



# ENABLING Enterprise

Financial Statements

Annual Report 2018



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# Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of research and development on information technology solutions to the financial services industry. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial year.

## RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(50,635,820)	1,432,970
Attributable to:		
Owners of the parent	(50,631,412)	1,432,970
Non-controlling interests	(4,408)	-
	(50,635,820)	1,432,970

## 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 dividend payment 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.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting held on 17 October 2014, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan (LTIP or Scheme), which comprises an Employee Share Option Scheme (ESOS) and an Employee Share Grant Plan (ESGP) and is administered by the LTIP Committee which is appointed by the Board of Directors, in accordance with the By-Laws of the LTIP. The LTIP should be in force for a period of 5 years from 27 October 2014, unless extended further. The main features of the LTIP are disclosed in Note 35 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D.)

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

Date of offer	Option price RM	Number of options over ordinary shares			
		Outstanding as at 1.4.2017	Movements during the financial year		Outstanding as at 31.3.2018
			Granted	Lapsed	
28 July 2016	1.30	9,478,000	-	(997,800)	8,480,200
13 September 2016	1.16	2,900,400	-	-	2,900,400
29 March 2018	0.44	-	800,000	-	800,000
		12,378,400	800,000	(997,800)	12,180,600

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 7 May 2018 from having to disclose the list of option holders together with the details of their holdings pursuant Paragraph 5, Part 1, Fifth Schedule of the Companies Act, 2016 except for information of employees who were granted 240,000 options and above.

Other than the Directors' interests, the names of option holders who were granted 240,000 options and above as at the financial year end are as follows:

Name	Number of ESOS options
Chia Yong Wei	1,999,800
Eddy Hong Chee Keong	240,000
Mah Chon Cheang	349,800
Neo Poh Lian	559,800
Wong Hier Chai	240,000

## DIRECTORS

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

### Microlink Solutions Berhad

Tun Arifin bin Zakaria  
 Monteiro Gerard Clair  
 Tai Keat Chai  
 Martin Chu Leong Meng  
 Mah Xian-Zhen (F)  
 Dato' Jaganath Derek Steven Sabapathy (Appointed on 20 October 2017)

### Subsidiaries of Microlink Solutions Berhad

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:

Ch'ng Kai Fen (F)  
 Chia Yong Wei  
 Gan Khong Kiat  
 Elwin Lim Yew Mun  
 Koay Soon Hoe  
 Ajis

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over the ordinary shares of the Company and 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 1.4.2017/ Date of appointment	Bought	Sold	Balance as at 31.3.2018

### Shares in the Company

#### Direct interests

Monteiro Gerard Clair	1,601,147	1,617,700	-	3,218,847
Mah Xian-Zhen	118,666	-	-	118,666
Dato' Jaganath Derek Steven Sabapathy	2,420,500	-	-	2,420,500

	<----- Number of options ----->			
	Balance as at 1.4.2017	Granted	Lapsed	Balance as at 31.3.2018

### ESOS in the Company

#### Direct interests

Monteiro Gerard Clair	1,000,200	-	-	1,000,200
Tai Keat Chai	600,000	-	-	600,000
Martin Chu Leong Meng	600,000	-	-	600,000
Mah Xian-Zhen	600,000	-	-	600,000
Tun Arifin Bin Zakaria	-	800,000	-	800,000

## 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 the ordinary shares of the Company and 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 1.4.2017/ Date of appointment	Bought	Sold	Balance as at 31.3.2018
<b>Shares in the ultimate holding company</b>				
<b>- Omesti Berhad</b>				
<u>Direct interests</u>				
Monteiro Gerard Clair	7,477,300	1,761,500	-	9,238,800
Mah Xian-Zhen	9,168,000	420,300	-	9,588,300
Dato' Jaganath Derek Steven Sabapathy	3,100,000	-	-	3,100,000
<u>Indirect interests</u>				
Monteiro Gerard Clair#	68,431,300	-	(289,000)	68,142,300

	<----- Number of warrants 2013/2018 ----->			
	Balance as at 1.4.2017/ Date of appointment	Bought	Sold	Balance as at 31.3.2018
<b>Warrants 2013/2018 in the ultimate holding company - Omesti Berhad</b>				
<u>Direct interests</u>				
Monteiro Gerard Clair	71,000	685,000	-	756,000
Dato' Jaganath Derek Steven Sabapathy	300,000	-	-	300,000
<u>Indirect interests</u>				
Monteiro Gerard Clair#	20,382,500	-	(20,382,500)	-

# Deemed interest by virtue of his substantial interest in H2O Holdings Sdn Bhd (Formerly known as Red Zone Development Sdn Bhd) pursuant to Section 8(4) of the Companies Act 2016.

By virtue of his interests in the ordinary shares of the ultimate holding company, Omesti Berhad, Monteiro Gerard Clair is also deemed to be interested in the shares of all subsidiaries to the extent the ultimate holding company has an interest.

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



## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments 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 those as disclosed in Note 36 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the outstanding share options as disclosed in Note 35 to the financial statements.

## DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed 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.

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

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

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

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except an impairment loss on software development expenditure of RM38,743,731 as disclosed in Note 6(d) to the financial statements.

### (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 the 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.

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

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

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature 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 the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## HOLDING COMPANIES

The Directors regard Omesti Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad as the ultimate holding company and Omesti Holdings Berhad as the immediate holding company, both of which are incorporated in Malaysia.

## AUDITORS

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

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2018 amounted to RM47,500 and RM159,538 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  
4 July 2018

# Statement By Directors

In the opinion of the Directors, the financial statements as set out on pages 13 to 70 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 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Monteiro Gerard Clair**  
Director

**Mah Xian-Zhen**  
Director

Kuala Lumpur  
4 July 2018

# Statutory Declaration

I, Thoo W'y-Kit, being the officer primarily responsible for the financial management of Microlink Solutions Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 13 to 70 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 )  
4 July 2018 )

**Thoo W'y-Kit**  
CA 31394

Before me:

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

# Independent Auditors' Report

TO THE MEMBERS OF MICROLINK SOLUTIONS BERHAD  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Microlink Solutions Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 70.

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 2018 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2016 in Malaysia.

### BASIS FOR OPINION

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

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

### KEY AUDIT MATTERS

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

#### **(a) Impairment assessment of goodwill**

The carrying amount of goodwill on consolidation as at 31 March 2018 amounted to RM18,409,459 as disclosed in Note 5 to the financial statements.

We have focused on this impairment assessment as the process is complex and it requires significant judgment and estimates about the future results and key assumptions applied to cash flow forecasts of the cash generating units (CGUs) in determining the recoverable amount. 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.

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

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

#### **(a) Impairment assessment of goodwill (Cont'd.)**

##### **Audit response**

Our audit procedures included the following:

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

#### **(b) Recoverability of trade receivables**

As at 31 March 2018, the Group has trade receivables of RM41,000,262 which include debts that are past due but not impaired of RM18,057,729. The details of trade receivables and its credit risk have been disclosed in Note 13 to the financial statements.

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

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

##### **Audit response**

Our audit procedures included the following:

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

#### **(c) Impairment assessment of the carrying amount of investments in subsidiaries and amounts owing by subsidiaries**

As at 31 March 2018, investments in subsidiaries and amounts owing by subsidiaries of the Company were RM15,446,925 and RM42,079,536 respectively as disclosed in Note 7 and 17 to the financial statements. The Company had made an impairment loss of RM360,451 in respect of the carrying amounts of investments in subsidiaries during the financial year.

The determination of recoverable amounts requires significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amounts. In this instance, the recoverable amount is based on value-in-use. These key assumptions include different budgeted operating profit margins, growth rates, terminal values as well as determining an appropriate pre-tax discount rate.

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

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

**(c) Impairment assessment of the carrying amount of investments in subsidiaries and amounts owing by subsidiaries (Cont'd.)**

**Audit response**

Our audit procedures included the following:

- (i) Compared prior period projections to actual outcomes to assess reliability of management's forecasting process;
- (ii) Assessed and challenged the key assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) Assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors;
- (iv) Performed sensitivity analysis of our own to stress test the key assumptions used in the forecast; and
- (v) Inquired management and assessed the basis of non-impairment of the amounts owing by subsidiaries.

## 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 internal control of the Group and of the Company.
- (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 and 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.

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

To the Members of Microlink Solutions Berhad  
(Incorporated in Malaysia)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: (Cont'd.)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### 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**

AF: 0206  
Chartered Accountants

Kuala Lumpur  
4 July 2018

#### **Tan Yeong Tat**

03315/07/2019 J  
Chartered Accountant



# Statements of Financial Position

As at 31 March 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	5	18,409,459	18,409,459	-	-
Software development expenditure	6	5,332,106	46,734,894	6,852,570	9,122,045
Investment in subsidiaries	7	-	-	15,446,925	15,807,376
Investment in a joint venture	8	-	-	-	-
Other investment	9	105,000	105,000	-	-
Deferred tax assets	10	4,239,319	2,767,738	765,594	1,229,724
Property, plant and equipment	11	1,028,735	1,122,673	477,835	74,868
		29,114,619	69,139,764	23,542,924	26,234,013
<b>Current assets</b>					
Inventories	12	16,176,862	13,138,239	-	-
Other investments	9	103,077	119,989	78,263	85,370
Trade receivables	13	41,000,262	48,134,981	41,713,247	39,397,380
Other receivables, deposits and prepayments	14	25,015,642	27,882,502	151,027	482,487
Amount owing by ultimate holding company	15	760,116	551,699	-	-
Amount owing by immediate holding company	16	5,924,526	221,944	-	-
Amounts owing by subsidiaries	17	-	-	42,079,536	42,534,386
Current tax assets		3,776,693	2,901,907	580,246	166,221
Cash and bank balances	18	19,414,426	24,983,375	600,249	342,663
		112,171,604	117,934,636	85,202,568	83,008,507
<b>TOTAL ASSETS</b>		<b>141,286,223</b>	<b>187,074,400</b>	<b>108,745,492</b>	<b>109,242,520</b>

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

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

As at 31 March 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	19	43,627,817	43,627,817	43,627,817	43,627,817
Reserves	20	5,567,296	4,130,969	5,761,055	4,347,820
(Accumulated losses)/Retained earnings		(18,961,028)	31,670,384	28,589,888	27,156,918
		30,234,085	79,429,170	77,978,760	75,132,555
<b>Non-controlling interests</b>	7	436,844	97,875	-	-
<b>TOTAL EQUITY</b>		30,670,929	79,527,045	77,978,760	75,132,555
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	21	5,463,947	13,915	275,515	-
Provision for gratuity obligations	33	1,503,952	1,429,042	-	-
Redeemable preference shares	24	25,193,044	27,193,044	25,193,044	27,193,044
		32,160,943	28,636,001	25,468,559	27,193,044
<b>Current liabilities</b>					
Trade payables	25	15,506,806	19,607,687	-	-
Other payables and accruals	26	39,335,399	39,645,934	1,953,465	4,879,323
Amount owing to ultimate holding company	15	2,688,839	1,709,431	2,543,382	1,410,998
Amount owing to immediate holding company	16	10,328	96,144	1	1
Amounts owing to subsidiaries	17	-	-	730,773	620,010
Amounts owing to related companies	27	677,846	454,471	-	6,589
Borrowings	21	20,232,925	17,098,922	70,552	-
Current tax liabilities		2,208	298,765	-	-
		78,454,351	78,911,354	5,298,173	6,916,921
<b>TOTAL LIABILITIES</b>		110,615,294	107,547,355	30,766,732	34,109,965
<b>TOTAL EQUITY &amp; LIABILITIES</b>		141,286,223	187,074,400	108,745,492	109,242,520

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 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	29	206,043,313	252,208,909	12,551,710	10,027,574
Cost of sales		(166,801,522)	(209,775,641)	(227,055)	(283,411)
Gross profit		39,241,791	42,433,268	12,324,655	9,744,163
Other operating income		412,813	1,270,164	3,936	15,284
Distribution costs		(789,501)	(856,800)	(100,659)	(45,074)
Administrative expenses		(31,389,724)	(34,139,602)	(6,101,840)	(7,061,531)
Other operating expenses		(53,499,489)	(3,674,528)	(3,114,934)	(2,405,914)
Finance costs	30	(3,522,777)	(2,510,055)	(16,347)	-
(Loss)/Profit before tax		(49,546,887)	2,522,447	2,994,811	246,928
Taxation	31	(1,088,933)	(1,750,581)	(1,561,841)	241,348
(Loss)/Profit for the financial year		(50,635,820)	771,866	1,432,970	488,276
<b>Other comprehensive income/(loss), net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translations for foreign operations, net of tax	31	366,469	(8,850)	-	-
Total comprehensive (loss)/income		(50,269,351)	763,016	1,432,970	488,276
(Loss)/Profit attributable to:					
Owners of the parent		(50,631,412)	780,163	1,432,970	488,276
Non-controlling interests	7	(4,408)	(8,297)	-	-
		(50,635,820)	771,866	1,432,970	488,276
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(50,608,320)	771,313	1,432,970	488,276
Non-controlling interests		338,969	(8,297)	-	-
		(50,269,351)	763,016	1,432,970	488,276
Earnings per ordinary share attributable to owners of the parent:					
Basic (sen)	32	(30.25)	0.48		
Diluted (sen)	32	(30.14)	0.48		

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

# Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2018

Group	Distributable		Non-distributable			Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Retained earnings RM	Equity compensation reserve RM	Translation reserve RM	Total attributable to owners of the parent RM			
Balance as at 1 April 2017	43,627,817	31,670,384	4,347,820	(216,851)	79,429,170	97,875	79,527,045	
Loss for the financial year	-	(50,631,412)	-	-	(50,631,412)	(4,408)	(50,635,820)	
Foreign currency translation for foreign operations, net of tax	-	-	-	23,092	23,092	343,377	366,469	
Total comprehensive loss	-	(50,631,412)	-	23,092	(50,608,320)	338,969	(50,269,351)	
<b>Transaction with owners</b>								
Share based payment transactions	-	-	1,413,235	-	1,413,235	-	1,413,235	
Total transaction with owners	-	-	1,413,235	-	1,413,235	-	1,413,235	
Balance as at 31 March 2018	43,627,817	(18,961,028)	5,761,055	(198,759)	30,234,085	436,844	30,670,929	

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

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

For the financial year ended 31 March 2018

Group	Distributable			Non-distributable				Total equity RM	
	Share capital RM	Retained earnings RM	Share premium RM	Capital redemption reserve RM	Equity compensation reserve RM	Translation reserve RM	Total attributable to owners of the parent RM		Non-controlling interests RM
Balance as at 1 April 2016	15,215,290	30,890,221	10,576,173	80,000	-	(208,001)	56,553,683	106,172	56,659,855
Profit for the financial year	-	780,163	-	-	-	-	780,163	(8,297)	771,866
Foreign currency translation for foreign operations, net of tax	-	-	-	-	-	(8,850)	(8,850)	-	(8,850)
Total comprehensive income	-	780,163	-	-	-	(8,850)	771,313	(8,297)	763,016
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to private placement (Note 19)	1,521,520	-	16,736,720	-	-	-	18,258,240	-	18,258,240
Share issue expenses	-	-	(501,886)	-	-	-	(501,886)	-	(501,886)
Share based payment transactions	-	-	-	-	4,347,820	-	4,347,820	-	4,347,820
Total transactions with owners	1,521,520	-	16,234,834	-	4,347,820	-	22,104,174	-	22,104,174
Effects of the new Companies Act 2016	26,891,007	-	(26,811,007)	(80,000)	-	-	-	-	-
Balance as at 31 March 2017	43,627,817	31,670,384	-	-	4,347,820	(216,851)	79,429,170	97,875	79,527,045

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

# Statement of Changes in Equity

For the financial year ended 31 March 2018

Company 2018	Distributable		Non-distributable		Total equity RM
	Share capital RM	Retained earnings RM	Equity compensation reserve RM		
Balance as at 1 April 2017	43,627,817	27,156,918	4,347,820		75,132,555
Profit for the financial year	-	1,432,970	-		1,432,970
Other comprehensive income, net of tax	-	-	-		-
Total comprehensive income	-	1,432,970	-		1,432,970
<b>Transactions with owners</b>					
Share based payment transactions	-	-	1,413,235		1,413,235
Total transactions with owners	-	-	1,413,235		1,413,235
Balance as at 31 March 2018	43,627,817	28,589,888	5,761,055		77,978,760

Company 2017	Distributable		Non-distributable			Total equity RM
	Share capital RM	Retained earnings RM	Share premium RM	Capital redemption reserve RM	Equity compensation reserve RM	
Balance as at 1 April 2016	15,215,290	26,668,642	10,576,173	80,000	-	52,540,105
Profit for the financial year	-	488,276	-	-	-	488,276
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	488,276	-	-	-	488,276
<b>Transactions with owners</b>						
Ordinary shares issued pursuant to private placement (Note 19)	1,521,520	-	16,736,720	-	-	18,258,240
Share issue expenses	-	-	(501,886)	-	-	(501,886)
Share based payment transactions	-	-	-	-	4,347,820	4,347,820
Total transactions with owners	1,521,520	-	16,234,834	-	4,347,820	22,104,174
Effects of the new Companies Act 2016	26,891,007	-	(26,811,007)	(80,000)	-	-
Balance as at 31 March 2017	43,627,817	27,156,918	-	-	4,347,820	75,132,555

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

# Statements of Cash Flows

For the financial year ended 31 March 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(49,546,887)	2,522,447	2,994,811	246,928
Adjustments for:					
Amortisation of software development expenditure	6	2,020,196	2,760,731	2,003,517	2,371,690
Bad debts recovered		-	(606)	-	-
Bad debts written off		23,047	26,937	-	-
Depreciation of property, plant and equipment	11	702,606	838,579	95,268	30,446
Impairment losses on:					
- trade receivables	13	7,910,772	-	-	-
- amounts owing by subsidiaries	17	-	-	-	68,436
- goodwill	5	-	63,911	-	-
- investment in a subsidiary	7	-	-	360,451	-
- software development expenditure	6	39,156,454	-	439,722	-
Interest expense	30	3,522,777	2,510,055	16,347	-
Interest income		(394,296)	(550,904)	(3,866)	(8,372)
Inventories written off	12	3,114,541	-	-	-
Loss/(Gain) on disposal property, plant and equipment		-	1,363	-	(46)
Property, plant and equipment written off	11	2,005	146,710	-	3,671
Provision for post-employment benefits	33	74,910	244,659	-	-
Share options granted under ESOS		1,413,235	4,347,820	915,301	2,022,885
Software development expenditure written off	6	528,799	27,000	528,799	27,000
Net unrealised loss/(gain) on foreign exchange		7,386	11,550	7,066	(6,708)
Operating profit before changes in working capital		8,535,545	12,950,252	7,357,416	4,755,930
Decrease/(Increase) in inventories		1,771,376	(6,320,175)	-	-
Decrease/(Increase) in trade and other receivables		2,277,412	24,564,978	(1,991,215)	(4,523,017)
(Decrease)/Increase in trade and other payables		(4,170,680)	(18,374,328)	(2,932,704)	887,081
Cash generated from operations		8,413,653	12,820,727	2,433,497	1,119,994
Tax paid		(3,974,770)	(4,999,710)	(1,511,736)	(1,722,801)
Tax refunded		242,913	47,837	-	7,837
Net cash from/(used in) operating activities		4,681,796	7,868,854	921,761	(594,970)

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

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

For the financial year ended 31 March 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Addition of software development expenditure	6	(302,661)	(35,483,231)	(702,563)	(456,653)
Advances from ultimate holding company		770,991	-	1,132,384	-
Advances to immediate holding company		(5,788,398)	-	-	-
Repayments from/(advances to) subsidiaries		-	-	1,063,546	(17,476,823)
Interest received		394,296	550,904	3,866	8,372
Placement of deposits pledged to licensed banks		(1,472,831)	(701,254)	-	-
Proceeds from disposal of property, plant and equipment		2,845	61,750	-	48
Proceeds from disposal of other investments		38,980	3,062,382	7,107	67,006
Purchase of other investments		(22,068)	-	-	-
Purchase of property, plant and equipment	11	(224,102)	(371,523)	(107,235)	(22,905)
Net cash (used in)/from investing activities		(6,602,948)	(32,880,972)	1,397,105	(17,880,955)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of shares pursuant to Private Placement		-	17,756,354	-	17,756,354
Net drawdown/(repayments) of borrowings		83,249	5,035,059	(44,933)	-
Redemption of redeemable preference shares		(2,000,000)	-	(2,000,000)	-
Interest paid		(3,522,777)	(2,510,055)	(16,347)	-
Net cash (used in)/from financing activities		(5,439,528)	20,281,358	(2,061,280)	17,756,354
Net (decrease)/increase in cash and cash equivalents		(7,360,680)	(4,730,760)	257,586	(719,571)
Cash and cash equivalents at beginning of financial year		16,836,206	21,557,332	342,663	1,062,234
Effect of changes in exchange rates		133,654	9,634	-	-
Cash and cash equivalents at end of financial year	18(c)	9,609,180	16,836,206	600,249	342,663

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



STATEMENTS OF CASH FLOWS (CONT'D.)

For the financial year ended 31 March 2018

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Trust receipts (Note 23) RM	Factoring loan (Note 23) RM	Hire purchase creditors (Note 22) RM	Redeemable preference Shares (Note 24) RM
<b>Group</b>				
At 1 April 2017	14,766,137	2,313,627	33,073	27,193,044
Cash flows	(203,026)	556,812	(270,537)	(2,000,000)
Non-cash flows:				
- Purchase of property, plant and equipment	-	-	391,000	-
- Purchase of inventories	-	-	7,924,540	-
At 31 March 2018	14,563,111	2,870,439	8,078,076	25,193,044
<b>Company</b>				
At 1 April 2017			-	27,193,044
Cash flows			(44,933)	(2,000,000)
Non-cash flows:				
- Purchase of property, plant and equipment			391,000	-
At 31 March 2018			346,067	25,193,044

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

# Notes to the Financial Statements

31 March 2018

## 1. CORPORATE INFORMATION

Microlink Solutions Berhad (the Company) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The Company is also a Multimedia Super Corridor (MSC) status company.

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

The principal place of business of the Company is located at 6th floor, Menara Atlan, 161B Jalan Ampang, 50450 Kuala Lumpur.

The immediate and ultimate holding companies are Omesti Holdings Berhad and Omesti Berhad respectively, both of which are incorporated in Malaysia.

The ultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 4 July 2018.

## 2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of research and development on information technology solutions to the financial services industry. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and of its subsidiaries 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 provisions 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 39 to the financial statements.

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.

#### 4. OPERATING SEGMENTS

The Company and its subsidiaries in Malaysia are principally engaged in financial services, enterprise solutions, distribution services and solution delivery for computer software solutions.

(a) Business segments

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products and services, which require different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Financial Services  
Provision of business and technical services for financial institutions
- (ii) Enterprise Solutions  
Provision of emerging technologies for enterprise
- (iii) Distribution Services  
Distribution and maintenance of computer equipment and software
- (iv) Solution Delivery  
Provision of project and software solutions delivery services

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 year.

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) Business segments (Cont'd.)

2018	Financial Services RM	Enterprise Solutions RM	Distribution Services RM	Solution Delivery RM	Elimination RM	Consolidation RM
<b>Revenue</b>						
External sales	35,838,527	12,533,515	149,744,569	7,926,702	-	206,043,313
Inter-segment sales	16,448,517	816,513	2,867,221	2,287,288	(22,419,539)	-
<b>Total</b>	<b>52,287,044</b>	<b>13,350,028</b>	<b>152,611,790</b>	<b>10,213,990</b>	<b>(22,419,539)</b>	<b>206,043,313</b>
<b>Results</b>						
Interest income	134,323	19,544	240,429	-	-	394,296
Interest expense	(128,907)	-	(3,391,383)	(2,487)	-	(3,522,777)
Depreciation of property, plant and equipment	(263,615)	(61,956)	(345,821)	(31,214)	-	(702,606)
Amortisation of software development expenditure	(2,780,049)	-	-	-	759,853	(2,020,196)
Property, plant and equipment written off	-	-	-	(2,005)	-	(2,005)
Impairment losses on software development expenditure	(39,156,454)	-	-	-	-	(39,156,454)
Impairment losses on trade receivables	-	-	(7,096,041)	(814,731)	-	(7,910,772)
Inventories written off	-	(2,519,136)	(595,405)	-	-	(3,114,541)
Software development expenditure written off	(555,798)	-	-	-	26,999	(528,799)
Taxation	(1,508,921)	(216,371)	636,359	-	-	(1,088,933)
<b>Segment (loss)/profit before tax</b>	<b>(36,585,939)</b>	<b>(3,919,339)</b>	<b>(9,246,236)</b>	<b>(382,663)</b>	<b>587,290</b>	<b>(49,546,887)</b>
Capital expenditure	565,075	-	50,027	-	-	615,102
Software development expenditure	702,563	-	-	-	(399,902)	302,661
<b>Segment assets</b>	<b>149,734,701</b>	<b>16,155,464</b>	<b>124,456,251</b>	<b>6,524,565</b>	<b>(155,584,758)</b>	<b>141,286,223</b>
<b>Segment liabilities</b>	<b>117,729,322</b>	<b>12,464,438</b>	<b>128,823,315</b>	<b>8,355,089</b>	<b>(156,756,870)</b>	<b>110,615,294</b>

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

(a) Business segments (Cont'd.)

2017	Financial Services RM	Enterprise Solutions RM	Distribution Services RM	Solution Delivery RM	Elimination RM	Consolidation RM
<b>Revenue</b>						
External sales	26,666,039	17,726,738	199,196,475	8,619,657	-	252,208,909
Inter-segment sales	13,299,207	1,190,531	6,616,964	393,168	(21,499,870)	-
Total	39,965,246	18,917,269	205,813,439	9,012,825	(21,499,870)	252,208,909
<b>Results</b>						
Interest income	274,181	23,277	267,508	-	(14,062)	550,904
Interest expense	(27,481)	-	(2,492,090)	(4,546)	14,062	(2,510,055)
Depreciation of property, plant and equipment	(290,528)	(1,22,570)	(396,652)	(28,829)	-	(838,579)
Amortisation of software development expenditure	(3,667,149)	-	-	-	906,418	(2,760,731)
Property, plant and equipment written off	(3,671)	(140,137)	(2,902)	-	-	(146,710)
Software development expenditure written off	(27,000)	-	-	-	-	(27,000)
Taxation	(114,770)	111,891	(1,747,702)	-	-	(1,750,581)
<b>Segment (loss)/profit before tax</b>	(697,305)	(826,313)	4,965,709	342,197	(1,261,841)	(2,522,447)
Capital expenditure	70,101	37,994	247,031	16,397	-	371,523
Software development expenditure	39,200,384	-	-	-	(175,953)	39,024,431
<b>Segment assets</b>	195,552,115	22,829,238	155,898,217	5,941,258	(193,146,428)	187,074,400
<b>Segment liabilities</b>	117,528,030	15,002,502	119,577,350	7,389,119	(151,949,646)	107,547,355

\* The comparative figures for the financial year ended 31 March 2017 have been restated to conform with current year presentation.

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

## (b) Geographical segments

	Revenue RM	Segment assets RM	Segment liabilities RM	Capital and software development expenditure RM	Depreciation and amortisation RM
<b>2018</b>					
Malaysia	205,343,654	140,880,741	110,475,854	917,763	2,722,802
Overseas	699,659	405,482	139,440	-	-
	206,043,313	141,286,223	110,615,294	917,763	2,722,802
<b>2017</b>					
Malaysia	251,389,554	186,772,496	107,362,008	39,395,954	3,599,310
Overseas	819,355	301,904	185,347	-	-
	252,208,909	187,074,400	107,547,355	39,395,954	3,599,310

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

## (c) Major customers

During the financial year, revenue from one customer in the distribution services segment represents approximately 8.7% (2017: 14.1%) of the Group revenue amounted to RM18,009,738 (2017: RM35,466,236).

**5. GOODWILL**

	2018 RM	Group 2017 RM
<b>Carrying amount</b>		
As at 1 April 2017/2016	18,409,459	18,473,370
Less: Impairment loss during the financial year	-	(63,911)
As at 31 March 2018/2017	18,409,459	18,409,459

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

	Cost RM	Accumulated impairment loss RM	Carrying amount RM
<b>As at 31 March 2018</b>			
Goodwill	18,473,370	(63,911)	18,409,459
<b>As at 31 March 2017</b>			
Goodwill	18,473,370	(63,911)	18,409,459

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (b) Goodwill have been allocated to the Cash Generating Units (CGUs) of the Group based on the following reportable segments:

	2018 RM	Group 2017 RM
Financial Services	2,817,852	2,817,852
Enterprise Solutions	3,449,874	3,449,874
Distribution Services	8,672,340	8,672,340
Solutions Delivery	3,469,393	3,469,393
	18,409,459	18,409,459

- (c) Impairment assessment on the carrying amount of goodwill is performed at least on an annual basis. The Directors have made 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 for both financial years have been determined based on the value-in-use of the CGU, 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 6.7% (2017: 6.0%) per annum;
- (iii) Forecasted growth rates ranging from 5.0% to 7.0% (2017: 3.0% to 6.0%) 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.

Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGUs' recoverable amounts, which would cause the CGUs' carrying amounts to materially exceed their recoverable amounts.

In the previous financial year, management recognised an impairment loss on goodwill amounting to RM63,911 relating to a subsidiary, Formis Advanced Systems Sdn Bhd which was part of the Enterprise Solutions segment, as management does not anticipate any future economic benefits associated with that goodwill.

**6. SOFTWARE DEVELOPMENT EXPENDITURE**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>At cost:</b>				
As at 1 April 2017/2016	68,557,237	29,559,806	29,973,379	28,619,966
Transferred from subsidiary	-	-	-	923,760
Additions during the financial year	302,661	39,024,431	702,563	456,653
Written off during the financial year	(528,799)	(27,000)	(528,799)	(27,000)
As at 31 March 2018/2017	68,331,099	68,557,237	30,147,143	29,973,379
<b>Accumulated amortisation:</b>				
As at 1 April 2017/2016	(21,822,343)	(19,061,612)	(20,851,334)	(18,396,389)
Transferred from subsidiary	-	-	-	(83,255)
Amortisation during the financial year	(2,020,196)	(2,760,731)	(2,003,517)	(2,371,690)
As at 31 March 2018/2017	(23,842,539)	(21,822,343)	(22,854,851)	(20,851,334)
<b>Accumulated impairment losses:</b>				
As at 1 April 2017/2016	-	-	-	-
Impairment losses charged during the financial year	(39,156,454)	-	(439,722)	-
As at 31 March 2018/2017	(39,156,454)	-	(439,722)	-
Carrying amount	5,332,106	46,734,894	6,852,570	9,122,045

- (a) Software development expenditure are intangible assets with finite useful lives that are measured after initial recognition at cost less any accumulated amortisation and any impairment losses.
- (b) Software development expenditure comprises salaries of personnel involved in development projects. Software development expenditure are charged to the profit or loss in the financial year in which it is incurred except for that relating to specific projects intended for commercial exploitation where it is expected to generate future economic benefits and can reasonably be recovered from related future revenue. Such development expenditure is amortised on a straight-line method over a period of five (5) to ten (10) years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.



**6. SOFTWARE DEVELOPMENT EXPENDITURE (CONT'D.)**

- (c) During the financial year, the Group and the Company made the following cash payments to purchase software development expenditure.

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchase of software development expenditure	302,661	39,024,431	702,563	456,653
Other payables	-	(3,541,200)	-	-
Cash payments on purchase of software development expenditure	302,661	35,483,231	702,563	456,653

- (d) On 14 February 2018, the Group received a letter from a prospective customer advising of the cancellation of its Non-Binding Letter of Intent (LOI) issued to the Group on 14 July 2016 (Cancellation Letter). The LOI had invited the Group to participate in detailed discussions relating to the improvement and enhancement of prospective customer's system. The Cancellation Letter advised that the prospective customer will not pursue the discussions further with the Group due to a change of project requirements and specifications. As such, the software development expenditure of RM38,743,731 in relation to this development had been impaired during the financial year.

**7. INVESTMENT IN SUBSIDIARIES**

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost	15,807,376	15,807,376
Less: Accumulated impairment losses	(360,451)	-
	15,446,925	15,807,376

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' shares of subsequent changes in equity.

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

(b) Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective equity interest		Principal Activities
		2018 %	2017 %	
<b>Direct subsidiaries</b>				
Microlink Systems Sdn Bhd (MSSB)	Malaysia	100	100	Provision of information technology solutions to the financial services industry and dealing in related products
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 services industry
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
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
Microlink Software Sdn Bhd (MSB)	Malaysia	51	51	Provision of consultancy services in supporting and modifying banking software
Microlink Worldwide Sdn Bhd (MWSB)^	Malaysia	100	100	In liquidation

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

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

Name of Company	Country of incorporation	Effective equity interest		Principal Activities
		2018 %	2017 %	
<b>Subsidiaries of MSSB</b>				
PT Microlink International Maju (PTMIM) @	Republic of Indonesia	65	-	Provision of information technology solutions to the financial services industry and dealing in related products
<b>Subsidiaries of CSAS</b>				
Formis Systems & Technology Sdn Bhd (FST)	Malaysia	100	100	Distribution and maintenance of computer hardware and software
First Solution Sdn Bhd (FIRST)	Malaysia	100	100	Distribution and maintenance of computer hardware and software
Applied Business Systems Sdn Bhd (ABS)	Malaysia	100	100	Distribution and maintenance of computer hardware and software
Formis Computer Services Sdn Bhd (FCS)	Malaysia	100	100	Provision of computer technology and maintenance of computer hardware and software
Formis Advanced Systems Sdn Bhd (FAS)	Malaysia	85	85	Provision of information technology services in terms of hardware, software, consultancy and maintenance

@ Subsidiary not audited by BDO

^ The financial statements of the subsidiary is not required to be audited in as it has been placed under creditors' voluntary winding up in previous financial years.

(c) Other details of investments in subsidiaries:

During the financial year, MSSB, a wholly owned subsidiary of the Company, subscribed for 162,500 ordinary shares in PTMIM, a company incorporated in Indonesia for a total cash consideration of RM697,283. This subscription represents 65% of equity interests in PTMIM.

The subscription did not have any material effect to the Group.

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

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

	MSB RM	FAS RM	PTMIM RM	Total RM
<b>2018</b>				
NCI percentage of ownership interest and voting interest	49%	15%	35%	
Carrying amount of NCI (RM)	244,130	4,648	188,066	436,844
Profit/(Loss) allocated to NCI (RM)	153,869	(2,967)	(155,310)	(4,408)
<b>2017</b>				
NCI percentage of ownership interest and voting interest	49%	15%	-	
Carrying amount of NCI (RM)	90,260	7,615	-	97,875
Loss allocated to NCI (RM)	(5,086)	(3,211)	-	(8,297)

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

2018	MSB RM	FAS RM	PTMIM RM	Total RM
<b>Assets and liabilities</b>				
Non-current assets	8,397	323	13,488	22,208
Current assets	1,076,227	33,713	778,523	1,888,463
Current liabilities	(586,401)	(3,050)	(254,679)	(844,130)
Net assets	498,223	30,986	537,332	1,066,541
<b>Results</b>				
Revenue	3,286,561	-	-	3,286,561
Profit/(Loss) for the financial year	314,019	(19,782)	(443,744)	(149,507)
Total comprehensive income/(loss)	314,019	(19,782)	(443,744)	(149,507)
Cash flow from/(used in):				
- operating activities	341,018	(8,791)	60,015	392,242
- investing activities	(195,505)	-	(13,362)	(208,867)
- financing activities	-	(300)	66,624	66,324
Net increase/(decrease) in cash and cash equivalents	145,513	(9,091)	113,277	249,699

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

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

2017	MSB RM	FAS RM	PTMIM RM	Total RM
<b>Assets and liabilities</b>				
Non-current assets	-	10,574	-	10,574
Current assets	954,338	43,544	-	997,882
Current liabilities	(770,133)	(3,350)	-	(773,483)
Net assets	184,205	50,768	-	234,973
<b>Results</b>				
Revenue	2,564,244	-	-	2,564,244
Loss for the financial year	(10,379)	(21,406)	-	(31,785)
Total comprehensive loss	(10,379)	(21,406)	-	(31,785)
Cash flow (used in)/from:				
- operating activities	(921,844)	(9,447)	-	(931,291)
- investing activities	10,414	350	-	10,764
Net decrease in cash and cash equivalents	(911,430)	(9,097)	-	(920,527)

- (f) The Company assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the subsidiaries. Management has considered the losses in certain subsidiaries in the current financial year as impairment indicators.

Management has made estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include different budgeted operating profit margins, growth rates, terminal values as well as determining an appropriate pre-tax discount rate used for each subsidiary.

## 8. INVESTMENT IN A JOINT VENTURE

	Group	
	2018 RM	2017 RM
Unquoted equity shares, at cost	374,060	374,060
Share of post-acquisition reserves	(374,060)	(374,060)
	-	-

## 8. INVESTMENT IN A JOINT VENTURE (CONT'D.)

- (a) The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) Details of the joint venture are as follows:

Name of Company	Country of incorporation	Effective equity interest		Principal Activities
		2018 %	2017 %	
Microlink Middle East Company for Programming and Computer Corporation LLC	The State of Kuwait	50	50	Provision of information technology solutions to the financial services industry and dealing in related products

## 9. OTHER INVESTMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Non-current</b>				
Financial assets at fair value through profit or loss				
- Transferable club memberships	105,000	105,000	-	-
<b>Current</b>				
Financial assets at fair value through profit or loss				
- Quoted income funds in Malaysia	103,077	119,989	78,263	85,370
<b>Total other investments</b>	<b>208,077</b>	<b>224,989</b>	<b>78,263</b>	<b>85,370</b>

- (a) All regular way of purchase or sale of financial assets shall be recognised or derecognised using trade date accounting.
- (b) The fair value for club memberships are estimated based on references to current available counter party quotations of the same investments.

The fair value for quoted income funds in Malaysia are determined by reference to the exchange quoted market bid prices at the close of business at the end of each reporting period.

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

(c) Fair value hierarchy

Group	Fair value of financial instruments carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>2018</b>						
<b>Financial assets at fair value through profit or loss</b>						
- Quoted income funds	103,077	-	-	103,077	103,077	103,077
- Transferable golf club memberships	-	-	105,000	105,000	105,000	105,000

<b>2017</b>						
<b>Financial assets at fair value through profit or loss</b>						
- Quoted income funds	119,989	-	-	119,989	119,989	119,989
- Transferable golf club memberships	-	-	105,000	105,000	105,000	105,000

Company	Fair value of financial instruments carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>2018</b>						
<b>Financial assets at fair value through profit or loss</b>						
- Quoted income funds	78,263	-	-	78,263	78,263	78,263

<b>2017</b>						
<b>Financial assets at fair value through profit or loss</b>						
- Quoted income funds	85,370	-	-	85,370	85,370	85,370

Sensitivity analysis of transferable golf club memberships and quoted income funds

As the Group and the Company neither have the intention, nor historical trend of active trading in these financial instruments, the Directors are of the opinion that the Group and the Company are not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

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

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

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

## 10. DEFERRED TAX

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
As at 1 April 2017/2016	2,767,738	57,909	1,229,724	(840,261)
Recognised in profit or loss (Note 31)	1,471,581	2,709,829	(464,130)	2,069,985
As at 31 March 2018/2017	4,239,319	2,767,738	765,594	1,229,724
Presented after appropriate offsetting:				
Deferred tax assets, net	4,239,319	2,767,738	765,594	1,229,724

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

	Unused tax losses RM	Unabsorbed capital allowances RM	Other temporary differences RM	Total RM
<b>Deferred tax assets of the Group</b>				
Balance as at 1 April 2017	222,718	5,515	2,539,505	2,767,738
Recognised in profit or loss	322,698	(2,420)	1,488,092	1,808,370
Balance as at 31 March 2018, prior to offsetting	545,416	3,095	4,027,597	4,576,108
Set-off				(336,789)
Balance as at 31 March 2018				4,239,319
Balance as at 1 April 2016	833,231	81,253	41,468	955,952
Recognised in profit or loss	(610,513)	(75,738)	2,498,037	1,811,786
Balance as at 31 March 2017	222,718	5,515	2,539,505	2,767,738



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

- (b) The components and movements of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows: (Cont'd.)

	Property, plant and equipment RM	Software development expenditure RM	Total RM
<b>Deferred tax liabilities of the Group</b>			
Balance as at 1 April 2017	-	-	-
Recognised in profit or loss	(45,305)	(291,484)	(336,789)
Balance as at 31 March 2018, prior to offsetting	(45,305)	(291,484)	(336,789)
Set-off			336,789
Balance as at 31 March 2018			-
Balance as at 1 April 2016	(72,240)	(825,803)	(898,043)
Recognised in profit or loss	72,240	825,803	898,043
Balance as at 31 March 2017	-	-	-

	Unused tax losses RM	Unabsorbed capital allowances RM	Other temporary differences RM	Total RM
<b>Deferred tax assets of the Company</b>				
Balance as at 1 April 2017	-	-	1,229,724	1,229,724
Recognised in profit or loss	-	-	(164,960)	(164,960)
Balance as at 31 March 2018, prior to offsetting	-	-	1,064,764	1,064,764
Set-off				(299,170)
Balance as at 31 March 2018				765,594
Balance as at 1 April 2016	-	-	-	-
Recognised in profit or loss	-	-	1,229,724	1,229,724
Balance as at 31 March 2017	-	-	1,229,724	1,229,724

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

- (b) The components and movements of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows: (Cont'd.)

	Property, plant and equipment RM	Software development expenditure RM	Total RM
<b>Deferred tax liabilities of the Company</b>			
Balance as at 1 April 2017	-	-	-
Recognised in profit or loss	(7,686)	(291,484)	(299,170)
Balance as at 31 March 2018, prior to offsetting	(7,686)	(291,484)	(299,170)
Set-off			299,170
Balance as at 31 March 2018			-
Balance as at 1 April 2016	(14,458)	(825,803)	(840,261)
Recognised in profit or loss	14,458	825,803	840,261
Balance as at 31 March 2017	-	-	-

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

	2018 RM	Group 2017 RM
Unutilised tax losses	14,574,654	11,892,762
Unabsorbed capital allowances	4,252,559	3,578,421
Other deductible temporary differences	5,054,007	3,534,027
	23,881,220	19,005,210

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

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

**11. PROPERTY, PLANT & EQUIPMENT**

Group 2018	Balance as at 1.4.2017 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Exchange adjustments RM	Balance as at 31.3.2018 RM
<b>Carrying amount</b>							
Furniture and fittings	17,184	-	-	-	(10,467)	-	6,717
Office equipment	46,001	1,300	-	-	(25,045)	-	22,256
Computer software and hardware	902,411	138,730	(2,005)	(2,845)	(508,604)	-	527,687
Renovations	139,677	15,072	-	-	(79,757)	(1,584)	73,408
Motor vehicles	17,400	460,000	-	-	(78,733)	-	398,667
	1,122,673	615,102	(2,005)	(2,845)	(702,606)	(1,584)	1,028,735

	<----- As at 31.3.2018 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture and fittings	266,443	(259,726)	6,717
Office equipment	308,687	(286,431)	22,256
Computer software and hardware	4,187,697	(3,660,010)	527,687
Renovations	668,979	(595,571)	73,408
Motor vehicles	480,800	(82,133)	398,667
	5,912,606	(4,883,871)	1,028,735

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

Group 2017	Balance as at 1.4.2016 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for financial year RM	Balance as at 31.3.2017 RM
<b>Carrying amount</b>						
Furniture and fittings	58,585	-	(1,277)	(12,328)	(27,796)	17,184
Office equipment	82,848	5,296	(956)	(8,285)	(32,902)	46,001
Computer software and hardware	1,265,292	366,227	-	(42,500)	(686,608)	902,411
Renovations	374,327	-	(144,477)	-	(90,173)	139,677
Motor vehicles	18,500	-	-	-	(1,100)	17,400
	1,799,552	371,523	(146,710)	(63,113)	(838,579)	1,122,673

	<----- As at 31.3.2017 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture and fittings	265,815	(248,631)	17,184
Office equipment	307,387	(261,386)	46,001
Computer software and hardware	4,059,988	(3,157,577)	902,411
Renovations	655,491	(515,814)	139,677
Motor vehicles	20,800	(3,400)	17,400
	5,309,481	(4,186,808)	1,122,673

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

Company 2018	Balance as at 1.4.2017 RM	Addition RM	Depreciation charge for the financial year RM	Balance as at 31.3.2018 RM
<b>Carrying amount</b>				
Furniture and fittings	6,695	-	(5,130)	1,565
Office equipment	9,458	-	(5,564)	3,894
Computer software and hardware	58,715	38,235	(23,241)	73,709
Motor vehicles	-	460,000	(61,333)	398,667
	74,868	498,235	(95,268)	477,835

	<----- As at 31.3.2018 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture and fittings	27,647	(26,082)	1,565
Office equipment	31,368	(27,474)	3,894
Computer software and hardware	204,309	(130,600)	73,709
Motor vehicles	460,000	(61,333)	398,667
	723,324	(245,489)	477,835

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

Company 2017	Balance as at 1.4.2016 RM	Addition RM	Written off RM	Disposal RM	Depreciation charge for the financial year RM	Balance as at 31.3.2017 RM
<b>Carrying amount</b>						
Furniture and fittings	11,826	-	-	-	(5,131)	6,695
Office equipment	15,132	-	-	-	(5,674)	9,458
Computer software and hardware	55,288	22,905	-	(2)	(19,476)	58,715
Renovations	3,836	-	(3,671)	-	(165)	-
	86,082	22,905	(3,671)	(2)	(30,446)	74,868

	<----- As at 31.3.2017 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture and fittings	27,647	(20,952)	6,695
Office equipment	31,368	(21,910)	9,458
Computer software and hardware	166,074	(107,359)	58,715
	225,089	(150,221)	74,868

(a) Each class of property, plant and equipment are measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal annual depreciation rates are as follows:

Furniture and fittings	20%
Office equipment	20%
Computer software and hardware	20% - 25%
Renovations	10%
Motor vehicles	20%

**11. PROPERTY, PLANT & EQUIPMENT (CONT'D.)**

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchase of property, plant and equipment	615,102	371,523	498,235	22,905
Financed by hire purchase arrangement	(391,000)	-	(391,000)	-
Cash payments on purchase of property, plant and equipment	224,102	371,523	107,235	22,905

- (d) Included in property, plant and equipment of the Group and of the Company are assets secured under hire purchase facilities with carrying amounts of RM427,104 (2017: RM114,837) and RM398,667 (2017: RM Nil) respectively.

**12. INVENTORIES**

	2018 RM	Group 2017 RM
<b>At cost</b>		
Hardware and software	15,424,466	13,035,951
Hardware maintenance parts and spares	752,396	102,288
	16,176,862	13,138,239

- (a) Cost of computer hardware, software and spare parts are determined in a specific identification basis whilst costs of other inventories are determined on the first-in, first out basis.
- (b) Cost of inventories of the Group recognised as an expense during the financial year amounted to RM147,971,444 (2017: RM194,513,588). The amount of inventories written off recognised as expenses during the financial year amounted to RM3,114,541 (2017: RM Nil).
- (c) The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses sales trend and current economic trends when making a judgment to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where actual results differ from the original estimates, the differences would impact the carrying amount of inventories.

### 13. TRADE RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables	48,948,973	48,172,920	41,762,486	39,446,619
Less: Impairment losses	(7,948,711)	(37,939)	(49,239)	(49,239)
	41,000,262	48,134,981	41,713,247	39,397,380

- (a) Trade receivables are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) The trade credit terms of trade receivables granted by the Group and by the Company range from 30 to 90 days (2017: 30 to 90 days) from date of invoice. They are recognised at their original amounts, which represent their fair values on initial recognition.
- (c) The currency exposure profile of trade receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	40,983,574	48,053,325	41,713,247	39,397,380
US Dollar	-	2,486	-	-
Brunei Dollar	16,688	79,170	-	-
	41,000,262	48,134,981	41,713,247	39,397,380

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

	Group	
	2018 RM	2017 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
(Loss)/Profit after tax	±2,000	±8,000



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

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Neither past due nor impaired	22,942,533	15,651,860	331,875	4,953,041
Past due, not impaired				
31 to 60 days	6,018,466	8,400,197	1,682,722	357,919
61 to 90 days	5,078,871	2,066,197	-	1,047,851
More than 91 days	6,960,392	22,016,727	39,698,650	33,038,569
	18,057,729	32,483,121	41,381,372	34,444,339
Past due and impaired	7,948,711	37,939	49,239	49,239
	48,948,973	48,172,920	41,762,486	39,446,619

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group and the Company.

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

Receivables that are past due but not impaired

Based on past experience, the Group and the Company are satisfied that no impairment is necessary in respect of these trade receivables. These trade receivables are substantially from companies with good collection track record. These trade receivables are unsecured in nature.

Receivables that are past due and impaired

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

	Group		Company	
	Individually impaired 2018 RM	Individually impaired 2017 RM	Individually impaired 2018 RM	Individually impaired 2017 RM
Trade receivables, gross	7,948,711	37,939	49,239	49,239
Less: Impairment losses	(7,948,711)	(37,939)	(49,239)	(49,239)
	-	-	-	-

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

(f) Movement in accumulated impairment losses on trade receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
As at 1 April 2017/2016	37,939	37,939	49,239	49,239
Charge during the financial year	7,910,772	-	-	-
As at 31 March 2018/2017	7,948,711	37,939	49,239	49,239

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

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

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

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

	Group			
	2018		2017	
	RM	% of total	RM	% of total
<b>By country</b>				
Malaysia	40,983,574	99.9%	48,053,325	99.8%
Brunei	16,688	0.1%	79,170	0.2%
Singapore	-	0.0%	2,486	0.0%
	41,000,262	100.0%	48,134,981	100.0%

	Company			
	2018		2017	
	RM	% of total	RM	% of total
<b>By country</b>				
Malaysia	41,713,247	100.0%	39,397,380	100.0%

**14. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	367,901	10,760,158	700	291,895
Deposits	628,743	602,266	71,176	72,376
Prepayments	13,244,970	11,698,527	79,151	118,216
Amounts owing from contract customers	10,774,028	4,821,551	-	-
	25,015,642	27,882,502	151,027	482,487

- (a) Other receivables and deposits are classified as loans and receivables, measured at amortised cost using the effective interest method.
- (b) The details of amount owing from contract customers are as follows:

	Group	
	2018 RM	2017 RM
Contract costs incurred plus recognised profits	52,802,149	39,507,184
Progress billings received and receivables	(42,148,105)	(34,723,335)
Amounts owing from contract customers	10,654,044	4,783,849
Represented by:		
Amounts owing from contract customers	10,774,028	4,821,551
Amounts owing to contract customers (Note 26)	(119,984)	(37,702)
	10,654,044	4,783,849

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	11,436,148	15,985,244	71,876	165,540
US Dollar	-	146,075	-	146,075
Indonesian Rupiah	334,524	52,656	-	52,656
	11,770,672	16,183,975	71,876	364,271

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

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Effects of 10% changes to RM against foreign currencies</b>				
(Loss)/Profit after tax	+26,000	+19,000	-	+19,000

## 15. AMOUNTS OWING BY/(TO) ULTIMATE HOLDING COMPANY

- (a) Amounts owing by/(to) ultimate holding company is classified as loan and receivable and other financial liability respectively, and measured at amortised cost using the effective interest method.
- (b) Amounts owing by/(to) ultimate holding company represent payments made on behalf, which are unsecured, interest-free and collectible/payable on demand in cash and cash equivalents.
- (c) Amounts owing by/(to) ultimate holding company of the Group and the Company are denominated in RM.
- (d) The maturity profile of amounts owing to ultimate holding company of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one year.

## 16. AMOUNTS OWING BY/(TO) IMMEDIATE HOLDING COMPANY

- (a) Amounts owing by/(to) immediate holding company are classified as loan and receivable and other financial liability respectively, and measured at amortised cost using the effective interest method.
- (b) Amounts owing by/(to) immediate holding company represent payments made on behalf, which are unsecured, interest-free and collectible/payable on demand in cash and cash equivalents.
- (c) Amounts owing by/(to) immediate holding company of the Group and the Company are denominated in RM.
- (d) The maturity profile of amounts owing to immediate holding company of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one year.

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

	Company	
	2018 RM	2017 RM
Amounts owing by subsidiaries	42,147,972	42,602,822
Less: Impairment loss	(68,436)	(68,436)
	42,079,536	42,534,386
Amounts owing to subsidiaries	(730,773)	(620,010)

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

	Company	
	2018 RM	2017 RM
As at 1 April 2017/2016	68,436	-
Charged during the financial year	-	68,436
As at 31 March 2018/2017	68,436	68,436

- (e) 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 on demand or within one year.

**18. CASH & BANK BALANCES**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	6,073,777	15,587,168	600,249	342,663
Deposits with licensed banks	13,340,649	9,396,207	-	-
	19,414,426	24,983,375	600,249	342,663

- (a) Included in deposits with licensed banks of the Group are amounts of RM9,620,000 (2017: RM8,147,169) pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 23 to the financial statements.

**18. CASH & BANK BALANCES (CONT'D.)**

- (b) Deposits with licensed banks of the Group of RM13,340,649 (2017: RM9,369,207) are subject to fixed weighted average effective interest rates of 2.42% (2017: 2.63%) per annum.
- (c) 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	6,073,777	15,587,168	600,249	342,663
Deposits with licensed banks	13,340,649	9,396,207	-	-
	19,414,426	24,983,375	600,249	342,663
Less: Deposits pledged to licensed banks	(9,620,000)	(8,147,169)	-	-
Bank overdraft	(185,246)	-	-	-
	9,609,180	16,836,206	600,249	342,663

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	19,374,867	24,963,584	600,249	342,663
US Dollar	8,657	8,748	-	-
Indonesian Rupiah	30,902	11,043	-	-
	19,414,426	24,983,375	600,249	342,663

- (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	
	2018 RM	2017 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
(Loss)/Profit after tax	±4,000	±2,000

**19. SHARE CAPITAL**

	Number of shares	Group and Company		2017 RM
		2018 RM	Number of shares	
Issued and fully paid:				
As at 1 April 2017/2016	167,368,100	43,627,817	152,152,900	15,215,290
Addition during the year	-	-	15,215,200	1,521,520
Effect of the new Companies Act 2016	-	-	-	26,891,007
As at 31 March 2018/2017	167,368,100	43,627,817	167,368,100	43,627,817

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

**20. RESERVES**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<u>Non-distributable:</u>				
Translation reserve	(193,759)	(216,851)	-	-
Equity compensation reserve	5,761,055	4,347,820	5,761,055	4,347,820
	5,567,296	4,130,969	5,761,055	4,347,820

**(a) Translation reserve**

Translation difference arising from translation of foreign controlled entities are taken to the translation reserve account as described in the accounting policies.

**(b) Equity compensation reserve**

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

## 21. BORROWINGS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Current liabilities</b>				
Hire purchase creditors (Note 22)	2,614,129	19,158	70,552	-
Bank overdraft	185,246	-	-	-
Trust receipts (Note 23)	14,563,111	14,766,137	-	-
Factoring loan (Note 23)	2,870,439	2,313,627	-	-
	20,232,925	17,098,922	70,552	-
<b>Non-current liabilities</b>				
Hire purchase creditors (Note 22)	5,463,947	13,915	275,515	-
	25,696,872	17,112,837	346,067	-
<b>Total borrowings</b>				
Hire purchase creditors (Note 22)	8,078,076	33,073	346,067	-
Bank overdraft	185,246	-	-	-
Trust receipts (Note 23)	14,563,111	14,766,137	-	-
Factoring loan (Note 23)	2,870,439	2,313,627	-	-
	25,696,872	17,112,837	346,067	-

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

Group 31 March 2018	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Factoring loan	2,870,439	-	-	2,870,439
Bank overdraft	185,246	-	-	185,246
Hire purchase creditors	2,933,255	5,729,166	-	8,662,421
Trust receipts	14,881,674	-	-	14,881,674
Total undiscounted financial liabilities	20,870,614	5,729,166	-	26,599,780



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

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>Group</b>				
<b>31 March 2017</b>				
Factoring loan	2,313,627	-	-	2,313,627
Hire purchase creditors	21,645	14,429	-	36,074
Trust receipts	15,121,726	-	-	15,121,726
Total undiscounted financial liabilities	17,456,998	14,429	-	17,471,427
<b>Company</b>				
<b>31 March 2018</b>				
Hire purchase creditors	91,920	308,986	-	400,906
Total undiscounted financial liabilities	91,920	308,986	-	400,906

- (c) Factoring loan, bank overdraft and trust receipts of the Group are subject to floating weighted average effective interest rates of 6.45% (2017: 6.23%), 8.25% (2017: nil) and 8.32% (2017: 8.15%) per annum respectively.
- (d) Hire purchase creditors of the Group and of the Company are subject to fixed weighted average effective interest rates of 4.58% (2017: 5.73%) and 6.80% (2017: RM Nil) per annum respectively.
- (e) Sensitivity analysis of interest rates at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2018 RM	2017 RM
<b>Effects of 100bp changes to (loss)/profit after tax</b>		
Floating rate instruments	±133,903	±129,806

## 22. HIRE PURCHASE CREDITORS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum hire purchase payments:				
- not later than 1 year	2,933,255	21,645	91,920	-
- later than 1 year and not later than 5 years	5,729,166	14,429	308,986	-
	8,662,421	36,074	400,906	-
Less: Future interest charges	(584,345)	(3,001)	(54,839)	-
Present value of hire purchase creditors	8,078,076	33,073	346,067	-
Repayable as follows:				
<b>Current liabilities</b>				
- not later than 1 year	2,614,129	19,158	70,552	-
<b>Non-current liabilities</b>				
- later than 1 year and not later than 5 years	5,463,947	13,915	275,515	-
	8,078,076	33,073	346,067	-

Hire purchase liabilities are secured by the assets as disclosed in Note 11 to the financial statements and by a corporate guarantee from the ultimate holding company.

## 23. TRUST RECEIPTS & FACTORING LOAN

The trust receipts and factoring loan are secured by the following:

- Pledge of deposits as disclosed in Note 18 to the financial statements;
- Corporate guarantee from the ultimate holding company.

## 24. REDEEMABLE PREFERENCE SHARES

	Number of shares	Group and Company	
		2018 RM	2017 RM
As at 1 April 2017/2016	27,193,044	27,193,044	27,193,044
Redemption during the year	(2,000,000)	(2,000,000)	-
As at 31 March 2018/2017	25,193,044	25,193,044	27,193,044

**24. REDEEMABLE PREFERENCE SHARES (CONT'D.)**

- (a) During the financial year, the Company redeemed 2,000,000 redeemable preference shares (RPS) for the total redemption sum of RM2,000,000 at the issue price of RM1.00 each (Redemption) in accordance with the provision of Article 4A of the Company's Articles Association.
- (b) The salient features of the RPS are as follows:
- (i) tenure of the RPS is 5 years commencing from and including the issuance date on 24 December 2014;
  - (ii) the RPS are not convertible to ordinary shares of the Company;
  - (iii) a cumulative preferential coupon interest rate with a range of 3.0% to 9.5% per annum based on the nominal value of the RPS, is payable annually in arrears; and
  - (iv) the RPS, at the option of the Company, is to be redeemed in whole or in part, at any time during the tenure of the RPS at 100% of their nominal amount plus accrued interest up to the redemption date. All RPS which are redeemed by the Company shall be cancelled immediately and cannot be resold or reissued.

**25. TRADE PAYABLES**

- (a) Trade payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2017: 30 days to 90 days) from date of invoice.
- (c) The currency exposure profile of trade payables are as follows:

	2018 RM	Group 2017 RM
Ringgit Malaysia	15,506,806	19,596,390
US Dollar	-	11,297
	<hr/> 15,506,806	<hr/> 19,607,687

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

	2018 RM	Group 2017 RM
<b>Effects of 10% changes to RM against foreign currencies</b>		
(Loss)/Profit after tax	-	±4,000

- (e) The maturity profile of trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one year.

**26. OTHER PAYABLES & ACCRUALS**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables and accruals	16,407,599	19,101,404	439,525	717,415
Unearned revenue	22,807,816	20,506,828	1,513,940	4,161,908
Amounts owing to contract customers (Note 14)	119,984	37,702	-	-
	39,335,399	39,645,934	1,953,465	4,879,323

- (a) Other payables and accruals are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Unearned revenue represents advance billings for contracts works and maintenance services.
- (c) The currency exposure profile of other payables and accruals (excluding unearned revenue) are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	16,388,142	15,423,856	430,345	661,891
Indonesia Rupiah	130,261	115,965	-	-
US Dollar	619	3,591,054	619	49,854
Euro	8,561	5,670	8,561	5,670
Brunei Dollar	-	2,561	-	-
	16,527,583	19,139,106	439,525	717,415

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM

**Effects of 10% changes to  
RM against foreign currencies**

(Loss)/Profit after tax	±15,000	±289,000	±4,000	±8,000
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- (e) The maturity profile of other payables and accruals of the Group and the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one year.

## 27. AMOUNTS OWING TO RELATED COMPANIES

- (a) Amounts owing to related companies are classified as other financial liabilities respectively, and measured at amortised cost using the effective interest method.
- (b) Amounts owing to related companies represent trade and non-trade transactions, which are unsecured and interest-free. Credit terms of trade amounts owing to related companies granted by the Group is 30 days (2017: 30 days) from date of invoice.
- (c) Amounts owing to related companies are denominated in RM.
- (d) The maturity profile of amounts owing to related companies of the Group at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one year.

## 28. CONTINGENT LIABILITIES

	Company	
	2018 RM	2017 RM
Corporate guarantees given to banks for credit facilities granted to:		
– Subsidiaries	50,090,000	43,640,000

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Company assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the view that the chances of the bank to call upon the corporate guarantees are not probable. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for credit facilities are negligible.

**29. REVENUE**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Projects	27,112,605	13,588,111	-	-
Maintenance income:				
- third parties	32,470,237	49,305,967	-	-
- subsidiaries	-	-	5,641,027	7,956,069
Sales of hardware equipment	125,975,790	181,760,406	-	-
Small scale projects and integration charges:				
- third parties	20,484,681	7,554,425	-	-
- subsidiaries	-	-	760,683	1,211,634
Software licensing fee charged to subsidiaries	-	-	6,150,000	859,871
	206,043,313	252,208,909	12,551,710	10,027,574

**(a) Sale of goods**

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

**(b) Contract works**

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

**(c) Services**

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

**30. FINANCE COSTS**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- redeemable preference shares	1,870,748	1,274,130	-	-
- letter of credit and trust receipts	1,366,584	1,030,942	-	-
- factoring loan	142,565	171,831	-	-
- hire purchase	49,063	5,670	16,347	-
- bank overdraft	93,817	27,482	-	-
	3,522,777	2,510,055	16,347	-

**31. TAXATION**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense based on profit for the financial year	2,348,539	2,208,789	1,047,663	516,259
Under-provision in prior years	211,975	2,251,621	50,048	1,312,378
	2,560,514	4,460,410	1,097,711	1,828,637
Deferred tax (Note 10)				
Relating to origination on and reversal of temporary differences	(1,619,207)	(37,623)	348,275	(175,949)
Under/(Over)-provision in prior years	147,626	(2,672,206)	115,855	(1,894,036)
	(1,471,581)	(2,709,829)	464,130	(2,069,985)
	1,088,933	1,750,581	1,561,841	(241,348)

The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profit for the fiscal year.

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

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	(11,891,253)	605,388	718,755	59,263
Tax effects in respect of:				
Non-deductible expenses	11,454,154	1,299,076	677,853	281,766
Income not subject to tax	(3,811)	(35,116)	(670)	(719)
Unused tax losses and unabsorbed capital allowances not recognised	1,170,242	301,818	-	-
	729,332	2,171,166	1,395,938	340,310
Under/(Over)-provision of tax in prior years:				
Income tax	211,975	2,251,621	50,048	1,312,378
Deferred tax	147,626	(2,672,206)	115,855	(1,894,036)
	359,601	(420,585)	165,903	(581,658)
	1,088,933	1,750,581	1,561,841	(241,348)

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

	Before tax RM	Group Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
<b>2018</b>			
Foreign currency translations	366,469	-	366,469
<b>2017</b>			
Foreign currency translations	(8,850)	-	(8,850)



**32. EARNINGS PER SHARE**

## (a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the (loss)/profit attributable to equity holders of the parent for the year by the weighted average number of ordinary shares in issued during the financial year.

	2018 RM	Group 2017 RM
(Loss)/Profit attributable to equity holders of the parent	(50,631,412)	780,163
Weighted average number of ordinary shares in issue	167,368,100	152,152,900
Effect of private placement	-	10,993,400
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	167,368,100	163,146,300
Basic earnings per ordinary share (sen)	(30.25)	0.48

## (b) Diluted earnings per ordinary share

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	2018 RM	Group 2017 RM
(Loss)/Profit attributable to equity holders of the parent	(50,631,412)	780,163
Weighted average number of ordinary shares in issue	167,368,100	163,146,300
Effect of dilution in exercise of ESOS	627,520	-
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	167,995,620	163,146,300
Basic earnings per ordinary share (sen)	(30.14)	0.48

### 33. PROVISION FOR GRATUITY OBLIGATIONS

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

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

	2018 RM	Group 2017 RM
Present value of unfunded defined benefit obligations	1,503,952	1,429,042
Analysed as follows:		
Non-current liabilities		
- more than 4 years and less than 5 years	295,423	-
- more than 5 years	1,208,529	1,429,042
	1,503,952	1,429,042

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

	2018 RM	Group 2017 RM
Balance as at 1 April 2017/2016	1,429,042	1,184,383
Current service cost recognised in profit or loss	74,910	244,659
Balance as at 31 March 2018/2017	1,503,952	1,429,042

The key assumptions used in the computation of the provision are as follows:

	2018	Group 2017
Discount rate	4.83%	4.91%
Salary increase rate	4.47%	4.39%
Annual voluntary resignation rate	37.50% - 50.00%	37.50% - 50.00%
Mortality rate	0.0003 - 0.0081	0.0003 - 0.0081
Normal retirement age	60 years	60 years

### 34. EMPLOYEE BENEFITS

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages, bonuses and allowances	17,444,070	17,239,829	3,567,819	3,131,828
Defined contribution plan	2,229,420	2,146,977	435,851	389,384
Share options granted under ESOS				
- Director	546,616	952,763	546,616	952,763
- Other employees	866,619	3,395,057	368,685	1,070,122
Other employee benefits	2,065,145	3,027,198	715,559	1,376,470
	23,151,870	26,761,824	5,634,530	6,920,567

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' fees	410,935	236,500	410,935	236,500
Salaries and other short term employee benefits:				
Directors	647,525	566,755	228,645	204,400
Other key management personnel	2,477,228	1,890,211	1,284,484	1,150,510
	3,124,753	2,456,966	1,513,129	1,354,910

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

At an Extraordinary General Meeting held on 17 October 2014, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan (LTIP or Scheme), which comprises an Employee Share Option Scheme (ESOS) and an Employee Share Grant Plan (ESGP) and is administered by the LTIP Committee which is appointed by the Board of Directors, in accordance with the By-Laws of the LTIP. The LTIP should be in force for a period of 5 years from 27 October 2014, unless extended further.

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

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 20% 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;
- (c) Options granted may be exercised at any time within the option period of 6 months or 3 years 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 or at RM0.10, whichever is higher; 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	Offer 3
Exercise price (RM)	1.30	1.16	0.44
Date of grant	28 July 2016	13 September 2016	29 March 2018
Share price of the Company at grant date (RM)	1.58	1.30	0.51
Option life (years)	3	3	0.5
Volatility (%)	74.26	55.63	50.05
Risk-free rate (%)	3.76	3.76	3.76

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

The movement during the financial year in the number of shares and share options in which employees of the Group and the Company entitled to are as follows:

Date of offer	Option price RM	<----- Number of options over ordinary shares ----->				Outstanding as at 31.3.2018
		Outstanding as at 1.4.2017	<-- Movements during the financial year -->			
			Granted	Exercised	Lapsed	
28 July 2016	1.30	9,478,000	-	-	(997,800)	8,480,200
13 September 2016	1.16	2,900,400	-	-	-	2,900,400
29 March 2018	0.44	-	800,000	-	-	800,000
		12,378,400	800,000	-	(997,800)	12,180,600

**36. 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 subsidiaries, ultimate and immediate holding companies and their subsidiaries.

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

	Group	
	2018 RM	2017 RM
<b>Ultimate holding company</b>		
Sales	11,648	2,632
Interest expense	1,870,748	1,274,130
Management fee expense	304,200	-
Meeting room rental expense	122,300	118,800
Office rental expense	132,000	132,000
Redemption of redeemable preference share	2,000,000	-

**36. RELATED PARTY DISCLOSURES (CONT'D.)**

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

	Group	
	2018 RM	2017 RM
<b>Related companies</b>		
Sales	7,588,812	7,674,081
Purchases	965,188	1,698,442
Office rental expense	-	121,838
Secretarial fee	96,604	87,823
Staff accommodation expense	5,500	-
<b>Related party</b>		
Purchases	360,000	240,000
Equipment rental expense	106,800	103,800

	Company	
	2018 RM	2017 RM
<b>Ultimate holding company</b>		
Management fee expense	304,000	-
<b>Subsidiaries</b>		
Management fee income	1,302,396	1,302,396
Maintenance income	5,641,027	7,956,069
Small scale projects and integration income	760,683	1,211,634
Software licensing fee income	6,150,000	859,871
Software licensing fee expense	21,106	256,320
<b>Related company</b>		
Secretarial fee expense	44,648	46,692

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

- (c) Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

During the financial year, the Company had granted a total of 800,000 (2017: 5,523,000) ESOS to eligible Directors and other members of key management of the Company and subsidiaries. These ESOS shall be in force for a period of six (6) months (2017: three (3) years) from the date of offer respectively.

The remuneration of the Directors and other members of key management are disclosed in the Note 34 to the financial statements.

### 37. OPERATING LEASE COMMITMENTS

As at 31 March 2018, the Group and the Company have operating lease commitments in respect of rental of premises and office equipment as follows:

	Future minimum lease payments			
	2018 RM	Group 2017 RM	Company 2018 RM	2017 RM
Not later than 1 year	1,114,573	1,224,053	238,656	238,656
Later than 1 year and not later than 5 years	244,075	424,337	35,664	364,376
	1,358,648	1,648,390	274,320	603,032

### 38. CAPITAL & FINANCIAL RISK 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 a going concern whilst maximising return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

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 years ended 31 March 2018.

#### (a) Capital management

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The gearing ratios as at 31 March 2018 and 31 March 2017 are as follows:

	2018 RM	Group 2017 RM
Total borrowings (Note 21)	25,696,872	17,112,837
Total equity	30,234,085	79,429,170
Gearing ratio	85.0%	21.5%

Pursuant to the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up share capital of the Group. The Group has complied with this requirement for the financial year ended 31 March 2018.

### 38. CAPITAL & FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk. Information on the management of the related exposures is detailed below.

(i) 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 rate.

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 13, 14, 18, 25 and 26 to the financial statements respectively.

(ii) Liquidity and cash flow risk

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 Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 15, 16, 17, 21, 25, 26 and 27 to the financial statements respectively.

(iii) Interest rate risk

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

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposit and borrowings of the Group are not exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge its risk. The Group borrows in the desired currencies at both fixed and floating rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 18 and 21 to the financial statements.



### 38. CAPITAL & FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Financial risk management (cont'd.)

(iv) 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 reputable institutions and 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 receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month to three (3) months.

The credit risk profiles have been disclosed in Note 13 to the financial statements.

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted income funds held by the Group. These instruments are classified as financial assets designated at fair value through profit or loss.

The sensitivity analysis of market risk has been disclosed in Note 9 to the financial statements.

### 39. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs

#### 39.1 New MFRSs adopted during the current financial year

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

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2017

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

**39. ADOPTION OF NEW MFRSS & AMENDMENT TO MFRSS (CONT'D.)****39.2 New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018**

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>Reference to the Conceptual Framework in MFRS Standards</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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



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