consideration of RM1. The current status of Dojo remains inactive.

(b) On 3 June 2020, the Company has proposed renounceable rights issue of up to 119,775,812 new redeemable preference shares (RPS) at an issue price of RM1.00 per RPS together with up to 279,476,894 free detachable warrants (Warrants) on the basis of 1 RPS for every 5 existing ordinary shares in the Company held and 7 Warrants for every 3 RPS subscribed at an entitlement date to be determined by the Board at a later date.

(c) On 5 August 2019, FNS, an indirectly wholly-owned subsidiary of the Company, has received Termination Notice from Suruhanjaya Syarikat Malaysia (SSM) in relations to Outsourcing Agreement (Agreement) between FNS for SSM's Core Digital Registry Solution Project (Core Project). Subsequently on 8 July 2020, FNS has received a letter dated 8 July 2020 from Messrs Rahmat Lim & Partners, the solicitors acting for SSM confirming that SSM has maintained its decision to terminate the Agreement with FNS and SSM believes that no amicable solution can be reached between the parties.

The Group maintains that FNS is not in default of the Agreement and the Agreement has been wrongfully terminated. In view thereof, FNS will take such further actions as are necessary to enforce its rights and to claim for, amongst others, all costs incurred for the development of the Core Project and damages arising from the wrongful termination.

The Group has not recognised any financial contributions from the Core Project to-date. There is no financial impact for the financial year ending 31 March 2021 to the Group.

(d) On 10 August 2020, Microlink, an indirectly wholly-owned subsidiary of the Company, has made an award of 1,000,000 new ordinary shares at closing market price of RM1.95 per ordinary shares under the ESGP pursuant to the LTIP to the eligible employees and a Director of Microlink at no consideration.

CONTACT DETAILS OF SUBSIDIARIES

AMADEUS DIGITAL XPRESS SDN BHD
[Reg. No. 199601005809 (378155-P)]

CONTINUOUS NETWORK ADVISERS SDN BHD
[Reg. No. 199501038155 (367357-K)]

CONTINUOUS NETWORK SERVICES SDN BHD
[Reg. No. 199901020172 (495072-P)]

FORMIS SOFTWARE & TECHNOLOGIES SDN BHD
[Reg. No. 197501001270 (22962-U)]

MAN YAU HOLDINGS BERHAD
[Reg. No. 199201023175 (254679-T)]

NEXT INTELLIGENT SDN BHD
[Reg. No. 201801006027 (1268041-M)]

O DOJO SDN BHD
[Reg. No. 202001011615 (1367935-K)]

OMESTI ASSIST SDN BHD
[Reg. No. 199501001157 (330351-M)]

OHANA COMMUNICATIONS SDN BHD
[Reg. No. 200001007907 (510513-H)]

OMESTI ACTIFY SDN BHD
[Reg. No. 201301021858 (1051688-X)]

OMESTI HOLDINGS BERHAD
[Reg. No. 199301026262 (281000-K)]

OMESTI DATA SDN BHD
[Reg. No. 201601036249 (1207190-P)]

PRIMA ARENANIAGA SDN BHD
[Reg. No. 201601015596 (1186527-K)]

YAKIMBI ICT SDN BHD
[Reg. No. 201101022908 (951043-T)]

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FORMIS NETWORK SERVICES SDN BHD
[Reg. No. 198901010968 (188270-U)]

FORMIS RESEARCH & DEVELOPMENT SDN BHD
[Reg. No. 201301001909 (1031746-T)]

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