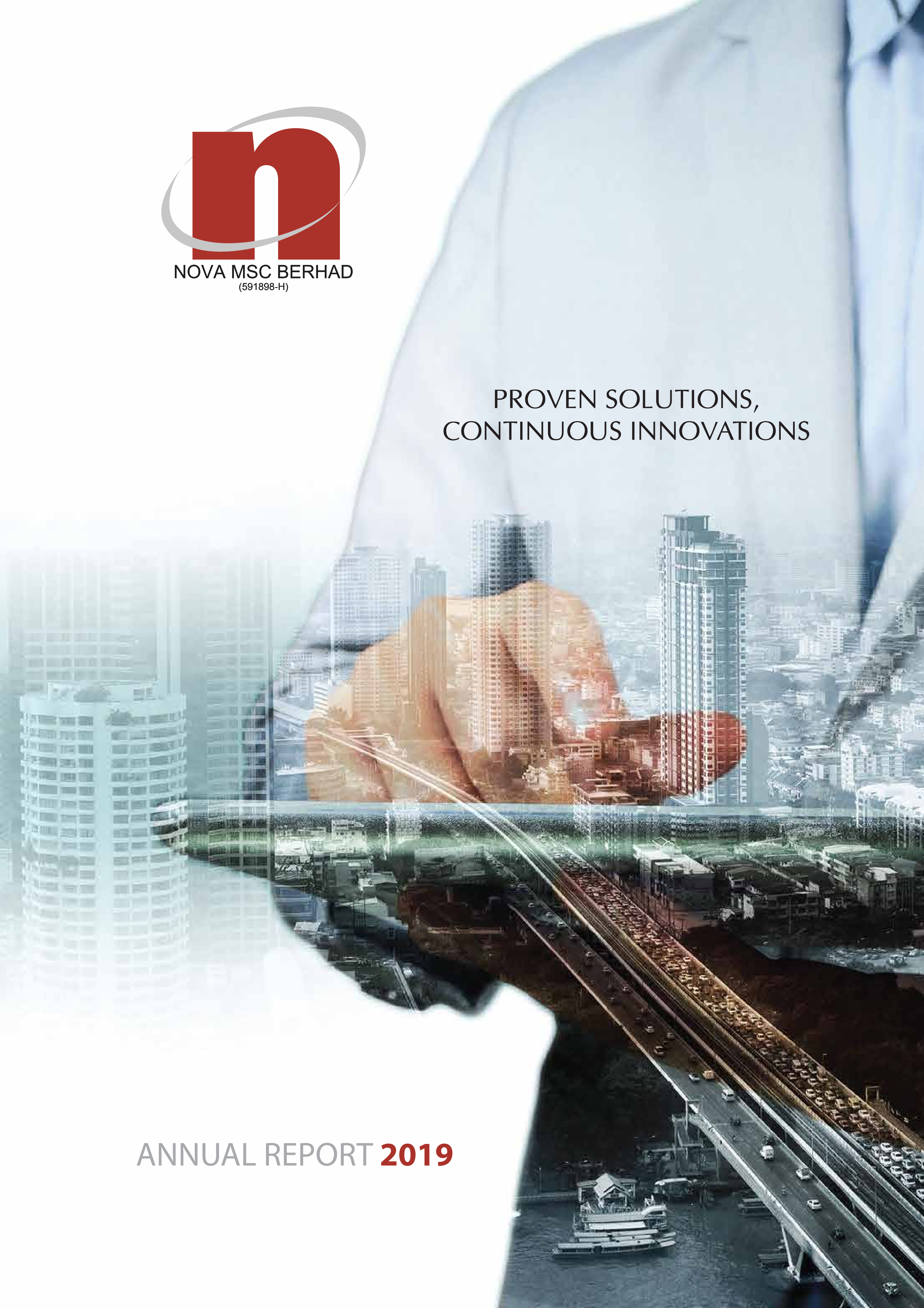
NOVA MSC BERHAD
(591898-H)



PROVEN SOLUTIONS,
CONTINUOUS INNOVATIONS

ANNUAL REPORT 2019

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth (17th) Annual General Meeting ("AGM") of the Company will be held at Greens I, Golf Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday 28 August 2019 at 2.00 p.m. for following purposes :-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 March 2019, together with the Reports of Directors and Auditors thereon. — Refer to Explanatory Note (i)

2. Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar who retires as Director pursuant to Article 96 of the Company's Articles of Association. — Refer to Explanatory Note 7

3. To re-elect the following Directors who retires as Director pursuant to Article 101 of the Company's Articles of Association:

   a. David Choo Boon Leong — (Resolution 1)
   b. Lai Teik Kin — (Resolution 2)

4. To approve the payment of Directors' fees of RM200,000 for the year ended 31 March 2019 — (Resolution 3)

5. To appoint Messrs. Folks DFK & Co. as Auditors of the Company and to authorize the Directors to fix the Auditors' remuneration. — (Resolution 4)

   AS SPECIAL BUSINESS
   To consider and if thought fit, to pass the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION 1**
   SECTION 75 AND 76 OF THE COMPANIES ACT 2016. — (Resolution 5) Refer to Explanatory Note (ii)
   "THAT pursuant to Section 75 and 76 of the Companies Act, 2016 and subject to the approval of the relevant regulatory authorities, the Directors be and are hereby authorized to issue shares in the Company, at any time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **SPECIAL RESOLUTION** — (Resolution 6)
   PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

   "THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and in place thereof, the new Constitution of the Company as set out in Appendix A to this Notice be and is hereby adopted as the Constitution of the Company with immediate effect; AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption." — Refer to Explanatory Note (iii)

8. To transact any other business for which due notice has been given.

BY ORDER OF THE BOARD

Tan Kok Aun (MACS 01564)
Nip Chee Sien (MAICSA 7066996)
Company Secretaries
Kuala Lumpur
31 July 2019

Notice of Annual General Meeting
(Continued)

Notes :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 August 2019 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each account it holds.

3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

4. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hands of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal, or the hand of its attorney duly authorized.

6. The Proxy Form must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn. Bhd.) , Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

7. Retirement of Director

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar who was appointed as Non-Executive Non-Independent Director on 27 June 2003 will retire in accordance with Article 96 of the Company's Articles of Association. He has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the Seventeenth (17th) AGM.

8. Explanatory Notes

(i) Agenda on item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders, and hence is not put forward for voting.

(ii) **Resolution 5 - Authority to Issue Shares**

The proposed Resolution 5 is a renewal mandate for the issue of shares under Section 75 and 76 of the Act. If passed, it will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of mandate obtained from the shareholders at the last AGM held on 28 August 2018 ("the Previous Mandate").

For further information, please refer to the Statement Accompanying Notice of AGM as enclosed.

The purpose of this general mandate is to eliminate the need to seek shareholders' approval to convene general meeting(s) from time to time as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated. The Directors would utilise the proceeds raised from this mandate for working capital and/or funding future investment project and/or acquisition or such other applications they may in their absolute discretion deem fit.

(iii) **Resolution 6 – Special Resolution**
Proposed Adoption of New Constitution

The proposed Special Resolution, if passed, will align with the Company's Constitution with the Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market.

9. The Personal Data Protection Act, 2010 which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorize the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you, You further confirm to have obtained the consent, agreement and authorization of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

Notice of Annual General Meeting
(Continued)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Director who retire by rotation and standing for re-election pursuant to Article 96 of the Articles of Association of the Company:-

   i) Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar

   Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar who was appointed as Non-Executive Non-Independent Director on 27 June 2003 will retire in accordance with Article 96 of the Company's Articles of Association. He has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the Seventeenth (17th) AGM.

2. Directors who retire by rotation and standing for re-election pursuant to Article 101 of the Articles of Association of the Company:

   i) David Choo Boon Leong
   ii) Lai Teik Kin

   The profile of Lai Teik Kin and David Choo Boon Leong, who is standing for re-election, is set out in the Profile of Director Profiles appearing on page 7 and 8 of this Annual Report. The Director's interest in shares is shown in page 37 of the Annual Report.

3. Details of attendance of Directors at the Board of Directors' meetings are shown in page 22 of the Annual report.

   There were 6 Board of Directors' Meetings held during the financial year ended 31 March 2019. The details of the attendance of the Directors are shown in page 22 of the Annual Report.

4. Place, date and time of the 17th Annual General Meeting

   The 17th Annual General Meeting is scheduled to be held on Wednesday, 28 August 2019 at Greens I, Golf Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan at 2.00 p.m.

5. General Mandate for issue of securities pursuant to Section 75 & 76 of the Companies Act 2016

   The Company has obtained the mandate for issue of shares from the shareholders at the last AGM held on 28 August 2018 ("The Previous Mandate"). The Previous Mandate has not been utilized even though the mandate authorising the Company to place out up to 30% of the issued shares to third party investors to be identified later has been approved by the shareholders of the Company at an Extraordinary General Meeting held on 27th February 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
Chairman, Non-Executive Non-Independent Director

Lai Teik Kin
Executive Non-Independent Director
Group Chief Executive Officer

Peter Wayne Thompson
Non-Executive Independent Director

Lim Hak Min
Non-Executive Independent Director

David Choo Boon Leong
Non-Executive Independent Director

AUDIT COMMITTEE

Lim Hak Min
Chairman, Non-Executive Independent Director

Peter Wayne Thompson
Non-Executive Independent Director

David Choo Boon Leong
Non-Executive Independent Director

NOMINATING COMMITTEE

Peter Wayne Thompson
Chairman, Non-Executive Independent Director

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
Non-Executive Non-Independent Director

Lim Hak Min
Non-Executive Independent Director

David Choo Boon Leong
Non-Executive Independent Director

REMUNERATION COMMITTEE

Peter Wayne Thompson
Chairman, Non-Executive Independent Director

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
Non-Executive Non-Independent Director

Lim Hak Min
Non-Executive Independent Director

David Choo Boon Leong
Non-Executive Independent Director

ESOS COMMITTEE

Lim Hak Min
Chairman, Non-Executive Independent Director

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
Non-Executive Independent Director

Lai Teik Kin
Executive Non-Independent Director
Group Chief Executive Officer

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)
Nip Chee Sien (MAICSA 7066996)

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel : (03) 40435750
Fax : (03) 40435755
e-mail : info@pcasynergy.com

BUSINESS OFFICES

A-18-3, Tower A, Level 18, Northpoint, Mid Valley City
No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur
Tel : (03) 2283 6628
Fax : (03) 2283 2628

SHARE REGISTRARS OFFICE

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7841 8279/7841 8278 (Helpdesk)
Fax : (03) 7841 8151/7841 8152

AUDITORS

Folks DFK & Co (AF: 0502)

12th Floor, Wisma Tun Sambanthan
No.2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia

Corporate website

www.nova-hub.com

GROUP STRUCTURE

NOVA MSC BERHAD (591898-H)

- 100% **novaCITYNETS Pte Ltd** (Incorporated in Singapore)
  - 100% **novaCITYNETS International Pte Ltd** (Incorporated in Singapore)
  - 100% **novaBIM (Lao) Sole Co Limited** (Incorporated in Lao People's Democratic Republic)
  - 70% **novaBIM Limited** (Incorporated in Republic of China)
- 100% **novaSOLUTIONS (Philippines) Inc** (Incorporated in Philippines)
- 100% **novaHEALTH Pte Ltd** (Incorporated in Singapore)
  - 49% **JPMCnova Sdn Bhd** (Incorporated in Brunei)
  - 42% **EyRIS Pte Ltd** (Incorporated in Singapore)
  - 49% **Nova Al Khaleej Technology Information LLC** (Incorporated in U.A.E.)

PROFILE OF DIRECTORS

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar,
59, Male, Malaysian,
Non-Executive Non-Independent Director

Tunku Nadzaruddin was appointed to the Board on 27 June 2003. He was appointed Chairman of the Group on 1 July 2003. He is also a member of the Nominating, ESOS and Remuneration Committee. He graduated from Middlesex University with a degree in Bachelor of Science (Honours) in Mathematics in 1984.

Tunku Nadzaruddin was President of the Persatuan Broker Niaga Hadapan Malaysia (Malaysia Futures Brokers Association) and is the current Patron. He also holds directorships in Khyra Legacy Berhad.

Tunku Nadzaruddin does not have any family relationship with any other Directors. However, he is deemed interested by virtue of his directorship in the Company and major shareholding in Raden Corporation Sdn Bhd, which is a major shareholder of the Company. He has not been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Tunku Nadzaruddin attended five out of the six Board Meetings held in the financial year ended 31 March 2019.

Mr Lai Teik Kin,
55, Male, Singaporean,
Executive Director

Mr Lai Teik Kin is a founder of the Group and was appointed as Executive Director and CEO Officer of Nova MSC Berhad on the 28 May 2019. He is a member of the ESOS Committee. He is also the Executive Director and Chief Executive Officer of the novaHEALTH Pte Ltd ("novaHEALTH") since 21 December 1999. His current responsibilities include the formulation and implementation of the business strategies and policies of the Group to achieve long-term business objectives. He leads the senior management in the development and implementation of the Group's business vision.

Earlier in his career and before co-founding the Nova MSC Group, Mr Lai was in involved in implementation of large scale & regional e-government projects. From 2005-2012, Mr Lai also served as an Independent Non-Executive Director on the Board of MTouche Berhad, a public-listed company in Malaysia which is a forerunner and leader in wireless network technologies, mobile messaging services and interactive media applications. In 2016, Mr Lai was appointed Business Mentor to the Singapore National Eye Centre (SNEC) Ophthalmic Technologies Incubator to provide business insights and guidance. In 2018, Mr Lai spearheaded a spin-off of EyRIS jointly with Singapore Eye Research Institute (SERI) and National University of Singapore-School of Computing (NUS-SoC) to develop and commercialize the artificial intelligence (AI) solutions for the healthcare industry. SELENA+, our first AI solution, performs automated image analysis for eye diseases such diabetes retinopathy with add-on modules for glaucoma and age-related macular degeneration. He holds a Bachelor (Hons) in Surveying from the University of Queensland, Australia.

Mr Lai does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr Lim Hak Min,
46, Male, Singaporean,
Non-Executive Independent Director

Mr Lim Hak Min was appointed as Non-Executive Independent Director of the Company on 1 June 2017. He is the Chairman of the Audit Committee and ESOS Committee, and is a member of the Nominating and Remuneration Committee.

Mr Lim completed his Master of Science (Financial Engineering) and Bachelor of Accountancy from Nanyang Technological University. He is also a member of the CPA Australia, Association of Investment Management and Research and Institute of Singapore Chartered Accountants.

Mr Lim is currently a Director for Corporate Service Division in Skills Future Singapore Agency. He has experience in Corporate Finance, Corporate Governance, Merger & Acquisition and Investment especially in private equity space.

Mr Lim does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all six of the Board Meetings held in the financial year ended 31 March 2019.

Profile of Directors
(Continued)

Mr Peter Wayne Thompson,
62, Male, Australian,
Non-Executive Independent Director

Mr Peter Wayne Thompson was appointed as Non-Executive Independent Director of the Company on 1 June 2017. He is the Chairman of the Nominating and Remuneration Committee and is a member of the Audit Committee.

Mr Thompson is a Certified Practising Accountant (CPA) and graduated from Edith Cowan University in 1978. He is a Fellow member of the Institute of Chartered Secretaries and Fellow Governance Institute of Australia.

Besides the Company, Mr Thompson also sits on board of GMB Resource Ltd, a company listed in Australian Stock Exchange (ASX). Mr Thompson is currently the Executive Chairman and Managing Director of GBM Resource Ltd. He has over 35 years experience in the resource industry in UK, Asia, Australia and South America holding senior global roles. Key skills include public company corporate management, asset acquisition and divestment and project development.

Mr Thompson does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all six of the Board Meetings held in the financial year ended 31 March 2019.

Mr David Choo Boon Leong,
55, Male, Malaysian,
Non-Executive Independent Director

Mr David Choo was appointed as Non-Executive Independent Director of the Company on 28 August 2018. He is a member of the Audit, Nominating, and Remuneration Committee.

Mr Choo has close to 30 years of experience in the Information Technology field of which, more than 20 years are in management role. He started his career as an officer with the Systems & Methods Department of MBf Finance, one of the largest Finance Company (1985) in Malaysia and became a Senior Manager of its Information Services division. Mr Choo then joined WorldGroup Consulting, an international IT Consulting company as a Senior Consultant / Project Manager. He was then promoted to the position of Consulting Services Director responsible for the consulting practice for its South East Asia operation. Mr Choo was also accredited the Project Management Professional by the Project Management Institute in 2010 (PMP® No. 1356595) until his resignation from WorldGroup Consulting in 2015. Mr Choo holds an MBA in Information Technology Management (Distinction) from the Netherlands Maastricht School of Management.

Mr Choo does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Since the date of his appointment, he has attended all the three Board Meetings held in the financial year ended 31 March 2019.

PROFILE OF KEY SENIOR MANAGEMENT

Mr Tan Yew Soon,
57, Male, Singaporean,
Chief Executive Officer of Novacitynets Pte Ltd

Tan Yew Soon is a founder of the Group and was appointed Executive Director and Chief Executive Officer of the novaCITYNETS Pte Ltd ("novaCITYNETS") on 11 May 2000. His current responsibilities include the formulation and implementation of the overall business strategies and the overall management of the novaCITYNETS. He plays a key role in the development of application software for the e-Government sector. Concurrently, he is also the Chief Operating Officer of the Group.

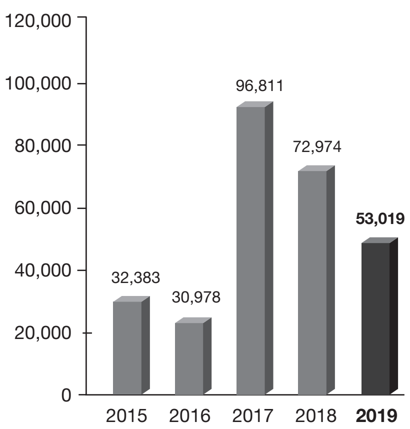
He has more than twenty (20) years of working experience at various organisations in the areas of marketing and implementation of large IT projects. He was CAD leader and Software Engineer in the Ministry of Environment of Singapore and Integraph Pte Ltd from 1982 to 1989 and was involved in the development and implementation of IT projects. He later worked as the Senior System designer to Department Manager of Siemens Pte Ltd from 1989 to 1995 and was responsible for the development and operations of its IT projects. Subsequent to that he joined novaSPRINT as General Manager of Infrastructure Planning Division. His career portfolio covers software engineering, large-scale turnkey project implementation on e-Government project. Mr Tan holds a Diploma in Building from the Singapore Polytechnic.

Mr Tan does not have any family relationship with any other Directors and/or major shareholders of the Company. Neither has he been convicted of any offences in the last five (5) years other than traffic offences (if, any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

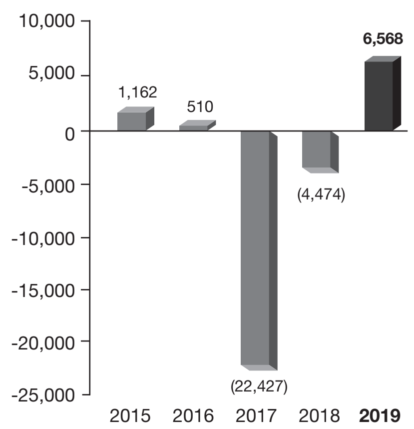
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 March	2015	2016	2017	2018	2019
Revenue	32,283	30,978	96,811	72,974	53,019
Profit/(Loss) for the year	1,162	510	(22,427)	(4,474)	6,568
Net Profit/(Loss) attributable to shareholders	1,165	513	(20,426)	(2,624)	8,234
Basic Earnings per share (Sen)	0.27	0.11	-3	-0.38	1.11
As at 31 March					
Total equity attributable to owners	37,847	46,592	44,037	38,372	55,919
Total assets	48,477	58,765	78,682	79,081	81,133
Total liabilities	10,602	12,148	30,092	38,381	24,869
Total borrowing	1,999	2,050	1,938	22,234	7,583

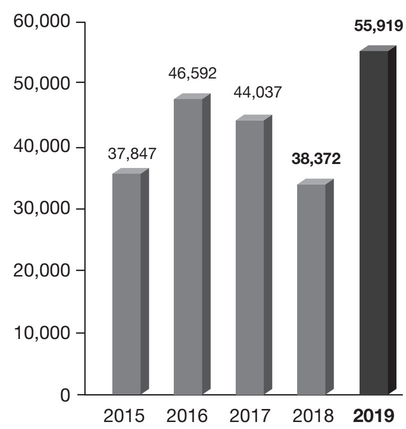
Revenue (RM'000)



Profit/(Loss) before taxation (RM'000)



Total equity attributable to owners (RM'000)



CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Nova MSC Berhad ("Nova MSC") or ("the Group"), I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended 31 March 2019 ("FY2019").

MACROECONOMIC AND BUSINESS TREND

Global economic growth moderated slightly in 2018 on the back of rising trade uncertainties caused by the US-China trade war, volatility in commodity prices and geopolitical instability such as Brexit, among others. The World Bank, in its Global Economic Prospects report released in June 2019, estimated that the global economy grew by 3% in 2018, representing a marginal slowdown from 3.1% in 2017. As a result of the challenging global economy, Malaysia also saw a slowdown in economic activities as its gross domestic product expanded by 4.7% in 2018 as compared to 5.9% in 2017. All sectors, apart from services, have seen a slowdown or contraction in 2018 when compared on a year-on-year basis.

Despite the elevated economic challenges, global demand for information technology (IT) solutions and services has remained resilient. According to research company Gartner Inc, global IT spending rose to US$3,650 billion in 2018 from US$3,539 billion a year earlier. An increasing number of businesses and governments are pursuing digital transformation in line with the global progress towards tech-driven modernisation and Industrial Revolution 4.0. The positive momentum is expected to continue in 2019 as worldwide IT expenditure is projected to reach US$3,767 billion.

In Malaysia specifically, more businesses are increasing their IT spending and are adopting emerging technologies. Based on International Data Corporation's C-Suite Barometer Survey 2018, two out of three Malaysian organisations are either planning their digital transformation (DX) strategies or are actively implementing DX-related projects.

As a provider of Digital Government and Smart Healthcare Information and Communication Technology (ICT) solutions, Nova MSC is poised to benefit significantly from the robust demand in IT-related solutions and services.

Our key solutions are Digital Government and Smart Healthcare, with 100% in-house developed software, which are easily scalable across various industries. Nova MSC's solution for the Smart Healthcare segment, namely VESALIUS, aims at facilitating info-communications and to streamline processes between departments. Developed on a single integrated platform, VESALIUS serves the wide-ranging needs of hospital administrators, caregivers, paraclinicals and most importantly, patients.

As for Digital Government solutions, Nova MSC streamlines its services for government agencies through a collaborative platform to effectively manage operations across the Building and Construction, Land Transport and Legal government agencies. We aim to increase the efficiency of our clients while simultaneously decreasing costs. Our customers include governments in Malaysia, Indonesia, Brunei, Saudi Arabia, and Singapore.

KEY CORPORATE DEVELOPMENT

1. **8 June 2018**: Singapore's Public Utilities Board awarded a RM15.4 million contract to Nova MSC's subsidiary, novaCITYNETS Pte Ltd, to supply, deliver and implement a Building Information Modelling (BIM) Checking Systems for Building Plan Submission for about 20 months and thereafter maintain the project for the next 20 months. The contract involves FORNAX, a state-of the-art artificial intelligence-based system that has been developed since 2002.

2. **22 June 2018**: Nova MSC completed its private placement of up to 10% of the issued shares, with the listing of 68,324,000 placement shares. The funds raised from the exercise will be utilised for the Group's working capital and to fund the Group's further expansion into the Digital Government and Smart healthcare solutions.

3. **12 July 2018**: Nova MSC disposed its entire 51% stake in Primustech Pte Ltd to Japan Asia Group Limited for RM8.9 million, marking the Group's exit from the Building Control and Automation segment. The disposal allows Nova MSC to focus on its Digital Government and Smart Healthcare businesses.

4. **17 August 2018**: novaHEALTH Pte Ltd, a wholly-owned subsidiary of Nova MSC, acquired a 42% stake in EyRIS Pte Ltd for SG$203,227 (RM606,307). The investment is part of Nova MSC's strategy to continuously improve the Smart Healthcare solution offering by novaHEALTH and to allow novaHEALTH to introduce artificial intelligence into the industry.

5. **20 September 2018**: Singapore's Urban Redevelopment Authority awarded second contract worth RM4.65 million to novaCITYNETS for the BIM Checking Systems for Building Plan Submission.

6. **27 February 2019**: Nova MSC proposed to place out up to 30% of the issued shares to third party investors to be identified later. A total proceeds of up to RM35.17 million is expected to be raised, of which is anticipated to be used to finance the overseas expansion of the FORNAX System, to invest into complementary businesses and the expenditures of existing projects, among others.

Chairman's Statement
(Continued)

REVIEW OF FINANCIAL PERFORMANCE

Nova MSC successfully returned to the black in FY2019 with a stronger top line, after two years of continued losses. During the financial year under review, the Group recorded a net profit of RM6.57 million as compared to a net loss of RM4.47 million in FY2018. The improved bottom line was a result of the Group's higher revenue and lower impairment for intangible asset in the 12-month period under review.

In FY2019, Nova MSC's total turnover from continuing operations surged by approximately 49% year-on-year to RM53.02 million, from RM35.49 million in the 12 months period ended 31 March 2018. The stronger performance in revenue was possible due to higher revenue recognition from the existing order book in line with project delivery milestone.

Business segments-wise, during the financial year under review, the Group's Application Solution segment posted a stronger profit after tax ("PAT") of RM2.67 million as compared to a loss after tax of RM1.43 million in FY2018. The Application Solution segment is involved in the provision of e-business solution for the healthcare industry, construction, city, town council and telecommunication industries.

Meanwhile, arising from a strategic review of our current business, the Group disposed its Building Control and Automation segment for SGD3,000,000 (equivalent to approximately RM8.9 million) in July 2018 to focus on the Application Solution segments, which the Group is of the opinion would have a better prospect and higher growth potential. Accordingly, the gain arising from the disposal of Primustech is recognized in the current financial year under review.

As for the balance sheet, Nova MSC's strategic management approach has ensured that the Group's financial position as at 31 March 2019 remains sturdy. The Group's net assets as at 31 March 2019 improved to RM56.26 million from RM40.7 million a year earlier, with higher total assets and lower liabilities.

PROSPECTS OF NOVA MSC

Supported by our regional brand footprint and proven track record, Nova MSC is well-positioned to ride on the promising growth in the IT services industry, particularly in the Digital Government and Smart Healthcare segments. With an order book size amounting to approximately RM114 million as at 31 March 2019, Nova MSC is poised to continue its financial performance momentum as witnessed in FY2019.

Moving forward, the Group will focus on its project delivery and cash flow management while continuing its efforts to broaden its marketing activities by covering more overseas markets and products offering. Nova MSC also plans to adopt pay-per-use business model, which will provide recurring income to the company and at the same time reduce the total initial investment cost borne by the customers.

In the Digital Government segment, Nova MSC aims to explore more opportunities among governments in Southeast-Asia such as Malaysia, Thailand, Japan, China and Indonesia. The Group will work towards increasing the reach of its two first-of-its-kind artificial intelligence initiatives namely FORNAX and EyRIS for e-Government services. Meanwhile, in the Smart Healthcare segment, Nova MSC will continue to explore new opportunities among large-scale public and private healthcare providers across Southeast-Asia.

Barring any unforeseen circumstances, the Group is cautiously optimistic that its performance for FY2020 will be satisfactory.

APPRECIATION

In closing, I would like to convey my sincere gratitude to all shareholders and stakeholders of Nova MSC for your continued support and loyalty to the Group. I also wish to thank the management and employees of Nova MSC for their untiring commitment in taking the Group to greater heights amid the challenges in the business environment.

I would also like to express my deepest gratitude to Mr Suresh Parthasarathy and Mr Onn Kien Hoe, who had stepped down as directors during the financial year, for their time and invaluable contribution to the Group during their tenure in the Company. I would also like to welcome Mr David Choo, who has joined the Board as Independent Non-Executive Director.

As part of succession planning, Mr Chan Wing Kong has handed the reins to Mr Lai Teik Kin in May 2019. Accordingly, Mr Chan stepped down as Nova MSC's Group Chief Executive Officer and has since assumed a new role as the Group's adviser while Mr Lai Teik Kin has been promoted to the position of Group Chief Executive Officer and as a director of the Company with effect from 28 May 2019. I would like to take this opportunity te to thank Mr Chan for his dedicated stewardship of the Group for the past 20 years. I would also like to congratulate Mr Lai on his promotion and moving forward, with his new role, I strongly believe that Mr Lai will be the right person to guide Nova MSC in achieving greater successes in the areas of Digital Government and Smart Healthcare.

With such strong support from everyone involved, I am sanguine that Nova MSC will be able to continue its positive momentum moving forward. Over the long run, the Group is poised to become a key technology player not only in Malaysia but also in the region.

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar
Chairman, Non-Executive Non-Independent Director

SUSTAINABILITY STATEMENT

Our Approach

The Group recognises the importance of sustainability and its impact to achieve profitability in a safe, caring and sustainable environment. In this respect, the Group's approach to sustainability is to embrace a culture of incorporating sustainability consideration into our decision making and business practices that (1) enable economic success, (2) manage environment impacts and (3) meet the social needs of the community in which we operate.

The Group also intend to take a progressive approach in our sustainability reporting as we understand that the formulation and execution of our sustainability initiatives are influenced by the need to achieve the right balance for the shareholders, environment and society to achieve long-term growth and value. We intend to regularly review our sustainability approach and initiatives to assess their impacts on our business model and present them in future sustainability reporting. As a start, the Group has identified the following as the initial economic, environmental and social ("EES") focus areas:-

Economic	Environment	Social
• Creating shareholders and business value	• Energy and water conservation • Recycling and effluent management	• Ensuring an inspiring and engaging workplace for our employee • Contributing to the well-being of the community

Our Scope

The scope of this Statement covers the Nova MSC Berhad and its subsidiaries for the period from 1 April 2018 to 31 March 2019. It describes the Group's core activities and our commitment toward improving our sustainability practices.

Governance Structure

During the financial year, the Group has formed a Sustainability Working Group that encompasses the respective company's CEO and headed by the Group Chief Executive Officer. The Sustainability Working Group is tasked to identify and prioritize material sustainability matters that impact the Group's business operations and stakeholders' interest. The assessment and ranking of the material matters will be updated to the Board of Directors. The Board will receive timely updates of the sustainability initiatives. The Board takes on a supervisory and advisory role for business and sustainability strategies recommended by the Sustainability Working Group.

Material Sustainability Matters

Economic

Nova MSC strives to ensure that economic sustainability remains at the core of its operations, as the Group charts its way towards a more successful future. The Group prioritises economic sustainability as it is key in ensuring that any action or decision by Nova MSC does not impact its stakeholders negatively.

- Pursuing sustainable investments.

  Nova MSC is committed to ensure that its business investments are not only profit-driven but also takes into account the nature of investments. The Group focuses on investments that are sustainable, supported by good governance as well as those that do not affect the environment and society adversely.

- Good procurement and project delivery practices

  At all times, Nova MSC emphasises on the importance of best corporate practices in the procurement of material and equipment for the Group's operations. A standard operating procedure is in place to ensure that the Group's personnel and employees are well aware on good procurement practices. Nova MSC was proud to announce that it has received ISO 9001 certification in January 2005. The accreditation confirms that Nova's QMS meets the stringent requirements of the international standards. In addition, Nova's QA Team expanded on our Application Development Methodology (ADM) that serves as a guide to our Project Managers in work aspects such as standard procedures and documentation. As procurement is a crucial part of the ISO system, this ongoing effort reinforces Nova's commitment to continue providing the highest quality products and services.

Sustainability Statement
(Continued)

Economic (continued)

- Prudent and efficient cost management practices.

  Key management of various departments in charge of the day to day running of the Group has each more than 20 years of experience. This assembly of very experienced personnel with the objective of long term company goals plays a crucial role of minimizing costs and practicing prudent decisions on a daily basis. The Group continuously monitors its operational costs in order to keep the costs at a controlled level. Upon identification of unnecessary costs or areas where a more prudent management could be introduced, the Group will undertake adequate measures to reduce, eliminate or maintain the costs under control. A good cost management approach allows the Group to offer its services to its client at a more affordable rate than the market average.

Environment

Environmental sustainability is focused on minimizing the likelihood of adverse impact from its operation to the environment. The Group is also working towards generating a greater awareness in preserving and conserving the environment for its future generations.

- Energy and water conservation

  Externally and indirectly, the proven successes of our many e-Government initiatives have demonstrated that a highly digital and connected government can provide effective and efficient operational support across the city councils and related regulatory organisations apparatus and more importantly, raise process transparency and organisational accountability across the entire government service of our clients. Massive expansion of cities driven by urbanization and migration of people from rural areas in several countries in the Asia Pacific region creates mega cities that are beset with environmental issues, resource management concerns and pressure on infrastructure. Identifying and overcoming these issues with efficient planning and optimum utilization of technology has become increasingly relevant in such scenarios. Volatile growth of cities has far-reaching implications – cutting across industries – which demand cities to be both smart and green. Thus the result of our implemented E-Government initiatives have also resulted indirectly more overall energy and water conservation. The Nova Group has also made many internal improvements in energy and water efficiency which will enable us to reduce cost and optimizes our operational efficiency. As such, the Management had rolled out a series of energy and water saving initiatives such as putting up signage to remind employees to switch off lighting and computers when not in use and to report leaking taps and toilets. The Group intends to implement more energy and water saving initiatives and will continue to educate our staff on the importance of conservation.

- Waste Management

  Our e-Government systems incorporate good urban planning and management is a major determinant of every city's growth. Smart cities of our clients are an evolved state of urbanization where application of technology integrates diverse individual entities such as buildings, utilities, authorities, infrastructure and industries. Indirectly, these established smart cities have established proper waste management in their integrated city management systems. However, internally the Nova Group has proposed waste management initiatives planned in the coming new financial year. This includes activities to encourage our employees reduce printing and photocopying, prioritise electronic means to share and store documents and to increase the awareness of 3Rs (Reduce, Reuse and Recycle).

Society

The Group's social sustainability focus is on the impact of its activities on the well being of the people it interact. As such, the Group is committed to be a responsible and caring organization.

- Employee

  The Group has always view employee as our most valuable asset. Therefore the Group strives to build an inspiring and engaging workplace for our employees.

- Diverse workforce and equal opportunity

  Our various offices around the world such as Malaysia, Singapore and Phillippines encourage team work among various nationalities over geographic boundaries in South East Asia. We embrace value such as diversity, fair employment and inclusivity. We strive to ensure that the workplace at Nova is one of equal opportunity and free of discrimination, wherein every employee is treated with respect and dignity. Career development and employment decisions are made based on merit and performance, regardless of gender or ethnicity.

Society (continued)

We also offer our employee fair and equitable benefits packages, including insurances policies covering life, travel and hospitalisation.

- Healthy and safe working environment

  Healthcare organisations of our clients around the world are striving to decrease costs, improve efficiency without compromising on the quality of care. Externally, the VESALIUS system is designed to facilitate info-communications and to streamline processes between departments. Developed on a single integrated platform, it serves the wide-ranging needs of hospital administrators, caregivers, paraclinicals and most importantly, patients. Thus the functionality of the hospitals and healthcare groups are greatly improved. Internally, the Group continuously strives to provide a healthy and safe working environment for our employees. We perform regular workplace inspection to ensure work places are uncluttered, neat, tidy and safe. Fire and safety drills are held regularly to ensure that employees are well prepared in the event of emergency.

  By maintaining a healthy and work-life balance is important for employee well-being, we believe that it can contribute toward greater productivity and performance. Hence, we treat motivation and recreational is an essential part of Group's responsibility to our employees. In the coming year, the Group will continue to organize activities, such as quarterly companywide gathering session, that would enable employees to reduce their stress level and mingle around amongst our employees.

- Talent Development and Retention

  The key management of sales operations and finance have more than 2 decades of a good mix of industry-specific knowledge plus broad business and commercial experience. They provide many aspects of the Group's strategy to ensure that higher standards of conduct and integrity are maintained by the Group. The Group recognises the importance of effective executive management leadership to Nova's success. Furthermore,the Group believes in nurturing our employees to their full potential and capabilities. Training programs for skill development and improvement are conducted for our employees so that they can execute their role and responsibilities efficiently as well as for their personal career development. To ensure optimal performance and staff job satisfaction, adequate trainings are customised to develop and upgrade skills, knowledge and attitudes of our individual people.

Community

The Group recognises the importance of being a responsible corporate citizen to enhance and positively contribute to society in addition to its pursuit of business objectives. Social gatherings and yearly reviews were also organized during the year to create social balance, maintain harmony and build better rapport. In the new financial year, the Group will start a working group to look at ways for the Group to participate in community outreach programmes and activities as way of giving back to society.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

For the financial year ended 31 March 2019 (FYE 2019), our Group operates in two (2) business segments, namely:

i. Application Solution segment
ii. Building Automation and Control segment (disposed on 25 July 2018)

i. Application Solution segment

As a leading provider of ready-to-deploy, industry-focused application software and services, our Group offers smart Digital Government and Healthcare solutions through our in-house products. Our products are developed based on our technical knowledge and in-depth understanding of industry demands and the clients' requirements which results in customised and innovative products. Due to our strong track record in innovation and experience, our products are marketed to not only Malaysia but also to other countries in the Asian region such as Indonesia, Brunei, Hong Kong, Singapore, Maldives, Brunei and Saudi Arabia.

Our in-house products for the healthcare and government sectors are as follows:

Software	Description
Pavo	A collaborative framework that facilitates the online submission of application documents amongst Government agencies.
Fornax	An electronic plan check checking systems software that automates the process of checking and approving building plans for compliance with building regulations, codes of practice and planning guidelines. It is also an electronic approval management software which aims to enhance productivity in local authority by automating the process of examining and approving applications for development controls, building control and other infrastructure development activities.
Vesalius	A comprehensive web-based platform that supports the administrative and clinical function within a hospital including physician support systems, nursing care, disease management, scheduling, patient registration, operating theatre management and billing.
Avicenna	A fully integrated cloud-based system which manages the administrative needs and clinical aspects of patient management in a healthcare facility from a single practitioner clinic to a multi-specialist outpatient centre with unrivalled user experiences.

In FYE 2019, the demand for our Digital Government and Smart Healthcare solutions continued to see strong demand. In June 2018, Nova MSC's subsidiary, novaCITYNETS Pte Ltd secured a contract from Singapore's Public Utilities Board to supply, deliver and implement a Building Information Modelling (BIM) Checking Systems for Building Plan Submission for about 20 months and thereafter maintains the project for the next 20 months. In August 2018, novaCITYNETS was awarded a second contract from Singapore's Urban Redevelopment Authority worth RM4.65 million to novaCITYNETS for the BIM Checking Systems for Building Plan Submission. The Group had also added An-Nur Specialist Hospital, Management and Science University, Metro Specialist Hospital and Island Hospital to our long list of healthcare clientele. We believe that the successful securing of these major contracts is a testament to our track record and will ultimately further strengthen our foothold in the industry.

The Group is also cognizant of the role and impact of innovation and new technology. The Group begins its journey to revolutionize healthcare delivery through deep technology by investing in a new spin-off EyRIS Pte Ltd ("EyRIS"). EyRIS will focus on developing and commercializing Deep Learning Systems (DLS) for healthcare industry. DLS is a breakthrough machine learning technology that utilizes representation-learning methods with multiple levels of representation to process natural data in their raw form, recognizing the intricate structures in high-dimensional data. EyRIS has a licence to market SELENA+, an intelligent deep learning system that performs automated retinal photo analysis to detect retinopathy and systemic complications in diabetic patients.

Management Discussion and Analysis
(Continued)

ii. Building Control and Automation segment

The Group expands our product offering into the Building and Control segment by our acquisition of 51% of Primustech Pte. Ltd. (formerly known as CNA Development Pte. Ltd.) ("PrimusTech") in 2016. However, Primustech operates in a highly competitive market environment. Furthermore, the synergistic benefit, which includes having the Application Software segment working together with Building Control and Automation segment to provide a one-stop solution for the implementation of smart hospital and smart building, required a longer than expected gestation period. Thus, on 12 July 2018, the Group entered into a Sale and Purchase Agreement to dispose the entire 51% in Primustech for a cash consideration of S$3 million (or approximately RM8.9 million) and use the proceed from the sale to increase its focus on the Digital Government and Healthcare segments which the Group is of the opinion would have a better prospect and higher growth potential as compared to PrimusTech.

Outlook and Strategies

The Group will continue to focus on delivering long-term value to our shareholders by generating sustainable and profitable growth. In order to achieve this, we will continue growing our sales and business development capacity through existing as well as new customers including outside the ASEAN region.

We may also pursue other growth opportunities through possible mergers & acquisitions that provide an area of expansion that will add more value to our products and services in the market to ultimately expand our reach.

As we move forward into FYE 2019, the Board of Directors and the Management team is cautiously optimistic that the outlook for the Group continues to be positive. With the continuous improvements of our products, alongside the Group's expansion into new overseas markets, these catalysts are expected to drive continued robust and sustainable growth for all stakeholders.

Financial Review

Financial year ended 31 March	2019	2018
Revenue - Continuing		
• Application Solution segment	53,019	35,491
Revenue - Discontinued		
- Building Control and Automation Segment	11,512	37,483
Total Revenue	64,531	72,974
Profit/(Loss) from continuing operation	2,652	(1,433)
Profit/(Loss) from discontinued operation	3,916	(3,041)
Profit/(Loss) after taxation	6,568	(4,474)
Profit/(Loss) attributable to owner	8,234	(2,624)
Loss attributable to Non-Controlling Interest	(1,666)	(1,850)

Revenue

In FYE 2019, the Group performed a strategic review of our current business segment and disposed its 51% equity interest in Primustech Pte Ltd ("Primustech") for SGD3.0 million (equivalent to approximately RM8.9 million) in July 2018. With the disposal, the Group has discontinued the Building Control and Automation segment and has classified the result of Primustech Pte Ltd and its subsidiary as discontinued operations. Accordingly, certain comparative figures have been amended or reclassified where necessary to conform with the current period's presentation.

For the FYE 2019, the Group recorded revenue of approximately RM53.0 million from the Application Software segment as compared to the revenue of RM35.5 million for the financial year ended 31 March 2018 (FYE 2018). The improvement was mainly due to new orders secured during the year, resulting in higher revenue recognition in line with project delivery milestone. The new orders secured during the year include Singapore's Public Utilities Board award of a RM15.4 million contract to supply, deliver and implement a Building Information Modelling (BIM) Checking Systems for Building Plan Submission for about 20 months and thereafter maintain the project for the next 20 months and (2) Singapore's Urban Redevelopment Authority award of a second contract worth RM4.65 million for the BIM Checking Systems for Building Plan Submission.

Management Discussion and Analysis
(Continued)

Profit /(Loss) After Taxation

In FYE 2019, the Group recorded a profit after taxation of approximately RM6.6 million as compared to the preceding year's loss after taxation of approximately RM4.5 million. This was mainly due to:-

(i) Disposal of the Building Control and Automation Segment

With the disposal of Primustech in July 2018, the Group was able to recognise a profit from discontinued operation of approximately RM3.9 million, after taking into consideration a gain on disposal of RM6.9 million and Primustech's loss from its operating activities of approximately RM 3.0 million up to the date of disposal. The Group is of the opinion that Primustech operates in a highly competitive market environment and the Group would have a better prospect and higher growth potential to focus on the Application Solution segment as compared to Primustech.

(ii) Improvement in the Application Solution Segment

The Application Solution segment has improved vastly in FY2019 due to the improvement in revenue arising from the increase in orders secured during the financial year though partly offset by an impairment of intangible asset of RM0.2million and doubtful debt of RM0.2 million.

Financial position

As at 31 March	**2019 (RM'000)**	**2018 (RM'000)**
Total equity attributable to shareholders	55,919	38,372
Total Asset	81,133	79,081
Intangible asset	21,716	21,108
Trade and other receivable	14,296	19,054
Trade and other payables	15,811	15,140

Total Equity attributable to shareholders

The total equity attributable to shareholders of approximately RM55.9 million was approximately 45% higher than that as at 31 March 2018 mainly due to (1) issuance of 68,324,000 new ordinary shares at an issue price of RM0.10 per placement share, (2) granting of ESOS option to eligible directors and employees and (3) profitable attributable of RM8.2 million.

Total Asset

As at 31 March 2019, the Group's total asset stands at RM81.1 million, which was approximately 2.5% higher than that as at 31 March 2018.

Intangible assets

As at 31 March 2019, intangible assets, which comprised mainly of development expenditure incurred for our in-house application software, amounted to RM21.7 million. The intangible assets increased by approximately RM0.6 million as compared to the intangible asset of RM21.1 million as at 31 March 2018 due to additional software development work of RM6.7 million for our in-house application solution, though partly offset by the disposal of Primustech related intangible assets of RM2 million and amortisation charge of RM4.4 million.

Trade and other receivables

Trade and other receivables decreased by RM4.8 million from RM19.1 million as at 31 March 2018 to RM14.3 million as at 31 March 2019 mainly due to disposal of Primustech.

Trade and other payables

As at 31 March 2019, trade and other payables amounted to RM15.8 million, which was comparable to the RM15.1 million as at 31 March 2018.

Management Discussion and Analysis
(Continued)

Liquidity, Financial Resources and Capital Structure

As at 31 March 2019, the Group's net current asset was RM32.5 million of which the cash and bank balances were RM6.3 million. As at 31 March 2018, the Group's net current assets stood at RM34.2 million of which the cash and bank balances were RM16.2 million. The Group's current ratio was 2.3 as at 31 March 2019 as compared to 2.6 as at 31 March 2018.

Total bank borrowings and overdrafts as at 31 March 2019 amounted to RM7.6 million, which was significantly lower as compared to the RM22.2 million as at 31 March 2018. This significant decrease was mainly due to the disposal of Primustech.

The Group did not declare any dividend in the last financial year and currently do not have a formal dividend policy.

In FYE 2019, the Group invested RM6.7 million in R&D development work, which 15.7% higher than the RM 5.8 million incurred in FYE 2018. The capital expenditure was mainly to introduce new modules into our products.

The management is cognisant of the financial risk arising from the operation and aim to safeguard the Group's ability to continue in it operation as a going concern as well as to maintain an optimal capital structure. During the year, the management mitigated such risk by maintaining a level of cash and bank balances deemed adequate by the Group to finance the Group's operations and mitigated the effects of fluctuations in cash flows.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Nova MSC Berhad ("the Company") recognizes the importance of good corporate governance and is committed to the establishment and implementation of a proper framework and controls that are in line with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2017 ("the Code"), where applicable.

This overview statement is prepared in compliance with the Bursa Malaysia ACE Market Listing Requirements and is to be read in conjunction with the CG Report 2018 of the Company which is available at www.nova-hub.com.

The following statements describe the corporate governance practices that were in place in the financial year ended 31 March 2019:-

1. Board

1.1 Duties and Responsibilities

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company while providing effective oversight of Group's performance, risk assessment and controls over business operations. In discharging its roles and responsibilities, the Board is guided by its Board Charter which outlines the duties of and responsibilities of the Board.

The Chairman leads the Board and ensures the effective functioning of the Board to act in the best interests of the Company and its shareholders. The Chairman facilitates the relationship between the Board, Executive Director and Management, by engaging them in constructive discussions over various matters, including strategic issues and business planning process. He ensures that discussion at the Board level are conducted objectively and professionally where all views are heard and key issues are debated in a fair and open manner.

The Non-Executive Directors contribute their expertise and experience to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.

The roles of the Non-Executive Independent Directors are to ensure that the strategies proposed by the executive management are fully reviewed and examined. They also undertake the responsibility of protecting and securing the varied long-term interests of the shareholders, employees, customers, and the communities in which the Group conducts its business.

Save for the significant matters reserved for the Board's approval, such as financial results, annual budget and business plan, issuance of new shares, expenditure above a certain limit, disposals or acquisition of significant assets and others, the Board delegates the day-to day operations of the business and implementation of Board's policies and plans to the Executive Director. The Executive Director is also accountable to the Board for the conduct and performance of the Group.

The role of the Management is to support the Executive Director.

During the year, the Executive Director and Management presented comprehensive summaries of the significant business activities and financial performance of the Group to the Board on a quarterly basis, whereby explanations on any material shortfalls and proposed corrective actions were provided. The Executive Director and Management also presented to the Board proposed business strategies and plans for the Board's review. The Board deliberated on the business strategies and plans to ensure that they were in line with Group's visions and mission after taking into consideration the latest market conditions and internal capabilities.

The Company Secretary plays an advisory role to the Board and is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also ensures that the deliberations at the Board meetings are well captured and documented.

The Board is also supported by four (4) Board committees to which it delegates specific areas of responsibilities for review and decision making. They are the Audit Committee, Nominating Committee, ESOS committee and Remuneration Committee.

No individual or group of individuals dominates the Board's decision-making. Together, the Directors possess the wide range of business, commercial and financial knowledge, expertise and skills essential in the management and direction of a corporation with regional presence.

1. **Board (Continued)**

1.2 Board Charter and Code of Corporate Conduct

The Company has adopted a Board charter and this is made available on the corporate website. The document aims to govern how the Board conduct its affairs, including the roles and responsibilities of the Board and Board Committees and their processes and procedures for convening their meetings. The Board will review its charter regularly to ensure its effectiveness and relevance to the Board's objectives.

The Board has adopted a Code of Conduct and Ethics policy which set out the standards of conduct expected from Directors, to engender good corporate behaviour. The Board intends to review the Code of Conduct and Ethics policy biennially and as and when it is required to ensure the information remains relevant and appropriate. A summary of this is available on the corporate website.

There is also a whistle blowing policy in place to provide all Directors and employees of the Group a platform to raise concerns or disclose any wrongdoing that may adversely impact the Company without fear of suffering retribution and to provide a transparent and confidential process for dealing with concerns.

1.3 Composition and Board Balance

1.3.1 Composition

The Board currently has five members, comprising one Executive Director, one Non-Executive Non-Independent Directors and three Non-Executive Independent Directors as follows:-

Name	Designation	Directorship
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	Chairman	Non-Executive Non-Independent
Lai Teik Kin	Member	Executive
Lim Hak Min	Member	Non-Executive Independent
Peter Wayne Thompson	Member	Non-Executive Independent
David Choo Boon Leong	Member	Non-Executive Independent

The Board is of the opinion that the interests of the shareholders of the Company are fairly represented in the current composition and its size constitutes an effective Board of the Company. The wide spectrum of knowledge, skills and experience of the Board gives added strength to the leadership which is necessary for the effective stewardship of the Group.

1.3.2 Board Balance

The four Non-Executive Directors of the Company, which form 4/5 of the Board, provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience.

They provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that higher standards of conduct and integrity are maintained by the Group.

The Board recognizes the importance of effective executive leadership to Nova's success and the Nominating Committee is tasked to discuss executive succession planning at least annually. In FY2019, as part of succession planning, the Board has promoted Mr Lai Teik Kin as the new Group Chief Executive Officer and Executive Director to take over from Mr Chan Wing Kong.

Although there is no gender diversity policy in place currently, the Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold as proposed in Practice 4.5. Nevertheless, the Board is on the outlook for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.

The profiles of the Directors are provided in pages 7 and 8 of the Annual Report.

Corporate Governance Overview Statement
(Continued)

1. Board (Continued)

1.4 Access to Information and Advice

Before each Board meeting, the Directors are provided with the agenda and full set of Board papers containing relevant information relating to the business of the meeting. Where necessary, additional information is provided during the Board meeting on significant issues that arise or when specifically requested by a Director.

The directors also have access to the services of the Company Secretary and senior management staff whether as a full board or in their individual capacity. In certain instances as deemed appropriate, the Board may also engage the services of professionals at the expense of the Group on specialized issues.

1.5 Appointment Process

The Board has set up a Nominating Committee on 28 August 2007. The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. Appointments are made upon the recommendation of the Nominating Committee. This process has been reviewed, approved and adopted by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

1.6 Re-election of Directors

Directors appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments and thereafter shall retire at least once every 3 years and retiring directors shall be eligible for re-election.

The Company does not have term limits for both Executive Directors and Non-Executive Independent Directors as the Board believes that continued contribution by Directors provide benefits to the Board and the Group as a whole. The integrity of Independent Directors is not compromised by the long period of serving. The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Non-Executive Independent Directors. In accordance with Practice 4.2 of MCCG 2017, the Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than nine years.

The Board has conducted an assessment on independence of directors in the period under review. The performance evaluation of the independent directors is conducted by way of self-assessment checklist. The independence evaluation is based on the criteria laid down in the Listing Requirements. It was noted by the Board that the independent directors complied with the definition of independent director as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements.

1.7 Meetings

During the year under review, six (6) Board Meetings have been held. The attendance record of each Director since the last financial year or the date of appointment is as follows:

	Number of Meetings Attended
Executive Directors	
Lai Teik Kin (appointed on 28 May 2019)	1/1
Non-Executive Directors	
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5/6
Peter Wayne Thompson	6/6
Lim Hak Min	6/6
David Choo Boon Leong (appointed on 28 August 2018)	3/3

1. Board (Continued)

1.7 Meetings (Continued)

During the financial year, the Board also resolved and approved the Company's matters through circular resolutions. Board members are provided sufficient detailed information for approvals via circular resolutions and are given full access to senior management to clarify any matters arising.

The Board also observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, they must no hold directorships at more than five public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied that the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company as evidenced by the attendance record of the Directors at Board meetings.

1.8 Directors' Training

At every Board Meeting, all Directors were briefed on the latest developments of the Group's business and operations to enhance and ensure that they have a comprehensive understanding on the Group's operations to enable them to discharge their responsibilities effectively and to keep abreast with developments in the market place. The Company does not have a formal training programme for new director. However, familiarization programme with the operations of the Group shall be arranged for any new appointee to the Board. In financial year under review, all Directors have attended development and training programmes, seminars and courses, the details of which are as follows:

Director	Training Programmes Attended
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	1. Workshop – Sustainability Engagement Series held on 5 Jul 2018 2. Breakfast Series "Conmpanies of the Future – The Role of Board" held on 4 Dec 2018 3. Breakfast Series "Non-Financial: Does it Matter?" held on 5 Dec 2018
Lim Hak Min	1. 4th Finance Leadership Programme held on 29 Aug to 5 Sep 2018
Peter Thompson	1. Governance, covering the conformance components of Boards held on 16 Aug 2018 2. Update on Statutory Compliance for ASX Listed Companies held on 21 Feb 2019
David Choo Boon Leong	1. Mandatory Accreditation Programme for Directors of public Listed Companies held on 29-30 Nov 2018 2. Cyber Security in Boardroom held on 27 Jun 2019

Corporate Governance Overview Statement
(Continued)

1. Board (Continued)

1.9 Board Committee

The Board has established the following committees:

i) Audit Committee

The Board has set up an Audit Committee, which composition is in compliance with the relevant regulatory requirements. The report of the Audit Committee is found on pages 28 to 30.

ii) Nominating Committee

The Nominating Committee comprises of the following members:

- Peter Wayne Thompson (Chairman), Independent Non-Executive Director
- Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, Non-Independent Non-Executive Director
- Lim Hak Min, Independent Non-Executive Director
- David Choo Boon Leong, Independent Non-Executive Director

The Committee shall meet at least once a year or as and when deemed fit and necessary.

The duties and responsibilities of the Committee are as follows:-

- To assist the Board in implementing an assessment program to assess the effectiveness of the Board as a whole, the committee of the Board and the individual director on an annual basis.
- To assist the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board.
- To nominate and recommend to the Board suitable candidates for directorships. In making such recommendations, to consider candidates proposed by chief executive office and within the bounds of practicability by any other senior executives or any director or shareholder.
- To nominate and recommend to the Board the nominees to fill seats on Board committees and succession planning.

During the period under view, the Nominating Committee met once and was attended by all the members of the Nominating Committee. At this meeting, the Nominating Committee:-

i) Reviewed the annual assessment of the Board and individual directors;
ii) Discussed and recommended to the Board for re-election of retiring directors in the Annual General Meeting; and
iii) Brought up the need for directors' trainings.

The performance evaluation of the Board is conducted by way of self-assessment. The performance criteria used in this evaluation includes individual contributions of each directors, the overall effectiveness of the Board and its required mix of skill, experience and other qualities including core competencies. Directors are required to fill out the self-assessment forms and provide their feedback, view.

The results of these self-assessments forms are compiled and tabled to the Nominating Committee for review and deliberation.

As part of the management succession planning, the Group has promoted Mr Lai Teik Kin as the Group Chief Executive Officer and Executive Director to take over from Mr Chan Wing Kong.

During the financial year under review, a new Director, Mr. David Choo Boon Leong was appointed to the Board. The NC had run through the protocol as provided above to evaluate the suitability for the appointment of Mr Choo, prior to making recommendation to the Board for consideration.

1. **Board (Continued)**

1.9 Board Committee (Continued)

iii) Employees Share Option Scheme ("ESOS") Committee

The ESOS Committee comprises of the following members:

- Lim Hak Min (Chairman), Independent Non-Executive Director
- Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, Non-Independent Non-Executive Director
- Lai Teik Kin, Non-Independent Executive Director

The ESOS committee was established to administer the Company's ESOS. The Committee's principal function is to ensure that the Scheme is administered in accordance with the by-laws approved by the shareholders of the Company. The present ESOS was implemented on 18 November 2015 and is governed by the by-laws that were approved by the shareholders on 27 August 2015.

The ESOS Committee met once during the period under review with all the members attending the meeting. The ESOS Committee reviewed and discussed the terms, criteria and overall assessment for the ESOS allocation for eligible employees and director.

iv) Remuneration Committee

The Remuneration Committees comprises of the following members:

- Peter Wayne Thompson (Chairman), Independent Non-Executive Director
- Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar, Non-Independent Non-Executive Director
- David Choo Boon Leong, Independent Non-Executive Director
- Lim Hak Min, Independent Non-Executive Director

It is governed by its Term of Reference, which defines its scope of authorities, responsibilities and duties and are available for reference at the Company's website at www.nova-hub.com. The Remuneration Committee is responsible to assist the Board in developing and establishing commensurate remuneration policies and packages of the Executive Directors. The Committee shall meet at least once a year or as and when deemed fit and necessary.

The Remuneration Committee met once during the period under review with all the members attending the meeting. The Remuneration Committee reviewed CEO's recommendations for bonus and performance of the Management team, the remuneration package of the executive directors in the Company and in the respective subsidiary companies. The performance criteria for increment of salaries were based on performance of executive directors as a team for the financial year. In addition, Remuneration Committee also reviewed CEO's recommendation for bonus and performance of the Group management team.

2. **DIRECTORS' REMUNERATION**

2.1 Remuneration Policy and Procedures

The directors' remuneration is determined in accordance to the performance and their capability to the Group. The Board recognizes that levels of remuneration must be sufficient to attract, retain and motivate the directors of the quality required to manage the business of the Company and the Group and to align the interest of the Directors with those of the shareholders. The Remuneration Committee is entrusted under its term of reference to assist the Board, among others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration.

Corporate Governance Overview Statement
(Continued)

2. DIRECTORS' REMUNERATION (Continued)

2.1 Remuneration Policy and Procedures (Continued)

The details of the remuneration of the Directors of the Group and of the Company for the financial year under review (including remuneration drawn from the subsidiaries) on a name basis are as follows:

	Company		Group						
	Fee RM'000	Allowance RM'000	Fee RM'000	Allowance RM'000	Salary RM'000	Defined Contribution Plan RM'000	Stock Option RM'000	Benefits in kind RM'000	Total RM'000
Executive Director									
- Chan Wing Kong	-	-	-	72	741	26	449	-	1,288
Non-Executive Directors									
- Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	60	-	-	-	-	-	-	-	60
- Lim Hak Min	50	-	-	-	-	-	-	-	50
- Peter Wayne Thompson	50	-	-	-	-	-	-	-	50
- David Choo Boon Leong	40	-	-	-	-	-	-	-	40
Total	**200**	**-**	**-**	**72**	**741**	**26**	**449**	**-**	**1,488**

3. SHAREHOLDERS

Relation with Shareholders and Investors

The Board recognizes the importance of communicating with shareholders and investors. Information on the Group's business activities and financial performance are disseminated through press release, quarterly reports, annual reports and the Annual General Meeting. In addition, the shareholders and investors may obtain the Company's latest announcement via the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.my and the Company's website at www.nova-hub.com.

The principle forum for dialogue with shareholders is during the Annual General Meeting ("AGM"). At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate developments in the Group, the resolutions being proposed and on the business of the Group in general.

The Company conduct poll voting on each resolution tabled in the previous general meetings. The Company currently conducts poll voting. With poll voting, each shareholder present in person or by proxy at the general meeting will be entitled to vote on a one-share one vote basis. At least one (1) scrutineer is appointed to validate the vote cast at the meeting.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board is responsible to present a balanced and comprehensive assessment of the Group's financial position to shareholders by means of the annual and quarterly reports and other published information. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness and that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

4. ACCOUNTABILITY AND AUDIT (Continued)

4.2 Directors' Responsibility in Financial Reporting

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the income statements of the Company and the Group for the year then ended.

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia. In preparing the financial statements, the Directors are required to select appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The Directors have responsibility for ensuring that the Group keeps proper accounting records which disclose with accuracy at any time the financial position of the Group which enables them to ensure that the financial statements comply with the Companies Act 2016. The Directors also have responsibility for taking such steps as are reasonable to safeguard the assets of the Group for prevention and detection of fraud and other irregularities.

4.3 Internal Control and Risk Management

The Board assumes overall responsibility for maintaining a sound system of risk management and internal controls that provide reasonable assurance of effective operations and legal compliance including both internal policies and standard operating procedures. The Group's Statement on Risk Management and Internal Control is set out on pages 31 to 32 of this Annual Report to provide an overview of the state of risk management and internal controls within the Group.

4.4 Relationship with Auditors

The Board, via the Audit Committee, maintains a close and transparent relationship with its Auditors in seeking professional advice and ensure compliance with the appropriate accounting standards. The Audit Committee meets the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. At least 2 meetings are held without the presence of the Executive Director and the management to encourage a greater exchange of independent and open dialogue.

The Audit Committee assesses the performance of the external auditors in terms of suitability, objectivity and independence of their services. The Audit Committee will then recommend their reappointment to the Board, subject to shareholders' approval in the AGM.

4.5 Compliance with the Code

The Board is satisfied that the Company has in all material aspects complied with the principles and recommendations of the Code during the financial year ended 31 March 2019 except where it was specifically stated otherwise.

AUDIT COMMITTEE REPORT

The Audit Committee was formed on 1 July 2003 as a committee within the Board of Directors primarily responsible to assist the Directors in carrying out their duties in relation to accounting and financial reporting of the Group and the Company.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of:

Name	Designation	Directorship
Lim Hak Min	Chairman (appointed as Chairman on 28 August 2018)	Non-Executive Independent
Peter Wayne Thompson	Member	Non-Executive Independent
David Choo Boon Leong	Member (appointed on 28 August 2018)	Non-Executive Independent

TERMS OF REFERENCE ("TOR")

A copy of the TOR of the Audit Committee is available for viewing at the Company's website at www.nova-hub.com.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Audit Committee met 5 times during the financial year ended 31 March 2019. The attendance record of each Director since the last financial year or the date of appointment is as follows:

	Number of Meetings Attended
Peter Wayne Thompson	5/5
Lim Hak Min	5/5
David Choo Boon Leong (appointed on 28th August 2018)	3/3

During the financial year ended 31 March 2019, the Audit Committee has discharged the following functions and duties:-

Overview of Financial Performance and Reporting

- Reviewed the quarterly financial result announcement with management for recommendation to the Board for approval. In the review, the parties discussed on the accounting principles and standards that were applied and their judgement of the accounting principles and standards that might affect the financial results and statements;

- Reviewed the Group's annual audited financial statements for recommendation to the Board for approval;

- Review and recommend the Audit Committee Report and the Statement of Risk Management and Internal Control to the Board for consideration and inclusion in the Annual Report of the Company;

- Reviewed the Annual Report for recommendation to the Board for approval;

SUMMARY OF ACTIVITIES OF THE COMMITTEE (Continued)

Oversight of External Auditors

- Reviewed and approved the external audit plan of the Company and Group for the year with the external auditors prior to the commencement of the annual audit;

- Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the external auditors without the presence of management and the Executive Director;

- Reviewed the audit report, issues and reservations arising from the statutory audit with the external auditors;

- Assessed and evaluated the performance, independence and suitability of the external auditor for its re-appointment and made recommendations to the Board on their re-appointment and remuneration, taking into considerations factors including the adequacy of experience and resources of the external auditors and the professional staff assigned to the audit. The external auditors also provided a written confirmation on their independence and the measures used to control the quality of their work;

- Reviewed the audit and non-audit fees of the external auditors;

Oversight of Internal Audit Function

- Reviewed and approved the risk based internal audit plan with the Internal Auditors, taking into consideration the adequacy, relevance and resources on all significant operational processes and internal controls systems;

- Reviewed and deliberated on issues raised in the internal audit reports in relation to weakness in internal controls;

- Monitored the corrective actions taken on outstanding internal audit issues to ensure that all the key risks and control lapses were duly addressed;

- Report to the Board on the Internal Auditors' plan and results of Internal Auditors' assessments;

Review of Related Party Transactions

- Reviewed all recurrent related party transactions within the Group to ensure that the transactions entered into were at arm's length and on normal commercial terms;

- Reviewed and approved the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

INTERNAL AUDIT FUNCTION

The Board outsource its internal audit function for an annual fee of RM18,000 to a professional consulting firm which provides support to the Audit Committee in monitoring and managing risks and internal control systems of the Group. It reports directly to the Audit Committee.

The main responsibilities of the internal auditors are:

(i) To assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board to make an accurate Statement of Internal Controls in the Annual Report;
(ii) To support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhanced the internal control system;
(iii) To perform a risk assessment of the Group to identify the business processes within the Group that the internal audit should focus on;
(iv) To allocate resources to areas within the Group in order to provide management and the Audit Committee with efficient and effective levels of internal audit coverage.

Audit Committee Report
(Continued)

INTERNAL AUDIT FUNCTION (Continued)

The activities of the Internal audit function during the year were as follows:-

- Developed a risk-based internal audit plan;
- Conducted internal audit reviews in accordance with the internal audit plan approved by the Audit Committee;
- Reported the results of internal audits and made recommendations for improvements to the Audit Committee on a periodic basis; and
- Performed follow-up visit to ensure that recommendations for improvement were satisfactorily implemented.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control and Risk Management for the inclusion in the annual report of the Group for the financial year ended 31 March 2019 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

The above statement is made in accordance with the resolution passed by the Board of Directors on 29 July 2019.

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO THE ESOS ALLOCATION

During the financial year ended 31 March 2019, 48,300,000 share options had been offered and granted to eligible executive director/employees of the Group pursuant to the criteria as set out in the by-laws of the Company's ESOS. The Audit Committee had reviewed the allocation of the share options granted. They were made in compliance with the by-laws of the Company's ESOS.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is fully committed to maintain a sound system of internal control and risk management in accordance with Principle 6 of the Malaysian Code on Corporate Governance 2017 to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders. The Board is pleased to present the Statement on Risk Management and Internal Control which outlines the Group's internal control framework and risk management system for the financial year ended 31 March 2019 pursuant to Paragraph 15.26(b) of Requirements of Bursa Malaysia Securities Berhad for the ACE Market ("the AMLR") and the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY

The Board has overall responsibility for the Group's risk management and system of internal controls and for reviewing its adequacy and effectiveness. Management is responsible for implementing the processes for identifying, assessing, monitoring and reporting of risks and internal control to the Board. Management's duties include taking appropriate and timely corrective actions as needed to mitigate and control these risks and providing assurance to the Board that the processes for identifying, evaluating and managing significant risks have been carried out.
The Board recognises that the system of internal control and risk management is designed to manage and minimize the risk of failure rather than eliminate the risks involved. Therefore, the Board is cognizant that the systems implemented can provide only reasonable and not absolute assurance against the occurrence of any material misstatement loss or fraud.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The main features of the Group's internal control system and risk management are described below:

<u>Internal Control and Risk Management Framework</u>

The Board together with Management ensures that there is a sound internal control framework and ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in the achievement of its objectives and strategies. The Board reviews the process, taking into account changes in the regulatory and business environment to ensure the adequacy and effectiveness of the system of internal controls.

The Group has also in place a risk management framework consisting of three line of defence for managing risks affecting its business and operations. The first line of defence is carried out via the internal controls implemented as part of the day to day operations. The second line of defence relates to the oversight function by both the Board and Management. The final and third line of defence is that of the independent assurance providers, namely the Internal Auditors. The framework and ongoing process have been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

<u>Clear roles and responsibilities</u>

The Group has in place an organisational structure that supports business and operational requirements, with clearly defined levels of responsibilities, lines of accountability and delegated authority with appropriate reporting procedures.

The Executive Director is involved in the day-to-day business operations of the Group. Scheduled informal operational and management meetings are held with Management to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.

The Board is assisted by the Audit Committee in specific areas in order to enhance the system of internal controls and corporate governance.

<u>Formalised policies and procedures</u>

Clear formalised internal policies and procedures are in place to support the Group to facilitate effective and efficient operations. The Company's subsidiaries are accredited with ISO9001:2008. Documented internal procedures and standard operating procedures have been put in place and surveillance/certification audits are conducted on a periodic basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered to.

Statement on Risk Management and Internal Control
(Continued)

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Continued)

Internal Audit Function

The Group's internal audit function has been outsourced to an independent party which assists the Audit Committee and the Board in discharging their responsibilities. The internal audit function provides independent, objective assurance and advisory services that add value and improve the operations by:

- ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring the adequacy and effectiveness of internal control and management information systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures;
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach in evaluating and improving the effectiveness of risk management, control and governance processes within the Group's operations; and
- testing the effectiveness and efficiency of the internal controls systems periodically to ensure that they are effective and viable.

The internal audit function reports directly to the Audit Committee and mainly focuses on high priority activities determined by risk assessment in accordance with the Audit Planning Memorandum approved by the Audit Committee. Please refer to the Audit Committee Report on pages 28 to 30.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

This Statement has been reviewed by the External Auditors for inclusion in the Annual Report 2018 in accordance with Paragraph 15.23 of the AMLR. Their review was carried out in accordance with the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants. The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION BY THE BOARD

The Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control system based on the information:-

(i) provided by key management in the Company delegated with the responsibility for the development and maintenance of the internal control and risk management framework and processes;

(ii) from the Internal Auditors, who submit regular reports to the Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the Company's systems of risk management and internal control together with recommendations for improvement; and

(iii) provided by the External Auditors.

The Board has received assurance from the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Group's risk management and internal control system does not apply to the associate company as the Board does not have control over its operations. Notwithstanding, the Group's interests are served through representation on the board of the associate company which provide the Board with timely information and decision making in relation to the investment in its associate company.

No material losses were incurred during the financial year under review as a result of weaknesses in risk management and the internal control system. The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is satisfied that the risk management and internal control systems in place for the financial year ended 31 March 2019 are adequate and effective to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders.

This Statement is made in accordance with the resolution of the Board dated 29 July 2019.

ADDITIONAL COMPLIANCE INFORMATION

The following set out below is disclosed in compliance with the Listing Requirements of Bursa Securities:

1. OPTIONS, WARRANTS OR CONVERIBLE SECURITIES

(a) Employee Share Option Scheme ("ESOS) during the financial year

At an extraordinary general meeting held on 27 August 2015, the Company's shareholders approved the establishment of a ten (10) years ESOS of up to thirty percent (30%) of the issued and paid up capital of the Company. The ESOS was implemented on 18 November 2015.

The number of options outstanding as at the end of the financial year are as follows:-

	Number of options over ordinary shares in the Company				
	As at 1.04.2018	**Granted**	**Exercised**	**Forfeited/ Lapsed**	**As at 31.03.2019**
Grant date					
02.06.2016	4,500,000	-	-	-	4,500,000
02.05.2018	-	23,000,000	-	-	23,000,000
30.08.2018	-	25,300,000	-	-	25,300,000

Number of options exercisable at end of the financial year : 4,500,000

Details of the ESOS options granted to the Directors and senior management as at 31 March 2019 are as follows:-

	Since commencement of ESOS on 18 November 2015			
	Aggregate ESOS Options Granted	**Aggregate ESOS Options Exercised**	**Aggregate ESOS Options Forfeited/Lapsed**	**Aggregate ESOS Options Outstanding**
Directors and chief executive	18,000,000	-	(5,000,000)	13,000,000

	Aggregate maximum allocation applicable (%)	**Aggregate ESOS Options Grant Since 18 November 2015 (%)**
Directors and senior management	70	63.4

2. UTILISATION OF PROCEEDS FROM NEW SHARES ISSUED

During the financial year ended 31 March 2019, the Company has undertaken a private placement exercise which was completed on 21 June 2018 where 68,324,000 new ordinary shares had been issued at an issue price of RM0.10 per placement share. The Private Placement raised a gross proceed of RM6,832,400 and the details of the utilization of the proceeds raised from the Private Placement, as at the date of the printing of this Annual Report, are as follows:-

Use of proceeds from private placement	**Amount raised (RM'000)**	**Amount utilized (RM'000)**
Working capital	6,695	6,695
Estimated professional fee	137	137
Total	**6,832**	**6,832**

Additional Compliance information
(Continued)

3. NON- AUDIT FEES

AUDIT AND NON- AUDIT FEES

Audit and non-audit fees paid or payable to external auditors for the financial year ended 31 March 2019 are as follows:-

	Group RM'000	Company RM'000
Audit Fee	188	54
Non-Audit Fee	10	10

4. MATERIAL CONTRACTS

There are no material contracts involving directors or major shareholders other than those entered in the ordinary course of the business by the Company as disclosed in the financial statements.

Financial Statement

DIRECTORS' REPORT

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

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, software research and development, provision of e-business solutions through the sale of application software and professional services for software customisation and implementation. The principal activities and details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is listed on the ACE Market of Bursa Malaysia Securities Berhad.

2. RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	6,567,509	43,251
Attributable to :		
- Owners of the Company	8,233,717	43,251
- Non-Controlling Interests	(1,666,208)	-
	6,567,509	43,251

3. RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

4. DIVIDEND

No dividend was declared or paid since the end of the last financial year and the Directors do not recommend the payment of any dividends in respect of the current financial year.

5. SHARE CAPITAL

Pursuant to a general mandate obtained from the shareholders on 29 August 2017 and directors' resolution dated 19 June 2018, the issued and paid-up share capital of the Company was increased from RM80,786,615 to RM87,619,015 through the allotment and issuance of 68,324,000 new ordinary shares at an issue price of RM0.10 per share for a total cash consideration of RM6,832,400 via a private placement to eligible investors.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company and proceeds from the share issue were utilised for working capital purposes.

Directors' Report
(Continued)

6. DIRECTORS OF THE COMPANY

The names of Directors of the Company in office during the financial year and during the period from end of the financial year to the date of this report are :

Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar (Chairman)	
Peter Wayne Thompson	
Lim Hak Min	
David Choo Boon Leong	(Appointed on 28 August 2018)
Lai Teik Kin	(Appointed on 28 May 2019)
Onn Kien Hoe	(Retired on 23 August 2018)
Suresh Parthasarathy	(Resigned on 23 August 2018)
Chan Wing Kong	(Resigned on 28 May 2019)

The names of Directors of the Company's subsidiaries in office during the financial year and during the period from end of the financial year to the date of this report are :

Chan Wing Kong
Dr. Victor John Stephen Price
Tan Yew Soon
Lai Teik Kin
Tan Chee Ping
Tan Chih Thong

7. DIRECTORS' INTERESTS

According to the register of directors' shareholding, the interests of directors in office at the end of the financial year in shares and options over ordinary shares in the Company and its related corporations during the financial year were as follows :-

	Number of ordinary shares in the Company			
	As at	During the financial year		As at
	01.04.2018	Bought	Sold	31.03.2019
Direct interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	-	-	5,160,000
Chan Wing Kong	17,530,230	-	-	17,530,230
Indirect interest				
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	45,178,150	-	-	45,178,150

	Exercise	Number of options over ordinary shares in the Company				
	price	As at	During the financial year			As at
	RM/share	01.04.2018	Granted	Exercised	Forfeited	31.03.2019
Chan Wing Kong	0.10	2,000,000	-	-	-	2,000,000
	0.09	-	8,000,000	-	-	8,000,000
	0.17	-	3,000,000	-	-	3,000,000
		2,000,000	11,000,000	-	-	13,000,000

Other than as disclosed above, none of the other Directors holding office at the end of the financial year had any interest in the ordinary shares and options of the Company and of its related corporations during the financial year.

Directors' Report
(Continued)

8. DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive a benefit (other than benefits shown under Directors' Remuneration below) 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 certain Directors who have or are deemed to have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than any benefits which may be derived from the Employees' Share Option Scheme as disclosed in Section 11 of the Directors' Report.

9. DIRECTORS' REMUNERATION

The particulars of remuneration provided to the Directors and past Directors of the Company are disclosed in Note 25 to the financial statements.

The amount of indemnity insurance coverage effected during the financial year for the Directors and officers of the Company and of the Group acting in supervisory capacities is up to a limit of RM5,000,000. The insurance premium paid during the financial year amounted to RM12,000.

10. AUDITORS' REMUNERATION

The details of the auditors' remuneration for the Group and for the Company are disclosed in Note 26 to the financial statements.

There was no indemnity given or insurance effected for the auditors of the Company.

11. EMPLOYEEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") is governed by the By-Laws which were approved by the shareholders on 27 August 2015. This ESOS was implemented on 18 November 2015 and will expire on 17 November 2025.

The following options over unissued ordinary shares of the Company were granted to eligible employees, including executive director of the Company and its subsidiaries during the financial year :-

(a) Date of offer: 2 May 2018

Exercise price: RM0.09

Number of options granted: (i) Tranche 1 : 4,700,000
(ii) Tranche 2 : 18,300,000

Tranche 1 options are vested upon completion of thirteen months from the date of grant. For Tranche 2, the number of options to be vested was subject to the achievement of certain performance criteria by eligible employees over the financial year ended 31 March 2019 and shall be vested upon completion of thirteen months from the date of grant.

(b) Date of offer: 30 August 2018

Exercise price: RM0.17

Number of options granted: (i) Tranche 1 : 4,450,000
(ii) Tranche 2 : 20,850,000

Tranche 1 options are vested upon completion of nine months from the date of grant. For Tranche 2, the number of options to be vested was subject to the achievement of certain performance criteria by eligible employees over the financial year ended 31 March 2019 and shall be vested upon completion of nine months from the date of grant.

11. EMPLOYEEES' SHARE OPTION SCHEME (Continued)

The movements of options over unissued ordinary shares during the financial year are as follows :-

	Exercise price RM/share	Number of options over ordinary shares in the Company				
		As at 01.04.2018	During the financial year Granted	Exercised	Forfeited	As at 31.03.2019
02.06.2016 - Tranche 1	0.10	4,500,000	-	-	-	4,500,000
02.06.2016 - Tranche 2	0.10	-	-	-	-	-
02.05.2018 - Tranche 1	0.09	-	4,700,000	-	-	4,700,000
02.05.2018 - Tranche 2	0.09	-	18,300,000	-	-	18,300,000
30.08.2018 - Tranche 1	0.17	-	4,450,000	-	-	4,450,000
30.08.2018 - Tranche 2	0.17	-	20,850,000	-	-	20,850,000
		4,500,000	48,300,000	-	-	52,800,000

The options outstanding at the end of financial year will expire on 17 November 2025.

The salient features of the ESOS as contained in the By-Laws are as follows :-

(i) The total number of new ordinary shares that may be made available under the ESOS shall not exceed thirty per cent (30%) of the issued and paid-up capital of the Company.

(ii) Eligible employees are Directors and confirmed employees of the Group (save and except for companies which are dormant) who meet the criteria of eligibility for participation as set out in the By-Laws, at the date of the offer.

(iii) The option is personal to the grantee and is non-assignable.

(iv) An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.

(v) An option may be exercised by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the new shares comprised in the option, provided that where an option is exercised in respect of a part of the new shares comprised therein, the number of new shares of which such an option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).

12. OTHER STATUTORY INFORMATION

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 writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report
(Continued)

12. OTHER STATUTORY INFORMATION (Continued)

At the date of this report, the Directors are not aware of any circumstances :-

(i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

(iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :-

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability of the Group or of the Company that has arisen since the end of the financial year.

In the opinion of the Directors :-

(i) no contingent liability or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

13. AUDITORS

The auditors, Messrs Folks DFK & Co., have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors,

Y.A.M. TUNKU DATO' SERI NADZARUDDIN
IBNI ALMARHUM TUANKU JA'AFAR
Chairman

LAI TEIK KIN
Director

Kuala Lumpur,
29 July 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	1,056,681	1,637,087	46,633	73,366
Goodwill	7	250,331	-	-	-
Intangible assets	8	21,715,752	21,108,463	15,208	17,708
Investment in subsidiaries	9	-	-	31,347,238	35,786,672
Investment in associates	10	753,898	870,739	-	-
Other investment	11	-	56,031	-	-
Amount due from subsidiaries	15.2	-	-	4,403,470	-
Deferred tax assets	12	-	210,492	-	-
		23,776,662	23,882,812	35,812,549	35,877,746
Current Assets					
Contract assets	13	36,713,745	-	146	-
Amount due from contract customers	13	-	19,790,096	-	1,100
Inventories	14	-	109,258	-	-
Trade and other receivables	15	14,295,756	19,053,558	17,994,412	10,745,579
Tax recoverable		3,327	4,064	3,327	4,064
Fixed deposits, cash and bank balances	16	6,343,694	16,241,651	9,609	251,410
		57,356,522	55,198,627	18,007,494	11,002,153
TOTAL ASSETS		81,133,184	79,081,439	53,820,043	46,879,899
EQUITY					
Share capital	17	87,619,015	80,786,615	87,619,015	80,786,615
Share option reserve	18	2,271,846	279,450	2,271,846	279,450
Accumulated losses		(43,878,559)	(52,112,276)	(40,305,845)	(40,349,096)
Foreign currency translation reserve		9,906,246	9,417,926	-	-
Equity attributable to the shareholders of the Company		55,918,548	38,371,715	49,585,016	40,716,969
Non-controlling interests		345,778	2,328,673	-	-
TOTAL EQUITY		56,264,326	40,700,388	49,585,016	40,716,969

Statements of Financial Position
As At 31 March 2019 (Continued)

		GROUP		COMPANY	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	12	-	60,163	-	-
Convertible bonds	19	-	17,347,253	-	-
		-	17,407,416	-	-
Current Liabilities					
Contract liabilities	13	1,470,447	-	259,111	-
Amount due to contract customers	13	-	940,943	-	767,208
Trade and other payables	20	15,811,646	15,139,687	3,975,916	5,395,722
Borrowings	21	7,583,329	4,886,567	-	-
Tax payable		3,436	6,438	-	-
		24,868,858	20,973,635	4,235,027	6,162,930
TOTAL LIABILITIES		24,868,858	38,381,051	4,235,027	6,162,930
TOTAL EQUITY AND LIABILITIES		81,133,184	79,081,439	53,820,043	46,879,899

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Revenue	22	53,019,047	35,490,687	4,654,714	4,208,016
Other income		454,974	1,017,659	-	-
Employee benefits expenses	23	(22,933,989)	(19,058,995)	(2,348,929)	(1,780,525)
Hardware and material costs		(14,810,633)	(4,451,606)	(1,445,099)	(975,975)
Office rental		(1,304,249)	(1,398,809)	(106,980)	(106,980)
Other expenses		(7,058,146)	(8,294,240)	(3,323,498)	(5,143,853)
Depreciation and amortisation		(4,441,040)	(4,454,085)	(56,278)	(50,211)
Gain on disposal of subsidiary		-	-	2,669,905	-
Reversal of contingent consideration provision		-	-	-	1,500,000
Interest income		1,103	5,901	767	5,629
Finance costs	24	(270,837)	(244,490)	-	-
Share of results of associates		8,816	(44,618)	-	-
Profit/(Loss) before taxation	26	2,665,046	(1,432,596)	44,602	(2,343,899)
Taxation	27	(13,973)	-	(1,351)	-
Profit/(Loss) from continuing operations		2,651,073	(1,432,596)	43,251	(2,343,899)
Discontinued operations					
Profit/(Loss) from discontinued operations, net of tax	9	3,916,436	(3,041,444)	-	-
Profit/(Loss) for the financial year		6,567,509	(4,474,040)	43,251	(2,343,899)
Other comprehensive income/(loss)					
Item that may be reclassified subsequently to profit or loss :-					
Foreign currency translation gain/(loss)		528,488	(3,414,859)	-	-
Other comprehensive income/(loss) for the financial year, net of tax		528,488	(3,414,859)	-	-
Total comprehensive income/(loss) for the financial year		7,095,997	(7,888,899)	43,251	(2,343,899)

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 March 2019 (Continued)

	Note	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Net income/(loss) for the financial year attributable to :-					
Owners of Company		8,233,717	(2,623,793)	43,251	(2,343,899)
Non-Controlling Interests		(1,666,208)	(1,850,247)	-	-
		6,567,509	(4,474,040)	43,251	(2,343,899)
Total comprehensive income/(loss) for the financial year attributable to :-					
Owners of Company		8,722,037	(5,665,647)	43,251	(2,343,899)
Non-Controlling Interests		(1,626,040)	(2,223,252)	-	-
		7,095,997	(7,888,899)	43,251	(2,343,899)
Total comprehensive income/(loss) for the financial year attributable to owners of Company					
Continuing operations		3,768,871	(4,083,238)	43,251	(2,343,899)
Discontinued operations		4,953,166	(1,582,409)	-	-
		7,095,997	(7,888,899)	43,251	(2,343,899)
EARNING/(LOSS) PER ORDINARY SHARE (SEN)					
Basic	28				
- from continuing operations		0.3842	(0.2092)		
- from discontinued operations		0.7345	(0.1748)		
		1.1187	(0.3840)		
Fully diluted	28				
- from continuing operations		0.3791	(0.2091)		
- from discontinued operations		0.7249	(0.1747)		
		1.1040	(0.3838)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Attributable to the Owners of the Company						
	Non-distributable						
GROUP	Share Capital RM	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
2019							
As at 1 April 2018 as previously reported	80,786,615	279,450	9,417,926	(52,112,276)	38,371,715	2,328,673	40,700,388
Adjustments on initial application of MFRS 9, net of tax (Note 4.1)	-	-	-	-	-	-	-
As restated	80,786,615	279,450	9,417,926	(52,112,276)	38,371,715	2,328,673	40,700,388
Profit/(Loss) for the financial year	-	-	-	8,233,717	8,233,717	(1,666,208)	6,567,509
Other comprehensive income :							
- Foreign currency translation gain of foreign operations	-	-	488,320	-	488,320	40,168	528,488
Total comprehensive income/(loss) for the financial year	-	-	488,320	8,233,717	8,722,037	(1,626,040)	7,095,997
Issuance of ordinary shares :							
- Private placement	6,832,400	-	-	-	6,832,400	-	6,832,400
ESOS granted	-	1,992,396	-	-	1,992,396	-	1,992,396
Additional non-controlling interests arising from acquisition of subsidiary (Note 9)	-	-	-	-	-	500,173	500,173
Disposal of subsidiary (Note 9)	-	-	-	-	-	(857,028)	(857,028)
As at 31 March 2019	87,619,015	2,271,846	9,906,246	(43,878,559)	55,918,548	345,778	56,264,326

Statements Of Changes In Equity
For The Financial Year Ended 31 March 2019 (Continued)

GROUP	Attributable to the Owners of the Company						
	Non-distributable						
	Share Capital RM	Share Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
2018							
As at 1 April 2017	80,786,615	279,450	12,459,780	(49,488,483)	44,037,362	4,551,925	48,589,287
Loss for the financial year	-	-	-	(2,623,793)	(2,623,793)	(1,850,247)	(4,474,040)
Other comprehensive loss :							
- Foreign currency translation loss of foreign operations	-	-	(3,041,854)	-	(3,041,854)	(373,005)	(3,414,859)
Total comprehensive loss for the financial year	-	-	(3,041,854)	(2,623,793)	(5,665,647)	(2,223,252)	(7,888,899)
As at 31 March 2018	80,786,615	279,450	9,417,926	(52,112,276)	38,371,715	2,328,673	40,700,388

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

Statements Of Changes In Equity
For The Financial Year Ended 31 March 2019 (Continued)

COMPANY	Share Capital RM	Share Option Reserve RM	Accumulated Losses RM	Total RM
	Attributable to the Owners of the Company			
	Non-distributable			
2019				
As at 1 April 2018	80,786,615	279,450	(40,349,096)	40,716,969
Total comprehensive income represented by profit for the financial year	-	-	43,251	43,251
Issuance of ordinary shares :				
- Private placement	6,832,400	-	-	6,832,400
ESOS granted	-	1,992,396	-	1,992,396
As at 31 March 2019	87,619,015	2,271,846	(40,305,845)	49,585,016
2018				
As at 1 April 2017	80,786,615	279,450	(38,005,197)	43,060,868
Total comprehensive loss represented by loss for the financial year	-	-	(2,343,899)	(2,343,899)
As at 31 March 2018	80,786,615	279,450	(40,349,096)	40,716,969

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation from:-				
- Continuing operations	2,665,046	(1,432,596)	44,602	(2,343,899)
- Discontinued operations	3,885,375	(3,008,530)	-	-
	6,550,421	(4,441,126)	44,602	(2,343,899)
Adjustments for :-				
Amortisation of intangible assets	4,356,523	6,297,996	2,500	2,292
Depreciation of property, plant and equipment	481,945	505,998	53,778	47,919
Discount implict in amount due from subsidiaries	-	-	549,616	-
ESOS expense	1,992,396	-	225,996	-
Gain arising on change in fair value of embedded derivatives	-	(328,745)	-	-
Gain on investment (contingent provision consideration)	-	(1,500,000)	-	(1,500,000)
Gain on disposal of subsidiary	(6,956,781)	-	(2,669,905)	-
Goodwill written off	-	2,727,825	-	-
Impairment for intangible asset	160,426	1,190,154	-	-
Impairment loss for trade receivables	310,015	-	-	-
Impairment loss on investment in subsidiaries	-	-	-	3,593,825
Impairment loss on investment in associate	143,524	-	-	-
Interest expense	270,837	293,918	-	-
Interest income	(1,103)	(55,299)	(767)	(5,629)
Interest charged on convertible bonds	503,506	784,299	-	-
Property, plant and equipment written off	-	76,052	-	-
Reversal of impairment loss on trade receivables	(66,272)	-	-	-
Share of associates results	(8,816)	44,618	-	-
Unrealised (gain)/loss on foreign exchange	(210,142)	470,491	-	-
Operating profit/(loss) before changes in working capital	**7,526,479**	**6,066,181**	**(1,794,180)**	**(205,492)**
Changes in working capital :-				
Contract assets/(liabilities)	(39,966,636)	-	(550,464)	-
Amount due from/(to) contract customers	18,849,153	(3,253,218)	-	471,122
Inventories	(131,554)	(109,258)	-	-
Trade and other receivables	(2,713,427)	690,100	(12,201,920)	(3,039,607)
Trade and other payables	7,479,268	(8,615,525)	(1,376,485)	888,738
Cash used in operations	(8,956,717)	(5,221,720)	(15,923,049)	(1,885,239)
Income tax refund	737	-	737	-
Income tax paid	(24,938)	(261,083)	(1,351)	-
Interest paid	(284,712)	(293,918)	-	-
Net cash used in operating activities	(9,265,630)	(5,776,721)	(15,923,663)	(1,885,239)

Statements Of Cash Flows
For The Year Ended 31 March 2019 (Continued)

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,353,020)	(1,167,990)	(27,045)	(29,803)
Purchase of intangible assets	-	-	-	(20,000)
Placement/(Withdrawal) of pledged deposit	-	18,198	-	-
Development expenditure incurred, net of government grant received	(6,642,870)	(5,739,841)	-	-
Acquisition of subsidiary (Note 9.1)	291,638	-	-	-
Disposal of subsidiary (Note 9.2(b))	(2,457,757)	-	8,875,740	-
Interest received	1,103	55,299	767	5,629
Net cash (used in)/generated from investing activities	(10,160,906)	(6,834,334)	8,849,462	(44,174)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	6,832,400	-	6,832,400	-
Issuance of convertible bond (Note 29)	-	17,952,661	-	-
Repayment of borrowings (Note 29)	-	(1,884,516)	-	-
Drawdown of borrowings (Note 29)	2,413,526	5,109,105	-	-
Net cash generated from financing activities	9,245,926	21,177,250	6,832,400	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,180,610)	8,566,195	(241,801)	(1,929,413)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	15,071,169	6,142,826	251,410	2,180,823
FOREIGN EXCHANGE DIFFERENCE ON OPENING BALANCE	1,453,135	362,148	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 16)	6,343,694	15,071,169	9,609	251,410

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 MARCH 2019

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, software research and development, provision of e-business solutions through the sale of application software and professional services for software customisation and implementation. The principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia.

The Company is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The address of the Company's registered office is No. 1 & 1A, 2nd Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur.

The principal place of business of the Company is located at Suite B-11-1, Northpoint Mid Valley, Mid Valley City, 58000 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 29 July 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Company, unless otherwise stated below, are consistent with those applied in the previous financial year.

3.1 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 and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of new MFRSs, IC Interpretations and the amendments to MFRSs as disclosed in Note 3.2.

3.2 Application of New MFRSs, IC Interpretation and Amendments to MFRSs

During the financial year, the Group and the Company have applied the following new MFRSs, IC Interpretation and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 April 2018 :-

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)
MFRS 15, Revenue from Contracts with Customers
Clarifications to MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140 - Transfers of Investment Property
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle" :
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128, Investments in Associates and Joint Ventures
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The applications of the new MFRS 9 and MFRS 15 have resulted in changes in the Group's accounting policies as further explained in Note 4. The adoption of the IC Interpretation and amendments to MFRSs that are effective for the current financial year did not have any significant impact on the Group's and the Company's financial statements.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs, IC Interpretations and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted

The Group and the Company have not early adopted the following new MFRSs, IC Interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2019
MFRS 16, Leases
Amendments to MFRS 9 - Prepayment Features with Negative Compensation
Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures
Amendments to MFRSs Classified as “Annual Improvements to MFRS Standards 2015 - 2017 Cycle” :
- Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements-Previously Held Interest in a Joint Operation
- Amendments to MFRS 112, Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 123, Borrowing Costs - Borrowing Costs Eligible for Capitalisation

IC Interpretation 23, Uncertainty over Income Tax Treatments

Effective for annual periods beginning on or after 1 January 2020
Amendments to MFRS 3 - Definition of a Business
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material

Effective for annual periods beginning on or after 1 January 2021
MFRS 17, Insurance Contracts

Effective for annual periods beginning on or after a date to be determined by MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRSs, IC Interpretation and amendments to MFRSs that are applicable once they become effective. Their main features and impact on initial application are summarised below.

3.3.1 Effective for annual periods beginning on or after 1 January 2019

(a) MFRS 16, Leases

MFRS 16 will supersede the existing MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

Under the existing MFRS 117, lessees and lessors are required to classify their leases as either finance leases or operating leases and account for those two types of leases differently. It requires a lessee to recognise assets and liabilities arising from finance leases but not from operating leases.

The new MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases. As a consequence, a lessee recognises right-of-use assets and lease liabilities arising from operating leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the profit or loss.

For lessors, MFRS 16 retains most of the accounting requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases.

Notes To The Financial Statements
- 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs, IC Interpretations and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Continued)

3.3.1 Effective for annual periods beginning on or after 1 January 2019 (Continued)

(b) Amendments to MFRS 9 - Prepayment Features with Negative Compensation

The Amendments allow entities to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

(c) Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement

The Amendments require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability or asset.

(d) Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures

The Amendments clarify that entities shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

(e) Amendments to MFRSs Classified as ''Annual Improvements to MFRS Standard 2015 - 2017 Cycle"

The Annual Improvements to MFRS Standard 2015 - 2017 Cycle include amendments to the following MFRSs :-

- The amendments to MFRS 3 Business Combinations clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business, The amendments to MFRS 11 Joint Arrangements clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- The amendments to MFRS 112 Income Taxes clarify that an entity recognises the income tax consequences of dividends in profit and loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

- The amendments to MFRS 123 Borrowing Costs clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

(f) IC Interpretation 23, Uncertainty over Income Tax Treatments

MFRS 112 Income Taxes, includes requirements on recognition and measurement of tax assets and liabilities, but does not specify how to reflect uncertainty. As a result, entities apply diverse reporting methods when the application of tax law is uncertain.

When there is uncertainty over income tax treatments, the Interpretation addresses :-

- whether an entity considers uncertain tax treatments separately;

- the assumptions an entity makes about the examination of tax treatments by taxation authorities;

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New MFRSs, IC Interpretations and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Continued)

3.3.1 Effective for annual periods beginning on or after 1 January 2019 (Continued)

(f) IC Interpretation 23, Uncertainty over Income Tax Treatments (Continued)

When there is uncertainty over income tax treatments, the Interpretation addresses :- (Continued)

- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances

3.3.2 Effective for annual periods beginning on or after 1 January 2020

(a) Amendments to MFRS 3 - Definition of a Business

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

(b) Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material

The Amendments allow entities to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Entities are required to apply the amendments prospectively for annual periods beginning on or after 1 January 2020.

3.3.3 Financial impact on initial application

The initial application of the new MFRSs, IC Interpretations and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group other than the application of MFRS 16 Leases which will result in the recognition of right-of-use assets amounting to RM2,370,280 and a corresponding similar amount of lease liabilities on the Group's financial statements.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :-

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

3.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Business Combinations (Continued)

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

3.6 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rates used are as follows :-

Renovations	33 1/3%
Computers and office equipment	33 1/3%
Furniture and fittings	33 1/3%
Motor vehicle	20%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

3.7 Intangible Assets

3.7.1 Research costs and development expenditure

Research costs are charged as an expense in the profit or loss in the year in which they are incurred. Costs incurred on development project are recognised as intangible assets when all the following criteria are fulfilled :-

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) management intends to complete the intangible asset and use or sell it;

(iii) there is an ability to use or sell the intangible asset;

(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Intangible Assets (Continued)

3.7.1 Research costs and development expenditure (Continued)

Research costs are charged as an expense in the profit or loss in the year in which they are incurred. Costs incurred on development project are recognised as intangible assets when all the following criteria are fulfilled :- (Continued)

(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets.

Subsequent cost on capitalised product development expenditure are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are expensed as incurred.

Development expenditure recognised as an asset is carried at cost net of any related government grants, accumulated amortisation and any accumulated impairment loss.

Development expenditure capitalised are tested for impairment annually, in accordance with the accounting policy on impairment of non-financial assets.

Capitalised development expenditure is amortised to the income statement on a straight line basis over their estimated useful lives of 8 years.

3.7.2 Computer software

Computer software which is acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any and is amortised over its estimated useful life of 8 years.

3.7.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is computed on a straight line basis over the estimated useful life of the assets as follows :

Order books	Remaining contractual period between 1.5 years to 3.5 years
Service contract	1 year

3.8 Investments in Subsidiaries and Associates

In the Company’s separate financial statements, investments in subsidiaries and associates are stated at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group’s accounting policy for impairment of non-financial assets as set out in Note 3.11.2

On disposal of such investments the difference between the net disposal proceeds and net carrying value of the investments is recognised as a gain or loss on disposal in the Company’s profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Associates

An associate is an entity, including an unincorporated entity, in which the Group have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investments in associates are initially recognised at cost and adjusted thereafter for the Group's share of the profit or loss and changes in the associates' other comprehensive income after the date of acquisition. Equity accounting is discontinued when the Group's share of losses of an associate equals or exceeds its interest in the associate. Once the Group's interest in such associate is reduced to zero, additional losses are provided for and a liability recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment.

On acquisition of an investment in an associate, any excess between the cost of the investment and the Group's share of net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

After the application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The Group determines at the end of each reporting date whether there is any objective evidence that the investments in associates are impaired. If such evidence exists, the Group determines the amount of impairment by comparing the investment's recoverable amount with its carrying amount (including goodwill) and the impairment loss is recognised to profit or loss as part of the Group's share of results of associates.

In applying the equity method of accounting, the latest audited financial statements of the associate are used. Where the reporting dates of the Group and the associate are not coterminous, equity accounting is applied on the management accounts made to the financial year end of the Group. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

When the Group reduces its equity interest in an associate but continues to apply the equity method, the Group reclassifies to profit or loss the proportion of gain or loss that had previously been recognised in other comprehensive income.

The Group discontinues the use of equity method from the date when its investment ceases to be an associate. If the Group retains interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date. The Group recognises in profit or loss the difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3.10.1 Classification

From 1 April 2018, the Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

3.10.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial Assets (Continued)

3.10.2 Measurement (Continued)

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories :

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition :

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial Assets (Continued)

3.10.2 Measurement (Continued)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

3.10.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.10.4 Accounting policies applied until 31 March 2018

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information as permitted by the Standard. As a result, the comparative information provided in these financial statements continues to be accounted for in accordance with the previous accounting policies.

Classification and measurement

Until 31 March 2018, the Group's financial assets were classified into the following specified categories depending on the nature and purpose of the financial assets and was determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets were classified at fair value through profit or loss when the financial assets were either held for trading or designated as such upon initial recognition.

After initial recognition, financial assets at fair value through profit or loss were measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The net gains or losses did not include any exchange differences, dividend or interest earned on the financial asset. Exchange differences, dividend and interest earned on financial assets at fair value through profit or loss were recognised separately in profit or loss as part of other income or other expenses.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair value could not be reliably measured were measured at cost less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial Assets (Continued)

3.10.4 Accounting policies applied until 31 March 2018 (Continued)

(b) Held-to-maturity investments

Held-to-maturity investments were non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group had the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments were measured at amortised cost using the effective interest rate method less any impairment losses. A gain or loss was recognised in profit or loss when the held-to-maturity investment was derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Trade receivables, loans and other receivables were classified as loans and receivables.

Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method less any impairment losses. Gains and losses were recognised in profit or loss when loans and receivables were derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available for sale or were not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss. Available-for-sale financial assets comprise quoted and unquoted equity and debt instruments that were not held for trading.

Subsequent to initial recognition, quoted equity and debt instruments were measured at fair value and investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. A gain or loss from changes in fair value was recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method were recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to profit or loss as a reclassification adjustment when the financial asset was derecognised. Dividends on an equity instrument were recognised in profit or loss when the Group's right to receive payment was established.

Derecognition of financial assets

The Group derecognised a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expired or it transferred the financial asset without retaining control or transferred substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income was recognised in profit or loss.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Impairment

3.11.1 Financial assets

From 1 April 2018, upon the adoption of MFRS 9, the Group recognises loss allowance for expected credit losses ("ECLs") on:-

- financial assets measured at amortised cost;
- debt instruments measured at fair value through other comprehensive income ("FVOCI");
- contract assets;
- lease receivables; and
- financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment (including forward-looking information). The Group considered that the credit risk on a financial asset has increased significantly when contractual payments are more than 10 months past due.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments at FVOCI are credit-impaired. A financial assets is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. The gross carrying amount of a financial assets is written off (either partially or full) to the extent that there is no realistic prospect o recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amount due.

Accounting policies applied until 31 March 2018

The Group assessed at the end of each reporting period whether there was any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, was impaired. Financial assets were considered to be impaired when objective evidence indicated that a loss event had occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that could be reliably estimated. Losses expected as a result of future events, no matter how likely, were not recognised. For quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost was considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Impairment (Continued)

3.11.1 Financial assets (Continued)

Accounting policies applied until 31 March 2018 *(Continued)*

An amount of impairment loss in respect of financial assets measured at amortised cost was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset was reduced through an allowance account. The amount of loss was recognised in profit or loss.

If in a subsequent period the amount of the impairment loss on financial assets measured at amortised cost decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss was reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset did not exceed its amortised cost had the impairment not been recognised at the date the impairment was reversed. The amount of reversal was recognised in profit or loss.

When an available-for-sale financial asset was impaired, the cumulative loss in relation to decline in fair value previously recognised in other comprehensive income was reclassified from equity and recognised in profit or loss as a reclassification adjustment even though the financial asset had not been derecognised. The amount of cumulative loss that was reclassified was the difference between the acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss. Increase in fair value, if any, subsequent to the impairment loss, was recognised in other comprehensive income.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed with the amount of the reversal was recognised in profit or loss.

An amount of impairment loss in respect of financial assets carried at cost was measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses were not reversed in subsequent periods.

3.11.2 Non-financial assets

The carrying amounts of non-financial assets (other than inventories, contract assets, lease receivables, deferred tax assets, assets arising from employee benefits, investment property that is measured at fair value and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

3.11 Impairment (Continued)

3.11.2 Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

3.12 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

3.13 Government Grants

Asset-related government grants for the development of e-business solutions are deducted from the product development expenditure incurred to arrive at the cost of the e-business solutions.

Income-related government grants are recognised in the profit or loss over the periods necessary to match them with the costs they are intended to compensate.

All government grants are accounted for on an accrual basis when there is reasonable assurance that the Group has complied with all terms and conditions attached to them and that there is reasonable certainty that the grants will be received.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Contract Costs

Contract costs are recognised as an asset when the following criteria are met :

(a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.

(b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. 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 less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

3.15 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. Contract assets are reviewed for impairment in accordance with the Group's accounting policy on impairment as disclosed in Note 3.11.1.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

Accounting policies applied until 31 March 2018

Prior to the application of MFRS 15 commencing from 1 April 2018, in respect of property development activities, the excess of revenue recognised in profit or loss over billings to purchasers was classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in profit or loss was classified as progress billings within current liabilities.

In relation to construction contract activities, the difference between (i) the sum of cost incurred for construction and consultancy contracts-in-progress and profit attributable to contract-in-progress less foreseeable losses, if any; and (ii) progress billings issued, was classified as amount due from/(to) customers for contract work and was presented within current assets or current liabilities respectively on the statement of financial position.

3.16 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with bank and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.17 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

3.18.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measures at amortised costs.

a) Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

Accounting policies applied until 31 March 2018

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured is measured at cost.

b) Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

A gain or loss on other financial liabilities at amortised cost is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Financial Liabilities

3.18.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.19 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.20 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

Accounting policies applied until 31 March 2018

Financial guarantee contracts were recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts were amortised in profit or loss using the straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract became probable, an estimate of the obligation was made in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. If the carrying amount of the financial guarantee was lower than the obligation estimated, the carrying value was adjusted to the obligation amount and accounted for as a provision.

3.21 Employee Benefits

3.21.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

3.21.2 Defined contribution plans

The Group make contributions to the defined contribution plans operated by the relevant authorities at the prescribed rate. Contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Employee Benefits (Continued)

3.21.3 Share-based payment

The Company operates an equity-settled share-based compensation plan for eligible employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in profit or loss over the vesting period of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. The fair value of the share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to the original estimates, if any, in profit or loss, and a corresponding adjustment to equity. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

The grant by the Company of the share options to employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value is recognised over the vesting period as an increase to investments in subsidiaries with a corresponding credit to equity in the Company's financial statements.

3.22 Income Tax

Tax expense is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the end of the reporting period.

Deferred tax is provided for using the liability method on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

3.24 Foreign Currency

3.24.1 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

3.24.2 Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly to other comprehensive income.

3.24.3 Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-

(i) Assets and liabilities for each financial position date presented are translated at the closing rate prevailing at the end of the reporting period;

(ii) Items of income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are recognised in other comprehensive income and are accumulated in exchange translation reserve within equity.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Foreign Currency (Continued)

3.24.3 Foreign operations (Continued)

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in the profit or loss of the Company or of the foreign operation, as appropriate. In the Group financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under exchange translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under exchange translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

3.25 Revenue Recognition

The Group has applied MFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application i.e. on 1 April 2018. Accordingly, the revenue recognised for financial year ended 31 March 2018 has not been restated and they continue to be accounted for in accordance with the previous accounting policies.

From 1 April 2018, the Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

The Group recognises revenue from the following business activities :

(i) Consultancy contracts and construction contracts

Consultancy contracts comprise sale of specific e-business solutions to customers, including license and hardware revenue.

Construction contracts relate to provision, design and implementation of integrated control and automation systems and information technology solution for buildings and facilities.

Revenue from consultancy contracts and construction contracts are recognised in accordance with the accounting policy as disclosed in Note 3.14.

(ii) Maintenance services

Revenue from maintenance services rendered is recognised on a straight line basis over the life of the maintenance contract.

(iii) Licensing revenue

Licensing revenue is recognised upon delivery, provided that no significant obligations remain, no significant uncertainties exist with respect to product acceptance and collection is probable.

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

3.25 Revenue Recognition (Continued)

Accounting policies applied until 31 March 2018

Prior to 1 April 2018, revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates. Revenue is recognised to the extent that is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. The following specific recognition criteria must also be met for each of the Group's activities before revenue is recognised :-

(i) Sales of goods and service rendered

Revenue from sales of goods subject to installation and inspection is recognised upon acceptance by customers of the individual contracts.

Revenue from rendering of services is recognised by reference to the stage of completion of the services at the end of the reporting period.

(ii) Contract revenue

Revenue recognition policy from contracts is described as follows :

Revenue and expense recognition

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed bear to date to the estimated total contract costs.

Where the outcome of construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is estimated that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3.26 Operating lease

Operating lease payments are recognised in profit or loss on a straight line basis over the period of the relevant leases.

3.27 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.28 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes To The Financial Statements - 31 March 2019 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.29 Earnings Per Share

The Group presents basic and diluted (where applicable) earnings per share [“EPS”] data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

3.30 Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy is deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

4. CHANGES IN ACCOUNTING POLICIES

The Group and the Company have adopted the new MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* for the first time in the current financial statements commencing from 1 April 2018. The adoption has resulted in changes in the Group’s and the Company’s accounting policies as explained further in Notes 4.1 and 4.2 respectively.

Due to the transitional methods chosen by the Group and the Company in applying the new Standards, comparative information as presented throughout these financial statements has not been restated to the reflect the new requirements.

4.1 MFRS 9 *Financial Instruments*

MFRS 9 replaces the requirements of MFRS139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The new accounting policies are disclosed in Notes 3.10, 3.11.1, 3.18 and 3.20.

MFRS 9 has been adopted without restating comparative information in accordance with the transitional provisions of the Standard and the reclassification and adjustments arising from the new requirements are therefore not reflected in the statement of financial position as at 31 March 2018. Instead, they are recognised in the opening balances as at 1 April 2018. The financial instruments information presented for 2018 do not reflect the requirements of MFRS 9 but rather those of MFRS 139.

At the date of initial application of MFRS 9, the Group and the Company have assessed that impairment of its financial assets measured at amortised cost under the ECL approach did not have significant effect on the previous impairment loss allowance in accordance with MFRS 139. Accordingly, the new ECL impairment model has no significant impact on the carrying amount of these financial assets on initial application.

In summary, other than the change in the categorisation for financial assets measured at amortised cost, the initial application of MFRS 9 has not resulted in any adjustment to the carrying amount of all financial assets and financial liabilities of the Group and of the Company as at the date of initial application as disclosed as below.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

4.1 MFRS 9 *Financial Instruments* (Continued)

(a) Classification and measurement of financial assets and financial liabilities

MFRS 9 provides three classification categories of financial assets which consist of financial assets measured at amortised cost; fair value through other comprehensive income ("FVOCI"); and fair value through profit or loss ("FVTPL"). The financial assets are classified into the measurement categories depending on the business models used for managing the financial assets and the financial assets' contractual cash flow characteristics. In relation to financial liabilities, MFRS 9 largely retains the existing requirements of MFRS 139 for the classification and measurement.

The original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group and the Company financial instruments as at 1 April 2018 are summarised below :-

	Measurement categories	
GROUP/COMPANY	**Original under MFRS 139**	**New under MFRS 9**
Current financial assets		
Trade and other receivables	Loans and receivables at amortised cost	Amortised cost
Amount due from an associate	Loans and receivables at amortised cost	Amortised cost
Deposits, cash and bank balances	Loans and receivables at amortised cost	Amortised cost

The adoption of MFRS 9 has no impact on the measurement categories of financial liabilities on both the Group and the Company.

Note 35.1 describes the details about how the Group and the Company measure the allowance for impairment on financial assets.

4.2 MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 replaced the previous revenue recognition guidance including MFRS 111 Construction Contracts, MFRS 118 Revenue and the related IC Interpretations.

The Group and the Company have adopted MFRS 15 which resulted in changes in accounting policies and adjustments to the financial position as at 1 April 2018. MFRS 15 has been adopted using the cumulative effect method where the cumulative effects of initially applying the Standard are recognised in the opening retained profits as at 1 April 2018. Under this transition method, the Group and the Company have elected to apply the Standard retrospectively only to contracts that are not completed contracts as at 1 April 2018. Accordingly, the information presented for 2018 has not been restated and continues to be presented as previously reported under MFRS 111, MFRS 118 and the related interpretations. In addition, the Group and the Company have elected the practical expedient not to retrospectively restate contracts that were modified before the date of initial application.

Notes To The Financial Statements
- 31 March 2019 (Continued)

4. CHANGES IN ACCOUNTING POLICIES (Continued)

4.2 MFRS 15 *Revenue from Contracts with Customers* (Continued)

The impact of the initial application of MFRS 15 on the financial position of the Group and of the Company as at 1 April 2018 is as follows :-

	Carrying amount as at 01.04.2018 RM	Effects of adoption of MFRS 15 RM	(Restated) Carrying amount as at 01.04.2018 RM
GROUP			
Current assets			
Amount due from contract customers	19,790,096	(19,790,096)	-
Contract assets	-	19,790,096	19,790,096
Current liabilities			
Amount due to contract customers	940,943	(940,943)	-
Contract liabilities	-	2,058,785	2,058,785
Revenue received in advance	1,117,842	(1,117,842)	-
COMPANY			
Current assets			
Amount due from contract customers	1,100	(1,100)	-
Contract assets	-	1,100	1,100
Current liabilities			
Amount due to contract customers	767,208	(767,208)	-
Contract liabilities	-	948,936	948,936
Revenue received in advance	181,728	(181,728)	-

The initial application of MFRS 15 has no impact on the opening retained profits of the Group and of the Company as the revenue recognition policies under the previous revenue recognition standards do not differ substantially from the revenue recognition requirements under MFRS 15.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the MFRSs requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Intangible assets

The Group has intangible assets and the annual amortisation of intangible assets is charged to the statement of comprehensive income. The Group reviews the residual value and useful life of intangible assets at each reporting date in accordance with the accounting policy disclosed in Note 3.7 to the financial statements. The Group also assesses annually whether the intangible assets have been impaired based on future cash flow projections, which depend significantly on the procurement of future projects, using an appropriate discount factor. The impairment assessment could be materially affected by the changes in the assumptions and estimates used in the cash flow projections. Changes in the residual value arising from the impairment assessment and the review of useful life could have significant impact on the results of the Group.

(ii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment on the probability of the availability of future taxable profits.

(iii) Impairment on investment in subsidiaries

The Company assesses impairment of investments in subsidiaries when the events or changes in circumstances indicate that their carrying amounts may not be recoverable. The Company used discounted cash flows to determine the recoverable amount. Significant judgement is required in the estimation of the expected future cash flows and a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Impairment losses on trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating.

The provision table is initially based on the Group's and the Company's payment profiles of sales over a period of 24 months before 31 March 2018 or 1 April 2017 respectively to determine historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions such as GDP are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates will be adjusted. At every reporting date , the historical observed default rates are updated and changes in the forward looking estimates are analysed. The amounts of allowances for ECL recognised as at 31 March 2019 in respect of contract assets and trade receivables are disclosed in Note 13 and 15 respectively.

Prior to 1 April 2018, the Group made an allowance for impairment losses based on an assessment of the recoverability of receivables. Allowances were applied to receivables where events or changes in circumstances indicate that the carrying amounts might not be recoverable. In assessing the extent of irrecoverable debts, the management had given due consideration to all pertinent information relating to the ability of the debtors to settle debts. Where the expectation was different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of receivables and the cumulative allowances for impairment loss are disclosed in Note 15.

Notes To The Financial Statements
- 31 March 2019 (Continued)

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(v) Contracts revenue and costs recognition

The Group and the Company recognised a substantial portion of its contract profits based on the stage of completion method. The stage of completion of a contract is measured by reference to the proportion of contract costs incurred for the work performed to date to the estimated total costs for the contract.

Significant judgement is required in determining the total contract costs which will be incurred to complete a contract, total contract revenue, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. Where the actual total contract costs is different from the estimated total contract costs, such difference will impact the contract profits or losses recognised. In making the judgement, the Group and the Company rely on past experience.

6. PROPERTY, PLANT AND EQUIPMENT

	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Motor Vehicle RM	Total RM
GROUP					
2019					
Cost					
At 1 April 2018	1,411,877	3,339,182	214,034	-	4,965,093
Additions	566,534	718,989	67,497	-	1,353,020
Written off	-	(270,892)	-	-	(270,892)
Exchange differences	23,240	79,214	6,848	-	109,302
Disposal of subsidiary	(1,465,129)	(312,186)	-	-	(1,777,315)
At 31 March 2019	536,522	3,554,307	288,379	-	4,379,208
Deduct : Accumulated depreciation					
At 1 April 2018	467,784	2,739,571	120,651	-	3,328,006
Charge for the financial year	116,777	371,654	59,909	-	548,340
Written off	-	(270,892)	-	-	(270,892)
Exchange differences	10,036	65,554	4,141	-	79,731
Disposal of subsidiary	(189,768)	(172,890)	-	-	(362,658)
At 31 March 2019	404,829	2,732,997	184,701	-	3,322,527
Net book value at 31 March 2019	131,693	821,310	103,678	-	1,056,681
Depreciation charge for the financial year:					
Recognised in Statement of Profit or Loss and Other Comprehensive Income	116,777	305,259	59,909	-	481,945
Capitalised as development expenditure	-	66,395	-	-	66,395
	116,777	371,654	59,909	-	548,340

Notes To The Financial Statements - 31 March 2019 (Continued)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Motor Vehicle RM	Total RM
GROUP					
2018					
Cost					
At 1 April 2017	889,391	3,252,900	231,171	58,168	4,431,630
Additions	744,807	411,497	11,686	-	1,167,990
Written off	(152,798)	(67,126)	(4,093)	(58,168)	(282,185)
Exchange differences	(69,523)	(258,089)	(24,730)	-	(352,342)
At 31 March 2018	1,411,877	3,339,182	214,034	-	4,965,093
Deduct : Accumulated depreciation					
At 1 April 2017	477,011	2,632,070	77,336	58,168	3,244,585
Charge for the year	121,403	387,329	54,003	-	562,735
Written off	(91,934)	(56,031)	-	(58,168)	(206,133)
Exchange differences	(38,696)	(223,797)	(10,688)	-	(273,181)
At 31 March 2018	467,784	2,739,571	120,651	-	3,328,006
Net book value at 31 March 2018	944,093	599,611	93,383	-	1,637,087
Depreciation charge for the financial year :					
Recognised in Statement of Profit or Loss and Other Comprehensive Income	121,403	330,592	54,003	-	505,998
Capitalised as development expenditure	-	56,737	-	-	56,737
	121,403	387,329	54,003	-	562,735

Notes To The Financial Statements - 31 March 2019 (Continued)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Renovations RM	Computers and office equipment RM	Furniture and fittings RM	Total RM
COMPANY				
2019				
Cost				
At 1 April 2018	54,942	336,274	26,023	417,239
Additions	-	27,045	-	27,045
At 31 March 2019	54,942	363,319	26,023	444,284
Deduct : Accumulated depreciation				
At 1 April 2018	32,049	295,594	16,230	343,873
Charge for the financial year	18,315	28,401	7,062	53,778
At 31 March 2019	50,364	323,995	23,292	397,651
Net book value at 31 March 2019	4,578	39,324	2,731	46,633
2018				
Cost				
At 1 April 2017	54,942	306,471	26,023	387,436
Additions	-	29,803	-	29,803
At 31 March 2018	54,942	336,274	26,023	417,239
Deduct : Accumulated depreciation				
At 1 April 2017	13,735	273,050	9,169	295,954
Charge for the financial year	18,314	22,544	7,061	47,919
At 31 March 2018	32,049	295,594	16,230	343,873
Net book value at 31 March 2018	22,893	40,680	9,793	73,366

Certain property, plant and equipment of the Group with a carrying amount of RM238,609 (2018: NIL) as at 31 March 2019, have been charged to a licensed bank in consideration for banking facilities granted to the Group.

7. GOODWILL

	GROUP 2019 RM	2018 RM
Balance as at 1 April	-	2,727,825
Impairment loss on Goodwill	-	(2,727,825)
Arising from acquisition of subsidiary (Note 9.1)	250,331	-
Balance as at 31 March	250,331	-

7. GOODWILL (CONT'D) (Continued)

7.1 Impairment assessment on goodwill

The additional goodwill of RM250,331 during the financial year arise from the acquisition of a new subsidiary, EyRIS Pte. Ltd. ("Eyris") by a wholly owned subsidiary, novaHEALTH Pte. Ltd.

For the purpose of impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself. For segment reporting purposes, Eyris has been allocated to E-Business Solutions segment.

For annual impairment assessment purposes, the recoverable amount of this CGU is based on value in use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five-year period and approved by management. Cash flows beyond the five years period are extrapolated using an estimated growth rate. The key assumptions for the computation of value in use are further described in Note 7.2.

The goodwill amount of RM2,727,825 in the previous financial year which was fully impaired, was attributable to a subsidiary, Primustech Pte Ltd, which has been disposed during the financial year.

7.2 Key assumptions used for value in use calculation

The following table sets out the key assumptions for the computation of value in use:

	2019	2018
Average gross margin	41.2%	19.7%
Long-term growth rate	0%	0%
Discount rate	11.7%	15.0%

The management has determined the values assigned to each of the above key assumptions as follows :

Assumptions	**Approach used in determining values**
Budgeted gross margin	The budgeted gross margin is based on past performance and management's expectations of market development.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The long-term growth rate beyond year five has been estimated to be Nil.
Discount rate	Reflects specific risks relating to the CGU in which the CGU operates.

7.3 Impact of possible changes in key assumptions

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

Notes To The Financial Statements - 31 March 2019 (Continued)

8. INTANGIBLE ASSETS

	Development expenditure RM	Computer software RM	Order books RM	Service contract RM	Total RM
GROUP					
2019					
Cost					
At 1 April 2018	104,086,125	4,844,923	5,924,567	130,685	114,986,300
Amount capitalised during the financial year	6,709,265	-	-	-	6,709,265
Exchange differences	2,286,330	103,067	70,315	1,551	2,461,263
Disposal of subsidiary	(1,429,088)	(326,420)	(5,994,882)	(132,236)	(7,882,626)
At 31 March 2019	111,652,632	4,621,570	-	-	116,274,202
Deduct : Government grant					
At 1 April 2018	5,017,089	-	-	-	5,017,089
Exchange differences	110,583	-	-	-	110,583
At 31 March 2019	5,127,672	-	-	-	5,127,672
Deduct : Accumulated amortisation					
At 1 April 2018	71,315,599	4,585,273	5,164,740	130,685	81,196,297
Amortisation charge for the financial year	4,171,310	15,973	169,240	-	4,356,523
Exchange differences	1,591,230	100,324	62,912	1,551	1,756,017
Disposal of subsidiary	(248,316)	(95,208)	(5,396,892)	(132,236)	(5,872,652)
At 31 March 2019	76,829,823	4,606,362	-	-	81,436,185
Deduct : Accumulated impairment losses					
At 1 April 2018	7,664,451	-	-	-	7,664,451
Impairment charge for the financial year	160,426	-	-	-	160,426
Exchange differences	169,716	-	-	-	169,716
At 31 March 2019	7,994,593	-	-	-	7,994,593
Net book value at 31 March 2019	21,700,544	15,208	-	-	21,715,752

8. **INTANGIBLE ASSETS** (Continued)

	Development expenditure RM	Computer software RM	Order books RM	Service contract RM	Total RM
GROUP					
2018					
Cost					
At 1 April 2017	105,676,929	5,186,506	6,368,558	140,479	117,372,472
Amount capitalised during the financial year	5,776,578	20,000	-	-	5,796,578
Exchange differences	(7,367,382)	(361,583)	(443,991)	(9,794)	(8,182,750)
At 31 March 2018	104,086,125	4,844,923	5,924,567	130,685	114,986,300
Deduct : Government grant					
At 1 April 2017	5,393,073	-	-	-	5,393,073
Exchange differences	(375,984)	-	-	-	(375,984)
At 31 March 2018	5,017,089	-	-	-	5,017,089
Deduct : Accumulated amortisation					
At 1 April 2017	72,262,749	4,883,086	3,519,689	140,479	80,806,003
Amortisation charge for the financial year	4,277,021	44,453	1,976,522	-	6,297,996
Exchange differences	(5,224,171)	(342,266)	(331,471)	(9,794)	(5,907,702)
At 31 March 2018	71,315,599	4,585,273	5,164,740	130,685	81,196,297
Deduct : Accumulated impairment losses					
At 1 April 2017	7,015,210	-	-	-	7,015,210
Impairment charge for the financial year	1,190,154	-	-	-	1,190,154
Exchange differences	(540,913)	-	-	-	(540,913)
At 31 March 2018	7,664,451	-	-	-	7,664,451
Net book value at 31 March 2018	20,088,986	259,650	759,827	-	21,108,463

Notes To The Financial Statements
- 31 March 2019 (Continued)

8. INTANGIBLE ASSETS (Continued)

COMPANY	**Computer software RM**	**Total RM**
2019		
Cost		
At 1 April 2018	20,000	20,000
Additions	-	-
At 31 March 2019	20,000	20,000
Deduct : Accumulated amortisation		
At 1 April 2018	2,292	2,292
Amortisation charge for the financial year	2,500	2,500
At 31 March 2019	4,792	4,792
Net book value at 31 March 2019	15,208	15,208
2018		
Cost		
At 1 April 2017	-	-
Additions	20,000	20,000
At 31 March 2018	20,000	20,000
Deduct : Accumulated amortisation		
At 1 April 2017	-	-
Amortisation charge for the financial year	2,292	2,292
At 31 March 2018	2,292	2,292
Net book value at 31 March 2018	17,708	17,708

8.1 Development expenditure

Development expenditure are incurred for the development internally of application software. The Group considers each development project as a single cash generating unit (''CGU").

Impairment loss has been recognised to write down the carrying amount of a CGU to its estimated recoverable amount. The recoverable amount is based on the asset's value-in-use which has been calculated using cash flow projections prepared by management and discounted at a rate that reflects the risks specific to the CGU.

8.2 Order books relate to an order or production backlog arises from contracts acquired during business combination.

8.3 Service contract relates to the service contract of key management personnel.

Notes To The Financial Statements - 31 March 2019 (Continued)

9. INVESTMENT IN SUBSIDIARIES

	COMPANY 2019 RM	COMPANY 2018 RM
Unquoted shares, at cost	37,552,132	46,485,791
Amount due from a subsidiary	1,420,217	1,420,217
	38,972,349	47,906,008
Accumulated impairment losses	(11,369,337)	(14,097,162)
	27,603,012	33,808,846
Options granted to employees of subsidiaries	3,744,226	1,977,826
	31,347,238	35,786,672

The amount due from a subsidiary company forms part of the Company's net investment in the subsidiary. The amount is unsecured, interest free and no repayment term is stipulated.

The movements in the accumulated impairment losses during the financial year are as follows :-

	COMPANY 2019 RM	COMPANY 2018 RM
Balance at beginning of financial year	14,097,162	10,503,337
Additional impairment	-	3,593,825
Disposal of subsidiary	(2,727,825)	-
Balance at end of financial year	11,369,337	14,097,162

The principal activities of the subsidiaries, country of incorporation and the effective equity interest of the Group are as follows :-

Name of Company	Principal Activity	Country of Incorporation	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %
Held by the Company				
novaHEALTH Pte. Ltd.	Provision of e-business solutions for healthcare industry	Republic of Singapore	100.00	100.00
novaCITYNETS Pte. Ltd.	Provision of e-business solutions for the building and construction, city, town council and telecommunications industries	Republic of Singapore	100.00	100.00
novaSOLUTIONS (Philippines), Inc.	Provision of information technology expertise and consultancy services	Philippines	99.99	99.99
Primustech Pte. Ltd.	Provision, design and implementation of integrated control, automation systems and information technology solutions for buildings and facilities and the provision of engineering maintenance services	Republic of Singapore	-	51.00

Notes To The Financial Statements - 31 March 2019 (Continued)

9. INVESTMENT IN SUBSIDIARIES (Continued)

The principal activities of the subsidiaries, country of incorporation and the effective equity interest of the Group are as follows :- (Continued)

Name of Company	Principal Activity	Country of Incorporation	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %
Subsidiaries held by novaCITYNETS Pte Ltd				
novaBIM Limited	Dormant	Republic of China	70.00	70.00
novaCITYNETS International Pte. Ltd.	Provision of software consultancy and computer systems integration	Republic of Singapore	100.00	100.00
novaBIM (Lao) Sole Co., Ltd	Provision of BIM Engineering Services, professional engineering design services and IT products and services	Lao People's Democratic Republic	100.00	100.00
Subsidiaries held by novaHEALTH Pte Ltd				
EyRIS Pte. Ltd.	Manage research and experimental development on medical technologies	Republic of Singapore	42.00	-
Subsidiary held by Primustech Pte Ltd				
Primussoft Pte. Ltd.	Computer facilities management	Republic of Singapore	-	100.00

All subsidiaries are not audited by Folks DFK & Co.

9.1 Acquisition of a subsidiary, EyRIS Pte. Ltd. during the financial year

On 17 August 2018, novaHEALTH Pte. Ltd. ("novaHEALTH"), a wholly owned subsidiary of the Company acquired 42% equity interest in EyRIS Pte. Ltd. ("Eyris") for total cash consideration of SGD203,227.

The directors have concluded that the Group controls Eyris even though it holds less than half of the voting rights of this subsidiary. This is because the group is the largest shareholder with a 42% equity interest while the remaining shares are held by seven investors. Based on the terms of agreement under which the entity was established, the Group has current ability to direct the entity's activities that most significantly affect their returns. A 75% majority vote is required to change this agreement, which cannot be achieved without the group's consent as the group holds 42% of the voting rights.

The acquisition gave rise to a goodwill of SGD83,056 (equivalent to RM250,331) and non-controlling interest of SGD165,950 (equivalent to RM500,173) which have been recognised in the current year consolidated statement of financial position.

The acquisition had the following effects on the financial result of the Group during the financial year:-

	Eyris's amounts consolidated from date of acquisition to 31.3.2019 RM
Employee benefits expenses	(32,947)
Other operating expenses	(80,638)
Loss before tax	(113,585)
Taxation	-
Loss for the financial year	(113,585)

Notes To The Financial Statements - 31 March 2019 (Continued)

9. INVESTMENT IN SUBSIDIARIES (Continued)

9.1 Acquisition of a subsidiary by novaHEALTH Pte. Ltd., a wholly owned subsidiary during the financial year (Continued)

The assets acquired and liabilities recognised as at the date of acquisition were as follows:-

	Fair value recognised RM	Carrying amount RM
Cash and bank balances	904,164	904,164
Trade and other payables	(41,796)	(41,796)
Less: Non-controlling interest	(500,173)	-
Net assets	362,195	862,369
Goodwill on consolidation	250,331	
Total purchase consideration by cash	612,526	
Cash and cash equivalents of subsidiary acquired	(904,164)	
Net cash inflow from acquisition	(291,638)	

9.2 Disposal of a partially owned subsidiary, Primustech Pte. Ltd, during the financial year

During the financial year, the Company had disposed of its entire 51% equity interest in Primustech Pte. Ltd. (''Primustech") which was previously reported under business control and automation segment, for total consideration of RM8,875,738. The comparative consolidated statement of comprehensive income has been re-presented to show separately the results from Primustech as profit or loss from discontinuing operations.

The disposal of Primutech was completed on 25 July 2018.

(a) Financial performance and cash flows information

The financial performance and cash flows information of Primustech from beginning of financial year up to the date of its disposal on 25 July 2018 (column 2019) and for the financial year ended 31 March 2018 are as follows :-

	2019 RM	2018 RM
Results of discontinued operations		
Revenue	11,512,022	37,482,889
Other income	68,980	2,720,253
Expenses	(14,652,408)	(43,211,672)
Result from operating activities	(3,071,406)	(3,008,530)
Taxation	31,061	(32,914)
Result from operating activities, net of tax	(3,040,345)	(3,041,444)
Gain on disposal of discontinued operations	6,956,781	-
Profit/(Loss) for the financial year	3,916,436	(3,041,444)

Notes To The Financial Statements - 31 March 2019 (Continued)

9. INVESTMENT IN SUBSIDIARIES (Continued)

9.2 Disposal of a partially owned subsidiary, Primustech Pte. Ltd, during the financial year (Continued)

(a) Financial performance and cash flows information (Continued)

The profit from discontinued operations of RM5,406,205 (2018: loss of RM1,194,179) is attributable entirely to the owners of the Company.

	2019 RM	2018 RM
Effect on cash flows		
Cash flows from discontinued operation		
Net cash used in operating activities	(3,376,880)	(771,774)
Net cash used in investing activities	(1,212,070)	(1,907,239)
Net cash generated from financing activities	-	16,730,957
Net (decrease)/increase in cash and cash equivalents	(4,588,950)	14,051,944
Cash and cash equivalents at beginning of period	14,615,834	1,794,829
Foreign exchange difference on opening balances	122,237	(1,230,939)
Cash and cash equivalents at end of period	10,149,121	14,615,834

(b) Effect of disposal on the financial position of the Group

	2019 RM
Property, plant and equipment	1,414,657
Intangible assets	2,009,974
Other investment	56,696
Deferred tax assets	183,473
Contract assets	5,251,512
Inventories	240,812
Trade and other receivables	7,430,238
Fixed deposits, cash and bank balances	11,333,495
Trade and other payables	(6,849,104)
Convertible bonds	(17,882,897)
Net assets/(liabilities)	3,188,856
Reclassification of foreign currency translation reserve	(412,871)
Non-controlling interest	(857,028)
Gain on disposal of discontinued operation	6,956,781
Consideration received, satisfied in cash	8,875,738
Cash and cash equivalents disposed of	(11,333,495)
Net cash outflow	(2,457,757)

Notes To The Financial Statements - 31 March 2019 (Continued)

9. INVESTMENT IN SUBSIDIARIES (Continued)

9.3 Non-controlling interest in subsidiary

The summarised financial information for subsidiary that has material non-controlling interests ("NCI") are set out below. The amounts in the summarised financial information are before inter-company eliminations.

(i) Summarised assets and liabilities

	EyRIS Pte. Ltd. 2019 RM	Primustech Pte. Ltd. 2018 RM
Non-current assets	-	2,329,860
Current assets	224,368	28,205,513
	224,368	30,535,373
Non-current liabilities	(37,947)	(15,616,848)
Current liabilities	-	(6,253,130)
	(37,947)	(21,869,978)
Net assets	186,421	8,665,395

(ii) Summarised profit or loss and other comprehensive income

	EyRIS Pte. Ltd. 2019 RM	Primustech Pte. Ltd. 2018 RM
Revenue	-	37,482,889
Loss for the financial year	(113,585)	(4,541,445)
Other comprehensive income	-	-
Total comprehensive loss	(113,585)	(4,541,445)
Dividend paid to non-controlling interest	-	-

(iii) Summarised cash flows

	EyRIS Pte. Ltd. 2019 RM	Primustech Pte. Ltd. 2018 RM
Net cash outflow from operating activities	(75,638)	(771,774)
Net cash outflow from investing activities	-	(1,907,239)
Net cash inflow from financing activities	300,006	16,730,957
Net increase in cash and cash equivalents	224,368	14,051,944

Notes To The Financial Statements
- 31 March 2019 (Continued)

10. INVESTMENT IN ASSOCIATES

	GROUP	
	2019 RM	2018 RM
Unquoted shares, at cost	327,960	327,960
Share of post-acquisition profits (net of dividends received)	487,138	478,322
Allowance for impairment losses	(143,524)	-
Exchange fluctuation reserve	82,324	64,457
	753,898	870,739

Reconciliation of Investment in Associates

	GROUP	
	2019 RM	2018 RM
Balance at beginning of financial year	870,739	979,688
Impairment loss in investment in associates	(143,524)	-
Share of results	8,816	(44,618)
Foreign exchange difference	17,867	(64,331)
Balance at end of financial year	753,898	870,739

Name of Company	Principal Activity	Country of Incorporation	Effective Equity Interest 2019 %	2018 %
Associated companies held by novaHealth Pte Ltd				
JPMCnova Sdn Bhd	Industry solution provider to medical and healthcare institutions and related areas	Brunei Darussalam	49	49
Nova Al Khaleej Technology Information LLC	Provision of information technology expertise/consultancy solution, including development of certain software application and platforms which will be available to subscribers via the internet on a pay-per-use basis, in UAE	United Arab Emirates	49	49

All the associated companies are not audited by Folks DFK & Co.

Notes To The Financial Statements - 31 March 2019 (Continued)

10. INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information in respect of material associates of the Group is set out below. The summarised financial information presented below represents the financial statements of the associates and not the Group's share of those amounts.

	JPMCnova Sdn Bhd		Nova Al Khaleej Technology Information LLC	
	2019 RM	2018 RM	2019 RM	2018 RM
Assets and liabilities				
Non-current assets	-	-	26,939	28,369
Current assets	2,326,425	1,940,180	214,933	388,318
Total assets	2,326,425	1,940,180	241,872	416,687
Non-current liabilities	-	-	-	-
Current liabilities	746,544	438,080	-	161,974
Total liabilities	746,544	438,080	-	161,974
Results				
Revenue	2,365,570	2,017,554	-	-
Profit/(Loss) after taxation	5,798	(91,062)	-	-

The reconciliation of net assets to carrying amount is as follows :-

	JPMCnova 2019 RM	JPMCnova 2018 RM	Nova Al Khaleej 2019 RM	Nova Al Khaleej 2018 RM
Group's share of net assets	774,142	736,029	118,517	124,809
Goodwill	-	-	-	-
Carrying amount of Group's interest in associates	774,142	736,029	118,517	124,809

11. OTHER INVESTMENT

	GROUP	
	2019 RM	2018 RM
Golf club membership, at cost	60,230	60,230
Exchange fluctuation reserve	(3,534)	(4,199)
Disposal of subsidiary	(56,696)	-
	-	56,031

Notes To The Financial Statements - 31 March 2019 (Continued)

12. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP 2019 RM	GROUP 2018 RM
Balance at beginning of financial year	150,329	150,693
Disposal of subsidiary	(183,473)	-
Recognised in profit or loss	31,061	10,604
Net exchange differences	2,083	(10,968)
Balance at end of financial year	-	150,329

The components and movement of deferred tax assets and liabilities prior to offsetting are as follows :

	As at 01.04.2018 RM	Disposal of subsidiary RM	Recognised in profit or loss RM	Net exchange differences RM	As at 31.03.2019 RM
2019					
Deferred tax liabilities					
Other taxable temporary differences	(3,367,980)	29,519	337,936	73,585	(2,926,940)
Deferred tax assets					
Unabsorbed tax losses	3,307,817	-	(306,875)	(74,002)	2,926,940
Other deductible temporary differences	210,492	(212,992)	-	2,500	-
	3,518,309	(212,992)	(306,875)	(71,502)	2,926,940
Net	150,329	(183,473)	31,061	2,083	-

	As at 01.04.2017 RM	Recognised in profit or loss RM	Net exchange differences RM	As at 31.03.2018 RM
2018				
Deferred tax liabilities				
Other taxable temporary differences	(3,988,499)	358,053	262,466	(3,367,980)
Deferred tax assets				
Unabsorbed tax losses	3,571,002	(14,877)	(248,308)	3,307,817
Other deductible temporary differences	568,190	(332,572)	(25,126)	210,492
	4,139,192	(347,449)	(273,434)	3,518,309
Net	150,693	10,604	(10,968)	150,329

12. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross amounts) due to the uncertainty of their realisation in the foreseeable future :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised capital allowances	1,463,356	2,296,979	508,348	389,198
Unabsorbed tax losses	38,645,275	39,634,409	9,325,592	8,996,590
	40,108,631	41,931,388	9,833,940	9,385,788

13. CONTRACT BALANCES

The contract assets and contract liabilities of the Group and of the Company are presented in accordance with MFRS 15 and MFRS 9 as follows :-

	GROUP RM	COMPANY RM
2019		
At the beginning of financial year	-	-
Effect of adoption of MFRS 15	17,731,311	(947,836)
As restated	17,731,311	(947,836)
Revenue recognised during the financial year *	62,835,987	4,563,114
Progress billings during the financial year	(40,600,663)	(3,874,243)
Disposal of subsidiary	(5,251,512)	-
Exchange differences	528,175	-
At the end of financial year	35,243,298	(258,965)
Analysed as :-		
Contract assets	36,713,745	146
Contract liabilities		
Contract liabilities from contracts	(401,130)	(215,790)
Revenue received in advance from contracts	(1,069,317)	(43,321)
	(1,470,447)	(259,111)
Net	35,243,298	(258,965)

* Revenue recognised during the financial year comprise of:-

	GROUP RM	COMPANY RM
Continuing operations	51,323,965	4,563,114
Discontinued operation	11,512,022	-
	62,835,987	4,563,114

Notes To The Financial Statements - 31 March 2019 (Continued)

13. CONTRACT BALANCES (Continued)

The amount due from/(to) contract customers of the Group and of the Company in the previous financial year which were presented in accordance with MFRS 111 Construction Contracts, are as follows :-

	GROUP RM	COMPANY RM
Aggregate costs incurred to date and attributable profit	130,657,829	1,486,925
Less: Progress billings	(111,808,676)	(2,253,033)
	18,849,153	(766,108)
Analysed as :-		
Amount due from contract customers	19,790,096	1,100
Amount due to contract customers	(940,943)	(767,208)
	18,849,153	(766,108)

13.1 Contract assets/(liabilities)

The contract assets primarily relate to the Group's and the Company's rights to consideration for goods delivered or service rendered to customers but not yet billed at end of reporting date. The contract assets are transferred to receivables when rights become unconditional. Contract liabilities primarily relate to the Group's and the Company's obligation to transfer goods or services to customer for which the consideration has been received or receivable from the customers.

Revenue recognised during the financial year that was included in the contract liability and revenue received in advance at beginning of the financial year amounted to RM940,943 and RM1,117,842 respectively.

Contract assets have increased due to higher amount of order book secured which are still work-in-progress at the end of the financial year. Contract liabilities have increased due to an increase number of maintenance contracts as at end of financial year for which the billing milestones exceeded the revenue recognised.

13.2 Unsatisfied performance obligation

The aggregate amounts of transaction prices allocated to remaining performance obligations of the Group and Company unsatisfied or partially unsatisfied, as at end of financial year amounted to approximately RM114.6m and RM2.3m respectively and are expected to be recognised over a period of five (5) years.

14. INVENTORIES

	GROUP	
	2019 RM	2018 RM
Inventories - at cost	-	109,258

15. TRADE AND OTHER RECEIVABLES

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Trade receivables	15,300,370	22,959,846	1,488,619	753,033
Less: Allowance for impairment losses	(5,855,491)	(8,600,064)	(500,108)	(500,108)
Trade receivables, net	9,444,879	14,359,782	988,511	252,925
Other receivables				
Accrued receivables	2,686,035	1,051,987	-	-
Other receivables, deposits and prepayments	1,988,523	3,469,272	116,814	43,379
	14,119,437	18,881,041	1,105,325	296,304
Amount due from an associate				
- Trade	176,319	172,517	-	-
Amount due from subsidiaries				
- Trade	-	-	1,535,950	1,535,950
- Non-trade	-	-	15,353,137	8,913,325
Total trade and other receivables	14,295,756	19,053,558	17,994,412	10,745,579

15.1 Trade and other receivables

Trade receivables are non-interest bearing and credit period given range from Nil to 60 (2018: Nil to 60) day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Accrued receivables represent revenue accrued for completed works on contracts which have not been billed at end of financial year.

The currency profile of trade and other receivables is as follows :-

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Ringgit Malaysia	1,105,325	296,304	17,994,412	10,745,579
United States Dollar	345,290	6,579,216	-	-
Singapore Dollar	11,619,380	10,999,791	-	-
Philippines Peso	561,409	301,010	-	-
Saudi Riyal	-	498,290	-	-
Brunei Dollar	599,253	378,947	-	-
New Taiwan Dollar	65,099	-	-	-
	14,295,756	19,053,558	17,994,412	10,745,579

Notes To The Financial Statements
- 31 March 2019 (Continued)

15. TRADE AND OTHER RECEIVABLES (Continued)

15.1 Trade and other receivables (Continued)

Ageing analysis of trade and other receivables

The ageing analysis and the impairment losses recognised for the Group's and the Company's trade and other receivables as at end of previous financial year in accordance with MFRS 139 are as follows :-

	GROUP 2018 RM	COMPANY 2018 RM
Neither past due nor impaired	11,920,077	10,600,894
1 to 30 days past due not impaired	1,440,907	14,204
31 to 60 days past due not impaired	1,864,045	45,803
More than 61 days past due not impaired	3,828,529	84,678
	7,133,481	144,685
Impaired	8,600,064	500,108
	27,653,622	11,245,687
Less: Allowance for impairment loss	(8,600,064)	(500,108)
	19,053,558	10,745,579

Trade and other receivables including those that are past due but not impaired are considered to be creditworthy and are able to settle their debts.

Further information on credit risk is disclosed in Note 35.1.

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

The Group and the Company does not hold any collateral as security for the trade receivables as at the end of the reporting period.

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

Allowance for impairment losses

Movements in allowance for impairment losses on trade receivables during the financial year are as follows. Comparative amounts for 2018 are presented in accordance with the requirements of MFRS 139.

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
At beginning of financial year	8,600,064	9,554,221	500,108	500,108
Additional impairment losses	310,015	-	-	-
Reversal of impairment losses	(66,272)	-	-	-
Bad debts written off	(151,638)	-	-	-
Disposal of subsidiary	(3,109,284)	-	-	-
Exchange differences	272,606	(954,157)	-	-
At end of financial year	5,855,491	8,600,064	500,108	500,108

15. TRADE AND OTHER RECEIVABLES (Continued)

15.2 Amount due from subsidiaries and associates

The amounts due from subsidiaries and associates are interest free, unsecured and repayable on demand. Non-trade balances with subsidiaries are in respect of advances made to subsidiaries.

The amount due from subsidiaries which is denominated in Ringgit Malaysia has been presented into current and non-current portions based on the expected timing of settlement of the debts, amounting to RM16,889,087 and RM4,403,470 (2018: RM10,449,275 and RM NIL) respectively.

16. FIXED DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash in hand and at banks	6,343,694	6,189,869	9,609	251,410
Deposits with licensed banks	-	10,051,782	-	-
	6,343,694	16,241,651	9,609	251,410
Less : Fixed deposits pledged as collateral	-	(1,170,482)	-	-
Cash and cash equivalents	6,343,694	15,071,169	9,609	251,410

The currency profile of cash and bank balances is as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	9,609	251,410	9,609	251,410
Philippines Peso	192,364	60,583	-	-
New Taiwan Dollar	65,099	72,684	-	-
Singapore Dollar	5,709,019	15,614,288	-	-
United States Dollar	367,603	242,686	-	-
	6,343,694	16,241,651	9,609	251,410

17. SHARE CAPITAL

Issued and fully paid ordinary shares

	GROUP AND COMPANY			
	2019 Number of shares	2018 Number of shares	2019 RM	2018 RM
At beginning of financial year	683,240,905	683,240,905	80,786,615	80,786,615
Issued during financial year :-				
- Private placement	68,324,000	-	6,832,400	-
At end of financial year	751,564,905	683,240,905	87,619,015	80,786,615

Shares issued during the financial year :-

i) The Company allotted and issued 68,324,000 new ordinary shares at an issue price of RM0.10 per share by way of a private placement for a total cash consideration of RM6,832,400 to eligible investors. The private placement was approved by the directors on 19 June 2018 based on the shareholders mandate obtained at the Annual General Meeting of the Company held on 29 August 2017.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Notes To The Financial Statements - 31 March 2019 (Continued)

18. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS Scheme") on 18 November 2015 for a period of ten (10) years and will expire on 17 November 2025.

The salient features of the ESOS Scheme are as follows :-

(i) The total number of new ordinary shares that may be made available under the ESOS shall not exceed thirty per cent (30%) of the issued and paid-up capital of the Company.

(ii) Eligible employees are Directors and confirmed employees of the Group (save and except for companies which are dormant) who meet the criteria of eligibility for participation as set out in the By-Laws, at the date of the offer.

(iii) The option is personal to the grantee and is non-assignable.

(iv) An option may, at the discretion of the ESOS Committee, be determined based on a discount of not more than 10% from the 5-day weighted average market price of the underlying shares as shown in the Daily Official List issued by Bursa Malaysia for the 5 market days immediately preceding the Date of Offer in writing to the grantee.

The option price per new share shall in no event be less than the par value of the share.

(v) An option may be exercised by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the new shares comprised in the option, provided that where an option is exercised in respect of a part of the new shares comprised therein, the number of new shares of which such an option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).

The details of options over the ordinary shares of the Company under the ESOS Scheme are as follows :

	Exercise	Number of options over ordinary shares in the Company				
	price	As at	During the financial year			As at
2019	RM/share	01.04.2018	Granted	Exercised	Lapsed	31.03.2019
Grant date						
02.06.2016	0.10	4,500,000	-	-	-	4,500,000
02.05.2018	0.09	-	23,000,000	-	-	23,000,000
30.08.2018	0.17	-	25,300,000	-	-	25,300,000
		4,500,000	48,300,000	-	-	52,800,000

Number of options exercisable at end of the financial year	4,500,000

18. EMPLOYEE BENEFITS/EMPLOYEES' SHARE OPTION SCHEME (Continued)

The details of options over the ordinary shares of the Company under the ESOS Scheme are as follows : (Continued)

2018	Exercise price RM/share	Number of options over ordinary shares in the Company As at 01.04.2018	During the financial year Granted	Exercised	Lapsed	As at 31.03.2019
Grant date						
02.06.2016	RM0.10	4,500,000	-	-	-	4,500,000
Number of options exercisable at end of the financial year						4,500,000

Fair value of share options granted in current and previous financial year

The fair value of the share options granted in the current and previous financial year were measured using the binomial valuation model at grant date and the inputs to that model used to measure the fair value were as follows:-

	ESOS Scheme		
Grant date	02.06.2016	02.05.2018	30.08.2018
Share price at grant date (sen)	10.5	9.0	17.0
Exercise price (sen)	10.0	9.0	17.0
Early exercise factor (times)	2.5	2.5	2.5
Expected volatility (%)	55.27	67.62	67.62
Expected option life (years)	10	8	8
Risk free interest rate (%)	3.93	4.03	4.03

The expected life of the options is based on the life of the ESOS Scheme. The expected volatility reflects the assumption that historical volatility is indicative of future trends which may not necessarily be the actual outcome.

During the financial year, the Group and the Company recognised total expenses of RM1,992,396 and RM225,996 (2018: Nil) respectively in profit or loss in respect of equity settled share based payment transaction with corresponding transfers to equity.

19. CONVERTIBLE BONDS

Group	Liability Component - at cost RM	Embedded Derivatives - at fair value RM	Total RM
2019	-	-	-
2018			
Convertible Bonds 1	5,125,495	593,545	5,719,040
Convertible Bonds 2	10,491,356	1,136,857	11,628,213
	15,616,851	1,730,402	17,347,253

Notes To The Financial Statements
- 31 March 2019 (Continued)

19. CONVERTIBLE BONDS (Continued)

Convertible Bonds 1

i) This comprise two 3% fixed coupon convertible bonds denominated in Singapore Dollar ("SGD") with a nominal value of SGD1,000,000 (approximately RM3,156,800) each issued by a subsidiary namely, Primustech Pte Ltd ("Primustech") on 1 August 2017, and which are unsecured and mature on the date falling thirty six (36) months from the issue date that is 31 July 2020. The bonds can be converted into ordinary shares upon the initial public offering ("IPO") of Primustech at a conversion price of SGD1.30 equivalent of conversion shares for every SGD1.00 in principal amount of bond from the IPO date to maturity date. If not converted, the bonds shall be redeemed at their principal amounts plus non-compounding accrued interest of 3% per annum.

Convertible Bonds 2

ii) This comprise convertible bonds with a nominal value of SGD4,000,000 (approximately RM12,469,600) issued by Primustech on 16 October 2017, and which is unsecured and mature on the date falling thirty six (36) months from the issue date that is 20 October 2020. The bond bears interest calculated on the principal amount outstanding at the rate of 3% for the 1st year, 4% per annum for the 2nd year and 5% per annum for the 3rd year. The bonds can be converted into ordinary shares at any time up to the maturity date or when Primustech decides not to undertake an IPO or upon the subsidiary receiving a letter of eligibility to list from SGX-ST at a conversion price of SGD1.30 equivalent of conversion shares for every SGD1.00 in principal amount of the bond. If not converted, the bond shall be redeemed at its principal amount plus any accrued interest up to the date of redemption.

The above bonds contain a liability component and an embedded derivative liability component and their movements during the financial year are set out below :-

	Group		
	Liability Component RM	**Embedded Derivatives RM**	**Total RM**
2019			
At beginning of financial year	15,616,851	1,730,402	17,347,253
Interest charged	503,506	-	503,506
Interest paid	(176,863)	-	(176,863)
Disposal of subsidiary	(16,131,955)	(1,750,942)	(17,882,897)
Exchanges differences	188,461	20,540	209,001
At end of financial year	-	-	-
2018			
At beginning of financial year	-	-	-
Issued during the financial year - at fair value net of transaction costs	15,780,260	2,172,401	17,952,661
Interest charged	784,299	-	784,299
Gain arising on change in fair value	-	(328,745)	(328,745)
Exchange differences	(947,708)	(113,254)	(1,060,962)
At end of financial year	15,616,851	1,730,402	17,347,253

Notes To The Financial Statements - 31 March 2019 (Continued)

20. TRADE AND OTHER PAYABLES

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Trade payables	9,546,026	5,783,237	309,680	143,823
Other payables and accrued expenses	2,867,019	3,541,731	841,829	501,212
Revenue received in advance	-	1,117,842	-	181,728
Liability for short term accumulating compensated absences	575,698	482,199	56,829	34,001
Amount owing to affiliated corporations	2,095,339	2,227,091	-	-
Amount due to subsidiaries	-	-	2,040,014	3,226,644
Amount owing to Directors	727,564	1,987,587	727,564	1,308,314
	15,811,646	15,139,687	3,975,916	5,395,722

The normal credit terms of trade payables granted to the Group and the Company range from 0 to 60 (2018: 0 to 60) days.

Revenue received in advance has been reclassified to contract liabilities upon the adoption MFRS 15 during the financial year.

The currency exposure profile of trade and other payables is as follows :-

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Ringgit Malaysia	1,979,223	10,843,201	3,975,916	5,395,722
British Pound	-	7,154	-	-
Philippines Peso	148,190	84,748	-	-
Singapore Dollar	12,731,273	3,630,682	-	-
Brunei Dollar	76,959	108,711	-	-
United States Dollar	418,349	455,627	-	-
Euro	7,677	9,564	-	-
New Taiwan Dollar	57	-	-	-
Renminbi	449,918	-	-	-
	15,811,646	15,139,687	3,975,916	5,395,722

The amounts owing to affiliated corporations, subsidiaries and Directors are non-trade in nature, interest free, unsecured and are repayable on demand.

An affiliated corporation is defined as a company or its related corporation in which a Director of the Company has a substantial financial interest.

Notes To The Financial Statements - 31 March 2019 (Continued)

21. BORROWINGS (SECURED)

The borrowings of the Group represent short term bank borrowings which are subject to interest at 5.44% to 5.50% (2018: 5.25% to 7.50%) per annum and are secured as follows :-

a) Corporate guarantee from the Company;

b) Notified assignment of certain consultancy contract; and

c) Fixed and floating charge over the assets of a subsidiary.

The borrowings as at end of current and previous financial year is dominated in Singapore Dollar.

	GROUP	
	2019 RM	2018 RM
Singapore Dollar	7,583,329	4,886,567

22. REVENUE

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Consultancy contracts	40,756,425	25,330,782	3,764,596	3,068,993
Maintenance services	12,262,622	10,159,905	890,118	1,139,023
	53,019,047	35,490,687	4,654,714	4,208,016
Timing of revenue recognition				
- at a point in time	1,695,082	1,624,566	91,600	17,000
- over time	51,323,965	33,866,121	4,563,114	4,191,016
	53,019,047	35,490,687	4,654,714	4,208,016

Disaggregation of revenue by geographical location is disclosed in Note 30.

23. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Wages, salaries and bonus	23,672,832	20,907,819	1,885,503	1,576,350
Contributions to defined contribution plans	1,957,602	2,049,923	221,979	191,686
ESOS expenses	1,992,396	-	225,996	-
Other benefits	697,083	871,620	15,451	12,489
	28,319,913	23,829,362	2,348,929	1,780,525

Included in employee benefits expenses of the Group is executive directors' remuneration amounting to RM4,088,952 (2018: RM3,162,606) as further disclosed in Note 25.

Notes To The Financial Statements - 31 March 2019 (Continued)

23. EMPLOYEE BENEFITS EXPENSES (Continued)

Employee benefits expenses are taken up as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Charged to profit or loss	22,933,989	19,058,995	2,348,929	1,780,525
Capitalised as development expenditure	5,385,924	4,770,367	-	-
	28,319,913	23,829,362	2,348,929	1,780,525

24. FINANCE COSTS

	GROUP	
	2019 RM	2018 RM
Interest on convertible bonds and bank borrowings	270,837	244,490

25. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors' remuneration :				
Directors of Holding company				
- Salaries, allowances and others benefits	813,185	835,932	-	-
- ESOS expense	448,800	-	-	-
- Contributions to a defined contribution plan	25,915	27,565	-	-
Directors of subsidiary companies				
- Salaries, allowances and others benefits	1,945,888	2,151,567	-	-
- ESOS expense	729,300	-	-	-
- Contributions to a defined contribution plan	125,864	147,542	-	-
	4,088,952	3,162,606	-	-
Non-Executive Directors' fees	200,000	228,800	200,000	228,800
Total directors' remuneration	4,288,952	3,391,406	200,000	228,800

Notes To The Financial Statements - 31 March 2019 (Continued)

26. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
This is arrived at after charging/(crediting) :-				
Auditors' remuneration				
- Current year	188,456	280,244	54,000	54,000
- Underprovision in prior year	-	6,084	-	3,000
- Other services	9,500	11,000	9,500	11,000
Allowance for impairment loss on trade receivables	310,015	-	-	-
Amortisation of intangible assets	4,356,523	6,297,996	2,500	2,292
Depreciation of property, plant and equipment	481,945	505,998	53,778	47,919
Discount implicit in amount due from subsidiaries	-	-	549,616	-
ESOS expense	1,992,396	-	225,996	-
Gain arising on change in fair value of embedded derivatives	-	(328,745)	-	-
Gain on investment (contingent consideration) (Note 9.1(ii))	-	(1,500,000)	-	(1,500,000)
Gain on disposal of subsidiary	(6,956,781)	-	(2,669,905)	-
Goodwill written off	-	2,727,825	-	-
Impairment of intangible assets	160,426	1,190,154	-	-
Impairment loss on investment in subsidiaries	-	-	-	3,593,825
Impairment loss on investment in associate	147,527	-	-	-
Interest expense on borrowings	270,837	244,490	-	-
Interest income	(1,103)	(5,901)	(767)	(5,629)
Office rental	1,304,249	1,398,809	106,980	106,980
Property, plant and equipment written off	-	76,052	-	-
Reversal of impairment loss on trade receivables	(66,272)	-	-	-
Unrealised (gain)/loss on foreign exchange	(210,142)	470,491	-	-

27. TAXATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Current year taxation	1,351	-	1,351	-
Under provision of taxation in prior year	12,622	43,518	-	-
Deferred taxation relating to origination and reversal of temporary differences	(31,061)	(10,604)	-	-
Tax (income)/expense	17,088	32,914	1,351	-
Attributable to :-				
Continuing operations	13,973	-	1,351	-
Discontinued operations	(31,061)	32,914	-	-
	(17,088)	32,914	1,351	-

27. **TAXATION** (Continued)

A reconciliation of tax applicable to the profit/(loss) before taxation at the statutory tax rates to current year's tax (income)/expense of the Group and the Company is as follows :-

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Profit/(Loss) before taxation:-				
- Continuing operations	2,665,046	(1,432,596)	44,602	(2,343,899)
- Discontinued operations	3,885,375	(3,008,530)	-	-
	6,550,421	(4,441,126)	44,602	(2,343,899)
Taxation at the rate of 24% (2018: 24%)	1,572,101	(1,065,871)	10,704	(562,536)
Tax effect of :-				
Different tax rates in foreign jurisdictions	(539,192)	(217,544)	-	-
Effect of tax incentives	(1,172,876)	(1,278,863)	-	-
Non-deductible expenses	731,688	2,284,878	543,880	943,992
Income not subject to tax	(1,182,733)	(360,000)	(640,777)	(360,000)
Deferred tax benefits not recognised	561,302	626,796	-	(21,456)
Under provision of taxation in prior year	12,622	43,518	87,544	-
	(17,088)	32,914	1,351	-

Subject to the agreement of the tax authorities and compliance with tax regulation in the respective countries in which companies of the Group operate, the estimated unutilised capital allowances and unabsorbed tax losses available for set off against future taxable profits are as follows :-

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Unutilised capital allowances	1,463,356	2,296,979	508,348	389,198
Unabsorbed tax losses	60,345,819	62,428,418	9,325,592	8,996,590
	61,809,175	64,725,397	9,833,940	9,385,788

In accordance with the provision of the Finance Act 2018 and subject to the approval of the tax authorities, the Company's unabsorbed tax losses up to the year of assessment 2018 amounting to RM8,996,590 shall be available for deduction against future taxable profits until the year of assessment 2025 and any amount not utilised by the end of 2025 will be disregarded. Unabsorbed tax losses for the year of assessment 2019 onwards shall be available for deduction for a maximum period of seven consecutive years of assessment immediately following that year of assessment and any amount which is not deducted at the aforementioned period of seven years shall be disregarded.

The remaining unabsorbed tax losses and unutilised capital allowances of the Group have no expiry date, and subject to the agreement of tax authorities and compliance with tax regulations in the respective countries in which companies of the Group operate, are available for set off against future taxable profits, if any.

Notes To The Financial Statements - 31 March 2019 (Continued)

28. EARNING/(LOSS) PER ORDINARY SHARE

Basic earning/(loss) per ordinary share

The calculation of basic earning/(loss) per ordinary share is based on the net profit/(loss) attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the financial year.

	GROUP 2019	GROUP 2018
Profit/(Loss) for the financial year attributable to the equity holders of the Company		
- from continuing operations	2,827,512	(1,429,614)
- from discontinued operations	5,406,205	(1,194,179)
	8,233,717	(2,623,793)
Weighted average number of ordinary shares in issue	736,028,215	683,240,905
Basic earning/(loss) per share (sen)		
- from continuing operations	0.3842	(0.2092)
- from discontinued operations	0.7345	(0.1748)
	1.1187	(0.3840)

Fully diluted earning/(loss) per ordinary share

The calculation of fully diluted earning/(loss) per ordinary share is based on the net profit/(loss) attributable to shareholders of the Company and the weighted average number of ordinary shares after adjustments for the dilutive effects of all potential ordinary shares, arising from the assumed exercise of the share options in issue.

	GROUP 2019	GROUP 2018
Profit/(Loss) for the financial year attributable to the equity holders of the Company		
- from continuing operations	2,827,512	(1,429,614)
- from discontinued operations	5,406,205	(1,194,179)
	8,233,717	(2,623,793)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue	736,028,215	683,240,905
Effect of share options	9,781,498	418,842
Weighted average number of ordinary shares for diluted earning/(loss) per share	745,809,713	683,659,747
Diluted earning/(loss) per share (sen)		
- from continuing operations	0.3791	(0.2091)
- from discontinued operations	0.7249	(0.1747)
	1.1040	(0.3838)

Notes To The Financial Statements
- 31 March 2019 (Continued)

29. NOTES TO STATEMENTS OF CASH FLOW

Liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the table below :-

Group	Borrowings RM	Convertible bonds RM	Total RM
2019			
As at 01.04.2018	4,886,567	17,347,253	22,233,820
Net cash flows	2,413,526	(176,863)	2,236,663
Interest accrued	162,988	503,506	666,494
Disposal of subsidiary	-	(17,882,897)	(17,882,897)
Exchange differences	120,248	209,001	329,249
As at 31.03.2019	7,583,329	-	7,583,329

Group	Borrowings RM	Convertible bonds RM	Total RM
2018			
As at 01.04.2017	1,937,507	-	1,937,507
Net cash flows	3,224,589	17,952,661	21,177,250
Interest accrued	-	784,299	784,299
Non-cash flow changes	-	(328,745)	(328,745)
Exchange differences	(275,529)	(1,060,962)	(1,336,491)
As at 31.03.2018	4,886,567	17,347,253	22,233,820

30. OPERATING SEGMENTS

Segmental information is presented in respect of the Group's business segment. The primary segment reporting format is based on the Group's management and internal reporting structure. The secondary format by geographical location is based on the locations where Group's management function is exercised.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and for development expenditure.

Notes To The Financial Statements - 31 March 2019 (Continued)

30. OPERATING SEGMENTS (Continued)

2019	Continuing Operations: E-Business Solutions: Malaysia RM	Singapore RM	Eliminations RM	Total RM	Discontinued Operations: Business Control and Automation: Singapore RM	Total operations RM
Geographic segments						
Revenue from external customers	4,654,714	48,364,333	-	53,019,047	11,512,022	64,531,069
Revenue from inter-segment	-	5,033,082	(5,033,082)	-	-	-
Total revenue	4,654,714	53,397,415	(5,033,082)	53,019,047	11,512,022	64,531,069
Segment results	43,835	5,663,394	(2,781,265)	2,925,964	(2,608,025)	317,939
Gain on disposal of subsidiary				-	6,956,781	6,956,781
Interest income				1,103	40,125	41,228
Interest expense				(270,837)	(503,506)	(774,343)
Share of results of associates				8,816	-	8,816
Profit before taxation				2,665,046	3,885,375	6,550,421
Taxation				(13,973)	31,061	17,088
Profit after taxation				2,651,073	3,916,436	6,567,509
Segment assets	53,816,716	56,668,466	(30,109,223)	80,375,959	-	80,375,959
Tax recoverable	3,327	-	-	3,327	-	3,327
Investment in associates	-	753,898	-	753,898	-	753,898
Total assets	53,820,043	57,422,364	(30,109,223)	81,133,184	-	81,133,184
Segment Liabilities	4,235,027	20,633,831	-	24,868,858	-	
Other segment items						
Capital expenditure	27,045	6,868,299	-	6,895,344	1,166,941	8,062,285
Depreciation and amortisation	56,278	4,451,157	-	4,507,435	397,428	4,904,863

30. OPERATING SEGMENTS (Continued)

2018	Continuing Operations: E-Business Solutions: Malaysia RM	Continuing Operations: E-Business Solutions: Singapore RM	Continuing Operations: Eliminations RM	Continuing Operations: Total RM	Discontinued Operations: Business Control and Automation: Singapore RM	Total operations RM
Geographic segments						
Revenue from external customers	3,430,900	32,059,787	-	35,490,687	37,482,889	72,973,576
Revenue from inter-segment	777,116	4,701,038	(5,478,154)	-	-	-
Total revenue	4,208,016	36,760,825	(5,478,154)	35,490,687	37,482,889	72,973,576
Segment results	(2,349,528)	(2,255,581)	3,455,720	(1,149,389)	(2,224,201)	(3,373,590)
Interest income				5,901	49,398	55,299
Interest expense				(244,490)	(833,727)	(1,078,217)
Share of results of associates				(44,618)	-	(44,618)
Loss before taxation				(1,432,596)	(3,008,530)	(4,441,126)
Taxation				-	(32,914)	(32,914)
Loss after taxation				(1,432,596)	(3,041,444)	(4,474,040)
Segment assets	11,089,163	39,345,342	(2,639,293)	47,795,212	30,524,938	78,320,150
Tax recoverable	4,064	3,327	-	7,391	-	7,391
Investment in associates	-	753,898	-	753,898	-	753,898
Total assets	11,093,227	40,102,567	(2,639,293)	48,556,501	30,524,938	79,081,439
Segment Liabilities	6,162,930	12,537,258	(3,925,315)	14,774,873	23,606,178	38,381,051
Other segment items						
Capital expenditure	49,803	6,179,636	-	6,229,439	1,647,816	7,877,255
Depreciation and amortisation	50,211	4,460,611	-	4,510,822	2,349,909	6,860,731

Notes To The Financial Statements
- 31 March 2019 (Continued)

30. OPERATING SEGMENTS (Continued)

Geographical information

	Non-current assets RM	Revenue RM
2019		
Malaysia	61,841	4,654,714
Singapore	23,714,821	48,364,333
	23,776,662	53,019,047
2018		
Malaysia	91,074	3,430,900
Singapore	23,791,738	32,059,787
	23,882,812	35,490,687

Major customers

The following major customers contributed to more than 10 percent of the Group's revenue for the financial year:-

		Revenue	
	Segment	2019 RM	2018 RM
Customer A	Singapore	18,241,620	10,148,396
Customer B	Singapore	-	7,025,428
Customer C	Singapore	7,927,086	-

31. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2019 RM	2018 RM
Guarantees given by the Company to financial institutions/individual for credit facilities granted to subsidiaries		
- Limit	9,042,000	6,782,700
- Utilised	7,583,329	4,886,567

32. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Less than one year	1,877,731	2,818,822	160,558	106,980
Between one to five years	3,139,995	2,508,237	480,501	44,575
	5,017,726	5,327,059	641,059	151,555

The Group and the Company leases office premises under operating leases. The leases have remaining lease terms between one to five years, with an option to renew the leases after the date of expiration. None of the leases include contingent rentals.

33. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Related party relationships exist between the Group and the Company with the following entities :-

(a) The subsidiaries as disclosed in Note 9;

(b) The associates as disclosed in Note 10;

(c) Chan Wing Kong, being a Director;

(d) Zylog Systems Asia Pacific Pte. Ltd., a substantial shareholder; and

(e) novaSprint Pte. Ltd. and novaC2R Pte. Ltd. being companies in which Chan Wing Kong has or is deemed to have a substantial interest.

33.1 Related party transactions

Significant related party transactions during the year other than those disclosed elsewhere in the financial statements are as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Income				
NovaHEALTH Pte. Ltd.				
- Sales	-	-	628,953	777,116
Zylog Systems Asia Pacific Pte. Ltd.				
- Rental income	-	158,577	-	-

Notes To The Financial Statements
- 31 March 2019 (Continued)

33. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

33.1 Related party transactions (Continued)

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Expenses				
NovaCITYNETS Pte. Ltd.				
- Administrative fees	-	-	294,700	432,009
NovaHEALTH Pte. Ltd.				
- Purchases	-	-	-	65,553
NovaC2R Pte. Ltd.				
- Purchase of scanning services	262,076	355,467	-	-
Employee *				
- Consultancy fee	-	924,990	-	-
- Salaries and allowance	-	197,331	-	-
- Contribution to defined contribution plans	-	23,125	-	-

* Related party refer to an employee who is also close family members of one of the directors of subsidiary.

33.2 Related party balances

Balances at year end included in the statements of financial position are as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Receivables				
Amount due from subsidiaries				
- NovaHEALTH Pte. Ltd. (trade)	-	-	1,535,950	1,535,950
- NovaHEALTH Pte. Ltd. (non-trade)	-	-	6,297,488	1,919,445
- NovaCITYNETS Pte. Ltd. (non-trade)	-	-	14,002,184	6,987,330
- NovaSOLUTIONS (PH) Inc. (non-trade)	-	-	6,551	6,550
Payables				
Amount due to subsidiaries				
- NovaCITYNETS Pte. Ltd. (trade)	-	-	(2,040,014)	(2,040,014)
- NovaCITYNETS Pte. Ltd. (non-trade)	-	-	-	(1,186,630)
Amount due to affiliated corporation				
- NovaSPRINT Pte. Ltd.	(2,095,339)	(2,227,091)	-	-

The amount due from/(to) subsidiaries, amount due to affiliated corporation are unsecured, interest free and repayable on demand.

No expense has been recognised during the financial year in respect of bad or doubtful debt due from the related parties.

Notes To The Financial Statements - 31 March 2019 (Continued)

33. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

33.3 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly which include any director, Group Chief Executive Officer, Group Chief Operation Officer and Group Business Development Director.

The remuneration paid during the financial year to key management personnel, comprising of directors only is disclosed in Note 25.

34. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include deposits, cash and bank balances and trade and other receivables.

Financial liabilities of the Group include trade and other payables, borrowings and convertible bonds.

In respect of the Company, financial assets also include amount owing by subsidiaries while financial liability include amount owing to subsidiaries.

34.1 Categories of financial instruments

The Group's and the Company's financial instruments are categorised as follows :-

Financial assets per statement of financial position

2019	Carrying amount RM	Amortised cost RM
Group		
Trade and other receivables	14,295,756	14,295,756
Cash and bank balances	6,343,694	6,343,694
	20,639,450	20,639,450
Company		
Amount due from subsidiaries	21,292,557	21,292,557
Trade and other receivables	1,105,325	1,105,325
Cash and bank balances	9,609	9,609
	22,407,491	22,407,491

Notes To The Financial Statements - 31 March 2019 (Continued)

34. FINANCIAL INSTRUMENTS (Continued)

34.1 Categories of financial instruments (Continued)

Financial liabilities per statement of financial position

2019		Carrying amount RM	Amortised cost RM
Group			
Trade and other payables		15,811,646	15,811,646
Borrowings		7,583,329	7,583,329
		23,394,975	23,394,975
Company			
Trade and other payables	3,975,916	3,975,916	-

Financial assets per statement of financial position

2018	Carrying amount RM	Loans and receivables RM
Group		
Trade and other receivables	19,053,558	19,053,558
Cash and bank balances	16,241,651	16,241,651
	35,295,209	35,295,209
Company		
Amount due from subsidiaries	10,449,275	10,449,275
Trade and other receivables	296,304	296,304
Cash and bank balances	251,410	251,410
	10,996,989	10,996,989

Notes To The Financial Statements - 31 March 2019 (Continued)

34. FINANCIAL INSTRUMENTS (Continued)

34.1 Categories of financial instruments (Continued)

Financial liabilities per statement of financial position

2018	Carrying amount RM	Other financial liabilities measured at amortised cost RM	Fair value through profit or loss RM
Group			
Trade and other payables	15,139,687	15,139,687	-
Borrowings	4,886,567	4,886,567	-
Convertible bonds	17,347,253	15,616,851	1,730,402
	37,373,507	35,643,105	1,730,402
Company			
Trade and other payables	5,395,722	5,395,722	-

34.2 Fair value of financial instruments

(i) Financial instruments that are not carried at fair value and whose carrying amounts are reflective of fair value.

The carrying amount of the following classes of financial instruments approximate their fair values:-

	Note
Trade and other receivables	15
Amount due from subsidiaries	15
Fixed deposits, cash and bank balances	16
Convertible bonds - Liability component	19
Trade and other payables	20
Amount due to subsidiaries	20
Borrowings	21

The carrying amount of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Notes To The Financial Statements - 31 March 2019 (Continued)

34. FINANCIAL INSTRUMENTS (Continued)

34.2 Fair value of financial instruments (Continued)

(ii) Financial instruments that are carried at fair value

None of the financial instruments of the Group and Company is carried at fair value as at 31 March 2019.

The following table shows an analysis of financial instruments as at end of previous financial year which were carried at fair value by level of fair value hierarchy :-

	Note	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
2018					
Financial liabilities					
Convertible bonds - Embedded derivative component	19	-	-	1,730,402	1,730,402

Determination of fair value

i) Convertible bonds - The fair value of the embedded derivative liability component was derived using a valuation technique based on the income approach and with management's expectation on the possibility of conversion.

35. FINANCIAL RISK MANAGEMENT POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Group's and the Company's overall financial risk management objective is to seek to address and control the risks to which the Group and the Company are exposed and to minimise or avoid the incidence of loss that may result from the exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

35.1 Credit risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group and the Company. The Group's and the Company's main exposure to credit risk is in respect of its trade receivables, bank deposits and cash and bank balances. The Company's exposure to credit risk includes amount due from subsidiary companies and financial guarantees given to banks for credit facilities of subsidiaries as disclosed in Note 31.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management.

35. FINANCIAL RISK MANAGEMENT POLICIES

35.1 Credit risk

It is inherent in the Group's and the Company's business to make individually large sales to its customers that may lead to a significant concentration of credit risks. Such risks are managed by ensuring that transactions are only carried out with customers with reliable financial profile.

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal action taken to ensure recoveries and mitigate losses.

Exposure to credit risk

The Group's and the Company's maximum exposure to credit risk as at 31 March 2019 is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

In the case of the Company, its exposure includes the corporation guarantee extended financial institutions for credit facilities granted to subsidiaries as disclosed in Note 31.

Credit risk concentration profile

At 31 March 2019, the Group and the Company had approximately 31 and 7 customers, out of which 2 and 2 respectively, customers owed more than RM500,000 and RM300,000 which accounted for approximately 63% and 76% of the total receivables balance.

The analysis of the Group's and the Company's trade receivables by country of such receivables is as follows :-

	GROUP			
	2019		2018	
	RM	% of total	RM	% of total
Malaysia	988,511	10.3%	370,357	2.5%
Singapore	7,383,943	76.7%	13,257,461	91.2%
Brunei	713,634	7.4%	199,058	1.4%
Indonesia	256,665	2.7%	76,499	0.5%
Others	278,445	2.9%	628,924	4.3%
	9,621,198	100.0%	14,532,299	100.0%

	COMPANY			
	2019		2018	
	RM	% of total	RM	% of total
Malaysia	988,511	100.0%	252,925	100.0%

Notes To The Financial Statements
- 31 March 2019 (Continued)

35. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

35.1 Credit risk (Continued)

Recognition and measurement of impairment loss

(i) Trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2019 or 1 April 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes in these factors.

From 1 April 2018, where the credit risk of a trade receivable has increased significantly and pass due more than 360 days, its expected credit losses are assessed individually by considering historical payment trends and financial strength of the receivable. The individual impairment will be considered on either full or partial of gross carrying amount.

Prior to 1 April 2018, trade receivables that were individually determined to be impaired comprised those customers who have defaulted on their payments and were considered to have financial difficulties in repaying their debts.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

35. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

35.1 Credit risk (Continued)

Recognition and measurement of impairment loss (Continued)

(i) Trade receivables and contract assets (Continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets of the Group and of the Company as at 31 March 2019:-

	2019		
	Gross carrying amount RM	**Loss allowance RM**	**Net balance RM**
Group			
Current (not past due)	42,461,701	-	45,154,934
1-90 days past due	2,755,082	-	2,755,082
91-180 days past due	530,212	-	530,212
181-360 days past due	411,629	-	411,629
	46,158,624	-	46,158,624
Credit impaired			
More than 360 days past due	-	-	-
Individually impaired	5,855,491	(5,855,491)	-
	52,014,115	(5,855,491)	46,158,624
Trade receivables	15,300,370	(5,855,491)	9,444,879
Contract assets	36,713,745	-	36,713,745
	52,014,115	(5,855,491)	46,158,624
Company			
Current (not past due)	108,182	-	108,182
1-90 days past due	534,065	-	534,065
91-180 days past due	346,410	-	346,410
181-360 days past due	-	-	-
	988,657	-	988,657
Credit impaired			
More than 360 days past due	-	-	-
Individually impaired	500,108	(500,108)	-
	1,488,765	(500,108)	988,657
Trade receivables	1,488,619	(500,108)	988,511
Contract assets	146	-	146
	1,488,765	(500,108)	988,657

Notes To The Financial Statements
- 31 March 2019 (Continued)

35. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

35.1 Credit risk (Continued)

Recognition and measurement of impairment loss (Continued)

(ii) Other receivables

Impairment of other receivables is 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 impairment is based on whether has been a significant increase in credit risk since initial recognition of the financial assets.

For those in which the credit risk has not increase significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which the credit risk has increase significantly, lifetime expected credit losses along with the gross interest income are recognised.

Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

(iii) Amount due from subsidiaries

The Company determines the probability of default for these amounts due from subsidiaries individually using internal information. No loss allowance has been recognised for amount due from subsidiaries as the Company considers them as low credit risk.

(iv) Fixed deposits, cash and bank balances

Deposit, cash and bank balances are neither past due nor impaired and they are placed with reputable licensed financial institutions with low credit risks. No loss allowance has been provided for as the Group consider that such loss, if any, will be immaterial.

35.2 Interest rate risk

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

The Group's and the Company's operations are financed through a mixture of internally generated funds and borrowings. The Group's and the Company's exposure to interest rate risk relates to interest bearing financial assets and liabilities. Interest bearing financial assets includes fixed deposits with licensed banks which are based on fixed rates and the Group's and the Company's interest bearing financial liabilities comprise trade financing facilities which are based on floating rates. The Group's convertible bonds are subject to agreed coupon rates.

Sensitivity analysis for interest rate risk

No sensitivity analysis is prepared as the Group and Company does not expect any material effect on the Group's or the Company's profit or loss arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the reporting date.

35.3 Foreign currency risk

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

The Group and the Company are exposed to foreign currency risks in respect of their investments in foreign subsidiaries and foreign receivables. The currencies primarily giving rise to this exposure are Saudi Arabia Riyal ("SAR"), United States Dollar ("USD") and Philippines Peso ("PHP"). During and at the end of the financial year, the Group and the Company had not entered into any forward currency contracts. However, management will keep this policy under review and will take necessary action to minimise the exposure of this risk.

35. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

35.3 Foreign currency risk (Continued)

The Group's and the Company's foreign currency exposure profiles of the following financial assets and liabilities as at 31 March 2019 have been disclosed under the respective notes :-

	Note
Trade and other receivables	15
Fixed deposits, cash and bank balances	16
Convertible bonds	19
Trade and other payables	20
Borrowings	21

<u>Sensitivity analysis for foreign currency risk</u>

Below is an analysis of the sensitivity of the Group's profit for the year to a 5 percent strengthening or weakening of the foreign currencies against the various functional currencies at the end of the reporting period of entities within the Group. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP	
	Loss for the year (Increase) / Decrease	
	2019 RM	2018 RM
SAR against SGD (Functional currency : SGD)		
- strengthened 5%	24,685	24,914
- weakened 5%	(24,685)	(24,914)
USD against SGD (Functional currency : SGD)		
- strengthened 5%	284,929	427,374
- weakened 5%	(284,929)	(427,374)
PHP against SGD (Functional currency : SGD)		
- strengthened 5%	135,855	55,509
- weakened 5%	(135,855)	(55,509)

35.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Notes To The Financial Statements - 31 March 2019 (Continued)

35. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

35.4 Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

Group	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
2019				
Financial liabilities				
Trade and other payables	15,811,646	-	-	15,811,646
Borrowings	7,583,329	-	-	7,583,329
	23,394,975	-	-	23,394,975
2018				
Financial liabilities				
Trade and other payables	15,139,687	-	-	15,139,687
Borrowings	4,886,567	-	-	4,886,567
Convertible bonds	53,900	17,694,000	-	17,747,900
	20,080,154	17,694,000	-	37,774,154
Company				
2019				
Financial liabilities				
Trade and other payables	3,975,916	-	-	3,975,916
2018				
Financial liabilities				
Trade and other payables	5,395,722	-	-	5,395,722

Notes To The Financial Statements - 31 March 2019 (Continued)

36. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue in its operations as a going concern in order to provide fair returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the optimal capital structure, the Group may, from time to time, adjust or vary the dividend payouts to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity and borrowings to be the keycomponents in the Group capital structure. The Group monitors capital on the basis of gearing ratio. The ratio is calculated as the total borrowings to total equity. The Group's strategy is to maintain a gearing ratio of below 50%. There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratio as at 31 March 2019 and 31 March 2018 were as follows :-

	GROUP	
	2019 RM	2018 RM
Borrowings	7,583,329	4,886,567
Convertible bonds	-	17,347,253
Total debt	7,583,329	22,233,820
Total equity	56,264,326	40,700,388
Debt-to-equity ratio	0.13	0.55

37. COMPARATIVE FIGURES

The comparatives for the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been re-presented to show the discontinued operations pursuant to the disposals of Primustech Pte. Ltd.

38. SIGNIFICANT EVENTS

At an extraordinary general meeting of the Company held on 10 April 2019, the shareholders of the Company had approved the Company to undertake a private placement of up to 30% of the issued shares of the Company ("Proposed Private Placement) to third party investors to be identified later. The actual number of ordinary shares to be issued pursuant to the Proposed Private Placement will depend on the total issued shares of the Company on a date to be determined. As at the date of this report, no share had been issued.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NOVA MSC BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of NOVA MSC BERHAD, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, including a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matters	How our audit addressed the key audit matters
1. Development Expenditure - assessment of impairment As disclosed in Note 8 to the financial statements, the Group's Development Expenditure, classified under Intangible Assets ('IA"), amounted to RM21,700,544. Development Expenditure with an indefinite useful life are required to be tested for impairment annually. As indicated in Notes 5b(i), the Group carried out impairment test on the cash generation units ("CGUs") to which the development expenditure have been allocated to. The management assessed the recoverable amount of the goodwill and development expenditure by determining the value in use of the CGUs using the discounted cash flows method. The determination of value in use is highly subjective as significant judgement is required to determine the appropriate future cash flow forecast and projections and the discount rate to be applied. Impairment assessment of development expenditure is considered to be a key audit matter due to the significance of the assets to the Group's consolidated statement of financial position, and due to the significant judgement involved in the assessment of the 'value in use' of the CGUs.	Our procedures included the following : • Evaluated whether the cash flow forecast and projections prepared by the management are in accordance with the requirements of MFRS 136 Impairment of Assets. • Assessed the reasonableness of the future cash flows by comparing them against the CGU's past performance and also the achievability of the future projections to the contracted revenue amounts, historic revenue amounts and growth rates. • Assessed the management's determination of the discount rate by evaluating the appropriateness of the models used and the reasonableness of the inputs thereon. • Performed sensitivity analyses for the key assumptions used for the cash flow forecast and projections.

Independent Auditors' Report
To The Members Of Nova Msc Berhad (Continued)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
2. Contracts revenue and costs recognition	
Refer to the Notes 3.14 and 22 to the financial statements. Contract revenue in respect of long term contracts that are recognised using the stage of completion method is measured by the extent of actual contract costs incurred to date compared to the estimated total contract costs in the project budgets for contracts in progress. In this respect, significant judgement is required from management in determining the estimated total contract revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgement involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.	Our procedures included the following : • Performed an update of our understanding of the Group's project budgeting and costing processes including relevant controls and performed tests to determine the reliability of the project budgets. • Verified the contract sums and material cost elements in the project budgets for selected significant on-going projects against their respective supporting documentation including contracts, key assumptions and relevant workings for estimates of contract costs. • Performed inquiry of management to assess whether the status of on-going contracts accord with the stage of completion determined for revenue recognition and also whether the estimates used for project budgets are reasonable, taking into consideration the findings from our other audit procedures. We further assessed whether management has updated the project budgets where actual revenue or costs have deviated significantly from estimates. • Performed re-computation to assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates. • Verified actual contract billings and costs recognised for selected projects to supporting invoices.

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 contained in the Annual Report, but does 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 the fact. We have nothing to report in this regard.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :-

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent Auditors' Report
To The Members Of Nova Msc Berhad (Continued)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that subsidiaries of which we have not acted as auditors, are disclosed in Note 9 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.

FOLKS DFK & CO.
No.: AF 0502
Chartered Accountants

LEONG KOK TONG
No.: 02973/11/2019 J
Chartered Accountant

Kuala Lumpur,

29 July 2019

STATEMENT BY DIRECTORS

We, Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI ALMARHUM TUANKU JA'AFAR and LAI TEIK KIN, being two of the directors of NOVA MSC BERHAD, state that in the opinion of the directors, the financial statements set out on pages 41 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors,

Y.A.M. TUNKU DATO' SERI NADZARUDDIN IBNI ALMARHUM TUANKU JA'AFAR
Chairman

LAI TEIK KIN
Director

Kuala Lumpur,
29 July 2019

STATUTORY DECLARATION

I, TAN CHEE PING, the officer primarily responsible for the financial management of NOVA MSC BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 121 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above named TAN CHEE PING at)
Kuala Lumpur in Wilayah Persekutuan)
on 29 July 2019)

TAN CHEE PING

STATEMENT OF SHAREHOLDINGS
AS AT 28 JUNE 2019

Total Number of Issued Shares	:	751,564,905
Issued and fully paid-up capital	:	RM 87,619,015
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

BREAKDOWN OF SHAREHOLDINGS
as at 28 June 2019

Range of shareholding	No. of Holders	% of Holders	No of shares	% of Issued Shares
1 – 99	60	0.91	2,934	0.00
100 – 1,000	496	7.49	322,214	0.04
1,001 – 10,000	2,222	33.53	14,307,449	1.90
10,001 - 100,000	3,010	45.42	130,024,071	17.30
100,001 – 37,578,244	836	12.62	516,565,542	68.74
37,578,245 and above	2	0.03	90,342,695	12.02
Total	6,626	100.00	751,564,905	100.00

SUBSTANTIAL HOLDERS
as at 28 June 2019

According to the register required to be kept under section 69L of the Companies Act 2016, the following are the substantial holders of the Company:

Name of Substantial Shareholders	No of Shares held (direct)	% of shareholding	No of Shares held (indirect)	% of shareholding
Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR) – Stone Villa Ltd	45,454,545	6.05	-	-
Raden Corporation Sdn Bhd	39,178,150	5.21	-	-
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	0.69	45,178,150*	6.01

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS
as at 28 June 2019

Name of Director	No of Shares held (direct)	% of shareholding	No of Shares held (indirect)	% of shareholding
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	0.69	45,178,150*	6.01
Lai Teik Kin	4,623,170	0.62	-	-

* Deemed interested by virtue of his directorship and substantial shareholding in Raden Corporation Sdn Bhd , by virtue of his directorship and substantial shareholding in Syarikat Pesaka Antah Sdn Bhd which owns the entire issued and paid up capital of Pesaka Antah Holding Sdn Bhd and by virtue of the shares held by his brother Y.A.M. Tunku Naquiyuddin Ibni Almarhum Tuanku Ja'afar pursuant to Section 6A of the Act.

Statement of Shareholdings
As At 28 June 2019
(Continued)

THIRTY LARGEST REGISTERED HOLDERS
as at 28 June 2019

		No of Shares held	% of Shareholding
1	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	51,164,545	6.81
2	Raden Corporation Sdn Bhd	39,178,150	5.21
3	Affin Hwang Nominees (Asing) Sdn. Bhd DBS Vickers Secs (S) Pte Ltd for Dionna Zhao	30,000,000	3.99
4	Li Rongzhi	30,000,000	3.99
5	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Chan Wing Kong	17,530,230	2.33
6	Khoo Yok Kee	14,921,300	1.99
7	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For In Fwn Sin (SMT)	9,469,200	1.26
8	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	9,130,500	1.21
9	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	7,800,000	1.04
10	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jimmy Cheah Kheng Siew	7,208,000	0.96
11	Gan Seong Liam	7,000,000	0.93
12	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 14)	6,100,000	0.81
13	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Swee Booi	5,769,000	0.77
14	Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	5,160,000	0.69
15	HSBC Nomiees (Asing) Sdn Bhd Exempt An For Credit Suisse (HK BR-TST-Asing)	5,000,000	0.67
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee A Hong@Lee Lum Sow (E-TMM)	5,000,000	0.67
17	Cheah Saw Guat	4,791,100	0.64
18	Lai Teik Kin	4,623,170	0.62
19	Liow Sin Chow	4,600,000	0.61
20	Tan Yew Soon	4,195,070	0.56
21	Pesaka Antah Holdings Sdn Bhd	4,000,000	0.53
22	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Liu Shanming	3,500,000	0.47
23	Ng Poh Loo	3,260,000	0.43
24	Teh Soon Cheun	3,100,000	0.41
25	CIMSEC Nominee (Tempatan) Sdn Bhd CIMB For Khoo Yok Kee (PB)	3,000,000	0.40
26	Mohd Jamel Bin Abdul Munin	2,938,600	0.39
27	Han Foo Juan	2,850,000	0.38
28	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yau Yoke Lan (CLT)	2,600,000	0.35
29	Jimmy Cheah Kheng Siew	2,580,000	0.34
30	Ong Lee Hoon	2,550,000	0.34

NOVA MSC BERHAD
(591898-H)

PROXY FORM

No. of shares held

I/We ____NRIC No. ____________________________ of

____ being a

member / members of NOVA MSC BERHAD, hereby appoint ______________________________________

NRIC No. _______________________ of ____ or

failing him, ______________________________NRIC No. _________________________________of

____ or

failing him, **THE CHAIRMAN OF THE MEETING** as my / our proxy, to vote for me / us and on my / our behalf at the Seventeenth (17th) Annual General Meeting of the Company held at Greens I, Golf Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 August 2019 and at 2.00 pm or any adjournment thereof.

Please indicate with an "X" in the spaces below as to how you wish your votes to be cast. (If you do not do so, the Proxy will vote or abstain from voting at his discretion).

RESOLUTIONS		**RESOLUTION**	**FOR**	**AGAINST**
1.	To re-elect David Choo Boon Leong	1		
2.	To re-elect Lai Teik Kin	2		
3	To approve the payment of Directors' fees for the year ended 31 March 2019.	3		
4.	To appoint Messrs. Folks DFK & Co. as Auditors and to authorize the Directors to fix their remuneration.	4		
5.	Ordinary Resolution 1 : To approve the Issuance of Shares Pursuant to Section 75 and 76 of the Companies Act 2016	5		
6.	Special Resolution : To adopt New Constitution of the Company	6		

First Proxy	
Second Proxy	
Total	100%

Dated :

____
Signature / Seal

Notes :

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on* ***20 August 2019*** *shall be eligible to attend the meeting.*
2. *A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.*
4. *Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hands of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal, or the hand of its attorney duly authorised.*
6. *The Proxy Form must be deposited at the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn. Bhd.), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

PLEASE FOLD HERE

Affix
stamp

The Share Registrars

NOVA MSC BERHAD (591898-H)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor

PLEASE FOLD HERE

NOVA MSC BERHAD
(591898-H)

No. 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur
Tel: (03) 4043 5750   Fax: (03) 4043 5755

www.nova-hub.com