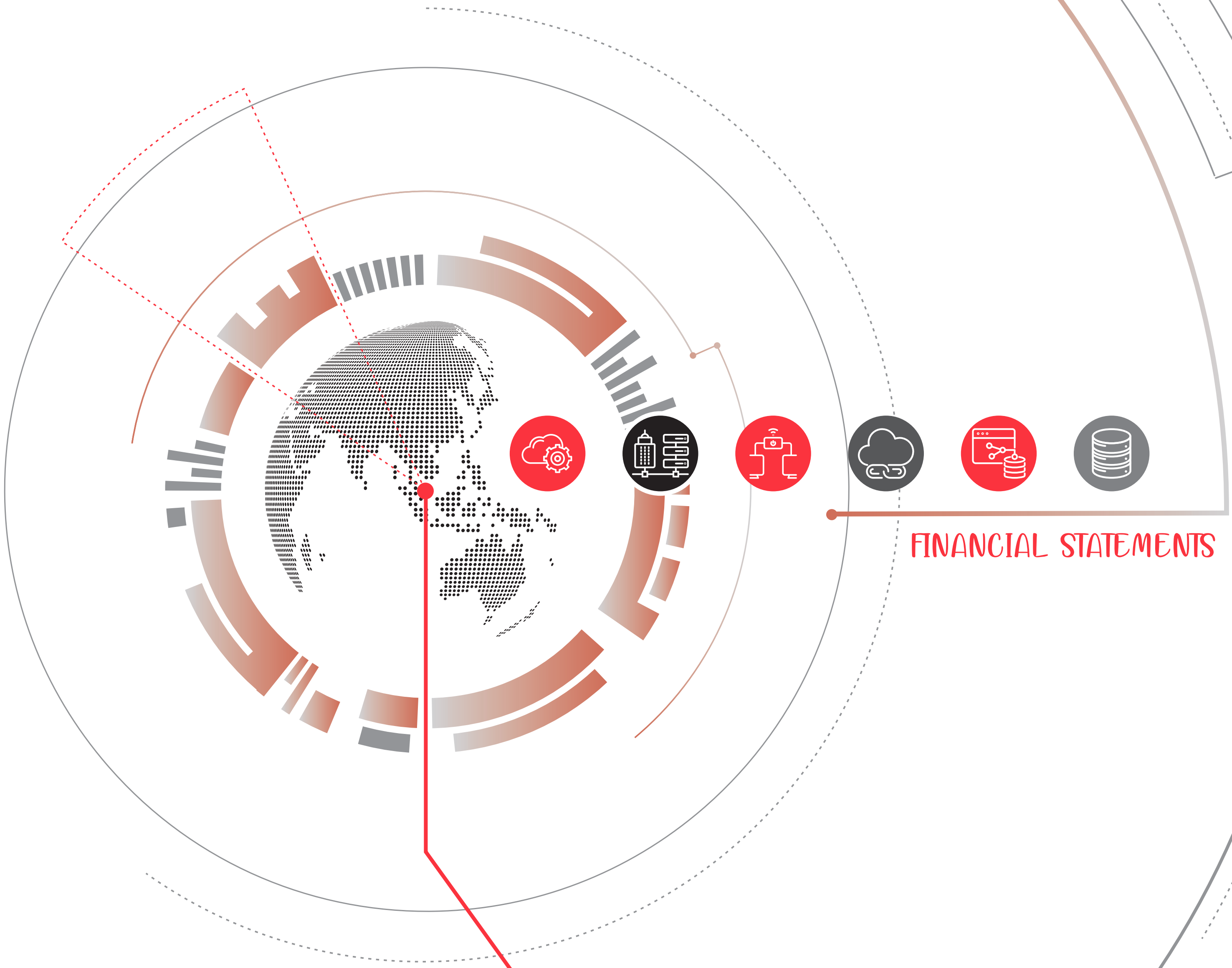

FINANCIAL STATEMENTS

ENSURING DELIVERY EXCELLENCE

ANNUAL REPORT 2020

VOLUME 2
FINANCIAL STATEMENTS

WHAT'S INSIDE

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding 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 disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	10,347,144	(2,679,287)
Attributable to:		
Owners of the parent	10,348,733	(2,679,287)
Non-controlling interests	(1,589)	–
	10,347,144	(2,679,287)

DIVIDEND

On 29 June 2020, the Directors declared and approved a single-tier interim dividend of 1 sen per ordinary share, amounting to approximately RM1,841,000 in respect of the current financial year which is payable on 26 August 2020. The Directors do not recommend any payment of final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 167,368,100 ordinary shares to 184,104,900 ordinary shares by way of issuance of 16,736,800 new ordinary shares pursuant to private placement at an exercise price of RM0.55 each for cash as disclosed in Note 21 to the financial statements.

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

The Company did not issue any 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.

On 11 October 2019, in pursuant to the By-Laws 26.3 of the Company's LTIP By-Laws and upon the recommendation by the LTIP Committee, the Board of Directors resolved to extend its existing LTIP for a period of five (5) years commencing from 27 October 2019 on the same terms and conditions as stipulated in the said By-Laws.

The main features of the LTIP are disclosed in Note 39 to the financial statements.

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

		-------------- Number of options over ordinary shares --------------			
	Option	Outstanding	Movements during the		Outstanding
	price	as at	----------- financial year -----------		as at
Date of offer	**RM**	**1.4.2019**	**Granted**	**Lapsed**	**31.3.2020**
28 July 2016	1.30	7,765,000	–	(7,765,000)	–
13 September 2016	1.16	2,760,000	–	(2,760,000)	–
29 March 2018	0.44	800,000	–	(800,000)	–
		11,325,000	–	(11,325,000)	–

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 12 July 2019 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.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Microlink Solutions Berhad

Tun Arifin bin Zakaria
Monteiro Gerard Clair
Tai Keat Chai
Martin Chu Leong Meng
Mah Xian-Zhen
Dato' Jaganath Derek Steven Sabapathy

DIRECTORS (CONT'D.)

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	
Chia Yong Wei	
Gan Khong Kiat	
Koay Soon Hoe	
Ajis	
See Kar Fai	(appointed on 31 December 2019)
Nazri bin Ismail	(appointed on 1 January 2020)
Ku Azhar bin Ku Abdul Razak	(appointed on 17 January 2020)
Elwin Lim Yew Mun	(resigned on 31 December 2019)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.4.2019	**Bought**	**Sold**	**Balance as at 31.3.2020**
Shares in the Company				
Direct interests				
Monteiro Gerard Clair	4,151,947	1,190,952	–	5,342,899
Mah Xian-Zhen	118,666	–	–	118,666
Dato' Jaganath Derek Steven Sabapathy	2,420,500	1,000,000	(615,000)	2,805,500
Indirect interest				
Mah Xian-Zhen*	–	30,300	–	30,300

	Number of options			
	Balance as at 1.4.2019	**Granted**	**Lapsed**	**Balance as at 31.3.2020**
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 of its related corporations during the financial year ended 31 March 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows: (cont'd.)

	Number of ordinary shares			
	Balance as at 1.4.2019	**Bought**	**Sold**	**Balance as at 31.3.2020**
Shares in the ultimate holding company – Omesti Berhad				
Direct interests				
Monteiro Gerard Clair	19,319,300	7,883,055	–	27,202,355
Mah Xian-Zhen	3,234,600	2,230,255	(4,000,000)	1,464,855
Dato' Jaganath Derek Steven Sabapathy	3,100,000	2,000,000	(1,230,200)	3,869,800
Indirect interests				
Monteiro Gerard Clair#	67,467,100	–	–	67,467,100
Mah Xian-Zhen*	–	9,645,000	–	9,645,000

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

* *Deemed interest by virtue of her spouse's interest pursuant to Section 59(11)(c) of the Companies Act 2016.*

By virtue of Monteiro Gerard Clair's interests in the ordinary shares of the ultimate holding company, Omesti Berhad, he is 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 in office at the end of the financial year held any interest in shares in the Company and its related corporations.

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 remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 40 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 38 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity was given by the Company to any Director or officer of the Company during the financial period. A corporate liability was effected for all the Directors and officers of Omesti Berhad, the ultimate holding company, and its subsidiaries including the Company. The cost of such insurance thereon is disclosed in the Directors' Report of Omesti Berhad.

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 have been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts 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.

(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.

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

(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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 43 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 44 to the financial statements.

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2020 amounted to RM45,390 and RM159,294 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
10 August 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 13 to 90 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Monteiro Gerard Clair
Director

Mah Xian-Zhen
Director

Kuala Lumpur
10 August 2020

STATUTORY DECLARATION

I, Thoo W'y-Kit (CA 31394), 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 90 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)
10 August 2020)

Thoo W'y-Kit

Before me:

BALOO A/L T. PICHAI (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 2020 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 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

(a) Impairment assessment of goodwill

The carrying amount of goodwill on consolidation as at 31 March 2020 amounted to RM18,409,459 as disclosed in Note 6 to the financial statements.

We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates about the future results and key assumptions applied to cash flow forecasts of the cash generating units (CGUs) in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU, considering the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

(i) compared prior period projections to actual outcomes to assess reliability of management's forecasting process and controls;

(ii) assessed and evaluated the assumptions used in forecasting revenues, operating profit margins and growth rates, considering the impact of the COVID-19 pandemic;

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

KEY AUDIT MATTERS (CONT'D.)

(a) Impairment assessment of goodwill (cont'd.)

Audit response (cont'd.)

(iii) assessed appropriateness of pre-tax discount rates 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) Impairment assessment of trade receivables

As at 31 March 2020, the Group has gross trade receivables of RM80,519,270. The details of trade receivables and its credit risk have been disclosed in Note 14 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgments in determining the probability of default by trade receivables and appropriate forward-looking information, considering the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

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

(ii) recomputed the correlation coefficient between the forward-looking factors used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and

(iii) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

(c) Impairment assessment of the carrying amount of investments in subsidiaries

As at 31 March 2020, the net carrying amount of investments in subsidiaries with impairment indicators amounted to RM15,946,415 as disclosed in Note 8(f) to the financial statements.

We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the affected subsidiaries in determining the recoverable amounts which were based on the value-in-use model. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each subsidiary, considering the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

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

(ii) assessed and evaluated the key assumptions used in forecasting revenues, operating profit margins and growth rates, considering the impact of the COVID-19 pandemic;

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

(iv) performed sensitivity analysis of our own to stress test the key assumptions used in the forecast.

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

KEY AUDIT MATTERS (CONT'D.)

(d) Impairment assessment of the amounts owing by subsidiaries

As at 31 March 2020, the gross amounts owing by subsidiaries of the Company were RM65,843,267 as disclosed in Note 19 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgments in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk, considering the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

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

(ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;

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

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

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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.

(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.

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

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

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

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 8 to the financial statements.

OTHER MATTERS

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koo Swee Lin
03281/08/2020 J
Chartered Accountant

Kuala Lumpur
10 August 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	4,147,116	814,417	3,038,609	354,830
Goodwill	6	18,409,459	18,409,459	–	–
Software development expenditure	7	2,962,982	4,291,851	3,988,537	5,853,981
Investments in subsidiaries	8	–	–	17,446,927	17,446,927
Investment in a joint venture	9	–	–	–	–
Other investments	10	105,000	105,000	–	–
Finance lease receivables	11	620,364	–	–	–
Deferred tax assets	12	3,333,206	4,397,060	266,640	951,414
		29,578,127	28,017,787	24,740,713	24,607,152
Current assets					
Inventories and contract costs	13	8,348,330	10,994,470	–	–
Other investments	10	110,045	106,651	83,869	81,118
Trade receivables	14	72,824,377	44,258,508	6,151,563	13,560,047
Other receivables, deposits and prepayments	15	19,345,946	13,310,731	738,899	146,410
Contract assets	16	3,639,956	3,315,391	–	–
Finance lease receivables	11	1,780,594	–	–	–
Amount owing by ultimate holding company	17	300,560	917,269	–	–
Amount owing by immediate holding company	18	216,713	5,886,024	–	–
Amounts owing by subsidiaries	19	–	–	244,850	2,266,743
Current tax assets		1,676,963	5,575,559	839,993	1,470,558
Cash and bank balances	20	22,790,167	27,961,333	256,669	75,775
		131,033,651	112,325,936	8,315,843	17,600,651
TOTAL ASSETS		160,611,778	140,343,723	33,056,556	42,207,803

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	52,833,057	43,627,817	52,833,057	43,627,817
Reserves	22	44,811	6,021,570	–	6,216,499
Accumulated losses		(14,215,011)	(31,079,979)	(38,421,006)	(39,172,056)
		38,662,857	18,569,408	14,412,051	10,672,260
Non-controlling interests	8(d)	443,969	460,469	–	–
TOTAL EQUITY		39,106,826	19,029,877	14,412,051	10,672,260
LIABILITIES					
Non-current liabilities					
Borrowings	23	–	2,737,240	–	200,399
Provision for gratuity obligations	37	1,908,217	1,549,422	–	–
Other payables and provision	26	146,148	–	146,148	–
Lease liabilities	27	3,725,973	–	2,529,880	–
		5,780,338	4,286,662	2,676,028	200,399
Current liabilities					
Trade payables	28	42,857,804	18,256,499	–	–
Other payables and provision	26	24,153,593	16,716,317	733,112	515,132
Contract liabilities	29	28,456,355	28,335,907	631,264	2,204,275
Amount owing to ultimate holding company	17	782,082	2,502,187	712,922	2,291,765
Amount owing to immediate holding company	18	37,389	14,844	37,389	4,517
Amounts owing to subsidiaries	19	–	–	13,232,836	1,008,655
Amounts owing to related companies	30	171,800	711,439	–	42,542
Borrowings	23	13,058,022	25,011,566	–	75,214
Lease liabilities	27	5,050,737	–	620,954	–
Redeemable preference shares	31	–	25,193,044	–	25,193,044
Current tax liabilities		1,156,832	285,381	–	–
		115,724,614	117,027,184	15,968,477	31,335,144
TOTAL LIABILITIES		121,504,952	121,313,846	18,644,505	31,535,543
TOTAL EQUITY AND LIABILITIES		160,611,778	140,343,723	33,056,556	42,207,803

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue	33	221,207,321	190,620,478	9,098,002	11,056,732
Cost of sales		(176,353,582)	(155,365,916)	(379,980)	(403,518)
Gross profit		44,853,739	35,254,562	8,718,022	10,653,214
Other operating income		2,751,990	4,578,549	462,507	104,983
Distribution costs		(699,571)	(540,433)	(45,545)	(43,001)
Administrative expenses		(24,643,201)	(29,670,910)	(7,496,826)	(9,457,673)
Other operating expenses		(5,236,268)	(4,547,899)	(3,100,261)	(1,916,180)
Finance costs	34	(2,961,514)	(3,805,353)	(294,577)	(21,466)
Profit/(Loss) before taxation		14,065,175	1,268,516	(1,756,680)	(680,123)
Taxation	35	(3,718,031)	(263,951)	(922,607)	32,912
Profit/(Loss) for the financial year		10,347,144	1,004,565	(2,679,287)	(647,211)
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations for foreign operations, net of tax	35(c)	224,829	2,644	–	–
Total comprehensive income/(loss)		10,571,973	1,007,209	(2,679,287)	(647,211)
Profit/(Loss) attributable to:					
Owners of the parent		10,348,733	869,919	(2,679,287)	(647,211)
Non-controlling interests	8(d)	(1,589)	134,646	-	-
		10,347,144	1,004,565	(2,679,287)	(647,211)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		10,588,473	868,749	(2,679,287)	(647,211)
Non-controlling interests	8(d)	(16,500)	138,460	–	–
		10,571,973	1,007,209	(2,679,287)	(647,211)

Earnings per ordinary share attributable to equity holders of the Company:

	Note	Group 2020	Group 2019
Basic (sen)	36	6.01	0.52
Diluted (sen)	36	6.01	0.52

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

Group	Note	Share capital RM	Equity compensation reserve RM	Exchange translation reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		---------- *Non-distributable* ----------						
Balance as at 1 April 2019, as previously reported		43,627,817	6,216,499	(194,929)	(31,079,979)	18,569,408	460,469	19,029,877
Effects of adoption of MFRS 16	45.1	–	–	–	111,974	111,974	–	111,974
Balance as at 1 April 2019, as restated		43,627,817	6,216,499	(194,929)	(30,968,005)	18,681,382	460,469	19,141,851
Profit for the financial year		–	–	–	10,348,733	10,348,733	(1,589)	10,347,144
Foreign currency translation for foreign operations, net of tax		–	–	239,740	–	239,740	(14,911)	224,829
Total comprehensive income		–	–	239,740	10,348,733	10,588,473	(16,500)	10,571,973
Transactions with owners								
Shares issued pursuant to private placement	21	9,205,240	–	–	–	9,205,240	–	9,205,240
Share based payment transactions		–	187,762	–	–	187,762	–	187,762
Employee Share Option Scheme lapsed		–	(6,404,261)	–	6,404,261	–	–	–
Total transactions with owners		9,205,240	(6,216,499)	–	6,404,261	9,393,002	–	9,393,002
Balance as at 31 March 2020		52,833,057	–	44,811	(14,215,011)	38,662,857	443,969	39,106,826

Group	Share capital RM	Equity compensation reserve RM	Exchange translation reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
	Non-distributable						
Balance as at 1 April 2018	43,627,817	5,761,055	(193,759)	(31,949,898)	17,245,215	322,009	17,567,224
Profit for the financial year	–	–	–	869,919	869,919	134,646	1,004,565
Foreign currency translation for foreign operations, net of tax	–	–	(1,170)	–	(1,170)	3,814	2,644
Total comprehensive income	–	–	(1,170)	869,919	868,749	138,460	1,007,209
Transaction with owners							
Share based payment transactions	–	455,444	–	–	455,444	–	455,444
Total transaction with owners	–	455,444	–	–	455,444	–	455,444
Balance as at 31 March 2019	43,627,817	6,216,499	(194,929)	(31,079,979)	18,569,408	460,469	19,029,877

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

Company	Note	Share capital RM	Equity compensation reserve RM	Accumulated losses RM	Total equity RM
		-------- *Non-distributable* --------			
Balance as at 1 April 2019		43,627,817	6,216,499	(39,172,056)	10,672,260
Loss for the financial year		–	–	(2,679,287)	(2,679,287)
Other comprehensive loss, net of tax		–	–	–	–
Total comprehensive loss		–	–	(2,679,287)	(2,679,287)
Transactions with owners					
Shares issued pursuant to private placement	21	9,205,240	–	–	9,205,240
Share based payment transactions		–	187,762	–	187,762
Employee Share Option Scheme lapsed		–	(6,404,261)	3,430,337	(2,973,924)
Total transactions with owners		9,205,240	(6,216,499)	3,430,337	6,419,078
Balance as at 31 March 2020		52,833,057	–	(38,421,006)	14,412,051
Balance as at 1 April 2018		43,627,817	5,761,055	(38,524,845)	10,864,027
Loss for the financial year		–	–	(647,211)	(647,211)
Other comprehensive loss, net of tax		–	–	–	–
Total comprehensive loss		–	–	(647,211)	(647,211)
Transaction with owners					
Share based payment transactions		–	455,444	–	455,444
Total transaction with owners		–	455,444	–	455,444
Balance as at 31 March 2019		43,627,817	6,216,499	(39,172,056)	10,672,260

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		14,065,175	1,268,516	(1,756,680)	(680,123)
Adjustments for:					
Amortisation of software development expenditure	7	1,555,562	1,460,896	2,368,979	1,751,533
Bad debts written off		–	150,871	–	–
Depreciation of property, plant and equipment	5	1,058,060	429,777	699,988	127,055
Gain on disposals of property, plant and equipment		(322)	(219)	–	–
Impairment losses on:					
– amount owing by ultimate holding company	17(e)	547	1,309	–	–
– amount owing by immediate holding company	18(e)	–	61	–	–
– amounts owing by subsidiaries	19(e)	–	–	1,083,975	64,633,888
– trade receivables	14	779,225	2,593,419	387,806	933,802
Interest expense	34	2,961,514	3,805,353	294,577	21,466
Interest income		(576,820)	(413,481)	(10,397)	(3,298)
Inventories written off	13(a)(ii)	969,485	2,502,476	–	–
Property, plant and equipment written off	5	570	625	–	–
Provision for gratuity obligations	37	358,795	45,470	–	–
Reversal of impairment losses on:					
– amount owing by ultimate holding company	17(e)	(5,147)	(83)	–	–
– amount owing by immediate holding company	18(e)	(42,644)	–	–	–
– amounts owing by subsidiaries	19(e)	–	–	(346,501)	(31,556,618)
– trade receivables	14	(1,604,882)	(3,640,968)	(63,261)	(31,322,886)
Share options granted under Employee Share Option Scheme		187,762	455,444	112,189	379,962
Loss on liquidation of a subsidiary	8(c)(i)	806,414	–	–	–
Net unrealised loss/(gain) on foreign exchange		17,045	(381)	–	(381)
Operating profit before changes in working capital		20,530,339	8,659,085	2,770,675	4,284,400

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Decrease in inventories and contract costs		1,676,655	11,062,796	–	–
(Increase)/Decrease in trade and other receivables		(34,415,024)	29,168	6,491,450	(3,275,279)
Increase in contract assets		(324,565)	(11,286,866)	–	–
Decrease in finance lease receivables		1,665,947	–	–	–
Increase/(Decrease) in trade and other payables		31,495,773	(19,851,103)	(1,014,843)	(1,395,410)
Increase/(Decrease) in contract liabilities		120,448	24,398,726	(1,573,011)	(1,754,125)
Cash generated from/(used in) operations		20,749,573	13,011,806	6,674,271	(2,140,414)
Interest received		221,105	–	–	–
Tax paid		(2,538,173)	(2,661,549)	(520,653)	(1,043,220)
Tax refunded		4,618,683	724,164	913,385	–
Net cash from/(used in) operating activities		23,051,188	11,074,421	7,067,003	(3,183,634)
CASH FLOWS FROM INVESTING ACTIVITIES					
Addition of software development expenditure	7	(226,693)	(420,641)	(503,535)	(752,944)
Repayment to ultimate holding company		(1,098,796)	(350,707)	(1,578,843)	(251,617)
Advances from/(Repayment to) immediate holding company		5,734,500	(1,287)	32,872	4,516
Repayments from subsidiaries		–	–	11,800,530	5,754,734
Interest received		355,715	413,481	10,397	3,298
Withdrawal/(Placement) of deposits from/(to) licensed banks		3,370,315	(714,556)	–	–
Proceeds from disposal of property, plant and equipment		334	220	–	–
Purchase of other investments		(3,394)	(3,574)	(2,751)	(2,855)
Purchase of property, plant and equipment	5(e)	(96,713)	(215,797)	–	(4,050)
Subscription of newly issued shares in subsidiaries	8(c)(ii)	–	–	–	(2,000,002)
Net cash from/(used in) investing activities		8,035,268	(1,292,861)	9,758,670	2,751,080

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayments)/drawdowns of borrowings		(11,436,357)	2,237,180	–	(70,454)
Net repayment of lease liabilities	27	(5,490,560)	–	(656,975)	–
Proceeds from ordinary shares issued pursuant to private placement	21	9,205,240	–	9,205,240	–
Redemption of redeemable preference shares	31	(25,193,044)	–	(25,193,044)	–
Interest paid		(2,227,487)	(3,805,353)	–	(21,466)
Net cash used in financing activities		(35,142,208)	(1,568,173)	(16,644,779)	(91,920)
Net (decrease)/increase in cash and cash equivalents		(4,055,752)	8,213,387	180,894	(524,474)
Cash and cash equivalents at beginning of financial year		17,626,777	9,609,180	75,775	600,249
Effect of changes in exchange rates		45,284	(195,790)	–	–
Cash and cash equivalents at end of financial year	20(d)	13,616,309	17,626,777	256,669	75,775

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
(i) Borrowings					
As at 1 April 2019/2018, as previously reported		27,748,806	25,511,626	275,613	346,067
Effects of adoption of MFRS 16		(5,464,044)	–	(275,613)	–
As at 1 April 2019/2018, as restated		22,284,762	25,511,626	–	346,067
Cash flows		(11,436,357)	2,237,180	–	(70,454)
As at 31 March 2020/2019		10,848,405	27,748,806	–	275,613
(ii) Redeemable preference shares					
As at 1 April 2019/2018		25,193,044	25,193,044	25,193,044	25,193,044
Cash flows		(25,193,044)	–	(25,193,044)	–
As at 31 March 2020/2019	31	–	25,193,044	–	25,193,044
(iii) Lease liabilities					
As at 1 April 2019/2018 as previously reported		–	–	–	–
Effects of adoption of MFRS 16		10,204,569	–	767,910	–
As at 1 April 2019/2018, as restated		10,204,569	–	767,910	–
Cash flows		(5,490,560)	–	(656,975)	–
Non-cash flows					
– New leases		3,339,249	–	2,755,897	–
– Unwinding of interest		723,452	–	284,002	–
As at 31 March 2020/2019	27	8,776,710	–	3,150,834	–
Total liabilities from financing activities		19,625,115	52,941,850	3,150,834	25,468,657

* *For reconciliation of liabilities arising from financing activities purpose, the bank overdraft has been excluded from the borrowings. This is because of the cash and cash equivalents had already included bank overdraft.*

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

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 Ho Hup Tower – Aurora Place 02-07-01 – Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The principal place of business of the Company is located at Ho Hup Tower – Aurora Place 02-08-01, Level 8, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 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 consolidated financial statements for the financial year ended 31 March 2020 comprise the Company and its subsidiaries and the interests of the Group in joint venture. These financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 10 August 2020.

2. 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 disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the 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 45.1 to the financial statements.

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

3. BASIS OF PREPARATION (CONT'D.)

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

During the financial year ended 31 March 2020, the Company incurred a net loss of RM2,679,287 and as of that date, its current liabilities exceeded its current assets by RM7,652,634. The Directors are of the opinion that the net current liabilities position as at 31 March 2020 was temporary and there is no material uncertainty on the going concern assumption in the preparation of financial statements. There are on-going plans to improve operational cash flows in the Company in the near future.

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.)

2020	Financial Services RM	Enterprise Solutions RM	Distribution Services RM	Solution Delivery RM	Elimination RM	Consolidation RM
Revenue						
External sales	25,811,896	32,825,115	146,789,028	15,781,282	–	221,207,321
Inter-segment sales	11,082,757	456,307	4,162,672	842,319	(16,544,055)	–
Total	36,894,653	33,281,422	150,951,700	16,623,601	(16,544,055)	221,207,321
Results						
Interest income	139,817	278,658	175,151	902	(17,708)	576,820
Reversal of impairment losses on amount owing by ultimate holding company	–	5,096	2,045	–	(1,994)	5,147
Reversal of impairment losses on amount owing by immediate holding company	5,539	40,092	1,335,494	2,230	(1,340,711)	42,644
Reversal of impairment losses on trade receivables	1,355,165	268,957	545,412	527,334	(1,091,986)	1,604,882
Amortisation of software development expenditure	(2,834,607)	–	–	–	1,279,045	(1,555,562)
Depreciation of property, plant and equipment	(861,075)	(24,425)	(153,423)	(19,137)	–	(1,058,060)
Impairment losses on amount due from ultimate holding company	–	(31,466)	(547)	–	31,466	(547)
Impairment losses on trade receivables	(1,610,501)	(23,024)	(1,445,447)	(3,450)	2,303,197	(779,225)
Interest expense	(574,712)	(214,944)	(3,821,710)	(97,995)	1,747,847	(2,961,514)
Inventories written off	–	–	(969,485)	–	–	(969,485)
Property, plant and equipment written off	–	–	(570)	–	–	(570)
Taxation	(931,592)	(852,708)	(703,363)	(909,919)	(320,449)	(3,718,031)
Segment profit before tax	6,659,541	4,154,767	45,169	6,492,024	(3,286,326)	14,065,175
Capital expenditure (exclude right-of-use assets)	41,067	5,665	27,865	22,116	–	96,713
Software development expenditure	503,535	–	–	–	(276,842)	226,693
Segment assets	47,559,609	25,905,336	120,821,637	13,322,844	(46,997,648)	160,611,778
Segment liabilities	89,087,452	22,046,906	150,529,355	9,005,603	(149,164,364)	121,504,952

4. OPERATING SEGMENTS (CONT'D.)

(a) Business segments (cont'd.)

2019	Financial Services RM	Enterprise Solutions RM	Distribution Services RM	Solution Delivery RM	Elimination RM	Consolidation RM
Revenue						
External sales	32,681,773	18,954,944	129,320,453	9,663,308	–	190,620,478
Inter-segment sales	13,465,803	488,951	6,185,377	1,534,737	(21,674,868)	–
Total	46,147,576	19,443,895	135,505,830	11,198,045	(21,674,868)	190,620,478
Results						
Interest income	131,382	18,282	263,817	–	–	413,481
Reversal of impairment losses on amount owing by ultimate holding company	–	–	83	–	–	83
Reversal of impairment losses on trade receivables	891,472	165,306	2,441,191	142,999	–	3,640,968
Amortisation of software development expenditure	(2,217,161)	–	–	–	756,265	(1,460,896)
Bad debts written off	(61,678)	–	(89,193)	–	–	(150,871)
Depreciation of property, plant and equipment	(235,629)	(33,548)	(130,505)	(30,095)	–	(429,777)
Impairment losses on amount owing by ultimate holding company	–	(1,074)	(235)	–	–	(1,309)
Impairment losses on amount owing by immediate holding company	–	(61)	–	–	–	(61)
Impairment losses on trade receivables	–	(163,066)	(2,267,492)	(162,861)	–	(2,593,419)
Interest expense	(320,413)	–	(3,478,421)	(6,519)	–	(3,805,353)
Inventories written off	–	(1,617)	(2,500,859)	–	–	(2,502,476)
Property, plant and equipment written off	–	(362)	(263)	–	–	(625)
Taxation	696,016	(4,500)	(760,201)	(195,266)	–	(263,951)
Segment (loss)/profit before tax	(1,027,087)	841,425	(1,568,903)	2,388,760	634,321	1,268,516
Capital expenditure	12,350	9,591	193,856	–	–	215,797
Software development expenditure	752,943	–	–	–	(332,302)	420,641
Segment assets	68,197,982	12,712,163	100,308,954	10,266,485	(51,141,861)	140,343,723
Segment liabilities	122,568,809	12,267,766	129,358,476	11,531,349	(154,412,554)	121,313,846

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
2020					
Malaysia	220,022,280	159,528,829	120,852,491	323,406	2,613,622
Overseas	1,185,041	1,082,949	652,461	–	–
	221,207,321	160,611,778	121,504,952	323,406	2,613,622
2019					
Malaysia	189,385,260	139,565,304	121,128,049	636,438	1,890,673
Overseas	1,235,218	778,419	185,797	–	–
	190,620,478	140,343,723	121,313,846	636,438	1,890,673

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 a single customer in Malaysia represents approximately 10.5% (2019: Nil) of the Group revenue amounted to RM23,206,211 (2019: Nil).

5. PROPERTY, PLANT & EQUIPMENT

Group

	Balance as at 1.4.2019 RM	Recognition of right-of-use assets upon adoption of MFRS 16 (Note 45.1) RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Exchange adjustments RM	Balance as at 31.3.2020 RM
Carrying amount								
Buildings								
– Right-of-use assets	–	481,964	3,056,292	–	–	(484,614)	–	3,053,642
Furniture and fittings	2,629	–	4,330	–	(2)	(2,546)	–	4,411
Office equipment	9,772	–	5,465	(570)	(9)	(6,067)	–	8,591
Computer software and hardware								
– Owned	461,233	–	86,918	–	(1)	(198,316)	–	349,834
– Right-of-use assets	–	28,375	241,419	–	–	(29,406)	–	240,388
Renovations	34,116	–	–	–	–	(18,504)	(1,148)	14,464
Motor vehicles								
– Owned	306,667	(306,667)	–	–	–	–	–	–
– Right-of-use assets	–	617,282	177,111	–	–	(318,607)	–	475,786
	814,417	820,954	3,571,535	(570)	(12)	(1,058,060)	(1,148)	4,147,116

	As at 31.3.2020 Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings			
– Right-of-use assets	3,538,256	(484,614)	3,053,642
Furniture and fittings	175,001	(170,590)	4,411
Office equipment	70,310	(61,719)	8,591
Computer software and hardware			
– Owned	2,798,407	(2,448,573)	349,834
– Right-of-use assets	269,794	(29,406)	240,388
Renovations	190,312	(175,848)	14,464
Motor vehicles			
– Owned	20,800	(20,800)	–
– Right-of-use assets	947,726	(471,940)	475,786
	8,010,606	(3,863,490)	4,147,116

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

Group

	Balance as at 1.4.2018 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Exchange adjustments RM	Balance as at 31.3.2019 RM
Carrying amount							
Furniture and fittings	6,717	–	(362)	–	(3,726)	–	2,629
Office equipment	22,256	3,600	(263)	–	(15,821)	–	9,772
Computer software and hardware	527,687	212,197	–	(1)	(278,650)	–	461,233
Renovations	73,408	–	–	–	(39,580)	288	34,116
Motor vehicles	398,667	–	–	–	(92,000)	–	306,667
	1,028,735	215,797	(625)	(1)	(429,777)	288	814,417

	As at 31.3.2019		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture and fittings	236,220	(233,591)	2,629
Office equipment	181,484	(171,712)	9,772
Computer software and hardware	2,856,488	(2,395,255)	461,233
Renovations	438,646	(404,530)	34,116
Motor vehicles	480,800	(174,133)	306,667
	4,193,638	(3,379,221)	814,417

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

Company

	Balance as at 1.4.2019 RM	Recognition of right-of-use assets upon adoption of MFRS 16 (Note 45.1) RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2020 RM
Carrying amount					
Buildings					
– Right-of-use assets	–	181,682	2,714,359	(356,891)	2,539,150
Furniture and fittings	4	–	–	–	4
Office equipment	302	–	–	(296)	6
Computer software and hardware	47,857	–	–	(24,194)	23,663
Motor vehicles					
– Owned	306,667	(306,667)	–	–	–
– Right-of-use assets	–	617,282	177,111	(318,607)	475,786
	354,830	492,297	2,891,470	(699,988)	3,038,609

	---------- As at 31.3.2020 ----------		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings			
– Right-of-use assets	2,896,041	(356,891)	2,539,150
Furniture and fittings	27,647	(27,643)	4
Office equipment	31,368	(31,362)	6
Computer software and hardware	208,359	(184,696)	23,663
Motor vehicles			
– Right-of-use assets	947,726	(471,940)	475,786
	4,111,141	(1,072,532)	3,038,609

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

Company

	Balance as at 1.4.2018 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2019 RM
Carrying amount				
Furniture and fittings	1,565	–	(1,561)	4
Office equipment	3,894	–	(3,592)	302
Computer software and hardware	73,709	4,050	(29,902)	47,857
Motor vehicles	398,667	–	(92,000)	306,667
	477,835	4,050	(127,055)	354,830

	As at 31.3.2019		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture and fittings	27,647	(27,643)	4
Office equipment	31,368	(31,066)	302
Computer software and hardware	208,359	(160,502)	47,857
Motor vehicles	460,000	(153,333)	306,667
	727,374	(372,544)	354,830

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

(a) All items of property, plant and equipment, except for right-of-use assets, are initially measured at cost. Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

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

Depreciation is calculated to write down 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 of property, plant and equipment, except for right-of-use assets are as follows:

Furniture and fittings	15% – 20%
Office equipment	15% – 20%
Computer software and hardware	20% – 25%
Renovations	10% – 20%
Motor vehicles	20%

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

Buildings	2 – 10 years
Computer software and hardware	2 – 5 years
Motor vehicles	2 – 4 years

(b) Net carrying amounts of right-of-use assets presented within property, plant and equipment are as follows:

Carrying amount	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 45.1) RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2020 RM
Group					
Buildings	–	481,964	3,056,292	(484,614)	3,053,642
Computer software and hardware	–	28,375	241,419	(29,406)	240,388
Motor vehicles	–	617,282	177,111	(318,607)	475,786
	–	1,127,621	3,474,822	(832,627)	3,769,816
Company					
Buildings	–	181,682	2,714,359	(356,891)	2,539,150
Motor vehicles	–	617,282	177,111	(318,607)	475,786
	–	798,964	2,891,470	(675,498)	3,014,936

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

(c) The Group has certain leases of buildings, office equipment, computer software and hardware with lease term of 12 months or less, and low value leases of office equipment and computer software and hardware of RM10,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

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

	Group 2020 RM	Company 2020 RM
Depreciation charge of right-of-use assets (included in administrative expenses)	832,627	675,498
Interest expense on lease liabilities (included in finance costs)	723,452	284,002
Expense relating to short-term leases (included in administrative expenses)	259,084	9,084
Expense relating to leases of low-value assets (included in administrative expenses)	111,395	3,812
	1,926,558	972,396

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of property, plant and equipment	3,571,535	215,797	2,891,470	4,050
Provision of restoration cost made during the year	(135,573)	–	(135,573)	–
Financed by lease liabilities	(3,339,249)	–	(2,755,897)	–
Cash payments on purchase of property, plant and equipment	96,713	215,797	–	4,050

(f) In the previous financial year, included in property, plant and equipment of the Group and of the Company were assets acquired under hire purchase facilities with carrying amounts of RM306,667 and RM306,667 respectively.

6. GOODWILL

	Group	
	2020	2019
	RM	RM
Carrying amount		
Goodwill	18,409,459	18,409,459

	Cost RM	Accumulated impairment losses RM	Carrying amount RM
As at 31 March 2020			
Goodwill	18,473,370	(63,911)	18,409,459
As at 31 March 2019			
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:

	Group	
	2020	2019
	RM	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
Solution Delivery	3,469,393	3,469,393
	18,409,459	18,409,459

In the previous financial years, a goodwill impairment amounted to RM63,911 had been made on the Enterprise Solutions segment.

6. GOODWILL (CONT'D.)

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

Recoverable amounts of goodwill 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 7.4% (2019: 7.7%) per annum;
(iii) Forecasted growth rates ranging from 5.0% to 6.0% (2019: 5.0% 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.

7. SOFTWARE DEVELOPMENT EXPENDITURE

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
At cost				
As at 1 April 2019/2018	68,751,740	68,331,099	30,900,087	30,147,143
Additions during the financial year	226,693	420,641	503,535	752,944
Written off during the financial year	(2,016,458)	–	–	–
As at 31 March 2020/2019	66,961,975	68,751,740	31,403,622	30,900,087
Accumulated amortisation				
As at 1 April 2019/2018	(25,303,435)	(23,842,539)	(24,606,384)	(22,854,851)
Amortisation during the financial year	(1,555,562)	(1,460,896)	(2,368,979)	(1,751,533)
Written off during the financial year	2,016,458	–	–	–
As at 31 March 2020/2019	(24,842,539)	(25,303,435)	(26,975,363)	(24,606,384)
Accumulated impairment losses				
As at 31 March 2020/2019	(39,156,454)	(39,156,454)	(439,722)	(439,722)
Carrying amount	2,962,982	4,291,851	3,988,537	5,853,981

7. SOFTWARE DEVELOPMENT EXPENDITURE (CONT'D.)

(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 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.

(c) During the financial year, the Group and the Company made cash payments of RM226,693 (2019: RM420,641) and RM503,535 (2019: RM752,944) respectively to purchase software development expenditure.

(d) In the previous financial years, 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 (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 in the previous financial years.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost	17,807,378	17,807,378
Less: Accumulated impairment losses	(360,451)	(360,451)
	17,446,927	17,446,927

(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.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Details of the subsidiaries are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Direct subsidiaries				
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	Dormant
Subsidiary of MSSB				
PT Microlink International Maju (PTMIM)@	Republic of Indonesia	65	65	Provision of information technology solutions to the financial services industry and dealing in related products

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

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

Name of Company	Country of incorporation/ Principal place of business	Effective equity interest 2020 %	2019 %	Principal activities
Subsidiaries of CSAS				
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

@ Subsidiaries not audited by BDO PLT or BDO PLT member firms.

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

(c) Other details of investments in subsidiaries:

(i) Member's Voluntary Liquidation of subsidiary

On 18 July 2019, a wholly owned subsidiary of the Company, MWSB had been dissolved from Companies Commission of Malaysia. Effects of the liquidation of MWSB are as follows:

	Group 2020 RM
Carrying amount of shares at the date of liquidation	–
Less: Realisation of post-acquisition reserves	
– Retained earnings	(569,507)
– Exchange translation reserve reclassified to profit of loss	(236,907)
Loss on liquidation of a subsidiary	(806,414)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

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

(ii) Acquisition of additional interests in subsidiaries

In the previous financial year, the Company subscribed for additional 500,001 and 1,500,001 ordinary shares in MSSB and OIL respectively for a total cash consideration of RM2,000,002.

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

	MSB RM	FAS RM	PTMIM RM	Total RM
2020				
NCI percentage of ownership interest and voting interest	49%	15%	35%	
Carrying amount of NCI	278,845	1,718	163,406	443,969
Loss allocated to NCI	(82)	(1,468)	(39)	(1,589)
Total comprehensive loss allocated to NCI	(82)	(1,468)	(14,950)	(16,500)
2019				
NCI percentage of ownership interest and voting interest	49%	15%	35%	
Carrying amount of NCI	278,927	3,186	178,356	460,469
Profit/(Loss) allocated to NCI	149,632	(1,462)	(13,524)	134,646
Total comprehensive income/(loss) allocated to NCI	149,632	(1,462)	(9,710)	138,460

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

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

	MSB RM	FAS RM	PTMIM RM	Total RM
2020				
Assets and liabilities				
Non-current assets	10,160	–	12,624	22,784
Current assets	861,707	15,058	683,939	1,560,704
Current liabilities	(302,796)	(3,603)	(229,686)	(536,085)
Net assets	569,071	11,455	466,877	1,047,403
Results				
Revenue	2,023,415	–	–	2,023,415
Loss for the financial year	(168)	(9,789)	(111)	(10,068)
Total comprehensive loss	(168)	(9,789)	(42,714)	(52,671)
Cash flow from/(used in):				
– operating activities	57,666	(9,184)	40,699	89,181
– investing activities	3,093	–	13	3,106
– financing activities	(24,000)	–	(101)	(24,101)
Net increase/(decrease) in cash and cash equivalents	36,759	(9,184)	40,611	68,186
2019				
Assets and liabilities				
Non-current assets	6,441	1	13,776	20,218
Current assets	1,087,183	24,243	746,461	1,857,887
Current liabilities	(524,385)	(3,000)	(250,646)	(778,031)
Net assets	569,239	21,244	509,591	1,100,074
Results				
Revenue	2,954,022	–	–	2,954,022
Profit/(Loss) for the financial year	305,371	(9,744)	(38,641)	256,986
Total comprehensive income/(loss)	305,371	(9,744)	(27,742)	267,885
Cash flow from/(used in):				
– operating activities	587,712	(9,645)	(23,316)	554,751
– investing activities	(624,419)	–	17	(624,402)
– financing activities	–	–	(74)	(74)
Net decrease in cash and cash equivalents	(36,707)	(9,645)	(23,373)	(69,725)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(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 shareholders' deficit as at financial year end in certain subsidiaries as impairment indicators. The carrying amount of these subsidiaries was RM15,946,415 (2019: RM17,446,417).

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

9. INVESTMENT IN A JOINT VENTURE

	Group	
	2020 RM	2019 RM
Unquoted equity shares, at cost	374,060	374,060
Share of post-acquisition reserves	(374,060)	(374,060)
	–	–

(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/ Principal place of business	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Joint venture with MWSB				
Microlink Middle East Company for Programming and Computer Corporation LLC	The State of Kuwait	–	50	Provision of information technology solutions to the financial services industry and dealing in related products

(c) On 18 July 2019, MWSB, a wholly owned subsidiary of the Company, had been dissolved by way of member's voluntary liquidation.

10. OTHER INVESTMENTS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current				
Equity securities:				
– Transferable club memberships	105,000	105,000	–	–
Current				
Equity securities:				
– Quoted income funds in Malaysia	110,045	106,651	83,869	81,118
Total other investments	215,045	211,651	83,869	81,118

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

(b) The fair values of transferable club memberships are estimated based on references to current available counter party quotations of the same investments.

(c) The fair values of 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.

(d) Fair value hierarchy

Group	----------- Fair value of financial instruments carried at fair value ----------- Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2020						
Equity securities						
– Quoted income funds	110,045	–	–	110,045	110,045	110,045
– Transferable golf club memberships	–	–	105,000	105,000	105,000	105,000
2019						
Equity securities						
– Quoted income funds	106,651	–	–	106,651	106,651	106,651
– Transferable golf club memberships	–	–	105,000	105,000	105,000	105,000

10. OTHER INVESTMENTS (CONT'D.)

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

Company	----------- Fair value of financial instruments carried at fair value ----------- Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2020						
Equity securities						
– Quoted income funds	83,869	–	–	83,869	83,869	83,869
2019						
Equity securities						
– Quoted income funds	81,118	–	–	81,118	81,118	81,118

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.

There is no transfer between levels in the hierarchy during the financial year.

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

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

11. FINANCE LEASE RECEIVABLES

(a) Finance lease receivables are classified as financial assets measured at amortised cost.

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

(c) Interest income from lease receivables is recognised in the profit or loss using the effective interest rate method. Finance lease receivables bear interest ranging from 6.55% to 8.47% per annum.

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

	Note	Group 2020 RM
Carrying amount		
At 1 April 2019		–
Effects of adoption of MFRS 16	45.1	4,066,905
Interest income		221,105
Lease payments received during the financial year		(1,887,052)
At 31 March 2020		2,400,958

(e) All finance lease receivables of the Group are denominated in RM.

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

(g) Impairment for finance lease receivables are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 14(d) to the financial statements.

(h) No expected credit loss is recognised arising from finance lease receivables as it is negligible.

11. FINANCE LEASE RECEIVABLES (CONT'D.)

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

	Group	
	2020 RM	2019 RM
Present value of finance lease receivables:		
Non-current	620,364	–
Current	1,780,594	–
	2,400,958	–
Maturity:		
Within one year	1,887,051	–
One to two year	629,017	–
	2,516,068	–
Less: Unearned interest income	(115,110)	–
	2,400,958	–

12. DEFERRED TAX

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
As at 1 April 2019/2018	4,397,060	4,239,319	951,414	765,594
Effects of adoption of MFRS 16 (Note 45.1)	(35,360)	–	–	–
Recognised in profit or loss (Note 35)	(1,028,494)	157,741	(684,774)	185,820
As at 31 March 2020/2019	3,333,206	4,397,060	266,640	951,414
Presented after appropriate offsetting:				
Deferred tax assets, net	3,333,206	4,397,060	266,640	951,414

12. 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:

	Unused tax losses RM	Unabsorbed capital allowances RM	Lease liabilities RM	Other temporary differences RM	Total RM
Deferred tax assets of the Group					
Balance as at 1 April 2019	2,359,396	23,817	–	6,011,051	8,394,264
Recognised in profit or loss	231,916	7,511	120,391	(515,652)	(155,834)
Balance as at 31 March 2020, prior to offsetting	2,591,312	31,328	120,391	5,495,399	8,238,430
Set-off					(4,905,224)
Balance as at 31 March 2020					3,333,206
Balance as at 1 April 2018	545,416	3,095	–	4,027,597	4,576,108
Recognised in profit or loss	1,813,980	20,722	–	1,983,454	3,818,156
Balance as at 31 March 2019, prior to offsetting	2,359,396	23,817	–	6,011,051	8,394,264
Set-off					(3,997,204)
Balance as at 31 March 2019					4,397,060

12. 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	Finance lease receivables RM	Other temporary differences RM	Total RM
Deferred tax liabilities of the Group					
Balance as at 1 April 2019	(201,635)	(232,113)	–	(3,563,456)	(3,997,204)
Effects of adoption of MFRS 16 (Note 45.1)	–	–	(35,360)	–	(35,360)
Recognised in profit or loss	(152,339)	93,968	14,665	(828,954)	(872,660)
Balance as at 31 March 2020, prior to offsetting	(353,974)	(138,145)	(20,695)	(4,392,410)	(4,905,224)
Set-off					4,905,224
Balance as at 31 March 2020					–
Balance as at 1 April 2018	(45,305)	(291,484)	–	–	(336,789)
Recognised in profit or loss	(156,330)	59,371	–	(3,563,456)	(3,660,415)
Balance as at 31 March 2019, prior to offsetting	(201,635)	(232,113)	–	(3,563,456)	(3,997,204)
Set-off					3,997,204
Balance as at 31 March 2019					–

12. 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.)

	Lease liabilities RM	Other temporary differences RM	Total RM
Deferred tax assets of the Company			
Balance as at 1 April 2019	–	1,188,358	1,188,358
Recognised in profit or loss	116,041	(896,246)	(780,205)
Balance as at 31 March 2020, prior to offsetting	116,041	292,112	408,153
Set-off			(141,513)
Balance as at 31 March 2020			266,640
Balance as at 1 April 2018	–	1,064,764	1,064,764
Recognised in profit or loss	–	123,594	123,594
Balance as at 31 March 2019, prior to offsetting	–	1,188,358	1,188,358
Set-off			(236,944)
Balance as at 31 March 2019			951,414

	Property, plant and equipment RM	Software development expenditure RM	Total RM
Deferred tax liabilities of the Company			
Balance as at 1 April 2019	(4,831)	(232,113)	(236,944)
Recognised in profit or loss	1,463	93,968	95,431
Balance as at 31 March 2020, prior to offsetting	(3,368)	(138,145)	(141,513)
Set-off			141,513
Balance as at 31 March 2020			–
Balance as at 1 April 2018	(7,686)	(291,484)	(299,170)
Recognised in profit or loss	2,855	59,371	62,226
Balance as at 31 March 2019, prior to offsetting	(4,831)	(232,113)	(236,944)
Set-off			236,944
Balance as at 31 March 2019			–

12. DEFERRED TAX (CONT'D.)

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

	Group 2020 RM	2019 RM
Unused tax losses		
– Expires by 31 March 2026	16,806,647	20,742,899
– Expires by 31 March 2027	2,562,474	–
Unabsorbed capital allowances	6,112,956	5,310,463
Other deductible temporary differences	6,841,517	16,389,341
Other taxable temporary differences	(168,518)	(1,221,582)
	32,155,076	41,221,121

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

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

13. INVENTORIES & CONTRACT COSTS

	Note	Group 2020 RM	2019 RM
Inventories	(a)		
At cost			
Hardware and software		1,311,854	1,311,854
Hardware maintenance parts and spares		820,240	1,299,736
		2,132,094	2,611,590
Contract costs	(b)	6,216,236	8,382,880
		8,348,330	10,944,470

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

(a) Inventories

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

(ii) Cost of inventories of the Group recognised as an expense during the financial year amounted to RM145,500,302 (2019: RM127,203,692). The amount of inventories written off recognised as expenses during the financial year amounted to RM969,485 (2019: RM2,502,476).

(iii) 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.

(b) Contract costs

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

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

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

(iv) Movement of contract costs is as follows:

	Group	
	2020 RM	**2019 RM**
Balance as at 1 April 2019/2018	8,382,880	12,478,710
Capitalised during the financial year	11,972,345	6,936,485
	20,355,225	19,415,195
Recognised in profit or loss	(14,138,989)	(11,032,315)
Balance as at 31 March 2020/2019	6,216,236	8,382,880

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

14. TRADE RECEIVABLES

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Third parties		73,626,074	42,409,212	–	–
Related parties		6,893,196	13,843,766	7,520,120	14,653,298
		80,519,270	56,252,978	7,520,120	14,653,298
Less: Impairment losses					
– Third parties	(f)	(7,605,537)	(11,213,917)	–	–
– Related parties	(g)	(89,356)	(780,553)	(1,368,557)	(1,093,251)
		(7,694,893)	(11,994,470)	(1,368,557)	(1,093,251)
		72,824,377	44,258,508	6,151,563	13,560,047

(a) Trade receivables are classified as financial assets measured at amortised cost.

(b) The normal trade credit terms of trade receivables granted by the Group and by the Company range from 30 to 90 days (2019: 30 to 90 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) All trade receivables are denominated in RM.

(d) Third party receivables

(i) Impairment for third party receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

The expected loss rates are based on the historical credit losses experienced by the Group over the four year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the base lending rate, unemployment rate, inflation rate and labor force participation as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgment in determining the probability of default by trade receivables and appropriate forward-looking information.

14. TRADE RECEIVABLES (CONT'D.)

(d) Third party receivables (cont'd.)

(ii) Lifetime expected loss provision for third party receivables of the Group is as follows:

Group	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
2020			
Current	32,126,884	(939)	32,125,945
Past due:			
1 to 30 days	21,068,807	(262)	21,068,545
31 to 60 days	2,647,889	(161)	2,647,728
More than 60 days	17,782,494	(7,604,175)	10,178,319
	41,499,190	(7,604,598)	33,894,592
	73,626,074	(7,605,537)	66,020,537
2019			
Current	24,713,064	(214,192)	24,498,872
Past due:			
1 to 30 days	4,206,819	(45,588)	4,161,231
31 to 60 days	1,870,556	(52,851)	1,817,705
More than 60 days	11,618,773	(10,901,286)	717,487
	17,696,148	(10,999,725)	6,696,423
	42,409,212	(11,213,917)	31,195,295

(e) Related party receivables

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

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

The probability of non-payment by the related parties is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the related parties.

14. TRADE RECEIVABLES (CONT'D.)

(f) Movements in the lifetime expected credit loss for third party receivables are as follows:

	Group 2020 RM	Group 2019 RM
At 1 April 2019/2018	11,213,917	12,377,026
Charge for the financial year	746,510	2,239,329
Reversal of impairment losses	(880,970)	(3,402,438)
Written off	(3,473,920)	–
At 31 March 2020/2019	7,605,537	11,213,917

(g) Movements in the impairment allowance for related party receivables are as follows:

Group	12-month expected credit loss RM	Lifetime expected credit loss: Not credit-impaired RM	Lifetime expected credit loss: Credit-impaired RM	Total allowance RM
At 1 April 2018	5,404	522,246	137,343	664,993
Charge for the financial year	93,175	–	260,915	354,090
Reversal of impairment losses	(9,967)	–	(228,563)	(238,530)
At 31 March/1 April 2019	88,612	522,246	169,695	780,553
Charge for the financial year	1,370	19,672	11,673	32,715
Reversal of impairment losses	(39,409)	(522,246)	(162,257)	(723,912)
At 31 March 2020	50,573	19,672	19,111	89,356

Company	12-month expected credit loss RM	Lifetime expected credit loss: Not credit-impaired RM	Lifetime expected credit loss: Credit-impaired RM	Total allowance RM
At 1 April 2018	146,669	31,286,427	49,239	31,482,335
Charge for the financial year	–	–	933,802	933,802
Reversal of impairment losses	(45,053)	(31,277,833)	–	(31,322,886)
At 31 March/1 April 2019	101,616	8,594	983,041	1,093,251
Charge for the financial year	751	–	387,055	387,806
Transfer to lifetime expected credit loss – not credit impaired	(19,803)	19,803	–	–
Reversal of impairment losses	(54,667)	(8,594)	–	(63,261)
Written off	–	–	(49,239)	(49,239)
At 31 March 2020	27,897	19,803	1,320,857	1,368,557

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

14. TRADE RECEIVABLES (CONT'D.)

(h) As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

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

	Group			
	2020 RM	% of total	2019 RM	% of total
By country				
Malaysia	72,824,377	100.0%	44,258,508	100.0%

	Company			
	2020 RM	% of total	2019 RM	% of total
By country				
Malaysia	6,151,563	100.0%	13,560,047	100.0%

At the end of each reporting period, approximately 50% (2019: 38%) of the trade receivables of the Group were due from two (2) customers (2019: three (3) customers).

At the end of each reporting period, the Company does not have significant concentration of credit risk other than related parties of RM6,151,563 (2019: RM13,560,047), which contributes 100% (2019: 100%) of total receivables of the Company.

15. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	1,805,634	2,392,937	430,598	35,067
Deposits	532,890	709,835	158,914	71,176
	2,338,524	3,102,772	589,512	106,243
Prepayments	17,007,422	10,207,959	149,387	40,167
	19,345,946	13,310,731	738,899	146,410

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

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	2,031,859	2,768,123	589,512	106,243
Indonesian Rupiah	306,665	334,649	–	–
	2,338,524	3,102,772	589,512	106,243

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

	Group	
	2020 RM	2019 RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax	±24,000	±26,000

(d) Impairment for other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(e) to the financial statements.

(e) No expected credit loss is recognised arising from other receivables and deposits as it is negligible.

16. CONTRACT ASSETS

	Note	Group 2020 RM	Group 2019 RM
Aggregate contract costs incurred to date		29,042,121	31,880,957
Add: Attributable profits		18,389,961	3,811,318
		47,432,082	35,692,275
Less: Progress billings		(46,153,871)	(40,233,060)
		1,278,211	(4,540,785)
Represented by:			
Contract assets			
Projects		3,639,956	3,315,391
Contract liabilities			
Projects	29	(2,361,745)	(7,856,176)
		1,278,211	(4,540,785)

16. CONTRACT ASSETS (CONT'D.)

(a) Projects

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

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

(b) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 14(d) to the financial statements.

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

17. AMOUNT OWING BY/(TO) ULTIMATE HOLDING COMPANY

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount owing by ultimate holding company	302,861	924,170	–	–
Less: Impairment losses	(2,301)	(6,901)	–	–
	300,560	917,269	–	–
Amount owing to ultimate holding company	(782,082)	(2,502,187)	(712,922)	(2,291,765)

(a) Amount owing by/(to) ultimate holding company is classified as a financial asset/(liability) measured at amortised cost.

(b) Amount owing by/(to) ultimate holding company represents payments made on behalf, which are unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.

(c) All amounts owing by/(to) ultimate holding company of the Group and the Company are denominated in RM.

(d) Impairment for amount owing by ultimate holding company is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(e) to the financial statements.

17. AMOUNT OWING BY/(TO) ULTIMATE HOLDING COMPANY (CONT'D.)

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

	Group 12-month expected credit loss	
	2020 RM	2019 RM
At 1 April 2019/2018	6,901	5,675
Charge for the financial year	547	1,309
Reversal of impairment losses	(5,147)	(83)
At 31 March 2020/2019	2,301	6,901

(f) The maturity profile of amount 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 within one year.

18. AMOUNT OWING BY/(TO) IMMEDIATE HOLDING COMPANY

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount owing by immediate holding company	218,374	5,930,329	–	–
Less: Impairment losses	(1,661)	(44,305)	–	–
	216,713	5,886,024	–	–
Amount owing to immediate holding company	(37,389)	(14,844)	(37,389)	(4,517)

(a) Amount owing by/(to) immediate holding company is classified as a financial asset/(liability) measured at amortised cost.

(b) Amount owing by/(to) immediate holding company represents payments made on behalf, which are unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.

(c) All amounts owing by/(to) immediate holding company of the Group and the Company are denominated in RM.

(d) Impairment for amount owing by immediate holding company is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(e) to the financial statements.

18. AMOUNT OWING BY/(TO) IMMEDIATE HOLDING COMPANY (CONT'D.)

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

	Group 12-month expected credit loss	
	2020 RM	**2019 RM**
At 1 April 2019/2018	44,305	44,244
Charge for the financial year	–	61
Reversal of impairment losses	(42,644)	–
At 31 March 2020/2019	1,661	44,305

(f) The maturity profile of amount 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 within one year.

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2020 RM	**2019 RM**
Amounts owing by subsidiaries	65,843,267	67,135,686
Less: Impairment losses	(65,598,417)	(64,868,943)
	244,850	2,266,743
Amounts owing to subsidiaries	(13,232,836)	(1,008,655)

(a) Amounts owing by/(to) subsidiaries are classified as financial assets/(liabilities) measured at amortised cost.

(b) Amounts owing by/(to) subsidiaries represent management fees, advances and payments made on behalf, which are unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.

(c) All amounts owing by/(to) subsidiaries are denominated in RM.

(d) Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(e) to the financial statements. Management has made significant judgments in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk.

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

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

Company	12-month expected credit loss RM	Lifetime expected credit loss Not credit-impaired RM	Lifetime expected credit loss Credit-impaired RM	Total allowance RM
At 1 April 2018	8,603	31,714,634	68,436	31,791,673
Charge for the financial year	901	–	64,632,987	64,633,888
Reversal of impairment losses	(24)	(31,556,594)	–	(31,556,618)
At 31 March/1 April 2019	9,480	158,040	64,701,423	64,868,943
Charge for the financial year	1,080	–	1,082,895	1,083,975
Transfer to lifetime expected credit loss – credit impaired	(1,863)	–	1,863	–
Reversal of impairment losses	(7,617)	(158,040)	(180,844)	(346,501)
Written off	–	–	(8,000)	(8,000)
At 31 March 2020	1,080	–	65,597,337	65,598,417

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

20. CASH & BANK BALANCES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash and bank balances	15,811,272	14,777,403	256,669	75,775
Deposits with licensed banks	6,978,895	13,183,930	–	–
	22,790,167	27,961,333	256,669	75,775

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

(b) Included in deposits with licensed banks of the Group are amounts of RM6,964,241 (2019: RM10,334,556) pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

20. CASH & BANK BALANCES (CONT'D.)

(c) The interest rate profile and weighted average effective interest rates (WAEIR) per annum of deposits placed with licensed banks are as follows:

	Group			
	2020		2019	
	WAEIR %	RM	WAEIR %	RM
Fixed rates				
Deposits placed with licensed banks	1.56	6,978,895	2.38	13,183,930

Sensitivity analysis for fixed rate deposits placed with licensed banks at the end of the reporting period is not presented as it is not affected by changes in interest rates.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	15,811,272	14,777,403	256,669	75,775
Deposits with licensed banks	6,978,895	13,183,930	–	–
	22,790,167	27,961,333	256,669	75,775
Less: Deposits pledged to licensed banks	(6,964,241)	(10,334,556)	–	–
Bank overdraft (Note 23)	(2,209,617)	–	–	–
	13,616,309	17,626,777	256,669	75,775

(e) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	22,766,574	27,935,826	256,669	75,775
United States Dollar	7,140	7,305	–	–
Indonesian Rupiah	16,453	18,202	–	–
	22,790,167	27,961,333	256,669	75,775

20. CASH & BANK BALANCES (CONT'D.)

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

	Group	
	2020	2019
	RM	RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax	±2,000	±2,000

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

21. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
As at 1 April 2019/2018	167,368,100	43,627,817	167,368,100	43,627,817
Ordinary shares issued pursuant to private placement	16,736,800	9,205,240	–	–
As at 31 March 2020/2019	184,104,900	52,833,057	167,368,100	43,627,817

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 167,368,100 ordinary shares to 184,104,900 ordinary shares by way of issuance of 16,736,800 new ordinary shares pursuant to private placement at an exercise price of RM0.55 each for cash.

(b) 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.

22. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Exchange translation reserve	44,811	(194,929)	–	–
Equity compensation reserve	–	6,216,499	–	6,216,499
	44,811	6,021,570	–	6,216,499

(a) Exchange translation reserve

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

(b) Equity compensation reserve

Equity compensation reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options.

During the financial year, share options reserve in relation to the unexercised option at the expiry of the share option scheme has been transferred to accumulated losses.

23. BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current liabilities				
Hire purchase creditors (Note 24)	–	2,726,804	–	75,214
Bank overdraft	2,209,617	–	–	–
Trust receipts (Note 25)	10,848,405	22,284,762	–	–
	13,058,022	25,011,566	–	75,214
Non-current liabilities				
Hire purchase creditors (Note 24)	–	2,737,240	–	200,399
	13,058,022	27,748,806	–	275,613
Total borrowings				
Hire purchase creditors (Note 24)	–	5,464,044	–	275,613
Bank overdraft	2,209,617	–	–	–
Trust receipts (Note 25)	10,848,405	22,284,762	–	–
	13,058,022	27,748,806	–	275,613

23. BORROWINGS (CONT'D.)

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Movements of borrowings upon adoption of MFRS 16 are as follows:

	Note	Trust receipts RM	Hire purchase creditors RM	Total RM
Group				
At 1 April 2019, as previously reported		22,284,762	5,464,044	27,748,806
Effects of adoption of MFRS 16	45.1	–	(5,464,044)	(5,464,044)
At 1 April 2019, as restated		22,284,762	–	22,284,762
Company				
At 1 April 2019, as previously reported		–	275,613	275,613
Effects of adoption of MFRS 16	45.1	–	(275,613)	(275,613)
At 1 April 2019, as restated		–	–	–

(c) All borrowings are denominated in RM.

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

	On demand or within one year RM	One to five years RM	Total RM
Group			
31 March 2020			
Bank overdraft	2,209,617	–	2,209,617
Trust receipts	11,091,697	–	11,091,697
Total undiscounted financial liabilities	13,301,314	–	13,301,314
31 March 2019			
Hire purchase creditors	2,919,840	2,810,019	5,729,859
Trust receipts	22,606,719	–	22,606,719
Total undiscounted financial liabilities	25,526,559	2,810,019	28,336,578
Company			
31 March 2019			
Hire purchase creditors	91,920	217,759	309,679
Total undiscounted financial liabilities	91,920	217,759	309,679

23. BORROWINGS (CONT'D.)

(e) The bank overdraft of the Group is secured by the corporate guarantee given by the Company.

(f) Bank overdraft and trust receipts of the Group are subject to floating weighted average effective interest rates of 8.59% (2019: Nil) and 7.59% (2019: 7.72%) per annum respectively.

(g) In the previous financial year, hire purchase creditors of the Group and of the Company were subject to fixed weighted average effective interest rates of 4.60% and 6.90% per annum respectively.

(h) Sensitivity analysis for fixed rate borrowings as at the end of the reporting period was not presented as fixed rate instruments as it was not affected by changes in interest rate. Sensitivity analysis of interest rates at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Effects of 100bp changes to profit after tax		
Floating rate instruments	±99,241	±169,364

(i) Borrowings that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values are as follows:

	2019	
	Carrying amount	**Fair value**
	RM	**RM**
Group		
Hire purchase creditors	5,464,044	4,927,424
Company		
Hire purchase creditors	275,613	237,193

The fair values of borrowings are categorised into Level 2 of the fair value hierarchy. There were no transfers between levels in the hierarchy during the financial year.

Carrying amounts of hire purchase creditors are reasonable approximation of fair values due to the current rates offered to the Group and the Company approximate the market rates for similar borrowing of the same remaining maturities.

24. HIRE PURCHASE CREDITORS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Minimum hire purchase payments:				
– not later than 1 year	–	2,919,840	–	91,920
– later than 1 year and not later than 5 years	–	2,810,019	–	217,759
	–	5,729,859	–	309,679
Less: Future interest charges	–	(265,815)	–	(34,066)
Present value of hire purchase creditors	–	5,464,044	–	275,613
Repayable as follows:				
Current liabilities				
– not later than 1 year	–	2,726,804	–	75,214
Non-current liabilities				
– later than 1 year and not later than 5 years	–	2,737,240	–	200,399
	–	5,464,044	–	275,613

In the previous financial year, hire purchase liabilities were secured by the assets as disclosed in Note 5 to the financial statements and by a corporate guarantee from the ultimate holding company.

25. TRUST RECEIPTS

The trust receipts are secured by the following:

(a) Pledge of deposits as disclosed in Note 20 to the financial statements; and

(b) Corporate guarantee from the ultimate holding company.

26. OTHER PAYABLES & PROVISION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current				
Provision for restoration cost	146,148	–	146,148	–
Current				
Other payables and accruals	23,825,738	16,401,808	733,112	515,132
Refundable deposits	327,855	314,509	–	–
	24,153,593	16,716,317	733,112	515,132
	24,299,741	16,716,317	879,260	515,132

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

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

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

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

(c) The currency exposure profile of other payables and accruals (excluding provision) is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	23,932,974	16,530,520	718,091	495,275
Indonesia Rupiah	203,072	165,940	–	–
United States Dollar	3,315	611	789	611
Euro	14,232	19,246	14,232	19,246
	24,153,593	16,716,317	733,112	515,132

26. OTHER PAYABLES & PROVISION (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	
	2020 RM	2019 RM	2020 RM	2019 RM
Effects of 10% changes to RM against foreign currencies				
Profit/(Loss) after tax	±17,000	±15,000	±2,000	±2,000

(e) The table below summarises the maturity profile of the other payables and provision at the end of the reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	More than five years RM	Total RM
Group			
31 March 2020			
Other payables	24,153,593	–	24,153,593
Provision	–	273,416	273,416
	24,153,593	273,416	24,427,309
31 March 2019			
Other payables	16,716,317	–	5,729,859
Company			
31 March 2020			
Other payables	733,112	–	733,112
Provision	–	273,416	273,416
	733,112	273,416	1,006,528
31 March 2019			
Other payables	515,132	–	515,132

27. LEASE LIABILITIES

Carrying amount	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 45.1) RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.3.2020 RM
Group						
Buildings	–	481,964	2,920,719	(473,540)	283,386	3,212,529
Computer software and hardware	–	9,136,377	241,419	(4,677,885)	392,173	5,092,084
Motor vehicles	–	586,228	177,111	(339,135)	47,893	472,097
	–	10,204,569	3,339,249	(5,490,560)	723,452	8,776,710
Company						
Buildings	–	181,682	2,578,786	(317,840)	236,109	2,678,737
Motor vehicles	–	586,228	177,111	(339,135)	47,893	472,097
	–	767,910	2,755,897	(656,975)	284,002	3,150,834

Represented by:

	Group 2020 RM	Company 2020 RM
Current liabilities	5,050,737	620,954
Non-current liabilities	3,725,973	2,529,880
	8,776,710	3,150,834
Lease liabilities owing to financial institutions	2,736,692	199,850
Lease liabilities owing to non-financial institutions	6,040,018	2,950,984
	8,776,710	3,150,834

27. LEASE LIABIILMES (CONT'D.)

(a) Lease liabilities are classified as financial liabilities measured at amortised cost.

(b) All lease liabilities are denominated in RM.

(c) The table below sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company that are exposed to interest rate risk:

31 March 2020	Weighted average incremental borrowing rate per annum %	Within one year RM	One to two year RM	two to five years RM	More than five years RM	Total RM
Group						
Fixed rates	4.48% – 8.47%	4,252,867	597,820	–	–	4,850,687
Floating rates	8.20% – 8.70%	797,870	612,477	1,186,279	1,329,397	3,926,023
		5,050,737	1,210,297	1,186,279	1,329,397	8,776,710
Company						
Floating rates	6.68% – 8.58%	620,954	431,495	872,536	1,225,849	3,150,834

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

31 March 2020	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Leases liabilities	5,502,517	3,077,033	1,516,300	10,095,850
Company				
Leases liabilities	858,195	1,919,712	1,403,800	4,181,707

(e) Sensitivity analysis for fixed rate lease liabilities as at the end of the reporting period was not presented as fixed rate instruments as it is not affected by changes in interest rate. Sensitivity analysis of interest rates at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group 2020 RM	Company 2020 RM
Effects of 100bp changes to profit after tax		
Floating rate instruments	±29,838	±23,946

28. TRADE PAYABLES

(a) Trade payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2019: 30 days to 90 days) from date of invoice.

(c) All trade payables are denominated in RM.

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

29. CONTRACT LIABILITIES

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Contract liabilities in relation to:					
Projects	16	2,361,745	7,856,176	–	–
Deferred income:					
– maintenance income		26,094,610	20,479,731	631,264	1,435,525
– software licensing fees		–	–	–	768,750
		28,456,355	28,335,907	631,264	2,204,275

(a) Contract liabilities are the obligations to transfer goods or services to customers for which the Group and the Company have received the consideration, the fair values at initial recognition, or has billed the customers. For projects, contract liabilities are excess of the progress billings to customers over the project costs incurred plus profit accrued. Deferred maintenance income and software licensing fees are billings have been made to the customers before the services are provided to the customers.

(b) The amounts of RM25,713,147 (2019: RM25,004,045) of the Group and RM2,204,275 (2019: RM4,703,590) of the Company recognised in contract liabilities at the beginning of the financial year have been recognised as revenue for current financial year.

(c) The amount of revenue recognised during current financial year from performance obligation satisfied (or partially satisfied) in the previous financial year is RM14,456,118 (2019: RM7,638,278). This is mainly due to changes in the estimate of the stage of completion of the projects and changes in an estimate of the transaction price.

29. CONTRACT LIABILITIES (CONT'D.)

(d) Contract value yet to be recognised as revenue

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

	Group		Company	
	Within 1 year RM	Between 1 and 4 years RM	Within 1 year RM	Between 1 and 4 years RM
2020				
Projects	2,361,745	–	–	–
Maintenance income	23,683,307	2,411,303	631,264	–
	26,045,052	2,411,303	631,264	–
2019				
Projects	7,236,901	619,275	–	–
Maintenance income	17,966,458	2,513,273	1,435,525	–
Software licensing fees	–	–	768,750	–
	25,203,359	3,132,548	2,204,275	–

30. AMOUNTS OWING TO RELATED COMPANIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade	11,400	527,304	–	–
Non-trade	160,400	184,135	–	42,542
	171,800	711,439	–	42,542

(a) Amounts owing to related companies are classified as financial liabilities measured at amortised cost.

(b) The trade amounts owing to related companies are unsecured, interest-free and payable within twelve months in cash and cash equivalents. Credit terms of trade amounts owing to related companies granted to the Group are 30 days (2019: 30 days) from date of invoice.

(c) The non-trade amounts due to related companies mainly comprise of payments on behalf which are unsecured, interest-free and payable within twelve month in cash and cash equivalents.

(d) All amounts owing to related companies are denominated in RM.

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

31. REDEEMABLE PREFERENCE SHARES

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
As at 1 April 2019/2018	25,193,044	25,193,044	25,193,044	25,193,044
Redemption during the year	(25,193,044)	(25,193,044)	–	–
As at 31 March 2020/2019	–	–	25,193,044	25,193,044

(a) During the financial year, the Company fully redeemed 25,193,044 redeemable preference shares (RPS) for the total redemption sum of RM25,193,044 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.

32. CONTINGENT LIABILITIES

	Company	
	2020 RM	2019 RM
Corporate guarantees given to banks for credit facilities granted to subsidiaries		
– Limit of guarantee	65,500,000	50,500,000
– Amount utilised	14,322,721	27,078,189

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 statements 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.

33. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue from contracts with customers:				
Projects	47,976,184	33,778,212	–	–
Maintenance income	40,627,037	33,452,500	2,524,432	2,277,446
Sales of hardware equipment and software	131,740,100	122,525,766	–	–
Management fees	864,000	864,000	5,019,600	4,923,800
Software licensing fees	–	–	1,018,750	3,189,650
Integration charges	–	–	535,220	665,836
	221,207,321	190,620,478	9,098,002	11,056,732
Timing of revenue recognition				
Transferred over time	88,603,221	67,230,712	3,543,182	5,467,096
Transferred at a point in time	132,604,100	123,389,766	5,554,820	5,589,636
	221,207,321	190,620,478	9,098,002	11,056,732

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

(a) Projects

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

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

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

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

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

The Group recognises revenue over time using an input method by reference to the labour hours expended relative to the total expected labour hours for satisfaction of that performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group.

33. REVENUE (CONT'D.)

(a) Projects (cont'd.)

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

(b) Maintenance income

Revenue from sale of maintenance and software support services rendered is recognised over time throughout the period of contracts using an input method. Income for the expired period is recognised in the profit or loss on accrual basis and income relating to the unexpired period is carried forward as deferred maintenance income.

(c) Sales of hardware equipment and software

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

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

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

(d) Management fees

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

(e) Software licensing fees

Revenue from sale of internally developed software licensing is recognised over the period of the contract when the customers activate or upon acceptance of delivery of the access code to customers. Such performance obligation is met over time as customer simultaneously receives and consumes benefits of services as and when the Company grants the right to access of the software license as well as keeps possession of the software.

(f) Integration charges

Revenue from sale of integration charges is recognised at a point in time when the services has been rendered to the customers and coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

34. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
– redeemable preference shares	796,302	2,393,339	–	–
– letter of credit and trust receipts	1,241,358	943,297	–	–
– lease liabilities	723,452	–	284,002	
– hire purchase	–	319,223	–	21,466
– bank overdraft	189,827	149,494	–	–
– provision for restoration cost	10,575	–	10,575	–
	2,961,514	3,805,353	294,577	21,466

35. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense based on profit for the financial year	2,512,348	1,014,338	238,772	210,829
Under/(Over) provision in prior years	177,189	(592,646)	(939)	(57,921)
	2,689,537	421,692	237,833	152,908
Deferred tax (Note 12)				
Relating to origination on and reversal of temporary differences	556,088	(112,759)	36,689	(106,237)
Under/(Over) provision in prior years	472,406	(44,982)	648,085	(79,583)
	1,028,494	(157,741)	684,774	(185,820)
	3,718,031	263,951	922,607	(32,912)

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.

35. TAXATION (CONT'D.)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	3,375,642	304,444	(421,603)	(163,230)
Tax effects in respect of:				
Non-deductible expenses	2,251,238	1,337,675	796,067	975,966
Income not subject to tax	(382,593)	(2,940,984)	(99,003)	(950,701)
Deferred tax assets not recognised during the year	225,798	2,445,688	–	242,557
Utilisation of deferred tax previously not recognised	(2,401,649)	(245,244)	–	–
	3,068,436	901,579	275,461	104,592
Under/(Over) provision of tax in prior years:				
Income tax	177,189	(592,646)	(939)	(57,921)
Deferred tax	472,406	(44,982)	648,085	(79,583)
	649,595	(637,628)	647,146	(137,504)
	3,718,031	263,951	922,607	(32,912)

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

	Group		
	Before tax RM	Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
2020			
Foreign currency translations	224,829	–	224,829
2019			
Foreign currency translations	2,644	–	2,644

36. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

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

	Group	
	2020	**2019**
	RM	**RM**
Profit attributable to equity holders of the parent	10,348,733	869,919
Weighted average number of ordinary shares in issue	172,091,087	167,368,100
Basic earnings per ordinary share (sen)	6.01	0.52

(b) Diluted earnings per ordinary share

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

37. PROVISION FOR GRATUITY OBLIGATIONS

(a) 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.

(b) The amount recognised in the statements of financial position is as follows:

	Group	
	2020	**2019**
	RM	**RM**
Present value of unfunded defined benefit obligations	1,908,217	1,549,422
Analysed as follows:		
Non-current liabilities		
– more than 3 years and less than 4 years	370,783	–
– more than 4 years and less than 5 years	106,754	392,826
– more than 5 years	1,430,680	1,156,596
	1,908,217	1,549,422

37. PROVISION FOR GRATUITY OBLIGATIONS (CONT'D.)

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

	Group	
	2020 RM	2019 RM
Balance as at 1 April 2019/2018	1,549,422	1,503,952
Current service cost recognised in profit or loss	358,795	45,470
Balance as at 31 March 2020/2019	1,908,217	1,549,422

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

	Group	
	2020	2019
Discount rate	4.07%	4.85%
Salary increase rate	4.18%	4.05%
Annual voluntary resignation rate	41.70% – 60.00%	41.70% – 60.00%
Mortality rate	0.0002 – 0.0055	0.0002 – 0.0055
Normal retirement age	60 years	60 years

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

	Group Gratuity obligations	
	2020 RM	2019 RM
Effects of 100bp changes in:		
– discount rate	±135,833	±119,592
– salary increase rate	±151,518	±134,700
– annual voluntary resignation rate	±32,414	±29,141

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

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

38. EMPLOYEE BENEFITS

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages, bonuses and allowances	14,225,070	14,922,208	2,517,422	2,992,712
Defined contribution plan	1,748,132	1,909,264	298,802	362,780
Share options granted under Employee Share Option Scheme:				
– Directors	51,734	355,328	51,734	355,328
– Other employees	136,028	100,116	60,455	24,634
Provision for gratuity obligations	358,795	45,470	–	–
Other employee benefits	1,797,205	1,719,982	679,166	751,691
	18,316,964	19,052,368	3,607,579	4,487,145

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' fees	505,000	477,500	447,500	477,500
Salaries and other short term employee benefits:				
– Directors	644,500	685,010	180,400	278,030
– Other key management personnel	2,252,133	2,414,404	1,107,116	1,263,399
	2,896,633	3,099,414	1,287,516	1,541,429

Estimated monetary value of benefits-in-kind provided to the Directors and key management personnel of both the Group and the Company are RM49,850 and RM21,250 respectively (2019: RM79,630 and RM21,250).

39. 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.

On 11 October 2019, in pursuant to the By-Laws 26.3 of the Company's LTIP By-Laws and upon the recommendation by the LTIP Committee, the Board of Directors resolved to extend its existing LTIP for a period of five (5) years commencing from 27 October 2019 on the same terms and conditions as stipulated in the said By-Laws.

39. 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 18 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)	1.300	1.160	0.440
Date of grant	28 July 2016	13 September 2016	29 March 2018
Share price of the Company at grant date (RM)	1.580	1.300	0.510
Option life (years)	3.0	3.0	1.5
Volatility (%)	74.26	55.63	50.05
Risk-free rate (%)	3.76	3.76	3.76

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

		Number of options over ordinary shares				
	Option price	Outstanding as at	Movements during the financial year			Outstanding as at
Date of offer	RM	1.4.2019	Granted	Exercised	Lapsed	31.3.2020
28 July 2016	1.30	7,765,000	–	–	(7,765,000)	–
13 September 2016	1.16	2,760,000	–	–	(2,760,000)	–
29 March 2018	0.44	800,000	–	–	(800,000)	–
		11,325,000	–	–	(11,325,000)	–

40. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its 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	
	2020	**2019**
	RM	**RM**
Ultimate holding company		
Management fee income	864,000	864,000
Sales	16,845	18,535
Purchases	6,206	–
Interest expense	796,302	2,393,339
Management fee expense	1,216,800	1,216,800
Meeting room rental expense	2,560	67,420
Office rental expense	–	55,000
Redemption of redeemable preference share	25,193,044	–
Immediate holding company		
Office rental expense	38,659	4,516
Related companies		
Sales	18,596,339	22,269,627
Purchases	67,993	165,864
Office rental expense	313,760	77,000
Secretarial fee	104,510	90,095
Related party		
Equipment rental expense	75,600	102,800

40. 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: (cont'd.)

	Company	
	2020	**2019**
	RM	**RM**
Ultimate holding company		
Management fee income	864,000	864,000
Management fee expense	1,216,800	1,216,800
Immediate holding company		
Office rental expense	38,659	4,516
Subsidiaries		
Management fee income	4,155,600	4,059,800
Maintenance income	1,991,827	2,177,375
Integration income	535,220	665,836
Software licensing fee expense	13,679	18,043
Integration charges	425,297	739,425
Related companies		
Office rental expense	280,760	–
Secretarial fee expense	53,298	47,542

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.

The remuneration of the Directors and other members of key management are disclosed in the Note 38 to the financial statements.

41. OPERATING LEASE COMMITMENTS

The Group and the Company had entered into lease agreements for the use of office and computer software and hardware, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

	-------------------- Future minimum lease payments --------------------			
	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than 1 year	–	389,853	–	39,480
Later than 1 year and not later than 5 years	–	37,245	–	318
	–	427,098	–	39,798

42. 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 2020 and 31 March 2019.

(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 2020 and 31 March 2019 are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total borrowings (Note 23)	13,058,022	27,748,806	–	275,613
Total equity	38,662,857	18,569,408	14,412,051	10,672,260
Gearing ratio	33.77%	149.43%	–	2.58%

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 2020.

42. 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 is 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 15, 20 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 11, 17, 18, 19, 23, 26, 27, 28 and 30 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 11, 20, 23 and 27 to the financial statements respectively.

42. 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 14(i) 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 10 to the financial statements.

43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection (COVID-19) a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order (MCO) effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 August 2020.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next 12 months after the end of the reporting period. The Group does not anticipate significant supply disruptions to operations and would continue monitoring its funds and operational needs.

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

(a) On 22 July 2020, the Company has entered into a Joint Venture and Shareholders' Agreement with Scicom (MSC) Berhad (SCICOM) for the development, operation and maintenance of Foreign Worker Management System for the Government of Malaysia. The Company will acquire remaining 50% equity interest, representing 5,000 ordinary shares in the Joint Venture Company at an issue price of RM1.00 per ordinary shares for a total consideration of RM5,000.

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

45. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs

45.1 New MFRSs adopted during the financial year

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

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

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

MFRS 16 *Leases*

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

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

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

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

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

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

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

MFRS 16 *Leases* (cont'd.)

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 April 2019. The range of incremental borrowing rates of the Group and of the Company applied to the lease liabilities on 1 April 2019 were between 4.48% to 8.70% and 6.90% to 8.58% respectively.

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

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

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

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

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

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

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

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

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

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

MFRS 16 *Leases* (cont'd.)

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

	Note	As at 31 March 2019 RM	Impact RM	As at 1 April 2019 RM
Group				
Property, plant and equipment				
– Owned		814,417	(306,667)	507,750
– Right-of-use assets	(a)	–	1,127,621	1,127,621
Finance lease receivables	(b)	–	4,066,905	4,066,905
Deferred tax assets		4,397,060	(35,360)	4,361,700
Borrowings		27,748,806	(5,464,044)	22,284,762
Lease liabilities	(c)	–	10,204,569	10,204,569
Accumulated losses		(31,079,979)	111,974	(30,968,005)
Company				
Property, plant and equipment				
– Owned		354,830	(306,667)	48,163
– Right-of-use assets		–	798,964	798,964
Borrowings		275,613	(275,613)	–
Lease liabilities	(c)	–	767,910	767,910

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

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

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

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

MFRS 16 *Leases* (cont'd.)

(c) Lease liabilities of the Group and of the Company are measured as follows:

Group	RM
Operating lease commitments at 31 March 2019 as disclosed under MFRS 117	427,098
Weighted average incremental borrowing rate as at 1 April 2019	5.71%
Discounted operating lease commitments as at 1 April 2019	419,333
Finance lease liabilities recognised as at 31 March 2019	5,464,044
Recognition exemption for leases of low-value assets	(120,535)
Recognition exemption for leases with less than 12 months of lease term at transition	(139,767)
Extension options reasonably certain to be exercised	633,549
Contracts reassessed as lease contracts	3,947,945
Lease liabilities recognised at 1 April 2019	10,204,569

Company	RM
Operating lease commitments at 31 March 2019 as disclosed under MFRS 117	39,798
Weighted average incremental borrowing rate as at 1 April 2019	7.90%
Discounted operating lease commitments as at 1 April 2019	39,374
Finance lease liabilities recognised as at 31 March 2019	275,613
Recognition exemption for leases with less than 12 months of lease term at transition	(3,963)
Extension options reasonably certain to be exercised	456,886
Lease liabilities recognised at 1 April 2019	767,910

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

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

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

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

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

46. FINANCIAL REPORTING UPDATES

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

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

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

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

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

member of OMESTI group

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