ATTESTED COPY

KARVY FINTECH (MALAYSIA) SDN. BHD.

(Formerly known as Karvy Computershare (Malaysia) Sdn. Bhd.)
(Incorporated in Malaysia)

Company No: 1178655 - U

FINANCIAL REPORT
for the financial year ended 31 March 2019

KARVY FINTECH (MALAYSIA) SDN. BHD.
(Formerly known as Karvy Computershare (Malaysia) Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 1178655 - U

TABLE OF CONTENTS

DIRECTORS' REPORT

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

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.

CHANGE OF NAME

On 3 January 2019, the Company changed its name from Karvy Computershare (Malaysia) Sdn. Bhd. to Karvy Fintech (Malaysia) Sdn. Bhd.

RESULTS

	RM
Profit after taxation for the financial year	300,895

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) the Company increased its issued and paid-up share capital from RM400,000 to RM1,000,000 by way of an issuance of 600,000 new ordinary shares for a cash consideration of RM600,000 for working capital purpose as disclosed in Note 11 to the financial statements. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares 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 Karvy Fintech Private Limited, a limited liability company incorporated in India. The holding company was previously Karvy Computershare Private Limited, India which was fully amalgamated into Karvy Fintech Private Limited with effect from 17 November 2018.

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 (Appointed on 21 January 2019)
Harshit Sohu (Appointed on 21 January 2019)
Sharad Yogeshkumar Bhojnagarwala (Appointed on 21 January 2019)
Comandur Parthasarathy (Resigned on 21 January 2019)
Lakshmanan @ Elango A/L Meyyappan (Resigned on 21 January 2019)
Yugandhar Meka (Resigned on 21 January 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 1.4.2018	Bought	Sold	At 31.3.2019
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 20 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 16 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 16 to the financial statements.

Signed in accordance with a resolution of the directors dated 29 APR 2019

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. (formerly known as Karvy Computershare (Malaysia) Sdn. Bhd.), state that, in the opinion of the directors, the financial statements set out on pages 10 to 48 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 2019 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 29 APR 2019

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. (formerly known as Karvy Computershare (Malaysia) Sdn. Bhd.), do solemnly and sincerely declare that the financial statements set out on pages 10 to 48 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
29 APR 2019

KOVURI SREENIVASULU NOTARY G.O.M.S 2746 Expired on 25-12-2021 Appointed by Govt. of T.S.

Ganesh Venkatachalam

Before me
ATTESTED
KOVURI SREENIVASULU
ADVOCATE & NOTARY
H No. 1-1/5, Old Hafizpet, Miyapur
R R Dist. Cell: 9951539468

Crowe Malaysia PLT
(LLP0018817-LCA & AF 1018)
Chartered Accountants
Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Main +6 03 2788 9999
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www.crowe.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARVY FINTECH (MALAYSIA) SDN. BHD.

(Formerly known as Karvy Computershare (Malaysia) Sdn. Bhd.)
(Incorporated in Malaysia)
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Karvy Fintech (Malaysia) Sdn. Bhd. (formerly known as Karvy Computershare (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2019, 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 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, 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.

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.

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ung Voon Huay
03233/09/2020 J
Chartered Accountant

29 April 2019

Kuala Lumpur

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

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	Note	2019 RM	2018 RM
ASSETS			
NON-CURRENT ASSET			
Equipment	7	68,735	114,274
CURRENT ASSETS			
Trade receivables	8	1,292,803	507,328
Other receivables, deposits and prepayments		67,372	72,222
Contract assets	9	111,608	-
Short-term investments	10	608,896	-
Cash and bank balances		1,139,275	136,999
		3,219,954	716,549
TOTAL ASSETS		3,288,689	830,823
EQUITY AND LIABILITY			
EQUITY			
Share capital	11	1,000,000	400,000
Retained profits/(Accumulated losses)		86,150	(214,745)
TOTAL EQUITY		1,086,150	185,255
CURRENT LIABILITIES			
Other payables and accruals		169,235	59,940
Contract liabilities	9	25,849	-
Amount owing to holding company	12	1,927,705	576,938
Current tax liabilities		48,909	8,690
Deferred income		30,841	-
TOTAL LIABILITY		2,202,539	645,568
TOTAL EQUITY AND LIABILITY		3,288,689	830,823

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 2019

	Note	2019 RM	2018 RM
REVENUE	13	5,939,400	3,581,090
COST OF SALES	14	(3,940,611)	(2,001,970)
GROSS PROFIT		1,998,789	1,579,120
OTHER INCOME	15	13,588	3,903
ADMINISTRATIVE EXPENSES	16	(1,442,684)	(1,211,227)
OTHER EXPENSES	17	(118,250)	(108,350)
PROFIT BEFORE TAXATION		451,443	263,446
INCOME TAX EXPENSE	18	(150,548)	(178,125)
PROFIT AFTER TAXATION		300,895	85,321
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		300,895	85,321
PROFIT AFTER TAXATION: ATTRIBUTABLE TO:-			
Owners of the Company		300,895	85,321
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-			
Owners of the Company		300,895	85,321

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share Capital RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Balance at 1.4.2017		400,000	(300,066)	99,934
Profit after taxation/Total comprehensive income for the financial year		-	85,321	85,321
Balance at 31.3.2018/1.4.2018		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	11	600,000	-	600,000
Balance at 31.3.2019		1,000,000	86,150	1,086,150

KARVY FINTECH (MALAYSIA) SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit before taxation		451,443	263,446
Adjustments for:			
Depreciation of equipment		114,434	108,350
Dividend income		(4,315)	-
Fair value gain on short-term investments		(4,581)	(2,813)
Interest income		(4,692)	(1,090)
Operating profit before working capital changes		552,289	367,893
Increase in contract assets		(111,608)	-
Increase in contract liabilities		25,849	-
Increase in trade and other receivables		(776,044)	(141,927)
Increase/(Decrease) in trade and other payables		109,295	(52,375)
Increase/(Decrease) in amount owing to holding company		1,350,767	(228,352)
Increase in deferred income		30,841	-
NET CASH FROM/(FOR) OPERATIONS		1,181,389	(54,761)
Income tax refund		5,652	-
Income tax paid		(115,981)	(169,435)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		1,071,060	(224,196)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Purchase of equipment		(68,895)	(10,156)
Dividend income received		4,315	-
Interest received		4,692	1,090
Proceeds from redemption of short-term investments		-	226,149
Purchase of short-term investments		-	(150,000)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(59,888)	67,083
NET CASH FROM FINANCING ACTIVITY			
Proceeds from issuance of ordinary shares		600,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,611,172	(157,113)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		136,999	294,112
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	1,748,171	136,999

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 29 April 2019.

2. CHANGE OF NAME

On 3 January 2019, the Company changed its name from Karvy Computershare (Malaysia) Sdn. Bhd. to Karvy Fintech (Malaysia) Sdn. Bhd.

3. 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.

4. HOLDING COMPANY

The holding company is Karvy Fintech Private Limited, a limited liability company incorporated in India. The holding company was previously Karvy Computershare Private Limited, India which was fully amalgamated into Karvy Fintech Private Limited with effect from 17 November 2018.

5. 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.

5. BASIS OF PREPARATION (CONT'D)

5.1 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 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140: Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles
- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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:-

<u>MFRS 9 and Amendments to MFRS 128 (Annual Improvements 2014- 2016 Cycle)</u>
MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

<u>MFRS 15 and related Amendments</u>
MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

5. BASIS OF PREPARATION (CONT'D)

5.1 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):- (Cont'd)

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:- (Cont'd)

The changes in accounting policies as a consequence of the adoption of the above accounting standards and interpretations (including the consequential amendments, if any) are presented in Note 22 to the financial statements.

5.2 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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

5. BASIS OF PREPARATION (CONT'D)

5.2 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:- (Cont'd)

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 excepts as follows:-

<u>MFRS 16: Leases</u>
MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. 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 leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Company is currently assessing the financial impact that may arise from the adoption of this standard.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 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 7 to the financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.1 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)

(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 8 and 9 to the financial statements.

(c) 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.2 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 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.

(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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 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.

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 22 to the financial statements, the Company has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening statement of financial position on 1 April 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Company's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 FINANCIAL INSTRUMENTS (CONT'D)

Accounting Policies Applied Until 31 December 2017 (Cont'd)

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.5 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.5 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

Accounting Policy Applied Until 31 December 2017

As disclosed in Note 22 to the financial statements, the Company has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening statement of financial position on 1 April 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Company's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.6 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.

6.7 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.

6.8 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.

6.9 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).

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.10 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.

6.11 REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration 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 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.11 REVENUE FROM CONTRACT WITH CUSTOMERS (CONT'D)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. 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.

6.12 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.

7. EQUIPMENT

	At 1.4.2018 RM	Additions RM	Depreciation Charges RM	At 31.3.2019 RM
Carrying Amount				
Computer software	1,283	8,840	(2,080)	8,043
Computers	10,569	60,055	(13,738)	56,886
Furniture and fixtures	5,059	-	(2,503)	2,556
Leasehold improvements	92,067	-	(92,067)	-
Office equipment	5,296	-	(4,046)	1,250
	114,274	68,895	(114,434)	68,735

	At 1.4.2017 RM	Additions RM	Depreciation Charges RM	At 31.3.2018 RM
Carrying Amount				
Computer software	2,565	-	(1,282)	1,283
Computers	20,113	-	(9,544)	10,569
Furniture and fixtures	1,757	4,860	(1,558)	5,059
Leasehold improvements	184,134	-	(92,067)	92,067
Office equipment	3,899	5,296	(3,899)	5,296
	212,468	10,156	(108,350)	114,274

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Computer software	12,687	(4,644)	8,043
Computers	89,692	(32,806)	56,886
Furniture and fixtures	7,495	(4,939)	2,556
Leasehold improvements	276,201	(276,201)	-
Office equipment	11,145	(9,895)	1,250
	397,220	(328,485)	68,735

7. EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Computer software	3,847	(2,564)	1,283
Computers	29,637	(19,068)	10,569
Furniture and fixtures	7,495	(2,436)	5,059
Leasehold improvements	276,201	(184,134)	92,067
Office equipment	11,145	(5,849)	5,296
	328,325	(214,051)	114,274

8. TRADE RECEIVABLES

The Company's normal trade credit term is 30 (2018 – 30) days. Other credit terms are assessed and approved on a case-by-case basis.

9. CONTRACT ASSETS/(LIABILITIES)

	2019 RM	2018 RM
Contract Assets		
Contract assets relating to rendering of services	111,608	-
Contract Liabilities		
Contract liabilities relating to rendering of services	(25,849)	-

(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 60 days.

(b) The contract liabilities primarily relates to advance consideration received from a customer of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 60 days.

(c) The changes to contract asset and contract liability balances during the financial year are summarised as below:

	2019 RM	2018 RM
At 1 April	-	-
Revenue recognised in profit or loss	5,939,400	-
Billings to customers during the financial year	(5,827,792)	-
Advance consideration received from customers during the financial year	(25,849)	-
At 31 March	85,759	-
Represented by:		
Contract assets	111,608	-
Contract liabilities	(25,849)	-
	85,759	-

10. SHORT-TERM INVESTMENTS

	2019 RM	2018 RM
Money market fund, at fair value	608,896	-
Market value of short-term investments	608,896	-

The short-term investments represents investment in highly liquid money market which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

11. SHARE CAPITAL

	2019	2018	2019	2018
	Number of Shares		RM	RM
Issued And Fully Paid-Up				
Ordinary Shares				
At 1 April	400,000	400,000	400,000	400,000
Issuance of new shares for cash	600,000	-	600,000	-
At 31 March	1,000,000	400,000	1,000,000	400,000

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.

12. AMOUNT OWING TO HOLDING COMPANY

The trade balance represents back office charges and is subject to the credit term of 30 (2018 – 30) days. The amount owing is to be settled in cash.

13. REVENUE

	2019 RM	**2018** RM
Rendering of services	5,939,400	3,581,090

(a) Timing and recognition

	RM	RM
At a point in time	4,009,400	3,581,090
Over time	1,930,000	-
	5,939,400	3,581,090

(b) There were no unsatisfied or partially unsatisfied remaining performance obligation as at the end of the reporting period.

Comparative information is not presented by virtue of the exemption given in MFRS 15.C5(d).

14. COST OF SALES

	2019 RM	**2018** RM
Back office charges from holding company	3,810,448	1,889,357

Other than as disclosed above, the remaining balance of RM130,163 (2018 – RM112,613) represents various miscellaneous cost of sales.

15. OTHER INCOME

	2019 RM	2018 RM
Included are the following items:		
Fair value gain on short-term investments	4,581	2,813
Interest income	4,692	1,090
Dividend income	4,315	-
	13,588	3,903

16. ADMINISTRATIVE EXPENSES

	2019 RM	2018 RM
Included are the following items:		
Auditors' remuneration:		
- statutory	11,000	8,000
- special	10,000	-
Directors' remuneration	22,500	12,500
Rental of premises	212,033	173,003
Staff costs:		
- salaries and other benefits	869,057	715,491
- defined contribution plan	98,555	85,140

17. OTHER EXPENSES

	2019 RM	2018 RM
Included is the following item:		
Depreciation of equipment	114,434	108,350

Other than as disclosed above, the remaining balance of RM3,816 (2018 – nil) represents various miscellaneous other expenses.

18. INCOME TAX EXPENSE

	2019 RM	2018 RM
Current tax expense:		
- for the financial year	147,000	100,670
- underprovision in the previous financial year	3,548	77,455
	150,548	178,125

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:-

	2019 RM	2018 RM
Profit before taxation	451,443	263,446
Tax at the statutory tax rate of 24% (2018 - 24%)	108,346	63,227
Tax effects of:		
Non-taxable income	(1,099)	(675)
Non-deductible expenses	43,645	17,276
Deferred tax assets not recognised during the financial year	-	20,842
Utilisation of deferred tax assets previously not recognised	(3,892)	-
Underprovision in the previous financial year	3,548	77,455
Income tax expense for the financial year	150,548	178,125

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

No deferred tax assets was recognised on the following items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised:

	2019 RM	2018 RM
Accelerated capital allowance on qualifying costs of equipment	69,999	86,217

19. CASH FLOW INFORMATION

The cash and cash equivalents comprise the following:

	2019 RM	2018 RM
Cash and bank balances	1,139,275	136,999
Money market fund (Note 10)	608,896	-
	1,748,171	136,999

20. 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:

	2019 RM	2018 RM
Holding company		
Back office charges	3,810,448	1,889,357
Repayment of back office charges	(2,459,681)	(1,159,975)

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.

21. 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.

21.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company 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

The Company does not have any interest-bearing borrowings and hence, it is not exposed to interest rate risk.

(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.

(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).

21. FINANCIAL INSTRUMENTS (CONT'D)

21.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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.

21. FINANCIAL INSTRUMENTS (CONT'D)

21.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (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
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

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2018			
Not past due	463,560	-	463,560
Past due:			
- less than 3 months	43,768	-	43,768
	507,328	-	507,328

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.

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.

21. FINANCIAL INSTRUMENTS (CONT'D)

21.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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):-

	Contractual Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM
2019				
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

	Contractual Interest Rate (%)	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM
2018				
Non-derivative Financial Liabilities				
Other payables and accruals	-	13,656	13,656	13,656
Amount owing to holding company	-	576,938	576,938	576,938
		590,594	590,594	590,594

21. FINANCIAL INSTRUMENTS (CONT'D)

21.2 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 debt-to-equity ratio of the Company at the end of the reporting period is not presented as the Company does not have any external borrowings.

21.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019 RM
Financial Assets	
Mandatorily at Fair Value Through Profit or Loss	
Short-term investments	608,896
Amortised Cost	
Trade receivables	1,292,803
Other receivables	6,906
Cash and bank balances	1,139,275
	2,438,984

21. FINANCIAL INSTRUMENTS (CONT'D)

21.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019 RM
Financial Liabilities	
Amortised Cost	
Other payables and accruals	55,672
Amount owing to holding company	1,927,705
	1,983,377

	2018 RM
Financial Assets	
Loans and Receivables Financial Assets	
Trade receivables	507,328
Cash and bank balances	136,999
	644,327
Financial Liabilities	
Other Financial Liabilities	
Other payables and accruals	13,656
Amount owing to holding company	576,938
	590,594

21. FINANCIAL INSTRUMENTS (CONT'D)

21.4 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
2019								
Financial Assets								
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.

21. FINANCIAL INSTRUMENTS (CONT'D)

21.5 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019 RM
Financial Assets	
Fair Value through Profit or Loss	
Net gains recognised in profit or loss by:	
- mandatorily required by accounting standard	4,581

	2018 RM
Financial Assets	
Fair Value through Profit or Loss	
Net gains recognised in profit or loss	2,813

22. CHANGES IN ACCOUNTING POLICIES

Initial Application

(a) MFRS 9 – *Financial Instruments*

The Company has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in the statement of financial position as at 31 March 2018; but are recognised in the opening statement of financial position on 1 April 2018.

There were no material financial impacts upon the transition to MFRS 9 at the date of initial application.

(b) MFRS 15 – *Revenue from Contracts with Customers*

The Company has adopted MFRS 15 with modified retrospective application using the following practical expedients of which the cumulative financial impacts are recognised in the opening statement of financial position on 1 April 2018 (date of initial application):-

(i) The Company has chosen to apply MFRS 15 retrospectively only to contracts that were not completed at the date of initial application; and

(ii) For completed contracts that have variable consideration, the Company has chosen to use the transaction price at the date the contract was completed rather than estimating variable consideration amounts.

22. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Initial Application (Cont'd)

(b) MFRS 15 – *Revenue from Contracts with Customers (Cont'd)*

The adoption of MFRS 15 did not have any material impact on the Company's financial statements as the timing and amount of revenue recognised under MFRS 15 are consistent to the Company's current practice.