

FINANCIAL STATEMENTS

microlink®

INTEGRATION EXCELLENCE

ANNUAL REPORT 2021





VOLUME 2

FINANCIAL STATEMENTS

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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 2021.

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	Company
	RM	RM
Profit/(Loss) for the financial year	31,791,115	(789,637)
Attributable to:		
Owners of the parent	31,762,294	(789,637)
Non-controlling interests	28,821	–
	31,791,115	(789,637)

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

- First interim cash dividend of 1.00 sen per ordinary share, amounting to RM1,841,049 in respect of the current financial year, paid on 26 August 2020; and
- Second interim cash dividend of 1.00 sen per ordinary share, amounting to RM1,854,308 in respect of the current financial year, paid on 12 January 2021.

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.

DIRECTORS' REPORT (CONT'D.)**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the issued and fully paid-up ordinary shares of the Company were increased from 184,104,900 ordinary shares to 241,290,340 ordinary shares by way of issuance of 57,185,440 new ordinary shares pursuant to the following:

- (i) 1,556,200 ordinary shares issued under Employee Share Grant Plan at exercise prices ranging from RM1.45 to RM2.2322 per ordinary share at no consideration; and
- (ii) 55,629,240 ordinary shares issued under restricted issue at exercise price of RM0.90 each for cash.

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.

During the financial year, the Company has awarded 1,556,200 new ordinary shares under the ESGP to eligible employees of the Company.

DIRECTORS

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

Microlink Solutions Berhad

Tun Arifin bin Zakaria

Dato' Jaganath Derek Steven Sabapathy

Monteiro Gerard Clair

Tai Keat Chai

Martin Chu Leong Meng

Mah Xian-Zhen

Dato' Seri Mohd Khairi bin Dato' Mat Jahya

(appointed on 15 February 2021)

Dato' Sri Chee Hong Leong

(appointed on 15 February 2021)

DIRECTORS' REPORT (CONT'D.)

DIRECTORS (CONT'D.)

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

Subsidiaries of 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
Nazri bin Ismail
Ku Azhar bin Ku Abdul Razak
Ryan John Fernandez

(appointed on 14 April 2021)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2021 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:

Shares in the Company	Number of ordinary shares			Balance as at 31.3.2021
	Balance as at 1.4.2020	Addition	Sold	
<u>Direct interests</u>				
Monteiro Gerard Clair	5,342,899	1,096,900	–	6,439,799
Mah Xian-Zhen	118,666	20,000	–	138,666
Dato' Seri Mohd Khairi bin Dato' Mat Jahya	–	20,000,000	–	20,000,000
Dato' Jaganath Derek Steven Sabapathy	2,805,500	2,000,000	–	4,805,500
<u>Indirect interests</u>				
Monteiro Gerard Clair [#]	–	7,866	–	7,866
Dato' Seri Mohd Khairi bin Dato' Mat Jahya ^{**}	–	20,000,000	–	20,000,000
Mah Xian-Zhen [*]	30,300	700,000	–	730,300

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTERESTS (CONT'D.)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2021 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.)

Employee Share Grant Plan (ESGP) in the Company	Number of Shares under ESGP				Balance as at 31.3.2021
	Balance as at 1.4.2020	Granted	Vested	Lapsed	
Direct interests					
Monteiro Gerard Clair	–	250,800	(250,800)	–	–

Shares in the ultimate holding company	Number of ordinary shares			Balance as at 31.3.2021
	Balance as at 1.4.2020	Addition	Sold	
– Omesti Berhad				
Direct interests				
Monteiro Gerard Clair	27,202,355	2,654,700	–	29,857,055
Mah Xian-Zhen	1,464,855	41,700	(5,000)	1,501,555
Dato' Jaganath Derek Steven Sabapathy	3,869,800	–	–	3,869,800
Indirect interests				
Monteiro Gerard Clair [#]	67,467,100	–	–	67,467,100
Mah Xian-Zhen [*]	9,645,000	–	–	9,645,000

Employee Share Grant Plan (ESGP) in the ultimate holding company	Number of Shares under ESGP				Balance as at 31.3.2021
	Balance as at 1.4.2020	Granted	Vested	Lapsed	
– Omesti Berhad					
Direct interests					
Monteiro Gerard Clair	–	44,900	(44,900)	–	–
Mah Xian-Zhen	–	31,700	(31,700)	–	–

[#] 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 his substantial interest in Al Khairi Group Berhad 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.

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 was 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 there are no known bad debts to be 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 except for the effects arising from the reversal of impairment in software development expenditure of RM38,743,731 as disclosed in Note 7(f) to the financial statements.

DIRECTORS' REPORT (CONT'D.)**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D.)****(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render 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.

(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 42 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 43 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 2021 amounted to RM47,650 and RM136,350 respectively.

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

Monteiro Gerard Clair

Director

Kuala Lumpur
4 August 2021

Mah Xian-Zhen

Director

On behalf of the Board,

Mah Xian-Zhen
Director

STATUTORY DECLARATION

Thoo W'y-Kit

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 2021 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 15 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 2021 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 software development expenditure

As at 31 March 2021, the carrying amount of software development expenditure of the Group and the Company with impairment indicators was RM41,690,259 and RM3,588,366 respectively as disclosed in Note 7(e) 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, incorporating the impact of the COVID-19 pandemic.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)**KEY AUDIT MATTERS (CONT'D.)****(a) Impairment assessment of software development expenditure (cont'd.)****Audit response**

Our audit procedures included the following:

- (i) compared prior period projections to actual outcomes to assess reliability of management's forecasting process and controls;
- (ii) assessed and evaluated the assumptions used in forecasting revenues, operating profit margins and growth rates, incorporating the impact of the COVID-19 pandemic;
- (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 incorporating the impact of the COVID-19 pandemic; and
- (iv) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

(b) Impairment assessment of goodwill

The carrying amount of goodwill on consolidation as at 31 March 2021 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, incorporating 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, incorporating the impact of the COVID-19 pandemic;
- (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 incorporating the impact of the COVID-19 pandemic; and
- (iv) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

INDEPENDENT AUDITORS' REPORT (CONT'D.)
To the members of Microlink Solutions Berhad
(Incorporated in Malaysia)

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

KEY AUDIT MATTERS (CONT'D.)

(c) Impairment assessment of trade receivables

As at 31 March 2021, the Group has gross trade receivables of RM50,378,088. 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 and estimated loss given default in worst-case scenarios arising from 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;
- (iii) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (iv) challenged management on the basis for determining loss given default in worst-case scenarios arising from the impact of the COVID-19 pandemic.

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

As at 31 March 2021, the net carrying amount of investments in subsidiaries with impairment indicators amounted to RM15,946,416 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, incorporating 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, incorporating 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 incorporating the impact of the COVID-19 pandemic; and
- (iv) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)**KEY AUDIT MATTERS (CONT'D.)****(e) Impairment assessment of the amounts owing by subsidiaries**

As at 31 March 2021, the gross amounts owing by subsidiaries of the Company were RM79,084,694 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, incorporating 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, incorporating 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.

INDEPENDENT AUDITORS' REPORT (CONT'D.)
To the members of Microlink Solutions Berhad
(Incorporated in Malaysia)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D.)

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

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

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

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Kuala Lumpur
4 August 2021

Koo Swee Lin

03281/08/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	5,671,709	4,147,116	2,800,747	3,038,609
Goodwill	6	18,409,459	18,409,459	–	–
Software development expenditure	7	63,312,730	2,962,982	3,588,366	3,988,537
Investments in subsidiaries	8	–	–	17,446,928	17,446,927
Investment in a joint venture	9	5,000	–	5,000	–
Other investments	10	105,000	105,000	–	–
Finance lease receivables	11	2,316,901	620,364	2,316,901	–
Deferred tax assets	12	3,010,981	3,333,206	266,640	266,640
		92,831,780	29,578,127	26,424,582	24,740,713
Current assets					
Inventories and contract costs	13	6,622,087	8,348,330	–	–
Other investments	10	99,415	110,045	82,126	83,869
Trade receivables	14	32,768,274	72,824,377	6,286,401	6,151,563
Other receivables, deposits and prepayments	15	10,150,095	19,345,946	907,955	738,899
Contract assets	16	7,389,392	3,639,956	–	–
Finance lease receivables	11	2,085,369	1,780,594	1,438,737	–
Amount owing by ultimate holding company	17	23,525,524	300,560	18,522,878	–
Amount owing by immediate holding company	18	15,461,397	216,713	15,291,505	–
Amounts owing by subsidiaries	19	–	–	13,222,407	244,850
Current tax assets		3,714,262	1,676,963	1,345,457	839,993
Cash and bank balances	20	11,013,751	22,790,167	16,172	256,669
		112,829,566	131,033,651	57,113,638	8,315,843
TOTAL ASSETS		205,661,346	160,611,778	83,538,220	33,056,556

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

As At 31 March 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	105,582,794	52,833,057	105,582,794	52,833,057
Reserves	22	41,826	44,811	–	–
Retained earnings/ (Accumulated losses)		13,851,926	(14,215,011)	(42,906,000)	(38,421,006)
		119,476,546	38,662,857	62,676,794	14,412,051
Non-controlling interests	8(d)	487,080	443,969	–	–
TOTAL EQUITY		119,963,626	39,106,826	62,676,794	14,412,051
LIABILITIES					
Non-current liabilities					
Provision for gratuity obligations	36	2,135,025	1,908,217	–	–
Other payables and provision	25	157,548	146,148	157,548	146,148
Lease liabilities	26	6,821,676	3,725,973	4,779,853	2,529,880
		9,114,249	5,780,338	4,937,401	2,676,028
Current liabilities					
Trade payables	27	17,374,499	42,857,804	–	–
Other payables and provision	25	15,396,192	24,153,593	2,080,936	733,112
Contract liabilities	28	17,704,050	28,456,355	597,279	631,264
Amount owing to ultimate holding company	17	59,078	782,082	–	712,922
Amount owing to immediate holding company	18	65,392	37,389	–	37,389
Amounts owing to subsidiaries	19	–	–	10,708,302	13,232,836
Amounts owing to related companies	29	1,293,359	171,800	477,609	–
Borrowings	23	20,388,234	13,058,022	–	–
Lease liabilities	26	3,273,666	5,050,737	2,059,899	620,954
Current tax liabilities		1,029,001	1,156,832	–	–
		76,583,471	115,724,614	15,924,025	15,968,477
TOTAL LIABILITIES		85,697,720	121,504,952	20,861,426	18,644,505
TOTAL EQUITY AND LIABILITIES		205,661,346	160,611,778	83,538,220	33,056,556

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	32	178,111,677	221,207,321	12,272,746	9,098,002
Cost of sales		(139,676,418)	(176,353,582)	(476,598)	(379,980)
Gross profit		38,435,259	44,853,739	11,796,148	8,718,022
Other operating income		41,454,166	2,751,990	418,979	462,507
Distribution costs		(931,564)	(699,571)	(46,303)	(45,545)
Administrative expenses		(27,641,553)	(24,643,201)	(11,090,923)	(7,496,826)
Other operating expenses		(16,122,618)	(5,236,268)	(1,620,118)	(3,100,261)
Finance costs	33	(2,007,952)	(2,961,514)	(383,693)	(294,577)
Profit/(Loss) before taxation		33,185,738	14,065,175	(925,910)	(1,756,680)
Taxation	34	(1,394,623)	(3,718,031)	136,273	(922,607)
Profit/(Loss) for the financial year		31,791,115	10,347,144	(789,637)	(2,679,287)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations for foreign operations, net of tax	34(c)	11,305	224,829	–	–
Total comprehensive income/(loss)		31,802,420	10,571,973	(789,637)	(2,679,287)
Profit/(Loss) attributable to:					
Owners of the parent		31,762,294	10,348,733	(789,637)	(2,679,287)
Non-controlling interests	8(d)	28,821	(1,589)	–	–
		31,791,115	10,347,144	(789,637)	(2,679,287)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D.)

For the financial year ended 31 March 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		31,759,309	10,588,473	(789,637)	(2,679,287)
Non-controlling interests	8(d)	43,111	(16,500)	–	–
		31,802,420	10,571,973	(789,637)	(2,679,287)
Earnings per ordinary share attributable to equity holders of the Company:					
Basic (sen)	35	15.87	6.01		
Diluted (sen)	35	15.87	6.01		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

Group	Note	Non-distributable		(Accumulated losses)/ Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Exchange translation reserve RM				
Balance as at 1 April 2020		52,833,057	44,811	(14,215,011)	38,662,857	443,969	39,106,826
Profit for the financial year		–	–	31,762,294	31,762,294	28,821	31,791,115
Foreign currency translation for foreign operations, net of tax		–	(2,985)	–	(2,985)	14,290	11,305
Total comprehensive income		–	(2,985)	31,762,294	31,759,309	43,111	31,802,420
Transactions with owners							
Shares issued under restricted issue	21	50,080,223	–	–	50,080,223	–	50,080,223
Shares issued pursuant to Employee Share Grant Plan	21	2,669,514	–	–	2,669,514	–	2,669,514
Dividends paid	37	–	–	(3,695,357)	(3,695,357)	–	(3,695,357)
Total transactions with owners		52,749,737	–	(3,695,357)	49,054,380	–	49,054,380
Balance as at 31 March 2021		105,582,794	41,826	13,851,926	119,476,546	487,080	119,963,626

Group	Note	Non-distributable			Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Equity compensation reserve RM	Exchange translation reserve RM				
Balance as at 1 April 2019		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

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

Company	Note	Non-distributable		Total equity RM
		Share capital RM	Accumulated losses RM	
Balance as at 1 April 2020		52,833,057	(38,421,006)	14,412,051
Loss for the financial year		–	(789,637)	(789,637)
Other comprehensive loss, net of tax		–	–	–
Total comprehensive loss		–	(789,637)	(789,637)
Transactions with owners				
Shares issued under restricted issue	21	50,080,223	–	50,080,223
Shares issued pursuant to Employee Share Grant Plan	21	2,669,514	–	2,669,514
Dividends paid	37	–	(3,695,357)	(3,695,357)
Total transactions with owners		52,749,737	(3,695,357)	49,054,380
Balance as at 31 March 2021		105,582,794	(42,906,000)	62,676,794

Company	Note	Non-distributable			Total equity RM
		Share capital RM	Equity compensation reserve RM	Accumulated losses RM	
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

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2021

		Group		Company		
	Note	2021 RM	2020 RM	2021 RM	2020 RM	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(Loss) before taxation		33,185,738	14,065,175	(925,910)	(1,756,680)	
Adjustments for:						
Amortisation of software development expenditure		7	1,937,558	1,555,562	915,707	2,368,979
Depreciation of property, plant and equipment		5	1,155,054	1,058,060	677,026	699,988
Gain on disposals of property, plant and equipment			(94,311)	(322)	–	–
Impairment losses on:						
– amount owing by ultimate holding company		17(e)	56,157	547	17,603	–
– amount owing by immediate holding company		18(e)	12,440	–	12,083	–
– amounts owing by subsidiaries		19(e)	–	–	404,344	1,083,975
– trade receivables		14	10,789,473	779,225	773,853	387,806
– contract asset		16	78,651	–	–	–
Interest expense		33	2,007,952	2,961,514	383,693	294,577
Interest income			(371,613)	(576,820)	–	(10,397)
Inventories written down		13(a)(iii)	1,311,854	–	–	–
Inventories written off		13(a)(ii)	–	969,485	–	–
Property, plant and equipment written off		5	–	570	–	–
Provision for gratuity obligations		36	226,808	358,795	–	–
Reversal of impairment losses on:						
– amount owing by ultimate holding company		17(e)	–	(5,147)	–	–
– amount owing by immediate holding company		18(e)	–	(42,644)	–	–
– amounts owing by subsidiaries		19(e)	–	–	(140,474)	(346,501)
– trade receivables		14	(841,026)	(1,604,882)	(201,322)	(63,261)
– software development expenditure		7	(38,743,731)	–	–	–

STATEMENTS OF CASH FLOWS (CONT'D.)

For the financial year ended 31 March 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Share options granted under Employee Share Option Scheme		–	187,762	–	112,189
Share options granted under Employee Share Grant Plan	21	2,669,514	–	2,669,514	–
Loss on liquidation of a subsidiary	8(c)(ii)	–	806,414	–	–
Net unrealised loss/(gain) on foreign exchange		15,892	17,045	(83)	–
Lease concession	26	(35,895)	–	(35,095)	–
Operating profit before changes in working capital		13,360,515	20,530,339	4,550,939	2,770,675
Decrease in inventories and contract costs		414,389	1,676,655	–	–
Decrease/(Increase) in trade and other receivables		39,285,649	(34,415,024)	538,313	6,491,450
Increase in contract assets		(3,828,087)	(324,565)	–	–
(Increase)/Decrease in finance lease receivables		(2,001,312)	1,665,947	(3,755,638)	–
(Decrease)/Increase in trade and other payables		(28,544,370)	31,495,773	6,294,156	(1,014,843)
(Decrease)/Increase in contract liabilities		(10,752,305)	120,448	(33,985)	(1,573,011)
Cash generated from operations		7,934,479	20,749,573	7,593,785	6,674,271
Interest received		111,640	221,105	–	–
Tax paid		(3,239,650)	(2,538,173)	(369,191)	(520,653)
Tax refunded		2,122	4,618,683	–	913,385
Net cash from operating activities		4,808,591	23,051,188	7,224,594	7,067,003

STATEMENTS OF CASH FLOWS (CONT'D.)
For the financial year ended 31 March 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Addition of software development expenditure	7	(23,543,575)	(226,693)	(515,536)	(503,535)
Advances to ultimate holding company		(24,004,125)	(1,098,796)	(19,253,403)	(1,578,843)
Advances (to)/from immediate holding company		(15,229,121)	5,734,500	(15,340,977)	32,872
(Advances to)/repayments from subsidiaries		–	–	(17,099,339)	11,800,530
Interest received		259,973	355,715	–	10,397
Withdrawal of deposits from licensed banks		2,922,343	3,370,315	–	–
Proceeds from disposal of property, plant and equipment		188,049	334	–	–
Disposal/(Purchase) of other investments		10,630	(3,394)	1,743	(2,751)
Purchase of property, plant and equipment	5(e)	(193,399)	(96,713)	–	–
Subscription of newly issued shares in subsidiaries	8(c)(i)	–	–	(1)	–
Acquisition of interests in joint venture		(5,000)	–	(5,000)	–
Net cash (used in)/from investing activities		(59,594,225)	8,035,268	(52,212,513)	9,758,670

STATEMENTS OF CASH FLOWS (CONT'D.)

For the financial year ended 31 March 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdowns/(repayments) of borrowings		6,688,770	(11,436,357)	–	–
Net repayment of lease liabilities		(6,459,712)	(5,490,560)	(1,637,444)	(656,975)
Proceeds from ordinary shares issued pursuant to private placement	21	–	9,205,240	–	9,205,240
Proceeds from ordinary shares issued under restricted issue	21	50,080,223	–	50,080,223	–
Redemption of redeemable preference shares	30	–	(25,193,044)	–	(25,193,044)
Interest paid		(1,371,831)	(2,227,487)	–	–
Dividends paid		(3,695,357)	–	(3,695,357)	–
Net cash from/(used) in financing activities		45,242,093	(35,142,208)	44,747,422	(16,644,779)
Net (decrease)/increase in cash and cash equivalents		(9,543,541)	(4,055,752)	(240,497)	180,894
Cash and cash equivalents at beginning of financial year		13,616,309	17,626,777	256,669	75,775
Effect of changes in exchange rates		48,026	45,284	–	–
Cash and cash equivalents at end of financial year	20(d)	4,120,794	13,616,309	16,172	256,669

STATEMENTS OF CASH FLOWS (CONT'D.)
For the financial year ended 31 March 2021

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(i) Borrowings				
As at 1 April 2020/2019	10,848,405	22,284,762	–	–
Cash flows	6,688,770	(11,436,357)	–	–
As at 31 March 2021/2020	17,537,175	10,848,405	–	–
(ii) Redeemable preference shares				
As at 1 April 2020/2019	–	25,193,044	–	25,193,044
Cash flows	–	(25,193,044)	–	(25,193,044)
As at 31 March 2021/2020 30	–	–	–	–
(iii) Lease liabilities				
As at 1 April 2020/2019	8,776,710	10,204,569	3,150,834	767,910
Cash flows	(6,459,712)	(5,490,560)	(1,637,444)	(656,975)
Non-cash flows				
– Addition of leases	7,080,411	3,339,249	4,729,389	2,755,897
– Unwinding of interest	624,721	723,452	372,293	284,002
– Lease modification	109,107	–	259,775	–
– Lease concessions	(35,895)	–	(35,095)	–
As at 31 March 2021/2020 26	10,095,342	8,776,710	6,839,752	3,150,834
Total liabilities from financing activities	27,632,517	19,625,115	6,839,752	3,150,834

* For reconciliation of liabilities arising from financing activities purpose, the bank overdraft has been excluded from the borrowings as cash and cash equivalents include bank overdraft.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

I. 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 2021 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 4 August 2021.

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 44.1 to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-10-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

4. OPERATING SEGMENTS (CONT'D.)

(a) Business segments (cont'd.)

2021	Financial Services RM	Enterprise Solutions RM	Distribution Services RM	Solution Delivery RM	Elimination RM	Consolidation RM
Revenue						
External sales	25,411,574	14,623,430	131,455,933	6,620,740	–	178,111,677
Inter-segment sales	11,896,792	566,380	3,664,174	524,417	(16,651,763)	–
Total	37,308,366	15,189,810	135,120,107	7,145,157	(16,651,763)	178,111,677
Results						
Interest income	111,343	171,048	100,299	2,763	(13,840)	371,613
Reversal of impairment losses on trade receivables	88,678	26,079	726,269	–	–	841,026
Reversal of impairment losses on software development expenditure	38,743,731	–	–	–	–	38,743,731
Gain on disposal of property, plant and equipment	13,802	–	–	2,627	77,882	94,311
Amortisation of software development expenditure	(2,349,929)	(193,240)	–	(125,140)	730,751	(1,937,558)
Depreciation of property, plant and equipment	(831,392)	(19,718)	(291,223)	(12,721)	–	(1,155,054)
Impairment losses on amount due from ultimate holding company	(17,603)	(38,061)	(493)	–	–	(56,157)
Impairment losses on amount due from immediate holding company	(12,083)	(357)	–	–	–	(12,440)
Impairment losses on trade receivables	(629,374)	(114,147)	(10,025,240)	(20,712)	–	(10,789,473)
Inventories written down	–	–	(1,311,854)	–	–	(1,311,854)
Impairment losses on contract asset	–	–	–	(78,651)	–	(78,651)
Interest expense	(631,278)	(126,858)	(1,605,455)	(41,053)	396,692	(2,007,952)
Taxation	(256,446)	2,794	(81,749)	(1,059,222)	–	(1,394,623)
Segment profit before tax	38,346,332	1,776,494	(12,394,348)	3,799,042	1,658,218	33,185,738
Capital expenditure (exclude right-of-use assets)	186,214	1,584	49,751	–	(44,150)	193,399
Software development expenditure	3,685,536	16,354,053	–	3,754,201	(250,215)	23,543,575
Segment assets	138,159,555	31,858,084	73,698,672	18,776,907	(56,831,872)	205,661,346
Segment liabilities	96,261,799	26,220,368	115,882,482	11,719,847	(164,386,776)	85,697,720

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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
Gain on disposal of property, plant and equipment	322	–	–	–	–	322
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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
2021					
Malaysia	176,160,649	205,294,812	84,632,562	23,736,974	3,092,612
Overseas	1,951,028	366,534	1,065,158	–	–
	178,111,677	205,661,346	85,697,720	23,736,974	3,092,612
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

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, the Group does not have significant reliance on a single customer, with whom the Group transacted 10 (ten) percent or more of its revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

5. PROPERTY, PLANT & EQUIPMENT

Group	Balance as at 1.4.2020 RM	Lease modification RM	Additions RM	Disposals RM	Lease termination RM	Written off RM	Depreciation charge for the financial year RM	Exchange adjustments RM	Balance as at 31.3.2021 RM
Carrying amount									
Buildings	3,053,642	143,123	92,510	-	(278,612)	-	(452,753)	-	2,557,910
- Right-of-use assets	4,411	-	1,584	-	-	-	(1,282)	-	4,713
Furniture and fittings	8,591	-	6,400	(1)	-	*	(4,830)	-	10,160
Office equipment									
Computer software and hardware									
- Owned	349,834	-	185,415	(93,737)	-	-	(184,890)	-	256,622
- Right-of-use assets	240,388	-	137,012	-	-	-	(89,954)	-	287,446
Renovations	14,464	-	-	-	-	-	(359)	1,104	15,209
Motor vehicles									
- Owned	-	-	-	-	-	-	-	-	-
- Right-of-use assets	475,786	262,472	2,222,377	-	-	-	(420,986)	-	2,539,649
	4,147,116	405,595	2,645,298	(93,738)	(278,612)	-	(1,155,054)	1,104	5,671,709

	As at 31.3.2021		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	3,431,956	(874,046)	2,557,910
- Right-of-use assets	176,585	(171,872)	4,713
Furniture and fittings	59,940	(49,780)	10,160
Office equipment			
Computer software and hardware			
- Owned	287,364	(2,617,032)	256,622
- Right-of-use assets	406,806	(119,360)	287,446
Renovations	191,416	(176,207)	15,209
Motor vehicles			
- Owned	20,800	(20,800)	-
- Right-of-use assets	3,432,575	(892,926)	2,539,649
	10,593,732	(4,922,023)	5,671,709

* Refers to office equipment fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

Company	Balance as at 1.4.2020 RM	Lease modification RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2021 RM
Carrying amount					
Buildings					
– Right-of-use assets	2,539,150	(2,697)	–	(348,296)	2,188,157
Furniture and fittings	4	–	–	–	4
Office equipment	6	–	–	–	6
Computer software and hardware	23,663	–	–	(13,531)	10,132
Motor vehicles					
– Right-of-use assets	475,786	262,472	179,389	(315,199)	602,448
	3,038,609	259,775	179,389	(677,026)	2,800,747

	As at 31.3.2021		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings			
– Right-of-use assets	2,893,344	(705,187)	2,188,157
Furniture and fittings	27,647	(27,643)	4
Office equipment	31,368	(31,362)	6
Computer software and hardware	208,359	(198,227)	10,132
Motor vehicles			
– Right-of-use assets	1,389,587	(787,139)	602,448
	4,550,305	(1,749,558)	2,800,747

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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 1.4.2020 RM	Lease modification RM	Additions RM	Lease termination RM	Depreciation charge for the financial year RM	Balance as at 31.3.2021 RM
Group						
Buildings	3,053,642	143,123	92,510	(278,612)	(452,753)	2,557,910
Computer software and hardware	240,388	–	137,012	–	(89,954)	287,446
Motor vehicles	475,786	262,472	2,222,377	–	(420,986)	2,539,649
	3,769,816	405,595	2,451,899	(278,612)	(963,693)	5,385,005
Company						
Buildings	2,539,150	(2,697)	–	–	(348,296)	2,188,157
Motor vehicles	475,786	262,472	179,389	–	(315,199)	602,448
	3,014,936	259,775	179,389	–	(663,495)	2,790,605

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

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

Carrying amount	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 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

- (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		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation charge of right use assets (included in administrative expenses)	963,693	832,627	633,495	675,498
Interest expense on lease liabilities (included in finance cost)	624,721	723,452	372,293	284,002
Expense relating to short-term leases (included in administrative expenses)	165,883	259,084	1,769	9,084
Expense relating to leases of low-value assets (included in administrative expenses)	144,847	111,395	113,490	3,812
Rent concessions (included in other operating income)	(35,895)	-	(35,095)	-
	1,863,249	1,926,558	1,085,952	972,396

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Purchase of property, plant and equipment	2,645,298	3,571,535	179,389	2,891,470
Provision of restoration cost made during the year	–	(135,573)	–	(135,573)
Financed by lease liabilities	(2,451,899)	(3,339,249)	(179,389)	(2,755,897)
Cash payments on purchase of property, plant and equipment	193,399	96,713	–	–

- (f) The Group has received rent concessions in the form of rent forgiveness (e.g. reductions in rent contractually due under the terms of lease agreements) from lessors during the various movement control order.

6. GOODWILL

	Group	
	2021 RM	2020 RM
Carrying amount		
Goodwill	18,409,459	18,409,459

	Cost RM	Accumulated impairment losses RM	Carrying amount RM
As at 31 March 2021			
Goodwill	18,473,370	(63,911)	18,409,459
As at 31 March 2020			
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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

6. GOODWILL (CONT'D.)

- (b) Goodwill has been allocated to the Cash Generating Units (CGUs) of the Group based on the following reportable segments:

	Group	
	2021 RM	2020 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

- (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 6.8% (2020: 7.4%) per annum;
- (iii) Forecasted growth rates ranging from 5.0% to 6.0% (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

7. SOFTWARE DEVELOPMENT EXPENDITURE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost				
As at 1 April 2020/2019	66,961,975	68,751,740	31,403,622	30,900,087
Additions during the financial year	23,543,575	226,693	515,536	503,535
Written off during the financial year	–	(2,016,458)	–	–
As at 31 March 2021/2020	90,505,550	66,961,975	31,919,158	31,403,622
Accumulated amortisation				
As at 1 April 2020/2019	(24,842,539)	(25,303,435)	(26,975,363)	(24,606,384)
Amortisation during the financial year	(1,937,558)	(1,555,562)	(915,707)	(2,368,979)
Written off during the financial year	–	2,016,458	–	–
As at 31 March 2021/2020	(26,780,097)	(24,842,539)	(27,891,070)	(26,975,363)
Accumulated impairment losses				
As at 1 April 2020/2019	(39,156,454)	(39,156,454)	(439,722)	(439,722)
Reversals during the financial year	38,743,731	–	–	–
As at 31 March 2021/2020	(412,723)	(39,156,454)	(439,722)	(439,722)
Carrying amount	63,312,730	2,962,982	3,588,366	3,988,537

- (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 RM23,543,575 (2020: RM226,693) and RM515,536 (2020: RM503,535) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

7. SOFTWARE DEVELOPMENT EXPENDITURE (CONT'D.)**(e) Impairment assessment**

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units (CGUs). The carrying amount of the software development expenditure in the Group and the Company with indications of impairment amounted to RM41,690,259 and RM3,588,366 respectively as at 31 March 2021.

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

(f) In the current financial year, the Group has successfully engaged multiple contracts from customers utilising the software research and development of the Group for core banking services and products. Due to potential future benefits, the Group has reversed previously impaired software development expenditure of RM38,743,731.

The recoverable amount of this software development expenditure as at 31 March 2021 of RM42,534,000 was determined based on the value-in-use method, using a pre-tax discount rate of 6.8% per annum.

Such development expenditure is amortised on a straight-line method over a period of 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.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	17,807,379	17,807,378
Less: Accumulated impairment losses	(360,451)	(360,451)
	17,446,928	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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		Principal activities
		2021 %	2020 %	
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
ML Tridimas Sdn Bhd (MLTSB)	Malaysia	100	–	Development of application software, system integration services and the provision of hardware and software maintenance services.
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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		Principal activities
		2021 %	2020 %	
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.

(c) Other details of investments in subsidiaries:

(i) Incorporation of a subsidiary

On 5 February 2021, the Company had subscribed for a total of 1 share represented 100% of the entire issued and paid-up share capital of MLTSB, a company incorporated in Malaysia that is engaged in the development of application software, system integration services and the provision of hardware and software maintenance services, representing 100% of the equity interest for a total cash consideration of RM1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

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

(ii) 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)

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

	MSB	FAS	PTMIM	Total
	RM	RM	RM	RM
2021				
NCI percentage of ownership interest and voting interest	49%	15%	35%	
Carrying amount of NCI	308,175	1,247	177,658	487,080
Profit/(Loss) allocated to NCI	29,330	(472)	(37)	28,821
Total comprehensive income/(loss) allocated to NCI	29,330	(472)	14,253	43,111
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)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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
2021				
Assets and liabilities				
Non-current assets	2,529	–	13,728	16,257
Current assets	638,367	11,510	743,645	1,393,522
Current liabilities	(11,968)	(3,200)	(249,773)	(264,941)
Net assets	628,928	8,310	507,600	1,144,838
Results				
Revenue	2,157,498	144,225	–	2,301,723
Profit/(loss) for the financial year	59,855	(3,146)	(106)	56,603
Total comprehensive income/(loss)	59,855	(3,146)	40,723	97,432
Cash flow from/(used in):				
– operating activities	351,502	(3,324)	(39,046)	309,132
– investing activities	(245,629)	(225)	–	(245,854)
– financing activities	(6,000)	–	(86)	(6,086)
Net increase/(decrease) in cash and cash equivalents	99,873	(3,549)	(39,132)	57,192
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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 RM15,946,416 (2020: RM15,946,415).

The 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 and Company	
	2021 RM	2020 RM
Unquoted equity shares, at cost	5,000	–
Share of post-acquisition reserves	–	–
	5,000	–

- (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		Principal activities
		2021 %	2020 %	
Joint venture with Scicom (MSC) Berhad				
Asian Contact Solution Sdn Bhd	Malaysia	50	–	Provision of e-Government solutions and services which includes the design, development, implementation, operation and maintenance of software (systems and mobile applications) and the provision of associated support services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

9. INVESTMENT IN A JOINT VENTURE (CONT'D.)

- (c) On 22 July 2020, the Company made an announcement pertaining to the Joint Venture and Shareholders' Agreement with Scicom (MSC) Berhad for the purpose of regulating the conditions for and of a joint company, namely Asian Contact Solutions Sdn Bhd (formerly known as Asian Contact Centres Sdn Bhd), to collectively bid for tenders with regards to e-Government solutions and services in Malaysia (Joint Venture).

10. OTHER INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Equity securities:				
– Transferable club memberships	105,000	105,000	–	–
Current				
Equity securities:				
– Quoted income funds in Malaysia	99,415	110,045	82,126	83,869
Total other investments	204,415	215,045	82,126	83,869

- (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				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2021						
Equity securities						
– Quoted income funds	99,415	–	–	99,415	99,415	99,415
– Transferable golf club memberships	–	–	105,000	105,000	105,000	105,000
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

10. OTHER INVESTMENTS (CONT'D.)

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

Company	Fair value of financial instruments carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2021						
Equity securities						
– Quoted income funds	82,126	–	–	82,126	82,126	82,126
2020						
Equity securities						
– Quoted income funds	83,869	–	–	83,869	83,869	83,869

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

II. 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 3.00% to 8.47% (2020: 6.55% to 8.47%) per annum.
- (d) All finance lease receivables of the Group are denominated in RM.
- (e) The finance lease receivables are subject to a fixed weighted average effective interest rate of 3.55% 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.
- (f) Impairment for finance lease receivables are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 14(d)(i) to the financial statements.
- (g) No expected credit loss is recognised arising from finance lease receivables as it is negligible.
- (h) The maturity profile of finance lease receivables at the end of each reporting period is summarised as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Present value of finance lease receivables:				
Non-current	2,316,901	620,364	2,316,901	–
Current	2,085,369	1,780,594	1,438,737	–
	4,402,270	2,400,958	3,755,638	–
Maturity:				
Within one year	2,270,725	1,887,051	1,615,017	–
One to two year	2,422,525	629,017	2,422,525	–
	4,693,250	2,516,068	4,037,542	–
Less: Unearned interest income	(290,980)	(115,110)	(281,904)	–
	4,402,270	2,400,958	3,755,638	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

12. DEFERRED TAX

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
As at 1 April 2020/2019	3,333,206	4,397,060	266,640	951,414
Effects of adoption of MFRS 16	–	(35,360)	–	–
Recognised in profit or loss (Note 34)	(322,225)	(1,028,494)	–	(684,774)
As at 31 March 2021/2020	3,010,981	3,333,206	266,640	266,640
Presented after appropriate offsetting:				
Deferred tax assets, net	3,010,981	3,333,206	266,640	266,640

- (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 2020	2,591,312	31,328	120,391	5,495,399	8,238,430
Recognised in profit or loss	(154,531)	(2,717)	(23,153)	(1,683,407)	(1,863,808)
Balance as at 31 March 2021, prior to offsetting	2,436,781	28,611	97,238	3,811,992	6,374,622
Set-off					(3,363,641)
Balance as at 31 March 2021					3,010,981
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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 2020	(353,974)	(138,145)	(20,695)	(4,392,410)	(4,905,224)
Recognised in profit or loss	8,696	138,145	14,100	1,380,642	1,541,583
Balance as at 31 March 2021, prior to offsetting	(345,278)	–	(6,595)	(3,011,768)	(3,363,641)
Set-off					3,363,641
Balance as at 31 March 2021					–
Balance as at 1 April 2019	(201,635)	(232,113)	–	(3,563,456)	(3,997,204)
Effects of adoption of MFRS 16	–	–	(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					–
Deferred tax assets of the Company					
Balance as at 1 April 2020		116,041	292,112		408,153
Recognised in profit or loss		(30,391)	(107,440)		(137,831)
Balance as at 31 March 2021, prior to offsetting		85,650	184,672		270,322
Set-off					(3,682)
Balance as at 31 March 2021					266,640
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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	Total RM
Deferred tax liabilities of the Company			
Balance as at 1 April 2020	(3,368)	(138,145)	(141,513)
Recognised in profit or loss	(314)	138,145	137,831
Balance as at 31 March 2021, prior to offsetting	(3,682)	–	(3,682)
Set-off			3,682
Balance as at 31 March 2021			–
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			–

- (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		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses				
– Expires by 31 March 2026	9,342,446	15,351,901	–	–
– Expires by 31 March 2027	2,504,143	–	–	–
– Expires by 31 March 2028	536,462	–	–	–
Unabsorbed capital allowances	5,942,190	6,961,011	–	839,517
Other deductible temporary differences	16,322,963	7,895,318	1,292,810	1,881,289
	34,648,204	30,208,230	1,292,810	2,720,806

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

13. INVENTORIES & CONTRACT COSTS

	Note	Group	
		2021 RM	2020 RM
Inventories			
At cost			
Hardware and software		–	1,311,854
Hardware maintenance parts and spares		1,126,902	820,240
	(a)	1,126,902	2,132,094
Contract costs	(b)	5,495,185	6,216,236
		6,622,087	8,348,330

(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 RM122,514,706 (2020: RM145,500,302). The amount of inventories written off recognised as expenses during the financial year amounted to Nil (2020: RM969,485).
- (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.

A write down of inventories of RM1,311,854 (2020: Nil) was made during the financial year due to decline in net realisable values 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

(b) Contract costs (cont'd.)

(iv) Movement of contract costs is as follows:

	Group	
	2021 RM	2020 RM
Balance as at 1 April 2020/2019	6,216,236	8,382,880
Capitalised during the financial year	6,609,856	11,972,345
Recognised in profit or loss	12,826,092 (7,330,907)	20,355,225 (14,138,989)
Balance as at 31 March 2021/2020	5,495,185	6,216,236

No provision for impairment losses were required on contract costs as at 31 March 2021 and 31 March 2020.

14. TRADE RECEIVABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Third parties		42,967,082	73,626,074	–	–
Related parties		7,411,006	6,893,196	8,227,489	7,520,120
		50,378,088	80,519,270	8,227,489	7,520,120
Less: Impairment losses					
– Third parties	(f)	(17,431,011)	(7,605,537)	–	–
– Related parties	(g)	(178,803)	(89,356)	(1,941,088)	(1,368,557)
		(17,609,814)	(7,694,893)	(1,941,088)	(1,368,557)
		32,768,274	72,824,377	6,286,401	6,151,563

(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 (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

14. TRADE RECEIVABLES (CONT'D.)

(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.

During the financial year, the Group identified changes in key macroeconomic factors for the purpose of determining forward-looking information affecting the measurement of expected credit losses due to the impact of the COVID-19 pandemic.

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 judgments in determining the probability of default by trade receivables and appropriate forward-looking information.

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

Group 2021	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
Current	12,076,282	(9,669)	12,066,613
Past due:			
1 to 30 days	7,381,001	(21,208)	7,359,793
31 to 60 days	3,353,298	(21,386)	3,331,912
More than 60 days	20,156,501	(17,378,748)	2,777,753
	30,890,800	(17,421,342)	13,469,458
	42,967,082	(17,431,011)	25,536,071

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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: (cont'd.)

Group 2020	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
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

(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.

Evidence that a financial asset is credit impaired includes the following observable data:

- (i) Significant financial difficulties of the debtor;
- (ii) It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- (iii) The disappearance of an active market for a security because of financial difficulties.

The probability of non-payment by the related parties is adjusted by forward-looking information as stated in Note 14(d)(i) 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.

It requires management to exercise significant judgment in determining the probability of default by related parties, appropriate forward-looking information and significant increase in credit risk incorporating the impact of the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

14. TRADE RECEIVABLES (CONT'D.)

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

	Group	
	2021 RM	2020 RM
At 1 April 2020/2019	7,605,537	11,213,917
Charge for the financial year	10,700,026	746,510
Reversal of impairment losses	(841,026)	(880,970)
Written off	(33,526)	(3,473,920)
At 31 March 2021/2020	17,431,011	7,605,537

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

	12-month expected credit loss RM	Lifetime expected credit loss		Total allowance RM
		Not credit- impaired RM	Credit- impaired RM	
Group				
At 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/1 April 2020	50,573	19,672	19,111	89,356
Charge for the financial year	24,075	–	65,372	89,447
At 31 March 2021	74,648	19,672	84,483	178,803
	12-month expected credit loss RM	Lifetime expected credit loss		Total allowance RM
		Not credit- impaired RM	Credit- impaired RM	
Company				
At 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/1 April 2020	27,897	19,803	1,320,857	1,368,557
Charge for the financial year	455	–	773,398	773,853
Reversal of impairment losses	(675)	(19,803)	(180,844)	(201,322)
At 31 March 2021	27,677	–	1,913,411	1,941,088

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

14. TRADE RECEIVABLES (CONT'D.)

- (g) 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. The Group considers advance to be credit impaired when the related parties advance is 90 days past due.
- (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				
	2021 RM	% of total	2020 RM	% of total
By country				
Malaysia	32,768,274	100.0%	72,824,377	100.0%

Company				
	2021 RM	% of total	2020 RM	% of total
By country				
Malaysia	6,286,401	100.0%	6,151,563	100.0%

At the end of each reporting period, approximately 30% (2020: 50%) of the trade receivables of the Group were due from four (4) customers (2020: two (2) customers).

At the end of each reporting period, the Company does not have significant concentration of credit risk other than related parties of RM6,286,401 (2020: RM6,151,563), which contributes 100% (2020: 100%) of total receivables of the Company.

15. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	1,265,019	1,805,634	526,244	430,598
Deposits	564,498	532,890	320,613	158,914
Prepayments	1,829,517	2,338,524	846,857	589,512
	8,320,578	17,007,422	61,098	149,387
	10,150,095	19,345,946	907,955	738,899

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	1,496,034	2,031,859	846,857	589,512
Indonesian Rupiah	333,483	306,665	–	–
	1,829,517	2,338,524	846,857	589,512

(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	
	2021 RM	2020 RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax	±26,000	±24,000

(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	
		2021 RM	2020 RM
Aggregate contract costs incurred to date		16,276,447	29,042,121
Add: Attributable profits		13,911,780	18,389,961
		30,188,227	47,432,082
Less: Progress billings		(23,595,059)	(46,153,871)
Less: Impairment losses		(78,651)	–
		6,514,517	1,278,211
Represented by:			
Contract assets			
Projects		7,389,392	3,639,956
Contract liabilities			
Projects	28	(874,875)	(2,361,745)
		6,514,517	1,278,211

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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)(i) to the financial statements.

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

	Group
	2021 RM
At 1 April 2020	–
Charge for the financial year	78,651
At 31 March 2021	78,651

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amount owing by ultimate holding company	23,583,982	302,861	18,540,481	–
Less: Impairment losses	(58,458)	(2,301)	(17,603)	–
	23,525,524	300,560	18,522,878	–
Amount owing to ultimate holding company	(59,078)	(782,082)	–	(712,922)

- (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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

(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.

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

	Group		Company	
	12-month expected credit loss			
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April 2020/2019	2,301	6,901	–	–
Charge for the financial year	56,157	547	17,603	–
Reversal of impairment losses	–	(5,147)	–	–
At 31 March 2021/2020	58,458	2,301	17,603	–

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Amount owing by immediate holding company	15,475,498	218,374	15,303,588	–
Less: Impairment losses	(14,101)	(1,661)	(12,083)	–
	15,461,397	216,713	15,291,505	–
Amount owing to immediate holding company	(65,392)	(37,389)	–	(37,389)

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

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

	Group		Company	
	12-month expected credit loss			
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April 2020/2019	1,661	44,305	–	–
Charge for the financial year	12,440	–	12,083	–
Reversal of impairment losses	–	(42,644)	–	–
At 31 March 2021/2020	14,101	1,661	12,083	–

(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	
	2021 RM	2020 RM
Amounts owing by subsidiaries	79,084,694	65,843,267
Less: Impairment losses	(65,862,287)	(65,598,417)
	13,222,407	244,850
Amounts owing to subsidiaries	(10,708,302)	(13,232,836)

- (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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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		Total allowance RM
		Not credit- impaired RM	Credit- impaired RM	
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
At 31 March/1 April 2020	1,080	–	65,597,337	65,598,417
Charge for the financial year	10,171	–	394,173	404,344
Reversal of impairment	(1,080)	–	(139,394)	(140,474)
At 31 March 2021	10,171	–	65,852,116	65,862,287

(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		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	6,950,898	15,811,272	16,172	256,669
Deposits with licensed banks	4,062,853	6,978,895	–	–
	11,013,751	22,790,167	16,172	256,669

(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 RM4,041,898 (2020: RM6,964,241) pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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			
	2021		2020	
	WAEIR %	RM	WAEIR %	RM
Fixed rates				
Deposits placed with licensed banks	1.91	4,062,853	1.56	6,978,895

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	6,950,898	15,811,272	16,172	256,669
Deposits with licensed banks	4,062,853	6,978,895	–	–
Less: Deposits pledged to licensed banks	11,013,751	22,790,167	16,172	256,669
Bank overdraft (Note 23)	(4,041,898)	(6,964,241)	–	–
	(2,851,059)	(2,209,617)	–	–
	4,120,794	13,616,309	16,172	256,669

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	10,996,098	22,766,574	16,172	256,669
United States Dollar	–	7,140	–	–
Indonesian Rupiah	17,653	16,453	–	–
	11,013,751	22,790,167	16,172	256,669

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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	
	2021 RM	2020 RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax	±1,000	±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			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
As at 1 April 2020/2019	184,104,900	52,833,057	167,368,100	43,627,817
Ordinary shares issued pursuant to private placement	–	–	16,736,800	9,205,240
Ordinary shares issued under restricted issue	55,629,240	50,080,223	–	–
Ordinary shares issued under Employee Share Grant Plan	1,556,200	2,669,514	–	–
As at 31 March 2021/2020	241,290,340	105,582,794	184,104,900	52,833,057

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company were increased from 184,104,900 ordinary shares to 241,290,340 ordinary shares by way of issuance of 57,185,440 new ordinary shares pursuant to the following:
- (i) 1,556,200 ordinary shares issued under Employee Share Grant Plan at exercise prices ranging from RM1.45 to RM2.2322 per ordinary share at no consideration; and
 - (ii) 55,629,240 ordinary shares issued under restricted issue at exercise price of RM0.90 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

22. RESERVES

	Group	
	2021 RM	2020 RM
Non-distributable:		
Exchange translation reserve	41,826	44,811

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.

23. BORROWINGS

	Group	
	2021 RM	2020 RM
Current liabilities		
Bank overdraft	2,851,059	2,209,617
Trust receipts (Note 24)	17,537,175	10,848,405
	20,388,234	13,058,022
Total borrowings		
Bank overdraft	2,851,059	2,209,617
Trust receipts (Note 24)	17,537,175	10,848,405
	20,388,234	13,058,022

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

(b) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

23. BORROWINGS (CONT'D.)

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

Group	On demand or within one year RM	One to five years RM	Total RM
31 March 2021			
Bank overdraft	2,851,059	–	2,851,059
Trust receipts	17,840,444	–	17,840,444
Total undiscounted financial liabilities	20,691,503	–	20,691,503
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

- (d) The bank overdraft of the Group is secured by the corporate guarantee given by the Company.
- (e) Bank overdraft and trust receipts of the Group are subject to floating weighted average effective interest rates of 5.4% (2020: 8.59%) and 6.38% (2020: 7.59%) per annum respectively.
- (f) Sensitivity analysis of interest rates at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021 RM	2020 RM
Effects of 100bp changes to profit after tax		
Floating rate instruments	±154,195	±99,241

24. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

25. OTHER PAYABLES & PROVISION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Provision for restoration cost	157,548	146,148	157,548	146,148
Current				
Other payables and accruals	15,068,337	23,825,738	2,080,936	733,112
Refundable deposits	327,855	327,855	–	–
	15,396,192	24,153,593	2,080,936	733,112
	15,553,740	24,299,741	2,238,484	879,260

- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April 2020/2019	146,148	–	146,148	–
Provision made during the year	–	135,573	–	135,573
Unwinding of discount	11,400	10,575	11,400	10,575
At 31 March 2021/2020	157,548	146,148	157,548	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	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	15,099,849	23,932,974	2,075,093	718,091
Indonesia Rupiah	284,323	203,072	–	–
United States Dollar	6,177	3,315	–	789
Euro	5,843	14,232	5,843	14,232
	15,396,192	24,153,593	2,080,936	733,112

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

25. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Effects of 10% changes to RM against foreign currencies				
Profit/(Loss) after tax	±23,000	±17,000	±1,000	±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 2021			
Other payables	15,396,192	–	15,396,192
Provision	–	262,016	262,016
	15,396,192	262,016	15,658,208
31 March 2020			
Other payables	24,153,593	–	24,153,593
Provision	–	273,416	273,416
	24,153,593	273,416	24,427,009
Company			
31 March 2021			
Other payables	2,080,936	–	2,080,936
Provision	–	262,016	262,016
	2,080,936	262,016	2,342,952
31 March 2020			
Other payables	733,112	–	733,112
Provision	–	273,416	273,416
	733,112	273,416	1,006,528

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

26. LEASE LIABILITIES

Carrying amount	Balance as at 1.4.2020 RM	Lease modification RM	Additions RM	Lease termination RM	Lease payments RM	Interest expense RM	Lease concession RM	Balance as at 31.3.2021 RM
Group								
Buildings	3,212,529	143,123	92,510	(296,488)	(600,102)	249,962	(35,895)	2,765,639
Computer software and hardware	5,092,084	–	4,765,524	–	(5,399,960)	299,376	–	4,757,024
Motor vehicles	472,097	262,472	2,222,377	–	(459,650)	75,383	–	2,572,679
	8,776,710	405,595	7,080,411	(296,488)	(6,459,712)	624,721	(35,895)	10,095,342
Company								
Buildings	2,678,737	(2,697)	–	–	(471,726)	214,152	(35,095)	2,383,371
Computer Software	–	–	4,550,000	–	(826,583)	120,937	–	3,844,354
Motor vehicles	472,097	262,472	179,389	–	(339,135)	37,204	–	612,027
	3,150,834	259,775	4,729,389	–	(1,637,444)	372,293	(35,095)	6,839,752

Carrying amount	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

26. LEASE LIABILITIES (CONT'D.)

Represented by:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current liabilities	3,273,666	5,050,737	2,059,899	620,954
Non-current liabilities	6,821,676	3,725,973	4,779,853	2,529,880
	10,095,342	8,776,710	6,839,752	3,150,834
Lease liabilities owing to financial institutions	4,805,289	2,736,692	3,962,695	199,850
Lease liabilities owing to non-financial institutions	5,290,053	6,040,018	2,877,057	2,950,984
	10,095,342	8,776,710	6,839,752	3,150,834

- (a) Lease liabilities are classified as financial liabilities measured at amortised cost.
- (b) All lease liabilities are denominated in RM.
- (c) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	Weighted average incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group					
31 March 2021					
Lease liabilities	3.00% – 8.70%	3,881,480	6,825,367	994,210	11,701,057
31 March 2020					
Lease liabilities	4.48% – 8.70%	5,502,517	3,077,033	1,516,300	10,095,850
Company					
31 March 2021					
Lease liabilities	3.00% – 8.58%	2,462,402	4,518,037	982,660	7,963,099
31 March 2020					
Lease liabilities	6.68% - 8.58%	858,195	1,919,712	1,403,800	4,181,707

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

27. 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 (2020: 30 days to 90 days) from date of invoice.
- (c) The currency exposure profile of trade payables is as follows:

	Group	
	2021 RM	2020 RM
Ringgit Malaysia	16,605,684	42,395,727
United States Dollar	768,815	462,077
	17,374,499	42,857,804

- (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	
	2021 RM	2020 RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax	±61,000	±37,000

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

28. CONTRACT LIABILITIES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Contract liabilities in relation to:					
Projects	16	874,875	2,361,745	–	–
Deferred income:					
– maintenance income		16,829,175	26,094,610	597,279	631,264
		17,704,050	28,456,355	597,279	631,264

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

28. CONTRACT LIABILITIES (CONT'D.)

- (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 RM26,045,052 (2020: RM25,713,147) of the Group and RM631,264 (2020: RM2,204,275) of the Company recognised in contract liabilities at the beginning of the financial year have been recognised as revenue for current financial year.
- (c) In the previous financial year, the amount of revenue recognised from performance obligation satisfied (or partially satisfied) in the previous financial year was RM14,456,118. This was mainly due to changes in the estimate of the stage of completion of the projects and changes in an estimate of the transaction price.
- (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
2021				
Projects	874,875	–	–	–
Maintenance income	15,789,667	1,039,508	597,279	–
	16,664,542	1,039,508	597,279	–
2020				
Projects	2,361,745	–	–	–
Maintenance income	23,683,307	2,411,303	631,264	–
	26,045,052	2,411,303	631,264	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

29. AMOUNTS OWING TO RELATED COMPANIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade	683,070	11,400	–	–
Non-trade	610,289	160,400	477,609	–
	1,293,359	171,800	477,609	–

- (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 (2020: 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.

30. REDEEMABLE PREFERENCE SHARES

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
As at 1 April 2020/2019	–	–	25,193,044	25,193,044
Redemption during the year	–	–	(25,193,044)	(25,193,044)
As at 31 March 2021/2020	–	–	–	–

- (a) In previous 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

30. REDEEMABLE PREFERENCE SHARES (CONT'D.)

(b) The salient features of the RPS were as follows:

- (i) tenure of the RPS was 5 years commencing from and including the issuance date on 24 December 2014;
- (ii) the RPS were 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, was payable annually in arrears; and
- (iv) the RPS, at the option of the Company, was 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 were redeemed by the Company shall be cancelled immediately and cannot be resold or reissued.

31. CONTINGENT LIABILITIES

	Company	
	2021 RM	2020 RM
Corporate guarantees given to banks for credit facilities granted to subsidiaries		
– Limit of guarantee	32,882,475	65,500,000
– Amount utilised	17,824,290	14,322,721

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

32. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers:				
Projects	23,093,012	47,976,184	–	–
Maintenance income	61,111,340	40,627,037	3,365,738	2,524,432
Sales of hardware equipment and software	92,949,245	131,740,100	–	–
Management fees	958,080	864,000	4,492,080	5,019,600
Software licensing fees	–	–	250,000	1,018,750
Integration charges	–	–	469,571	535,220
	178,111,677	221,207,321	8,577,389	9,098,002
Other revenue				
Dividend income	–	–	3,695,357	–
	178,111,677	221,207,321	12,272,746	9,098,002
Timing of revenue recognition				
Transferred over time	84,204,352	88,603,221	3,615,738	3,543,182
Transferred at a point in time	93,907,325	132,604,100	8,657,008	5,554,820
	178,111,677	221,207,321	12,272,746	9,098,002

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

32. REVENUE (CONT'D.)**(a) Projects (cont'd.)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

32. REVENUE (CONT'D.)

(d) Management fees

Management fees are recognised at a point in time when management services are 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.

(g) Dividend income

Dividend income is recognised when the right of the Group to receive payment is established.

33. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
– redeemable preference shares	–	796,302	–	–
– Trust receipt	1,217,956	1,241,358	–	–
– lease liabilities	624,721	723,452	372,293	284,002
– bank overdraft	153,875	189,827	–	–
– provision for restoration cost	11,400	10,575	11,400	10,575
	2,007,952	2,961,514	383,693	294,577

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

34. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense based on profit for the financial year	1,081,819	2,512,348	100,023	238,772
(Over)/Under provision in prior years	(9,421)	177,189	(236,296)	(939)
	1,072,398	2,689,537	(136,273)	237,833
Deferred tax (Note 12)				
Relating to origination on and reversal of temporary differences	990,963	556,088	–	36,689
(Over)/Under provision in prior years	(668,738)	472,406	–	648,085
	322,225	1,028,494	–	684,774
	1,394,623	3,718,031	(136,273)	922,607

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the fiscal year.
- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	7,964,577	3,375,642	(222,218)	(421,603)
Tax effects in respect of:				
Non-deductible expenses	3,015,578	2,251,238	1,634,339	796,067
Income not subject to tax	(9,972,966)	(382,593)	(969,379)	(99,003)
Deferred tax assets not recognised during the year	2,637,243	225,798	–	–
Utilisation of deferred tax previously not recognised	(1,571,650)	(2,401,649)	(342,719)	–
	2,072,782	3,068,436	100,023	275,461
(Over)/Under provision of tax in prior years:				
Income tax	(9,421)	177,189	(236,296)	(939)
Deferred tax	(668,738)	472,406	–	648,085
	(678,159)	649,595	(236,296)	647,146
	1,394,623	3,718,031	(136,273)	922,607

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

34. TAXATION (CONT'D.)

(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			
2021			
Foreign currency translations	11,305	–	11,305
2020			
Foreign currency translations	224,829	–	224,829

35. 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	
	2021	2020
Profit attributable to equity holders of the parent (RM)	31,762,294	10,348,733
Weighted average number of ordinary shares in issue (unit)	200,203,482	172,091,087
Basic earnings per ordinary share (sen)	15.87	6.01

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

36. 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	
	2021 RM	2020 RM
Present value of unfunded defined benefit obligations	2,135,025	1,908,217
Analysed as follows:		
Non-current liabilities		
– more than 3 years and less than 4 years	499,586	370,783
– more than 4 years and less than 5 years	671,115	106,754
– more than 5 years	964,324	1,430,680
	2,135,025	1,908,217

- (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	
	2021 RM	2020 RM
Balance as at 1 April 2020/2019	1,908,217	1,549,422
Current service cost recognised in profit or loss	226,808	358,795
Balance as at 31 March 2021/2020	2,135,025	1,908,217

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

	Group	
	2021	2020
Discount rate	3.22%	4.07%
Salary increase rate	3.65%	4.18%
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

- (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	
	2021 RM	2020 RM
Effects of 100bp changes in:		
– discount rate	±142,711	±135,833
– salary increase rate	±159,287	±151,518
– annual voluntary resignation rate	±40,267	±32,414

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.

37. DIVIDENDS

	Group and Company	
	2021	
	Dividend per share sen	Amount of dividend RM
First interim cash dividend paid	1.00	1,841,049
Second interim cash dividend paid	1.00	1,854,308
	2.00	3,695,357

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

38. EMPLOYEE BENEFITS

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages, bonuses and allowances	12,121,915	14,225,070	2,033,132	2,517,422
Defined contribution plan	1,470,000	1,748,132	240,747	298,802
Share options granted under Employee Share Option Scheme:				
– Directors	–	51,734	–	51,734
– Other employees	–	136,028	–	60,455
Share options granted under Employee Share Grant Plan:				
– Directors	431,609	–	431,609	–
– Other employees	2,237,905	–	2,237,905	–
Provision for gratuity obligations	226,808	358,795	–	–
Other employee benefits	1,386,041	1,797,205	669,397	679,166
	17,874,278	18,316,964	5,612,790	3,607,579

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' fees	594,517	505,000	479,598	447,500
Salaries and other short term employee benefits:				
– Directors	995,954	644,500	640,129	180,400
– Other key management personnel	2,586,374	2,252,133	1,271,713	1,107,116
	3,582,328	2,896,633	1,911,842	1,287,516

Estimated monetary value of benefits-in-kind provided to the Directors and key management personnel of both the Group and the Company are RM53,450 and RM21,250 respectively (2020: RM49,850 and RM21,250).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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.

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.

During the current financial year, the Company awarded 1,556,200 new ordinary shares under ESGP to eligible employees of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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	
	2021 RM	2020 RM
Ultimate holding company		
Management fee income	958,080	864,000
Sales	4,767,139	16,845
Purchases	4,824	6,206
Interest expense	–	796,302
Management fee expense	1,216,800	1,216,800
Meeting room rental expense	–	2,560
HR Services	76,480	–
Redemption of redeemable preference share	–	25,193,044
Immediate holding company		
Office rental expense	85,680	38,659
Related companies		
Sales	1,742,777	18,596,339
Purchases	617,937	67,993
Office rental expense	547,745	313,760
Secretarial fee	108,992	104,510
HR Services	159,970	–
Related party		
Equipment rental expense	106,900	75,600

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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	
	2021 RM	2020 RM
Ultimate holding company		
Management fee income	958,080	864,000
Management fee expense	1,216,800	1,216,800
HR Services	10,240	–
Immediate holding company		
Office rental expense	85,680	38,659
Subsidiaries		
Management fee income	3,534,000	4,155,600
Maintenance income	3,581,752	1,991,827
Integration income	469,571	535,220
Software licensing fee expense	15,114	13,679
Integration charges	380,508	425,297
Dividend income	3,695,357	–
Related companies		
Office rental expense	–	280,760
HR Services	18,990	–
Secretarial fee expense	59,442	53,298

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. 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 2021 and 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

41. CAPITAL & FINANCIAL RISK MANAGEMENT (CONT'D.)

(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 2021 and 31 March 2020 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total borrowings (Note 23)	20,388,234	13,058,022	–	–
Total equity	119,963,626	39,106,826	62,676,794	14,412,051
Gearing ratio	17.00%	33.39%	–	–

Pursuant to the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Group is required to maintain a consolidated shareholders' equity of more than 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 2021.

(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, 25 and 27 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

41. CAPITAL & FINANCIAL RISK MANAGEMENT (CONT'D.)**(b) Financial risk management (cont'd.)****(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, 25, 26, 27 and 29 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 and 23 to the financial statements respectively.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

41. CAPITAL & FINANCIAL RISK MANAGEMENT (CONT'D.)

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

(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.

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO based on severity of the pandemic.

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.

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

(a) On 8 June 2021, the Company has entered into a Joint Venture and Shareholders' Agreement with Danapuri Sdn Bhd for the purpose of regulating the conditions for and operations of a company, namely Microlink Technologies Sdn Bhd (MTSB). The Company will acquire additional 25,500 ordinary shares, representing 51% equity interest in the Joint Venture Company at an issue price of RM1.00 per ordinary shares for a total consideration of RM25,500.

(b) On 10 June 2021, the Company proposed to undertake proposed bonus issue of up to 863,976,624 new ordinary shares on the basis of 3 bonus shares for every 1 existing ordinary share.

On 12 July 2021, Bursa Securities had approved the listing and quotation of up to 863,976,624 bonus shares to be issued pursuant to the proposed bonus issue.

(c) On 7 July 2021, the Company has made an award of 1,000,000 new ordinary shares at issue price of RM2.25 per ordinary share under the ESGP pursuant to the LTIP to a Director at no consideration.

(d) On 26 July 2021, the Company accepted the offer to subscribe 2,000,000 ordinary shares at issue price of RM3.10 per Placement share under Inari Amerton Berhad's private placement.

On 30 July 2021, the Company has announced on the final allocation of Placement shares is 1,000,000 Placement shares at consideration of RM3,100,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

44. ADOPTION OF NEW MFRSs & AMENDMENT TO MFRSs**44.1 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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)
<i>Amendments to MFRS 4 Insurance Contract – Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021 (early adopted)

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 Amendment to MFRS 16 as described in the following section.

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 March 2021 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2021

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

44.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
<i>Interest Rate Benchmark Reform – Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

45. 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 2021. There is no material impact on the financial statements of the Group as at the end of reporting period.



member of OMESTI group



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