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KARVY FINTECH (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201601007727 (1178655 - U)

FINANCIAL REPORT
for the financial year ended 31 March 2020

KARVY FINTECH (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201601007727 (1178655 - U)

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of carrying out transfer agency, back office services outsourced by market intermediaries and fund managers. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Profit after taxation for the financial year	361,934

DIVIDENDS

No dividend was recommended by the directors 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 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 there are no known bad debts and that no allowance for impairment losses on receivables is required.

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

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain 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 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 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 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 Company which has arisen since the end of the financial year.

No contingent or other liability 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 Company to meet its 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 Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations 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.

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 Company for the financial year in which this report is made.

HOLDING COMPANY

The holding company is KFin Technologies Private Limited, a limited liability company incorporated in India. The holding company was previously known as Karvy Fintech Private Limited before it changed to its present name on 5 December 2019.

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:-

Ganesh Venkatachalam
Abdul Rashid Bin Ismail
Alok Chandra Misra
Vishesh Tayal (Appointed on 13 June 2019)
Harshit Sohu (Resigned on 13 June 2019)
Ashish Khullar (Appointed on 13 June 2019 and resigned on 10 February 2020)
Sharad Yogeshkumar Bhojnagarwala (Resigned on 13 June 2019)

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 1.4.2019	Bought	Sold	At 31.3.2020
Ordinary Shares in the Company				
Direct interest				
Ganesh Venkatachalam	1	-	-	1

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

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) 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 23 to the financial statements.

Neither during nor at the end of the financial year was 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 18 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 26 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 18 to the financial statements.

Signed in accordance with a resolution of the directors dated 28 May 2020.

Ganesh Venkatachalam

Abdul Rashid Bin Ismail

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ganesh Venkatachalam and Abdul Rashid Bin Ismail, being two of the directors of Karvy Fintech (Malaysia) Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 10 to 50 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 Company as of 31 March 2020 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 28 May 2020.

Ganesh Venkatachalam | **Abdul Rashid Bin Ismail**

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

I, Ganesh Venkatachalam, Passport No. Z2130478, being the director primarily responsible for the financial management of Karvy Fintech (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 50 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 Notaries Act 1952 (India).

Subscribed and solemnly declared by the abovementioned
Ganesh Venkatachalam, Passport No. Z2130478,
at Hyderabad,
in India
on this 28 MAY 2020

Ganesh Venkatachalam

Before me

K. SUNIL
Advocate & Notary
G.O.M.S. No: 245
GOVT. OF T.S.

ATTESTED
K. SUNIL., B.Com., BL
ADVOCATE & NOTARY
Appointed By Govt. Of Telangana
Regn. No:245
Kukatpally, Medchal Dist., Telangana
Comission Expires on 16-4-2022
Ph: 9440572415

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Main +6 03 2788 9999
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARVY FINTECH (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201601007727 (1178655 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Karvy Fintech (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its 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 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.

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARVY FINTECH (MALAYSIA) SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
Registration No: 201601007727 (1178655 - U)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements 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 Company that are free from material misstatement, whether due to fraud or error.

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the 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 Company's internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KARVY FINTECH (MALAYSIA) SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
Registration No: 201601007727 (1178655 - U)

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

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

- 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

Ung Voon Huay
03233/09/2020 J
Chartered Accountant

28 May 2020

Kuala Lumpur

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

	Note	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSETS			
Equipment	6	46,510	68,735
Right-of-use assets	7	326,010	-
Deferred tax assets	8	80,028	-
		452,548	68,735
CURRENT ASSETS			
Trade receivables	9	1,523,694	1,292,803
Other receivables, deposits and prepayments		81,899	67,372
Contract assets	10	349,988	111,608
Short-term investments	11	-	608,896
Cash and bank balances		719,186	1,139,275
		2,674,767	3,219,954
TOTAL ASSETS		3,127,315	3,288,689
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,000,000	1,000,000
Retained profits		448,084	86,150
TOTAL EQUITY		1,448,084	1,086,150
NON-CURRENT LIABILITIES			
Lease liabilities	13	176,879	-
Deferred tax liabilities	8	85,415	-
		262,294	-
CURRENT LIABILITIES			
Other payables and accruals		182,737	169,235
Contract liabilities	10	73,000	56,690
Amount owing to holding company	14	945,925	1,927,705
Lease liabilities	13	173,952	-
Current tax liabilities		41,323	48,909
		1,416,937	2,202,539
TOTAL LIABILITIES		1,679,231	2,202,539
TOTAL EQUITY AND LIABILITIES		3,127,315	3,288,689

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 RM	2019 RM
REVENUE	15	6,583,003	5,939,400
COST OF SALES	16	(3,910,821)	(3,940,611)
GROSS PROFIT		2,672,182	1,998,789
OTHER INCOME	17	12,794	13,588
ADMINISTRATIVE EXPENSES	18	(1,936,094)	(1,442,684)
OTHER EXPENSES	19	(201,398)	(118,250)
FINANCE COSTS	20	(18,707)	-
PROFIT BEFORE TAXATION		528,777	451,443
INCOME TAX EXPENSE	21	(166,843)	(150,548)
PROFIT AFTER TAXATION		361,934	300,895
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		361,934	300,895
PROFIT AFTER TAXATION: ATTRIBUTABLE TO:-			
Owners of the Company		361,934	300,895
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-			
Owners of the Company		361,934	300,895

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

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Share Capital RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Balance at 1.4.2018		400,000	(214,745)	185,255
Profit after taxation/Total comprehensive income for the financial year		-	300,895	300,895
Contribution by and distribution to owners of the Company:				
- Issuance of shares	12	600,000	-	600,000
Balance at 31.3.2019/1.4.2019		1,000,000	86,150	1,086,150
Profit after taxation/Total comprehensive income for the financial year		-	361,934	361,934
Balance at 31.3.2020		1,000,000	448,084	1,448,084

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 RM	2019 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before taxation		528,777	451,443
Adjustments for:			
Depreciation of equipment		26,854	114,434
Depreciation of right-of-use assets		163,005	-
Dividend income		(7,144)	(4,315)
Equipment written off		1,588	-
Fair value loss/(gain) on short-term investments		468	(4,581)
Interest expense		18,707	-
Interest income		(5,650)	(4,692)
Operating profit before working capital changes		726,605	552,289
Increase in contract assets		(238,380)	(111,608)
Increase in contract liabilities		16,310	56,690
Increase in trade and other receivables		(245,886)	(776,044)
Increase in trade and other payables		13,502	109,295
(Decrease)/Increase in amount owing to holding company		(981,780)	1,350,767
NET CASH (FOR)/FROM OPERATIONS		(709,629)	1,181,389
Income tax refund		-	5,652
Income tax paid		(169,042)	(115,981)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(878,671)	1,071,060
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Dividend income received		7,144	4,315
Interest received		5,650	4,692
Purchase of equipment	22(a)	(6,217)	(68,895)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		6,577	(59,888)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Interest paid	22(b)	(17,430)	-
Proceeds from issuance of ordinary shares		-	600,000
Repayment of lease liabilities	22(b)	(139,461)	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(156,891)	600,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,028,985)	1,611,172
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,748,171	136,999
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	22(c)	719,186	1,748,171

1. GENERAL INFORMATION

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

Registered office	: Level 25, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.
Principal place of business	: Suite 16.01, Level 16, Menara IMC, No. 8, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 May 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of carrying out transfer agency, back office services outsourced by market intermediaries and fund managers. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is KFin Technologies Private Limited, a limited liability company incorporated in India. The holding company was previously known as Karvy Fintech Private Limited before it changed to its present name on 5 December 2019.

4. BASIS OF PREPARATION

The financial statements of the Company 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.

4. BASIS OF PREPARATION (CONT'D)

4.1 During the current financial year, the Company has adopted the following new accounting standard(s) and/or interpretation(s) (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

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Company'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. The impacts on the financial statements of the Company upon its initial application of MFRS 16 are disclosed in Notes 7 and 13 to the financial statements respectively.

4. BASIS OF PREPARATION (CONT'D)

4.2 The Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (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 standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon its initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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 Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment 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 Company anticipates that the residual values of its equipment 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 amount of equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Trade Receivables and Contract Assets

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company 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 values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 10 to the financial statements respectively.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

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:- (Cont'd)

(c) Impairment of Equipment and Right-of-use Assets

The Company determines whether an item of its equipment and right-of-use assets are 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 amounts of equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

(d) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company 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.

(e) 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 8 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company'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

The lease contain extension options exercisable by the Company 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 Company's services. The Company exercises judgement, in light of all facts and circumstances, had assessed that this event had not significantly impact the recognition and measurement of the Company's assets and liabilities as at 31 March 2020.

5.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The 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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Company 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 Company 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 the 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 statement of financial position are disclosed in the individual policy statement associated with each item.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(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).

(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 Company reclassifies debt instruments when and only when its business model for managing those assets change.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 EQUIPMENT

All items of 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 equipment are stated at cost less accumulated depreciation and 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 Company 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 equipment are recognised in profit or loss as incurred.

Depreciation on 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:-

Computer software	33.33%
Computers	33.33%
Furniture and fixtures	33.33%
Leasehold improvements	33.33%
Office equipment	33.33%

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 equipment. Any changes are accounted for as a change in estimate.

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

An item of 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 LEASES

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company 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 Company 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 Company 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 statement 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. The depreciation starts from the commencement date of the lease. The Company 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 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 Company 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.

<u>Accounting Policies Applied Until 31 March 2019</u>

Operating Leases

All leases that do not transfer substantially to the Company 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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

5.7 IMPAIRMENT

(a) Impairment of Financial Assets

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

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company 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 Company always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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 Company 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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company 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, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 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 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 the assets is the higher of the asset's fair value less costs to sell and their 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 Company estimates 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 immediately.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 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.

5.9 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 Company.

(b) Defined Contribution Plans

The Company'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 Company has no further liability in respect of the defined contribution plans.

5.10 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the 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).

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 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.

5.12 REVENUE FROM CONTRACT 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 Company 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 Company recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 REVENUE FROM CONTRACT WITH CUSTOMERS (CONT'D)

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

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

Rendering of Services

Contracts from services that comprises multiple deliverables represents a combined output for which the customer has contracted for that are substantially the same and that have the same pattern of transfer to the customer and are therefore recognised as a single performance obligation. The Company recognises revenue from the rendering of services over time, using an output method determined by survey of works performed to measure progress towards complete satisfaction of the services.

Otherwise, revenue from rendering of services is recognised at a point in time upon performance of services.

5.13 OTHER INCOME

(a) Interest Income

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

(b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

6. EQUIPMENT

Carrying Amount	At 1.4.2019 RM	Additions RM	Written Off RM	Depreciation Charges RM	At 31.3.2020 RM
Computer software	8,042	400	-	(3,028)	5,414
Computers	56,216	2,878	-	(20,928)	38,166
Furniture and fixtures	2,565	-	-	(1,619)	946
Office equipment	1,912	2,939	(1,588)	(1,279)	1,984
	68,735	6,217	(1,588)	(26,854)	46,510

Carrying Amount	At 1.4.2018 RM	Additions RM	Written Off RM	Depreciation Charges RM	At 31.3.2019 RM
Computer software	1,283	8,840	-	(2,081)	8,042
Computers	10,569	60,055	-	(14,408)	56,216
Furniture and fixtures	5,059	-	-	(2,494)	2,565
Leasehold improvements	92,067	-	-	(92,067)	-
Office equipment	5,296	-	-	(3,384)	1,912
	114,274	68,895	-	(114,434)	68,735

2020	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Computer software	13,087	(7,673)	5,414
Computers	92,570	(54,404)	38,166
Furniture and fixtures	7,495	(6,549)	946
Leasehold improvements	276,201	(276,201)	-
Office equipment	9,687	(7,703)	1,984
	399,040	(352,530)	46,510

6. EQUIPMENT (CONT'D)

2019	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Computer software	12,687	(4,645)	8,042
Computers	89,692	(33,476)	56,216
Furniture and fixtures	7,495	(4,930)	2,565
Leasehold improvements	276,201	(276,201)	-
Office equipment	11,145	(9,233)	1,912
	397,220	(328,485)	68,735

7. RIGHT-OF-USE ASSETS

	< 1.4.2019 >					
2020	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Addition RM	Depreciation Charges RM	At 31.3.2020 RM
Office premise	-	-	-	489,015	(163,005)	326,010

	RM
Analysed by:	
Cost	489,015
Accumulated depreciation	(163,005)
	326,010

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

The Company has entered into a lease contract for the office premise in its operations. The lease term is for 3 years.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	< ---- 1.4.2019	---- >			
	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Recognised in Profit or Loss (Note 21) RM	At 31.3.2020 RM
2020					
Deferred Tax Assets					
Right-of-use assets	-	-	-	80,028	80,028
Deferred Tax Liabilities					
Lease liabilities	-	-	-	(85,415)	(85,415)
	-	-	-	(5,387)	(5,387)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:

	2020 RM	**2019** RM
Accelerated capital allowance on qualifying costs of equipment	76,078	63,109

9. TRADE RECEIVABLES

The Company's normal trade credit term is 30 (2019 - 30) days. Other credit terms are assessed and approved on a case-by-case basis.

10. CONTRACT ASSETS/(LIABILITIES)

	2020 RM	2019 RM
Contract Assets		
Contract assets relating to rendering of services	349,988	111,608
Contract Liabilities		
Contract liabilities relating to rendering of services	(73,000)	(56,690)

(a) The contract assets primarily relate to the Company's right to consideration for work completed on services provided but not yet billed as at the reporting date. The amount will be invoiced within 2 (2019 - 2) months.

(b) The contract liabilities primarily relates to advance consideration received from customers of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 10 (2019 - 1 to 2) months.

(c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:

	2020 RM	2019 RM
At 1 April	54,918	-
Revenue recognised in profit or loss	6,583,003	5,939,400
Billings to customers during the financial year	(6,287,933)	(5,827,792)
Advance consideration received from customers during the financial year	(73,000)	(56,690)
At 31 March	276,988	54,918
Represented by:		
Contract assets	349,988	111,608
Contract liabilities	(73,000)	(56,690)
	276,988	54,918

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of contracts is expected to be recognised as follows:

	2020 RM	2019 RM
Within 1 year	58,000	-

11. SHORT-TERM INVESTMENTS

	2020 RM	2019 RM
Money market fund, at fair value	-	608,896
Market value of short-term investments	-	608,896

The short-term investments in the previous financial year represented investment in highly liquid money market which were readily convertible to known amount of cash and subjected to an insignificant risk of changes in value.

12. SHARE CAPITAL

	2020 Number of Shares	2019	2020 RM	2019 RM
Issued And Fully Paid-Up				
Ordinary Shares				
At 1 April	1,000,000	400,000	1,000,000	400,000
Issuance of new shares for cash	-	600,000	-	600,000
At 31 March	1,000,000	1,000,000	1,000,000	1,000,000

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.

13. LEASE LIABILITIES

	2020 RM	2019 RM
At 1 April	-	-
- As previously reported	-	-
- Initial application of MFRS 16	-	-
- As restated	-	-
Addition during the financial year	489,015	-
Interest expense recognised in profit or loss	18,707	-
Repayment of principal	(139,461)	-
Repayment of interest expense	(17,430)	-
At 31 March	350,831	-
Analysed by:		
Current liabilities	173,952	-
Non-current liabilities	176,879	-
At 31 March	350,831	-

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

14. AMOUNT OWING TO HOLDING COMPANY

The trade balance represents back office charges and is subject to the credit term of 30 (2019 - 30) days. The amount owing is to be settled in cash.

15. REVENUE

	2020 RM	2019 RM
Revenue recognised at a point in time		
Rendering of services	6,061,003	4,009,400
Revenue recognised over time		
Rendering of services	522,000	1,930,000
	6,583,003	5,939,400

Revenue amounting to RM6,583,003 (2019 - RM5,939,400) is derived from local sales.

16. COST OF SALES

	2020 RM	2019 RM
Back office charges from holding company	3,757,336	3,810,448

Other than as disclosed above, the remaining balance of RM153,485 (2019 - RM130,163) represents various miscellaneous cost of sales.

17. OTHER INCOME

	2020 RM	2019 RM
Included are the following items:		
Fair value gain on short-term investments	-	4,581
Interest income	5,650	4,692
Dividend income	7,144	4,315
	12,794	13,588

18. ADMINISTRATIVE EXPENSES

	2020 RM	2019 RM
Included are the following items:		
Auditors' remuneration:		
- statutory	11,000	11,000
- special	6,000	10,000
Directors' remuneration	-	22,500
Expenses relating to short-term leases	50,000	-
Rental of premises	-	212,033
Staff costs:		
- salaries and other benefits	1,462,157	869,057
- defined contribution plan	138,293	98,555

19. OTHER EXPENSES

	2020 RM	2019 RM
Included are the following items:		
Depreciation:		
- equipment	26,854	114,434
- right-of-use assets	163,005	-
Equipment written off	1,588	-
Fair value loss on short-term investments	468	-

Other than as disclosed above, the remaining balance of RM9,483 (2019 - RM3,816) represents various miscellaneous other expenses.

20. FINANCE COSTS

	2020 RM	2019 RM
Included is the following item:		
Interest expense on lease liabilities	18,707	-

21. INCOME TAX EXPENSE

	2020 RM	2019 RM
Current tax expense:		
- for the financial year	155,000	147,000
- underprovision in the previous financial year	6,456	3,548
	161,456	150,548
Deferred tax expense (Note 8):		
- for the financial year	5,387	-
Total income tax expense	166,843	150,548

21. 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 Company is as follows:-

	2020 RM	**2019** RM
Profit before taxation	528,777	451,443
Tax at the statutory tax rate of 24% (2019 - 24%)	126,906	108,346
Tax effects of:		
Non-taxable income	-	(1,099)
Non-deductible expenses	30,368	43,645
Deferred tax assets not recognised during the financial year	3,113	-
Utilisation of deferred tax assets previously not recognised	-	(3,892)
Underprovision in the previous financial year	6,456	3,548
	166,843	150,548

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

22. CASH FLOW INFORMATION

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

	2020 RM	**2019** RM
Equipment		
Cost of equipment purchased	6,217	68,895
Right-of-use assets		
Cost of right-of-use assets acquired	489,015	-
Less: Addition of new lease liabilities	(489,015)	-
	-	-

22. CASH FLOW INFORMATION (CONT'D)

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

	Lease Liabilities RM
2020	
At 1 April, as previously reported	-
Effects on adoption of MFRS 16	-
At 1 April, as restated	-
Changes in Financing Cash Flows	
Repayment of principal	(139,461)
Repayment of interests	(17,430)
	(156,891)
Non-cash Changes	
Acquisition of new leases	489,015
Interest expense recognised in profit or loss	18,707
	507,722
At 31 March	350,831

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

	2020 RM	2019 RM
Cash and bank balances	719,186	1,139,275
Money market fund (Note 11)	-	608,896
	719,186	1,748,171

23. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Company if 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 Company and the party are subject to common control.

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

(b) Significant Related Party Transactions and Balances

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

	2020	**2019**
	RM	RM
Holding company		
Back office charges	3,757,336	3,810,448
Repayment of back office charges	(4,739,116)	(2,459,681)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

24. FINANCIAL INSTRUMENTS

The Company'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 Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

24.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(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 Company's fixed rate borrowings is carried at amortised cost. Therefore, it is not subject to interest rate risk as in defined MFRS 7 since neither its carrying amount nor its future cash flows will fluctuate because of a change in market interest rates.

(iii) Equity Price Risk

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

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(i) Credit Risk Concentration Profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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 statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

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

The gross carrying amounts of 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 the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 1 month 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.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2020			
Current (not past due)	855,092	-	855,092
1 to 30 days past due	545,733	-	545,733
31 to 60 days past due	19,080	-	19,080
More than 60 days but less than 1 year	103,768	-	103,768
More than 1 year	21	-	21
Trade receivables	1,523,694	-	1,523,694
Contract assets	349,988	-	349,988
	1,873,682	-	1,873,682
2019			
Current (not past due)	1,130,698	-	1,130,698
1 to 30 days past due	100,095	-	100,095
31 to 60 days past due	-	-	-
More than 60 days but less than 1 year	62,010	-	62,010
Trade receivables	1,292,803	-	1,292,803
Contract assets	111,608	-	111,608
	1,404,411	-	1,404,411

Trade receivables and contracts assets identified impairment losses under requirements of MFRS 9 were immaterial and hence, they are not provided for.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The identified impairment loss was immaterial and hence, it is not provided for.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Cash and Bank Balances

The Company considers these banks and financial institutions have low credit risks. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

The Company maintains sufficient bank balances to support its daily operations. In addition, the holding company has undertaken to provide continued financial support to meet the Company's obligations as and when they fall due.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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):-

	Weighted Average Effective Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2020					
Non-derivative Financial Liabilities					
Other payables and accruals	-	27,935	27,935	27,935	-
Amount owing to holding company	-	945,925	945,925	945,925	-
Lease liabilities	4.58	350,831	366,079	186,775	179,304
		1,324,691	1,339,939	1,160,635	179,304

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities 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):- (Cont'd)

2019	Weighted Average Effective Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
Non-derivative Financial Liabilities				
Other payables and accruals	-	55,672	55,672	55,672
Amount owing to holding company	-	1,927,705	1,927,705	1,927,705
		1,983,377	1,983,377	1,983,377

24.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Company 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 Company manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Company includes within net debt, borrowings less cash and cash equivalents.

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

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020 RM	**2019** RM
Financial Assets		
Mandatorily at Fair Value Through Profit or Loss		
Short-term investments	-	608,896
Amortised Cost		
Trade receivables	1,523,694	1,292,803
Other receivables	5,976	6,906
Cash and bank balances	719,186	1,139,275
	2,248,856	2,438,984
Financial Liabilities		
Amortised Cost		
Lease liabilities	350,831	-
Other payables and accruals	27,935	55,672
Amount owing to holding company	945,925	1,927,705
	1,324,691	1,983,377

24.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020 RM	**2019** RM
Financial Assets		
Fair Value Through Profit or Loss		
Net (losses)/gains recognised in profit or loss:		
- mandatorily required by MFRS 9	(468)	4,581

24. FINANCIAL INSTRUMENTS (CONT'D)

24.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities 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.

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 Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2020								
<u>Financial Assets</u>								
Short-term investments	-	-	-	-	-	-	-	-
2019								
<u>Financial Assets</u>								
Short-term investments	-	608,896	-	-	-	-	608,896	608,896

The fair value of the short-term investments is determined by reference to statements provided by the respective financial institutions, with which the instruments were entered into.

25. INITIAL APPLICATION OF MFRS 16

The Company has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 April 2019 (date of initial application) without restating any comparative information.

The Company 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 April 2019.

Lessee Accounting

The right-of-use assets were measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at 1 April 2019.

The Company has used the following practical expedients in applying MFRS 16 for the first time:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 April 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

There were no financial impacts to the Company's financial statements upon the transition to MFRS 16 at the date of initial application.

26. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates in relation to its financial statement captions up-to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in Malaysia and globally. The Company will continue to closely monitor any material changes to future economic conditions.