RADIANT GLOBALTECH BERHAD

(Incorporated in Malaysia)
Registration No: 200301018877 (621297- A)

FINANCIAL REPORT
for the financial year ended 31 December 2019

RADIANT GLOBALTECH BERHAD
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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of retail technology software solutions and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	5,880,599	2,020,889
Attributable to:-		
Owners of the Company	5,596,019	2,020,889
Non-controlling interest	284,580	-
	5,880,599	2,020,889

DIVIDEND

On 28 November 2019, the Company declared a first interim single-tier dividend of 0.1 sen per ordinary share amounting to RM525,200 in respect of the financial year ended 31 December 2019, payable on 8 January 2020, to shareholders whose names appeared in the record of depositors on 18 December 2019.

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of new subsidiaries as disclosed in Note 35 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Yap Ban Foo
Yap Sin Sang
Dato' Siow Kim Lun @ Siow Kim Lin
Tevanaigam Randy Chitty
Mashitah Binti Osman
Yap Poh Keong (Resigned on 28.2.2019)

The names of the directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Tran Phu Vinh
Chong Jen Tsin (Resigned on 1.6.2020)
Tan Chuan Hock (Appointed on 10.6.2019 and resigned on 26.11.2019)
Lim Kiat Hin (First director)
Ong Eng Hu (First director)
Wong Wei Ming (First director)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	< ------------------- Number of Ordinary Shares ------------------ >			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
Direct Interests				
Dato' Siow Kim Lun @ Siow Kim Lin	500,000	-	-	500,000
Tevanaigam Randy Chitty	500,000	400,000	-	900,000
Mashitah Binti Osman	100,000	-	-	100,000
Indirect Interests				
Yap Ban Foo*	168,732,800	2,500,000	-	171,232,800
Yap Sin Sang#	136,963,200	2,500,000	-	139,463,200

* Deemed interested by virtue of his interest in Global Merits Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

Deemed interested by virtue of his interest in Practical Resources Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

By virtue of their shareholdings in the Company, Yap Ban Foo and Yap Sin Sang are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8(4) of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 38(c) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed in accordance with a resolution of the directors dated 16 June 2020

Yap Ban Foo

Yap Sin Sang

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Yap Ban Foo and Yap Sin Sang, being two of the directors of Radiant Globaltech Berhad, state that, in the opinion of the directors, the financial statements set out on pages 14 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 16 June 2020

Yap Ban Foo **Yap Sin Sang**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lee Sook Kuan, MIA Membership Number: 40568, being the officer primarily responsible for the financial management of Radiant Globaltech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 104 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lee Sook Kuan,
at Kuala Lumpur
in the Federal Territory
on this 16 June 2020

Lee Sook Kuan

Before me

Datin Hajah Raihela Wanchik (No. W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD
(Incorporated in Malaysia)
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Radiant Globaltech Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and cash flows for the financial 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 for Opinion

We conducted 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 financial 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 (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Impairment assessment of intangible assets

Refer to Note 9 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2019, the carrying amount of the Group's intangible assets amounted to approximately RM2.3 million.

We focused on this area due to the significant amount of the intangible assets, and the assumptions and judgements involved in determining the useful life and impairment assessment.

Based on the impairment test performed, the directors concluded that no impairment is required for intangible assets.</td><td>Our procedures included, amongst others:-

(a) Reviewed management's estimate of the recoverable amount and test of the cash flows forecast for their accuracy;

(b) Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount;

(c) Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business and trend analysis; and

(d) Performed sensitivity analysis over the key assumptions to understand the impact of changes over the valuation model.</td></tr>
</table>

Key Audit Matters (Cont'd)

Recoverability of trade receivables

Refer to Note 12 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The trade receivables of the Group amounted to approximately RM31.0 million of which approximately RM9.5 million exceeded their credit terms. Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay. We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement.	Our procedures included, amongst others:- (a) Obtained an understanding of:- • the Group's control over the trade receivables collection process; • how the Group identifies and assesses the impairment of trade receivables; and • how the Group makes the accounting estimates for impairment. (b) Reviewed the ageing analysis of trade receivables and tested its reliability; (c) Reviewed subsequent cash collections for major trade receivables and overdue amounts; (d) Made inquiries of management regarding the action plans to recover overdue amounts; (e) Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; (f) Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and (g) Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:-

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 of the Group and of the Company 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.

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 financial 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD (CONT'D)
(Incorporated in Malaysia)
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Elvina Tay Choon Choon
03329/10/2021 J
Chartered Accountant

Kuala Lumpur

16 June 2020

RADIANT GLOBALTECH BERHAD
(Incorporated in Malaysia)
Registration No: 200301018877 (621297- A)

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	17,256,001	15,206,001
Investment in an associate	6	-	-	-	-
Property, plant and equipment	7	1,096,820	11,166,787	373,906	3,122,782
Right-of-use assets	8	11,499,813	-	4,281,044	-
Intangible assets	9	2,303,790	-	-	-
Deferred tax assets	10	925,824	611,617	-	63,000
		15,826,247	11,778,404	21,910,951	18,391,783
CURRENT ASSETS					
Inventories	11	5,641,542	6,078,815	-	-
Trade receivables	12	31,057,180	13,187,700	1,646,833	2,549,820
Other receivables, deposits and prepayments	13	3,128,371	5,061,313	341,659	2,303,617
Amount owing by subsidiaries	14	-	-	4,964,366	5,249,712
Amount owing by related parties	15	-	186,913	-	-
Current tax assets		1,680,131	1,972,084	-	233,843
Short-term investment	16	2,088,610	2,017,591	-	-
Fixed deposits with licensed banks	17	18,788,854	18,610,774	17,656,072	17,052,932
Cash and bank balances		18,530,982	15,005,469	8,102,385	6,199,287
		80,915,670	62,120,659	32,711,315	33,589,211
Non-current assets classified as held for sale	18	-	202,039	-	500,000
		80,915,670	62,322,698	32,711,315	34,089,211
TOTAL ASSETS		96,741,917	74,101,102	54,622,266	52,480,994

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019 (CONT'D)

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	48,153,374	48,153,374	48,153,374	48,153,374
Merger deficit	20	(13,680,805)	(13,680,805)	-	-
Foreign exchange translation reserve	21	(245,372)	(233,546)	-	-
Retained profits		29,454,141	24,383,322	4,789,418	3,293,729
Equity attributable to owners of the Company		63,681,338	58,622,345	52,942,792	51,447,103
Non-controlling interest	5	884,580	-	-	-
TOTAL EQUITY		64,565,918	58,622,345	52,942,792	51,447,103
NON-CURRENT LIABILITIES					
Lease liabilities	22	392,471	-	-	-
Hire purchase payables	23	-	497,069	-	-
Term loan	24	758,721	1,414,846	-	-
Deferred revenue	25	474,741	586,241	-	-
Deferred tax liability	26	111,800	-	-	-
		1,737,733	2,498,156	-	-
CURRENT LIABILITIES					
Trade payables	27	16,554,413	4,009,811	372,524	350,350
Other payables and accruals	28	12,538,334	7,887,640	1,265,358	683,541
Amount owing to related parties	15	3,720	16,102	-	-
Amount owing to directors	29	106,452	161,636	-	-
Lease liabilities	22	440,406	-	-	-
Hire purchase payables	23	-	170,062	-	-
Term loan	24	640,970	591,992	-	-
Current tax liabilities		153,971	143,358	41,592	-
		30,438,266	12,980,601	1,679,474	1,033,891
TOTAL LIABILITIES		32,175,999	15,478,757	1,679,474	1,033,891
TOTAL EQUITY AND LIABILITIES		96,741,917	74,101,102	54,622,266	52,480,994

RADIANT GLOBALTECH BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
REVENUE	30	81,959,339	61,875,937	6,483,653	4,838,367
COST OF SALES		(48,925,211)	(34,009,443)	(1,571,634)	(473,323)
GROSS PROFIT		33,034,128	27,866,494	4,912,019	4,365,044
OTHER INCOME		1,519,000	561,108	668,332	406,214
		34,553,128	28,427,602	5,580,351	4,771,258
SELLING AND DISTRIBUTION EXPENSES		(1,339,301)	(399,856)	(10,000)	(10,629)
ADMINISTRATIVE EXPENSES		(4,768,500)	(5,152,485)	(971,986)	(508,911)
STAFF COSTS		(18,609,391)	(16,320,722)	(2,153,332)	(1,743,964)
OTHER EXPENSES		(1,663,525)	(1,922,476)	(162,561)	(1,217,437)
FINANCE COSTS		(194,876)	(488,585)	-	(81,800)
NET (IMPAIRMENT LOSSES) / REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	31	(24,485)	186,369	(34,949)	(83,108)
SHARE OF NET LOSSES OF AN EQUITY ACCOUNTED ASSOCIATE		-	(140,032)	-	-
PROFIT BEFORE TAXATION	32	7,953,050	4,189,815	2,247,523	1,125,409
INCOME TAX EXPENSE	33	(2,072,451)	(1,191,536)	(226,634)	(24,211)
PROFIT AFTER TAXATION		5,880,599	2,998,279	2,020,889	1,101,198

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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	RM	RM	RM	RM
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
Item that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		(11,826)	6,830	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,868,773	3,005,109	2,020,889	1,101,198
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		5,596,019	2,998,279	2,020,889	1,101,198
Non-controlling interest		284,580	-	-	-
		5,880,599	2,998,279	2,020,889	1,101,198
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		5,584,193	3,005,109	2,020,889	1,101,198
Non-controlling interest		284,580	-	-	-
		5,868,773	3,005,109	2,020,889	1,101,198
EARNINGS PER SHARE (SEN)					
Basic	34	1.07	0.66		
Diluted	34	1.07	0.66		

RADIANT GLOBALTECH BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		< -------Non-distributable------- >			Distributable			
	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
The Group								
Balance at 1.1.2018		19,856,000	(13,680,805)	(240,376)	21,426,043	27,360,862	-	27,360,862
Effect of adoption of MFRS 9		-	-	-	(41,000)	(41,000)	-	(41,000)
Balance at 1.1.2018 (Restated)		19,856,000	(13,680,805)	(240,376)	21,385,043	27,319,862	-	27,319,862
Profit after taxation for the financial year		-	-	-	2,998,279	2,998,279	-	2,998,279
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	6,830	-	6,830	-	6,830
Total comprehensive income for the financial year		-	-	6,830	2,998,279	3,005,109	-	3,005,109
Contribution by owners of the Company:								
- Issuance of shares	19	28,297,374	-	-	-	28,297,374	-	28,297,374
Balance at 31.12.2018		48,153,374	(13,680,805)	(233,546)	24,383,322	58,622,345	-	58,622,345

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		< -------Non-distributable------- >			Distributable			
The Group	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
Balance at 1.1.2019		48,153,374	(13,680,805)	(233,546)	24,383,322	58,622,345	-	58,622,345
Profit after taxation for the financial year		-	-	-	5,596,019	5,596,019	284,580	5,880,599
Other comprehensive expenses for the financial year:								
- Foreign currency translation differences		-	-	(11,826)	-	(11,826)	-	(11,826)
Total comprehensive income for the financial year		-	-	(11,826)	5,596,019	5,584,193	284,580	5,868,773
Distribution to owners of the Company:								
- Dividend	36	-	-	-	(525,200)	(525,200)	-	(525,200)
Non-controlling interest on acquisition of a subsidiary	35	-	-	-	-	-	600,000	600,000
Balance at 31.12.2019		48,153,374	(13,680,805)	(245,372)	29,454,141	63,681,338	884,580	64,565,918

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

The Company	Note	Share Capital RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1.1.2018		19,856,000	2,192,531	22,048,531
Profit after taxation/Total comprehensive income for the financial year		-	1,101,198	1,101,198
Contribution by owners of the Company:				
- Issuance of shares	19	28,297,374	-	28,297,374
Balance at 31.12.2018/1.1.2019		48,153,374	3,293,729	51,447,103
Profit after taxation/Total comprehensive income for the financial year		-	2,020,889	2,020,889
Distribution to owners of the Company:				
- Dividend	36	-	(525,200)	(525,200)
Balance at 31.12.2019		48,153,374	4,789,418	52,942,792

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	7,953,050	4,189,815	2,247,523	1,125,409
Adjustments for:-				
Amortisation of intangible assets	556,977	-	-	-
Depreciation of property, plant and equipment	256,600	671,599	43,705	76,963
Depreciation of right-of-use assets	687,369	-	71,243	-
Interest income	(860,599)	(526,777)	(667,557)	(405,977)
Unrealised loss/(gain) on foreign exchange	93,696	30,817	(775)	(237)
Interest expense on lease liabilities	60,068	-	-	-
Interest expenses	134,808	488,585	-	81,800
Impairment losses on trade receivables	72,737	144,079	34,949	83,108
Listing expenses	-	1,096,032	-	1,096,032
Write-off of trade receivables	-	5,788	-	-
Share of net losses of an equity accounted associate	-	140,032	-	-
Inventories written down	1,142,770	466,109	-	-
Reversal of impairment losses on trade receivables	(48,252)	(330,448)	-	-
Gain on disposal of an associate	(297,961)	-	-	-
Waiver of amount owing to a director	(247,445)	-	-	-
Operating profit before working capital changes	9,503,818	6,375,631	1,729,088	2,057,098
(Increase)/Decrease in inventories	(705,497)	3,153,121	-	-
(Increase)/Decrease in trade and other receivables	(15,738,354)	6,630,658	2,999,075	(3,019,666)
Increase/(Decrease) in trade and other payables	16,524,097	(9,159,698)	78,791	390,839
Decrease/(Increase) in amount owing by subsidiaries	-	-	285,346	(4,212,356)
Decrease in amount owing to subsidiaries	-	-	-	(79,500)
Decrease/(Increase) in amount owing by related parties	186,913	(133,977)	-	-
Decrease in amount owing to related parties	(16,202)	(32,913)	-	-
CASH FROM/(FOR) OPERATIONS	9,754,775	6,832,822	5,092,300	(4,863,585)

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Income tax paid		(2,871,609)	(2,405,748)	(154,832)	(13,808)
Income tax refund		898,862	-	266,633	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		7,782,028	4,427,074	5,204,101	(4,877,393)
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries	35(b)	(2,046,750)	-	(2,050,000)	-
Proceeds from disposal of an associate		500,000	-	500,000	-
Purchase of property, plant and equipment		(165,123)	(732,553)	(44,496)	(386,399)
Purchase of right-of-use assets	37(a)	(1,602,620)	-	(1,602,620)	-
Interest received		692,295	526,777	499,253	231,232
Placement of fixed deposits with tenure more than 3 months		(1,079,140)	(11,000,000)	(405,574)	(11,000,000)
(Increase)/Decrease in pledged fixed deposits with licensed banks		(17,284)	505,880	-	-
NET CASH FOR INVESTING ACTIVITIES		(3,718,622)	(10,699,896)	(3,103,437)	(11,155,167)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Interest paid	37(b)	(194,876)	(488,585)	-	(81,800)
Repayment of term loan	37(b)	(607,147)	(7,364,553)	-	(2,482,925)
Proceeds from issuance of ordinary shares		-	29,458,400	-	29,458,400
Payment of listing expenses		-	(1,948,287)	-	(1,948,286)
Repayment of lease liabilities	37(b)	(438,954)	-	-	-
(Repayment to)/Advances from directors	37(b)	(66,310)	161,636	-	-
Repayment of hire purchase obligations	37(b)	-	(161,593)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,307,287)	19,657,018	-	24,945,389

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,756,119	13,384,196	2,100,664	8,912,829
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(77,931)	(53,847)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		24,191,902	10,861,553	12,252,219	3,339,390
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	26,870,090	24,191,902	14,352,883	12,252,219

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 03-06 & 03-07, Level 03, Tower B, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 June 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of retail technology software solutions and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

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

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

3. BASIS OF PREPARATION (CONT'D)

3.1 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. There are new classification of leasehold land and building, office buildings and motor vehicles as right-of-use assets as disclosed in Note 8 to the financial statements. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 43 to the financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 7 and 8 to the financial statements.

(b) Amortisation of Intangible Assets

The estimates for the residual values, useful lives and related amortisation charges for the intangible assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its intangible assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of intangible assets as at the reporting date is disclosed in Note 9 to the financial statements.

(c) Impairment of Intangible assets

The Group determines whether intangible assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of intangible assets as at the reporting date is disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(e) Impairment of Trade Receivables, Amount Owing By Subsidiaries and Related Parties

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amounts of trade receivables. The carrying amounts of trade receivables, amount owing by subsidiaries and related parties as at the reporting date are disclosed in Notes 12, 14 and 15 to the financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of the current tax assets and current tax liabilities as at the reporting date are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Current tax assets	1,680,131	1,972,084	-	233,843
Current tax liabilities	153,971	143,358	41,592	-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 10 to the financial statements.

(i) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 35 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party or parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) 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, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Fair value adjustments arising from 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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the 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.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land and building	Not applicable (2018 - 75 years)
Office buildings	Not applicable (2018 - 2%)
Motor vehicles	16% - 20%
Furniture and fittings	10% - 25%
Office equipment	20% - 33%
Renovation	10%
Computers	33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INTANGIBLE ASSET

Intangible asset is measured at cost less accumulated amortisation and impairment losses, if any.

The intangible asset is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the intangible asset is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on this financial asset is estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.19 DEFERRED REVENUE

Deferred revenue represents cash received/receivable from customers for services not yet rendered at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 FAIR VALUE MEASUREMENTS

Fair value 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

Revenue from sale of hardware is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2019 RM	The Company 2018 RM
Unquoted shares, at cost	17,256,001	15,206,001

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019 %	Percentage of Issued Share Capital Held by Parent 2018 %	Principal Activities
Subsidiaries of the Company				
Radiant Global ADC Sdn. Bhd. (“RGM”)	Malaysia	100	100	Trading in retail technology hardware, provision of maintenance and technical support services, and investment holding.
Radiant Global Solutions Sdn. Bhd.	Malaysia	100	100	Provision of retail technology software solutions.
Infoconnect Commerce Sdn. Bhd. (“ICC”)	Malaysia	100	-	Provision of computer consultancy, computer programming activities and wholesale of a variety of goods without any particular specialisation.
Adaptive POS Sdn. Bhd. (“ADP”)	Malaysia	70	-	Provision of computer consultancy, computer programming activities and wholesale of a variety of goods without any particular specialisation.
Radiant Global ADC Cambo Pte. Ltd. #	Cambodia	100	100	Trading in retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.
Subsidiary of RGM				
Radiant Global ADC Vietnam Co., Ltd. #	Vietnam	100	100	Trading of retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.

Notes:-
 # These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the current financial year, the Company has acquired 100% equity interest in ICC and 70% equity interest in ADP. The details of the acquisition are disclosed in Note 35 to the financial statements.

(b) The non-controlling interest at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2019	2018	**2019**	**2018**
	%	%	RM	RM
ADP	30	-	884,580	-

(c) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interest that is material to the Group is as follows:-

	ADP **2019** RM
<u>At 31 December</u>	
Non-current asset	1,600,000
Current assets	1,479,929
Non-current liability	(96,000)
Current liabilities	(252,852)
Net assets	2,731,077
<u>Financial Year Ended 31 December</u>	
Revenue	2,105,829
Profit for the financial year/ Total comprehensive income	984,011
Total comprehensive income attributable to non-controlling interest	295,203
Net cash flows from operating activities	742,589

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Unquoted shares, at cost	-	500,000	-	500,000
Share of post-acquisition losses	-	(297,961)	-	-
	-	202,039	-	500,000
Less: Carrying value reclassified to asset held for sale (Note 18)	-	(202,039)	-	(500,000)
	-	-	-	-

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %	Principal Activity
Symple Apps Sdn. Bhd.	Malaysia	-	20	Provision of mobile application software.

On 13 February 2019, the Group disposed of the entire shareholding of its associate, at its cost of RM500,000 resulting in a gain of RM297,961 which is recognised in the financial statements for the financial year ended 31 December 2019. The transfer of shares have been completed on 13 February 2019. Accordingly, the carrying value of the investment amounting to RM202,039 and RM500,000 of the Group and of the Company respectively was classified as non-current asset held for sale for the financial year ended 31 December 2018.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	< ---- 1.1.2019 ---- > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2019 RM
2019							
Carrying Amount							
Leasehold land and building	3,408,944	(3,408,944)	-	-	-	-	-
Office buildings	5,962,036	(5,962,036)	-	-	-	-	-
Motor vehicles	686,781	(607,159)	79,622	-	(19,051)	(308)	60,263
Furniture and fittings	337,072	-	337,072	2,822	(45,298)	(11)	294,585
Office equipment	176,393	-	176,393	83,027	(71,800)	(32)	187,588
Renovation	595,560	-	595,560	79,274	(120,451)	-	554,383
Computers	1	-	1	-	-	-	1
	11,166,787	(9,978,139)	1,188,648	165,123	(256,600)	(351)	1,096,820

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2018 RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2018 RM
2018					
Carrying Amount					
Leasehold land and building	3,475,786	-	(66,842)	-	3,408,944
Office buildings	6,089,081	-	(127,045)	-	5,962,036
Motor vehicles	983,206	-	(295,594)	(831)	686,781
Furniture and fittings	131,823	236,444	(31,204)	9	337,072
Office equipment	137,061	87,289	(47,915)	(42)	176,393
Renovation	287,349	408,820	(100,609)	-	595,560
Computers	2,391	-	(2,390)	-	1
	11,106,697	732,553	(671,599)	(864)	11,166,787

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Motor vehicles	264,917	(204,654)	60,263
Furniture and fittings	449,866	(155,281)	294,585
Office equipment	455,126	(267,538)	187,588
Renovation	1,222,365	(667,982)	554,383
Computers	14,348	(14,347)	1
	2,406,622	(1,309,802)	1,096,820
2018			
Leasehold land and building	4,010,521	(601,577)	3,408,944
Office buildings	6,352,226	(390,190)	5,962,036
Motor vehicles	1,642,433	(955,652)	686,781
Furniture and fittings	447,084	(110,012)	337,072
Office equipment	375,814	(199,421)	176,393
Renovation	1,143,091	(547,531)	595,560
Computers	14,348	(14,347)	1
	13,985,517	(2,818,730)	11,166,787

	< ----- 1.1.2019	----- >				
The Company	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Addition RM	Depreciation Charges RM	At 31.12.2019 RM
2019						
Carrying Amount						
Office building	2,749,667	(2,749,667)	-	-	-	-
Furniture and fittings	196,133	-	196,133	-	(20,600)	175,533
Office equipment	389	-	389	-	(40)	349
Renovation	176,593	-	176,593	44,496	(23,065)	198,024
	3,122,782	(2,749,667)	373,115	44,496	(43,705)	373,906

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2018 RM	Additions RM	Depreciation Charges RM	At 31.12.2018 RM
2018				
Carrying Amount				
Office building	2,807,555	-	(57,888)	2,749,667
Furniture and fittings	-	206,000	(9,867)	196,133
Office equipment	-	399	(10)	389
Renovation	5,791	180,000	(9,198)	176,593
	2,813,346	386,399	(76,963)	3,122,782

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Furniture and fittings	206,000	(30,467)	175,533
Office equipment	399	(50)	349
Renovation	230,646	(32,622)	198,024
	437,045	(63,139)	373,906
2018			
Office building	2,894,387	(144,720)	2,749,667
Furniture and fittings	206,000	(9,867)	196,133
Office equipment	399	(10)	389
Renovation	186,150	(9,557)	176,593
	3,286,936	(164,154)	3,122,782

(a) In the previous financial year, included in the property, plant and equipment of the Group were motor vehicles with a carrying amount of RM607,162, which were acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 23 to the financial statements.

(b) In the previous financial year, the leasehold land and building and office buildings of the Group and of the Company had been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

(c) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicle held in trust by a director with a carrying amount of RM1 (2018 - RM1).

8. RIGHT-OF-USE ASSETS

The Group	1.1.2019 As Previously Reported RM	1.1.2019 Initial Application of MFRS 16 RM	1.1.2019 As Restated RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2019 RM
2019							
Carrying Amount							
Leasehold land and building	-	3,408,944	3,408,944	-	(66,842)	-	3,342,102
Office buildings	-	5,962,036	5,962,036	1,602,620	(140,400)	-	7,424,256
Offices	-	-	-	604,700	(280,909)	1,723	325,514
Motor vehicles	-	607,159	607,159	-	(199,218)	-	407,941
	-	9,978,139	9,978,139	2,207,320	(687,369)	1,723	11,499,813

Analysed by:-

	RM
Costs	13,946,954
Accumulated depreciation	(2,447,141)
	11,499,813

8. RIGHT-OF-USE ASSETS (CONT'D)

The Company	< ------------------------ 1.1.2019 ------------------------ > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Addition RM	Depreciation Charges RM	At 31.12.2019 RM
2019						
Carrying Amount						
Office buildings	-	2,749,667	2,749,667	1,602,620	(71,243)	4,281,044

Analysed by:-

	RM
Costs	4,497,007
Accumulated depreciation	(215,963)
	4,281,044

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

8. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group and the Company leases leasehold land and building, office buildings, offices, motor vehicles and various office of which the leasing activities are summarised below:-

(i)	Leasehold land and building	The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 75 years with no renewal or purchase option included in the agreement. The lease do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
(ii)	Office buildings	The Group has entered into 4 non-cancellable operating lease agreements for the use of office buildings. The leases are for a period of 99 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the office building. A tenancy is, however, allowed with the consent of the lessor.
(iii)	Offices	The Group has leased a number of offices that run between 1 year and 3 years, with an option to renew the lease after that date. The Group is not allowed to sublease certain offices.
(iv)	Motor vehicles	The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(b) The leasehold land and building and certain office buildings of the Group and of the Company have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

9. INTANGIBLE ASSETS

	The Group	
	2019	**2018**
	RM	RM
Cost:-		
At 1 January	-	-
Acquisition through business combination (Note 35)	2,860,767	-
At 31 December	2,860,767	-
Accumulated amortisation:-		
At 1 January	-	-
Amortisation during the financial year (Note 32)	(556,977)	-
At 31 December	(556,977)	-
	2,303,790	-

The intangible assets are in respect of computer software and belong to the Group's software reportable segment. Their amortisation charges are recognised in profit or loss under the "Other Expenses" line item.

10. DEFERRED TAX ASSETS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
At 1 January	611,617	490,548	63,000	-
Recognised in profit or loss (Note 33)	314,472	119,940	(63,000)	63,000
Exchange fluctuation difference	(265)	1,129	-	-
At 31 December	925,824	611,617	-	63,000

The deferred tax assets on deferred revenue has been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

11. INVENTORIES

	The Group	
	2019	**2018**
	RM	RM
Finished goods	5,419,456	6,025,820
Goods-in-transit	222,086	52,995
	5,641,542	6,078,815
Recognised in profit or loss:-		
Inventories recognised as cost of sales	43,383,008	32,815,324
Inventories written down	1,142,770	466,109
Reversal of inventories previously written down	(71,895)	(129,047)

12. TRADE RECEIVABLES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Trade receivables	29,994,842	13,139,358	1,341,338	2,235,231
Unbilled receivables	1,525,235	511,860	423,552	397,697
	31,520,077	13,651,218	1,764,890	2,632,928
Allowance for impairment losses	(462,897)	(463,518)	(118,057)	(83,108)
	31,057,180	13,187,700	1,646,833	2,549,820

12. TRADE RECEIVABLES (CONT'D)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Allowance for impairment losses:-				
At 1 January:				
- As previously reported	(463,518)	(682,226)	(83,108)	-
- Effects on adoption of MFRS 9	-	(41,000)	-	-
- Amount reported under MFRS 9	(463,518)	(723,226)	(83,108)	-
Addition during the financial year (Note 31)	(72,737)	(144,079)	(34,949)	(83,108)
Reversal during the financial year (Note 31)	48,252	330,448	-	-
Written off during the financial year	25,106	73,339	-	-
At 31 December	(462,897)	(463,518)	(118,057)	(83,108)

(a) The Group's normal trade credit terms range from 7 to 60 days (2018 - 7 to 60 days) and the Company's normal trade credit terms range from 7 to 30 days (2018 - 7 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

(b) Unbilled receivables represent services provided but not yet billed.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Other receivables:-				
Third parties	210,982	2,254,314	168,304	2,224,745
Advances to suppliers	10,483	90,008	-	-
Goods and services tax recoverable	51,653	7,858	695	695
	273,118	2,352,180	168,999	2,225,440
Deposits	1,313,682	1,702,008	44,781	41,670
Prepayments	1,541,571	1,007,125	127,879	36,507
	3,128,371	5,061,313	341,659	2,303,617

The advances to suppliers are unsecured and interest-free. The amount owing will be netted-off against future purchases from the suppliers.

14. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2019	**2018**
	RM	RM
Trade balance	-	195,461
Non-trade balance	4,964,366	5,054,251
	4,964,366	5,249,712

(a) In the previous financial year, the trade balance was subject to the normal trade credit term of 30 days. The amount owing was settled in cash.

(b) The non-trade balance is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

15. AMOUNTS OWING BY/(TO) RELATED PARTIES

The amounts owing are trade in nature and subject to the normal trade credit term of 30 days (2018 - 30 days). The amounts owing are to be settled in cash.

16. SHORT-TERM INVESTMENT

The short-term investment is investment in money market fund. This investment represents the Group's investment in United Islamic Cash Management Fund which is designed to provide investors with a stream of income and are managed with the aim of maintaining the fund's unit price at RM1. The redemption proceeds for investment in United Islamic Cash Management Fund will normally be collected by the next business day.

The Group considered the investment in United Islamic Cash Management Fund represent investment in highly liquid money market instruments which are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

17. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 3.00% to 3.80% (2018 - 3.15% to 4.10%) per annum and 3.00% to 3.80% (2018 - 3.50% to 4.10%) per annum respectively. The fixed deposits have maturity periods ranging from 92 to 365 (2018 - 61 to 365) days and 92 to 365 (2018 - 61 to 365) days for the Group and for the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM459,216 (2018 - RM441,932) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 13 February 2019, the Group disposed of the entire shareholding of its associate, at its cost of RM500,000 resulting in a gain of RM297,961 which is recognised in the financial statements for the financial year ended 31 December 2019. The transfer of shares has been completed on 13 February 2019. Accordingly, the carrying value of the investment amounting to RM202,039 and RM500,000 of the Group and of the Company respectively was classified as non-current asset held for sale for the financial year ended 31 December 2018.

19. SHARE CAPITAL

	The Group/The Company			
	2019	**2018**	**2019**	**2018**
	Number of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 January	525,200,000	397,120,000	48,153,374	19,856,000
Issuance of new shares	-	128,080,000	-	28,297,374
At 31 December	525,200,000	525,200,000	48,153,374	48,153,374

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(ii) In the previous financial year, the Company increased its issued and paid-up share capital from RM19,856,000 to RM48,153,374 by way of the issuance of 128,080,000 new ordinary shares at an issue price of RM0.23 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM29,458,400. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,161,026 was offset against share capital and the remaining listing expenses of RM1,096,032 was expensed off to profit or loss.

20. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

21. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

22. LEASE LIABILITIES

	The Group 2019 RM
At 1 January	
- As previously stated	-
- Initial application of MFRS 16	667,131
- As restated	667,131
Addition during the financial year	604,700
Interest expense recognised in profit or loss (Note 32)	60,068
Repayment of principal	(438,954)
Repayment of interest expense	(60,068)
At 31 December	832,877
Analysed by:-	
Current liabilities	440,406
Non-current liabilities	392,471
	832,877

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 8(a)(iv) to the financial statements, with lease terms ranging from 3 to 4 years and bear effective interest rates ranging from 4.64% to 4.97%.

23. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2018 RM
Minimum hire purchase payments:	
- not later than 1 year	198,192
- later than 1 year and not later than 5 years	531,226
	729,418
Less: Future finance charges	(62,287)
Present value of hire purchase payables	667,131

23. HIRE PURCHASE PAYABLES (SECURED) (CONT'D)

	The Group 2018 RM
Analysed by:-	
Current liabilities	170,062
Non-current liabilities	497,069
	667,131

(a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 22 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the previous financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles under finance leases as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements were expiring from 4 to 5 years.

(c) In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.64% to 4.97%. The interest rates were fixed at the inception of the hire purchase arrangements.

24. TERM LOAN (SECURED)

	The Group	
	2019 RM	2018 RM
Current liabilities	640,970	591,992
Non-current liabilities	758,721	1,414,846
	1,399,691	2,006,838

(a) The term loan is secured by a first legal charge over the properties of the Group as disclosed in Note 8 (2018 - Note 7) to the financial statements.

(b) The interest rate profiles of the term loan is summarised below:-

	Effective Interest Rate		The Group	
	2019 %	2018 %	2019 RM	2018 RM
Floating rate term loan	8.17	7.92	1,399,691	2,006,838

25. DEFERRED REVENUE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Current liabilities (Note 28)	4,658,338	2,952,851	-	73,115
Non-current liabilities	474,741	586,241	-	-
	5,133,079	3,539,092	-	73,115

(a) The amount of unearned income from services to be rendered in future financial years is shown as deferred revenue.

(b) The changes to deferred revenue balances during the financial year are summarised below:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
At 1 January	3,539,092	3,430,629	73,115	-
Revenue recognised in profit or loss during the financial year	(27,603,980)	(15,713,958)	(6,483,653)	(4,838,367)
Billings to customers during the financial year	29,201,228	15,818,624	6,410,538	4,911,482
Exchange fluctuation differences	(3,261)	3,797	-	-
At 31 December	5,133,079	3,539,092	-	73,115

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations is RM5,133,079 and Nil (2018 - RM3,539,092 and RM73,115) for the Group and the Company respectively. These remaining performance obligations are expected to be recognised as below:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Within 1 year	4,658,338	2,952,851	-	73,115
Between 1 and 2 years	248,641	380,850	-	-
More than 2 years	226,100	205,391	-	-
	5,133,079	3,539,092	-	73,115

26. DEFERRED TAX LIABILITY

	The Group 2019 RM	2018 RM
At 1 January	-	-
Recognised in profit or loss (Note 33)	111,800	-
At 31 December	111,800	-

Deferred tax liability was attributable to the temporary differences on accelerated capital allowances over amortisation of intangible assets.

27. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 60 days (2018 - 7 to 60 days) and the normal trade credit term granted to the Company is 60 days (2018 - 60 days).

28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables:-				
Third parties	386,560	610,020	54,020	64,718
Advances from customers	199,550	682,976	44,796	22,901
Good and services tax payable and value-added tax	114,075	61,401	-	-
Sales and services tax payable	268,857	141,514	98,781	67,850
	969,042	1,495,911	197,597	155,469
Accruals	6,096,248	3,424,101	540,258	452,884
Deposits received	289,506	14,777	2,303	2,073
Deferred revenue (Note 25)	4,658,338	2,952,851	-	73,115
Dividend payable	525,200	-	525,200	-
	12,538,334	7,887,640	1,265,358	683,541

The advances from customers are unsecured and interest-free. The amount owing will be netted-off against future sales to the customers.

29. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

30. REVENUE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Hardware	52,165,889	40,065,698	-	-
Retail software solutions	15,934,606	8,512,138	6,483,653	4,838,367
Maintenance and technical support services	13,858,844	13,298,101	-	-
	81,959,339	61,875,937	6,483,653	4,838,367

The other information on the disaggregation of revenue is disclosed in Note 39 to the financial statements.

31. NET (IMPAIRMENT LOSSES)/ REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Impairment losses on trade receivables (Note 12)	(72,737)	(144,079)	(34,949)	(83,108)
Reversal of impairment losses on trade receivables (Note 12)	48,252	330,448	-	-
	(24,485)	186,369	(34,949)	(83,108)

32. PROFIT BEFORE TAXATION

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees:				
- current year	140,000	157,685	62,000	51,000
- under provision	6,486	-	6,000	-
- non-audit fees	6,000	6,000	6,000	6,000
Amortisation of intangible assets	556,977	-	-	-
Commission expenses	1,127,070	312,738	-	-
Depreciation of property, plant and equipment	256,600	671,599	43,705	76,963
Depreciation of right-of-use assets	687,369	-	71,243	-
Director's fee	159,300	67,300	111,300	67,300
Directors' non-fee emoluments:				
- salaries, bonuses, incentives, allowances and other benefits	2,398,209	2,230,954	168,550	217,269
- defined contribution plans	227,052	208,080	19,392	25,740
Inventories written down	1,142,770	466,109	-	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- term loan	134,808	431,127	-	81,800
- hire purchase payables	-	36,599	-	-
- bankers' acceptances	-	20,859	-	-
Interest expense on lease liabilities (Note 22)	60,068	-	-	-
Listing expenses	-	1,096,032	-	1,096,032
Loss/(Gain) on foreign exchange:				
- realised	67,904	117,652	47,613	44,442
- unrealised	93,696	30,817	(775)	(237)
Petrol expenses	781,075	846,913	14,427	6,841
Professional fees	476,677	280,639	327,742	112,000
Rental expenses	136,557	376,339	60,000	60,000
Staff costs (including other key management personnel as disclosed in Note 38(c)):				
- salaries, bonuses, incentives allowances and other benefits	14,253,232	12,424,555	1,650,482	1,290,753
- defined contribution plans	1,571,598	1,389,833	203,608	142,902

32. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Write-off of trade receivables	-	5,788	-	-
Gain on disposal of an associate	(297,961)	-	-	-
Interest income	(860,599)	(526,777)	(667,557)	(405,977)
Reversal of inventories previously written down	(71,895)	(129,047)	-	-
Waiver of amount owing to a director	(247,445)	-	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM51,950 (2018 - RM63,050).

33. INCOME TAX EXPENSE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Income tax:				
- for the financial year	2,194,978	1,097,834	160,200	94,000
- under/(over) provision in the previous financial year	80,145	213,642	3,434	(6,789)
	2,275,123	1,311,476	163,634	87,211
Deferred tax (Notes 10 and 26):				
- origination and reversal of temporary differences	(222,112)	(12,900)	63,000	(63,000)
- over/(under) provision of deferred taxation in the previous financial year	19,440	(107,040)	-	-
	(202,672)	(119,940)	63,000	(63,000)
	2,072,451	1,191,536	226,634	24,211

33. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2019 RM	**2018** RM	**2019** RM	**2018** RM
Profit before taxation	7,953,050	4,189,815	2,247,523	1,125,409
Tax at the statutory tax rate of 24%	1,908,732	1,005,556	539,406	270,098
Tax effects of:-				
Differential in tax rates	(38,137)	(10,283)	-	-
Tax-exempt income	(436,137)	(473,393)	(436,137)	(473,393)
Non-deductible expenses	179,128	504,864	105,051	234,295
Non-taxable gains	-	(64,218)	-	-
Deferred tax assets not recognised during the financial year	359,280	88,800	14,880	-
Share of net losses of an equity accounted associate	-	33,608	-	-
Over/(Under) provision of deferred tax in the previous financial year	19,440	(107,040)	-	-
Under/(Over) provision of current tax in the previous financial year	80,145	213,642	3,434	(6,789)
Income tax expense for the financial year	2,072,451	1,191,536	226,634	24,211

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - (per actual rate of tax computation) %) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The current taxation of the Company is in respect of interest income. The Company is not subject to tax as it has been granted the MSC Malaysia status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act 1986. The Company will enjoy full exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 9 December 2014 to 8 December 2019. The Company is in the midst of applying the extension for another 5 years.

33. INCOME TAX EXPENSE (CONT'D)

The temporary differences attributable to the deferred tax (liabilities)/assets which are not recognised in the financial statements are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Deferred tax liabilities:				
- Accelerated capital allowances	(517,000)	(719,000)	(32,000)	(52,000)
- Others	(1,000)	(24,000)	(1,000)	(8,000)
	(518,000)	(743,000)	(33,000)	(60,000)
Deferred tax assets:				
- Inventories written down	2,439,000	1,368,000	-	-
- Impairment losses on trade receivables	463,000	464,000	118,000	83,000
- Others	577,000	375,000	-	-
	3,479,000	2,207,000	118,000	83,000
	2,961,000	1,464,000	85,000	23,000

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

34. EARNINGS PER SHARE

	The Group	
	2019	**2018**
Profit after taxation attributable to owners of the Company (RM)	5,596,019	2,998,279
Weighted average number of ordinary shares in issue	525,200,000	453,615,562
Basic earnings per share (Sen)	1.07	0.66

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share are equal to the basic earnings per share.

35. ACQUISITION OF SUBSIDIARIES

On 7 January 2019, the Company acquired 100% and 70% equity interests in Infoconnect Commerce Sdn. Bhd. ("ICC") and Adaptive POS Sdn. Bhd. ("ADP") respectively for a total cash consideration of RM2,050,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(a) Identifiable Assets Acquired and Liabilities Assumed

	ICC 2019 RM	**ADP 2019** RM	**The Group 2019** RM
Intangible assets	607,833	2,252,934	2,860,767
Trade and other receivables	81,864	-	81,864
Cash and bank balances	2,788	462	3,250
Trade and other payables	(13,940)	(23,370)	(37,310)
Amount owing to a director	(28,545)	(230,026)	(258,571)
Net identifiable assets acquired	650,000	2,000,000	2,650,000
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets	-	(600,000)	(600,000)
Fair value of net identifiable assets acquired	650,000	1,400,000	2,050,000

(b) Cash Flows Arising from Acquisition

	The Group 2019 RM	**The Company 2019** RM
Purchase consideration settled in cash considerations	2,050,000	2,050,000
Less: Cash and bank balances of subsidiaries acquired (item (a) above)	(3,250)	-
Net cash outflow from the acquisition of subsidiaries	2,046,750	2,050,000

35. ACQUISITION OF SUBSIDIARIES (CONT'D)

(c) Impact of Acquisition on the Group's Results

The acquired subsidiaries have contributed the following results to the Group:-

	The Group 2019 RM
Revenue	2,514,588
Profit after taxation	1,044,255

There were no acquisition of new subsidiaries in the previous financial year.

36. DIVIDEND

	The Group/The Company	
	2019 RM	2018 RM
First interim single-tier dividend of 0.1 sen (2018 - Nil) per ordinary share in the current financial year	525,200	-

37. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group 2019 RM	The Company 2019 RM
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	2,207,320	1,602,620
Less: Addition of new lease liabilities (Note 37(b))	(604,700)	-
	1,602,620	1,602,620

37. CASH FLOW INFORMATION

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Amount owing to directors RM	Bankers' acceptances RM	Term loan RM	Hire purchase payables RM	Leases liabilities RM	Total RM
2019						
At 1 January, as previously reported	161,636	-	2,006,838	667,131	-	2,835,605
Effects on adoption of MFRS 16	-	-	-	(667,131)	667,131	-
At 1 January, as restated	161,636	-	2,006,838	-	667,131	2,835,605
Changes in Financing Cash Flows						
Repayment	(66,310)	-	-	-	-	(66,310)
Repayment of borrowing principal	-	-	(607,147)	-	(438,954)	(1,046,101)
Repayment of borrowing interests	-	-	(134,808)	-	(60,068)	(194,876)
	(66,310)	-	(741,955)	-	(499,022)	(1,307,287)
Non-cash Changes						
Acquisition of subsidiaries (Note 35)	258,571	-	-	-	-	258,571
Acquisition of new leases	-	-	-	-	604,700	604,700
Finance charges recognised in profit or loss (Note 32)	-	-	134,808	-	60,068	194,876
Waiver of amount owing to a director	(247,445)	-	-	-	-	(247,445)
At 31 December	106,452	-	1,399,691	-	832,877	2,339,020

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Amount owing to directors RM	Bankers' acceptances RM	Term loan RM	Hire purchase payables RM	Leases liabilities RM	Total RM
The Group						
2018						
At 1 January	-	-	9,371,391	828,724	-	10,200,115
<u>Changes in Financing Cash Flows</u>						
Advances	161,636	-	-	-	-	161,636
Proceeds from drawdown	-	2,254,000	-	-	-	2,254,000
Repayment of borrowing principal	-	(2,254,000)	(7,364,553)	(161,593)	-	(9,780,146)
Repayment of borrowing interests	-	(20,859)	(431,127)	(36,599)	-	(488,585)
	161,636	(20,859)	(7,795,680)	(198,192)	-	(7,853,095)
<u>Non-cash Changes</u>						
Finance charges recognised in profit or loss (Note 32)	-	20,859	431,127	36,599	-	488,585
At 31 December	161,636	-	2,006,838	667,131	-	2,835,605

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term loan RM
The Company	
2018	
At 1 January	2,482,925
Changes in Financing Cash Flows	
Repayment of borrowing principal	(2,482,925)
Repayment of borrowing interests	(81,800)
	(2,564,725)
Non-cash Changes	
Finance charges recognised in profit or loss (Note 32)	81,800
At 31 December	-

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	**2018** RM	**2019** RM	**2018** RM
Short-term investment	2,088,610	2,017,591	-	-
Fixed deposits with licensed banks	18,788,854	18,610,774	17,656,072	17,052,932
Cash and bank balances	18,530,982	15,005,469	8,102,385	6,199,287
	39,408,446	35,633,834	25,758,457	23,252,219
Less:				
Fixed deposits pledged to licensed banks (Note 17(b))	(459,216)	(441,932)	-	-
Fixed deposits with tenure of more than 3 months	(12,079,140)	(11,000,000)	(11,405,574)	(11,000,000)
	26,870,090	24,191,902	14,352,883	12,252,219

37. CASH FLOW INFORMATION (CONT'D)

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Payment of short-term leases	136,557	376,339	60,000	60,000
Interest paid on lease liabilities	60,068	-	-	-
Payment of lease liabilities	438,954	-	-	-
	635,579	376,339	60,000	60,000

38. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Sales to a subsidiary	-	-	23,080	681,007
Purchases from subsidiaries	-	-	-	11,536
Purchases from an asssociate	-	154,089	-	-
Advances paid to subsidiaries	-	-	851,663	5,937,125
Rental expenses to a subsidiary	-	-	60,000	60,000
A related party of the entity in which certain directors have interests:-				
Purchases from related parties	-	20,046	-	-

38. RELATED PARTY DISCLOSURES (CONT'D)

(c) Key Management Personnel Compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Directors of the Company				
Short-term employee benefits:				
- fees	111,300	67,300	111,300	67,300
- salaries, bonuses, incentives, allowances and others benefits	1,887,925	1,801,476	168,550	217,269
Defined contribution plans	215,352	208,080	19,392	25,740
	2,214,577	2,076,856	299,242	310,309
Directors of the Subsidiaries				
Short-term employee benefits:				
- fees	48,000	-	-	-
- salaries, bonuses, incentives, allowances and others benefits	510,284	429,478	-	-
Defined contribution plans	11,700	-	-	-
	569,984	429,478	-	-
Total directors' remuneration	2,784,561	2,506,334	299,242	310,309

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM51,950 (2018 - RM63,050).

	The Group	
	2019	**2018**
	RM	RM
Other Key Management Personnel		
Short-term employee benefits	2,006,307	1,465,890
Defined contribution plans	235,603	173,653
	2,241,910	1,639,543

39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

(a) Hardware and maintenance – involved in the marketing, sale and installation of hardware for the retail industry and provide on-going maintenance for the hardware and software products and solutions.

(b) Software - involved in the design, development, marketing, sales, enhancement, customisation and implementation of third party software and in-house software.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly current tax assets/liabilities, term loan and hire purchase payables.

39.1 BUSINESS SEGMENTS

	Hardware and Maintenance RM	**Software RM**	**Group RM**
2019			
Revenue			
External revenue	66,024,733	15,934,606	81,959,339
Inter-segment revenue	-	677,527	677,527
	66,024,733	16,612,133	82,636,866
Consolidation adjustments			(677,527)
Consolidated revenue			81,959,339
Represented by:-			
Revenue recognised at a point of time			
- Sale of Hardware	52,165,889	-	52,165,889
- Sale of Software	-	2,730,693	2,730,693
Revenue recognised over time			
- Sale of Maintenance	13,858,844	-	13,858,844
- Sale of Software	-	13,881,440	13,881,440
	66,024,733	16,612,133	82,636,866
Consolidation adjustments			(677,527)
			81,959,339

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

2019	**Hardware and Maintenance RM**	**Software RM**	**Group RM**
Results			
Segment profit before interest and taxation	2,945,395	4,341,932	7,287,327
Interest income			860,599
Finance costs			(194,876)
Consolidated profit before taxation			7,953,050
Income tax expense			(2,072,451)
Consolidated profit after taxation			5,880,599

Segment profit includes the followings:-

Interest income	(183,736)	(676,863)	(860,599)
Interest expenses	194,876	-	194,876
Depreciation and amortisation	813,671	687,275	1,500,946
Reversal of impairment losses on trade receivables	(26,477)	(21,775)	(48,252)
Impairment losses on trade receivables	37,788	34,949	72,737
Reversal of inventories previously written down	(71,895)	-	(71,895)
Inventories written down	1,142,770	-	1,142,770
Gain on disposal of an associate	-	(297,961)	(297,961)
Unrealised loss on foreign exchange	69,771	23,925	93,696
Staff costs	14,168,708	4,440,683	18,609,391

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

2019	Hardware and Maintenance RM	Software RM	Group RM
Assets			
Segment assets	53,374,565	40,761,397	94,135,962
Unallocated assets:			
- deferred tax assets			925,824
- current tax assets			1,680,131
Consolidated total assets			96,741,917
Additions to non-current assets other than financial instruments and deferred tax assets are:-			
Property, plant and equipment	120,627	44,496	165,123
Right-of-use assets	604,700	1,602,620	2,207,320
Intangible assets	-	2,860,767	2,860,767
Liabilities			
Segment liabilities	25,430,420	4,247,240	29,677,660
Unallocated liabilities:			
- deferred tax liability			111,800
- lease liabilities			832,877
- term loan			1,399,691
- current tax liabilities			153,971
Consolidated total liabilities			32,175,999

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2018			
Revenue			
External revenue	53,363,798	8,512,139	61,875,937
Inter-segment revenue	11,536	681,007	692,543
	53,375,334	9,193,146	62,568,480
Consolidation adjustments			(692,543)
Consolidated revenue			61,875,937
Represented by:-			
Revenue recognised at a point of time			
- Sale of Hardware	40,077,233	-	40,077,233
- Sale of Software	-	6,777,289	6,777,289
Revenue recognised over time			
- Sale of Maintenance	13,298,101	-	13,298,101
- Sale of Software	-	2,415,857	2,415,857
	53,375,334	9,193,146	62,568,480
Consolidation adjustments			(692,543)
			61,875,937

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

2018	Hardware and Maintenance RM	Software RM	Group RM
Results			
Segment profit before interest and taxation	3,574,460	717,195	4,291,655
Interest income			526,777
Share of net losses of an equity accounted associate			(140,032)
Finance costs			(488,585)
Consolidated profit before taxation			4,189,815
Income tax expense			(1,191,536)
Consolidated profit after taxation			2,998,279

Segment profit includes the followings:-

	Hardware and Maintenance RM	Software RM	Group RM
Interest income	(118,388)	(408,389)	(526,777)
Interest expenses	406,785	81,800	488,585
Depreciation of property, plant and Equipment	589,393	82,206	671,599
Reversal of impairment losses on trade Receivables	(267,574)	(62,874)	(330,448)
Impairment losses on trade receivables	60,972	83,107	144,079
Reversal of inventories previously written down	(129,047)	-	(129,047)
Inventories written down	466,109	-	466,109
Unrealised loss/(gain) on foreign exchange	46,243	(15,426)	30,817
Staff costs	12,848,448	3,472,274	16,320,722

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2018			
Assets			
Segment assets	37,263,235	34,052,127	71,315,362
Unallocated assets:			
- non-current assets classified as held for sale			202,039
- deferred tax assets			611,617
- current tax assets			1,972,084
Consolidated total assets			74,101,102
Additions to non-current assets other than financial instruments and deferred tax assets are:-			
Property, plant and equipment	346,154	386,399	732,553
Liabilities			
Segment liabilities	10,049,793	2,611,637	12,661,430
Unallocated liabilities:			
- hire purchase payables			667,131
- term loan			2,006,838
- current tax liabilities			143,358
Consolidated total liabilities			15,478,757

39. OPERATING SEGMENTS (CONT'D)

39.2 GEOGRAPHICAL INFORMATION

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	The Group	
	2019	**2018**
	RM	RM
Malaysia	14,610,822	11,075,017
Cambodia	126,724	9,096
Vietnam	162,877	82,674
	14,900,423	11,166,787

Revenue is based on the country in which the customers are located.

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM	RM	RM	RM	RM	RM
China	-	1,022	-	-	-	1,022
Cambodia	595,251	1,609,089	165,141	215,235	760,392	1,824,324
Germany	-	36,890	-	-	-	36,890
Hong Kong	175,501	17,561	-	-	175,501	17,561
Indonesia	-	12,834	-	13,716	-	26,550
India	182,900	-	-	-	182,900	-
Japan	2,419	-	-	-	2,419	-
Malaysia	46,660,091	39,334,616	24,077,269	13,061,642	70,737,360	52,396,258
New South Wales	480	-	-	-	480	-
Philippines	1,996	418,313	395,800	-	397,796	418,313
Singapore	1,290,400	755,212	2,078,146	-	3,368,546	755,212
Sri Lanka	-	-	-	431,434	-	431,434
Taiwan	-	116,092	-	-	-	116,092
Thailand	249,317	95,303	80	-	249,397	95,303
Vietnam	5,197,004	3,765,047	887,544	1,991,931	6,084,548	5,756,978
	54,355,359	46,161,979	27,603,980	15,713,958	81,959,339	61,875,937

39. OPERATING SEGMENTS (CONT'D)

39.3 MAJOR CUSTOMERS

The following was major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group Revenue 2018 RM	Segments
Customer A	12,700,070	Hardware and maintenance

There is no single customer that contributed 10% or more to the Group's revenue in the current financial year.

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	USD RM	SGD RM	BND RM	Others* RM	Total RM
The Group					
2019					
<u>Financial assets</u>					
Trade receivables	382,074	1,446,676	143,768	16,034	1,988,552
Cash and bank balances	964,187	9,618	-	1,562	975,367
	1,346,261	1,456,294	143,768	17,596	2,963,919
<u>Financial liabilities</u>					
Trade payables	1,318,287	9,567	-	90,661	1,418,515
Amount owing to related parties	3,720	-	-	-	3,720
	1,322,007	9,567	-	90,661	1,422,235
Net financial assets/(liabilities)/ Currency exposure	24,254	1,446,727	143,768	(73,065)	1,541,684

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	USD RM	SGD RM	BND RM	Others* RM	Total RM
2018					
Financial assets					
Trade receivables	317,073	205,488	-	116,265	638,826
Other receivables	24,500	3,032	-	-	27,532
Cash and bank balances	964,112	37,693	-	1,572	1,003,377
	1,305,685	246,213	-	117,837	1,669,735
Financial liabilities					
Trade payables	859,196	1,706	-	56,930	917,832
Other payables	1,775	716	-	3,473	5,964
Amount owing to related parties	3,762	-	-	-	3,762
	864,733	2,422	-	60,403	927,558
Net financial assets/ Currency exposure	440,952	243,791	-	57,434	742,177

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	SGD RM	Others* RM	Total RM
The Company				
2019				
<u>Financial asset</u>				
Trade receivables	296,592	152,480	16,034	465,106
Net financial asset/ Currency exposure	296,592	152,480	16,034	465,106
2018				
<u>Financial asset</u>				
Trade receivables	140,245	80,594	-	220,839
Net financial asset/ Currency exposure	140,245	80,594	-	220,839

* Consists of Philippine Peso, British Pound, Japanese Yen, Australian Dollar, New Zealand Dollar, Euro and Indonesia Rupiah.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		**The Company**	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Effects on Profit After Taxation				
USD/RM				
- strengthened by 10%	2,425	44,095	29,659	14,025
- weakened by 10%	(2,425)	(44,095)	(29,659)	(14,025)
SGD/RM				
- strengthened by 10%	144,673	24,379	15,248	8,059
- weakened by 10%	(144,673)	(24,379)	(15,248)	(8,059)
BND/RM				
- strengthened by 10%	14,377	-	-	-
- weakened by 10%	(14,377)	-	-	-
Others/RM				
- strengthened by 10%	(7,307)	5,743	1,603	-
- weakened by 10%	7,307	(5,743)	(1,603)	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks and lease liabilities are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to the interest rate risk based on the carrying amount of the financial instrument at the end of the reporting period is disclosed in Note 24 to the financial statements.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019	**2018**
	RM	RM
Effects on Profit After Taxation		
Increase of 100 basis points	(13,997)	(20,068)
Decrease of 100 basis points	13,997	20,068

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group and the Company's major concentration of credit risk relate to the trade receivables (including amount owing by subsidiaries and related parties) at the end of the reporting period is as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Major concentration of credit risk	38%	37%	35%	38%
Number of customers	2	3	2	1

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group and the Company also determine concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount owing by subsidiaries and related parties) at the end of the reporting period is as follows:-

	The Group		**The Company**	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Malaysia	28,573,567	10,803,238	1,216,753	2,524,442
Singapore	1,385,685	205,488	277,536	80,594
Philippines	152,544	140,245	152,544	140,245
Indonesia	-	28,898	-	-
Vietnam	853,959	1,029,370	-	-
Thailand	41,107	49,777	-	-
Cambodia	6,347	866,311	-	-
Others	43,971	251,286	-	-
	31,057,180	13,374,613	1,646,833	2,745,281

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 12 months are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date 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 their debts.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including amount owing by related parties and amount owing by subsidiaries) are summarised below:-

	Gross Amount RM	Individual Impairment RM	Collective Allowance RM	Carrying Amount RM
The Group				
2019				
Not past due	21,615,211	(34,965)	-	21,580,246
Past due:				
- less than 3 months	4,513,330	-	-	4,513,330
- 3 to 6 months	4,079,737	-	(74,515)	4,005,222
- over 6 months	984,284	-	(25,902)	958,382
Credit impaired	327,515	(327,515)	-	-
	31,520,077	(362,480)	(100,417)	31,057,180
2018				
Not past due	7,303,394	-	(5,016)	7,298,378
Past due:				
- less than 3 months	2,355,578	-	(9,139)	2,346,439
- 3 to 6 months	3,052,701	-	(52,691)	3,000,010
- over 6 months	772,191	(2,804)	(39,601)	729,786
Credit impaired	354,267	(354,267)	-	-
	13,838,131	(357,071)	(106,447)	13,374,613

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

	Gross Amount RM	Individual Impairment RM	Collective Allowance RM	Carrying Amount RM
The Company				
2019				
Not past due	957,704	-	-	957,704
Past due:				
- less than 3 months	453,154	-	-	453,154
- 3 to 6 months	274,203	-	(65,258)	208,945
- over 6 months	41,112	-	(14,082)	27,030
Credit impaired	38,717	(38,717)	-	-
	1,764,890	(38,717)	(79,340)	1,646,833
2018				
Not past due	1,312,124	-	(4,665)	1,307,459
Past due:				
- less than 3 months	410,777	-	(3,632)	407,145
- 3 to 6 months	610,154	-	(13,645)	596,509
- over 6 months	456,631	-	(22,463)	434,168
Credit impaired	38,703	(38,703)	-	-
	2,828,389	(38,703)	(44,405)	2,745,281

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2019				
Non-derivative Financial Liabilities				
Trade payables	16,554,413	16,554,413	16,554,413	-
Other payables and accruals	7,008,008	7,008,008	7,008,008	-
Amount owing to related parties	3,720	3,720	3,720	-
Amount owing to directors	106,452	106,452	106,452	-
Lease liabilities	832,877	887,400	474,553	412,847
Term loan	1,399,691	1,517,398	724,286	793,112
	25,905,161	26,077,391	24,871,432	1,205,959

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2018				
Non-derivative Financial Liabilities				
Trade payables	4,009,811	4,009,811	4,009,811	-
Other payables and accruals	4,034,121	4,034,121	4,034,121	-
Amount owing to related parties	16,102	16,102	16,102	-
Amount owing to directors	161,636	161,636	161,636	-
Hire purchase payables	667,131	729,418	198,174	531,244
Term loan	2,006,838	2,252,766	724,286	1,528,480
	10,895,639	11,203,854	9,144,130	2,059,724

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
The Company				
2019				
Non-derivative Financial Liabilities				
Trade payables	372,524	372,524	372,524	-
Other payables and accruals	1,119,478	1,119,478	1,119,478	-
	1,492,002	1,492,002	1,492,002	-
2018				
Non-derivative Financial Liabilities				
Trade payables	350,350	350,350	350,350	-
Other payables and accruals	517,602	517,602	517,602	-
	867,952	867,952	867,952	-

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement.

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		**The Company**	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Short-term investment	2,088,610	2,017,591	-	-
Amortised Cost				
Trade receivables	31,057,180	13,187,700	1,646,833	2,549,820
Other receivables	210,982	2,254,314	168,304	2,224,745
Amount owing by subsidiaries	-	-	4,964,366	5,249,712
Amount owing by related parties	-	186,913	-	-
Fixed deposits with licensed banks	18,788,854	18,610,774	17,656,072	17,052,932
Cash and bank balances	18,530,982	15,005,469	8,102,385	6,199,287
	68,587,998	49,245,170	32,537,960	33,276,496

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Financial Liability				
Amortised Cost				
Trade payables	16,554,413	4,009,811	372,524	350,350
Other payables and accruals	7,008,008	4,034,121	1,119,478	517,602
Amount owing to related parties	3,720	16,102	-	-
Amount owing to directors	106,452	161,636	-	-
Lease liabilities	832,877	-	-	-
Hire purchase payables	-	667,131	-	-
Term loan	1,399,691	2,006,838	-	-
	25,905,161	10,895,639	1,492,002	867,952

40.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Financial Assets				
Fair Value Through Profit or Loss				
Net (gains) recognised in profit or loss	(71,079)	(19,191)	-	-
Amortised Cost				
Net (gains) recognised in profit or loss	(657,627)	(611,226)	(589,076)	(280,653)
Financial Liability				
Amortised Cost				
Net (gains)/losses recognised in profit or loss	(58,270)	560,113	3,306	83,789

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total	Carrying
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Fair Value	Amount
	RM	RM	RM	RM	RM	RM	RM	RM
The Group								
2019								
<u>Financial Asset</u>								
Short-term investment	-	2,088,610	-	-	-	-	2,088,610	2,088,610
<u>Financial Liability</u>								
Term loan	-	-	-	-	1,399,691	-	1,399,691	1,399,691

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
The Group								
2018								
Financial Asset								
Short-term investment	-	2,017,591	-	-	-	-	2,017,591	2,017,591
Financial Liability								
Hire purchase payables	-	-	-	-	780,504	-	780,504	667,131
Term loan	-	-	-	-	2,006,838	-	2,006,838	2,006,838

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of money market fund is determined by reference to statement provided by the respective financial institution, with which the investment was entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of hire purchase payables that carry fixed interest rates is determined by discounting the relevant future contractual cash flow using current market interest rate for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2019	**2018**
	%	%
Hire purchase payables	-	2.60 – 5.13

(ii) The fair value of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

41. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

(a) On 7 January 2019, the Company acquired 100% equity interest in Infoconnect Commerce Sdn. Bhd. for a total cash consideration of RM650,000 and 70% equity interest in Adaptive POS Sdn. Bhd. for a total cash consideration of RM1,400,000.

(b) On 13 February 2019, the Group disposed of its entire equity interest in Symple Apps Sdn. Bhd. for a total cash consideration of RM500,000.

42. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 8 January 2020, the Company entered into a Shareholders Agreement with Simat Technologies Public Company Limited, Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa to jointly form a new company in Thailand as the Special Purpose Vehicle to undertake the business of sale of hardware, software, network equipment, development of information technology solutions and maintenance services in Thailand.

(b) The impact of the COVID-19 outbreak on public life and the industry in Malaysia and the broader region has significantly disrupted the Group's business activities. While this is expected to have a negative impact on the Group's performance for the coming reporting periods, the Group is unable to quantify the magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable.

43. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 January 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At 1 January 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased assets and lease liabilities immediately before 1 January 2019 as the carrying amount of the right-of-use assets and the lease liabilities as at the date of initial application. The adjustment included a transfer of leasehold land and building, office buildings and motor vehicles from property, plant and equipment to right-of-use assets that is measured subsequently using the cost model.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 January 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
Consolidated Statement of Financial Position (Extract):-		
Short-term investment	-	2,017,591
Cash and bank balances	17,023,060	15,005,469