WIPRO TECHNOLOGIES SDN. BHD.

(Incorporated in Malaysia)

Company No.: 505909 - H

FINANCIAL REPORT

for the financial year ended 31 March 2019

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WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of providing information technology services, including the provision of customer relationship management software services, information technology enabled services, support and knowledge based services and business process outsourcing services. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	6,649

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year there were no changes in the issued and paid-up share capital of the Company and there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

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

Mahima Rajivkumar Singhal
Liew Mu Im
Kuan Wai Lim @ William

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, none of the Directors holding office at the end of the financial year held any beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 12 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity was given by the Company to any Director or officer of the Company during the financial year.

There were no indemnity given to or insurance effected for the auditors of the Company during the financial year.

HOLDING COMPANIES

The immediate and ultimate holding companies are Wipro Networks Pte. Ltd. And Wipro Limited, which are incorporated in Singapore and India respectively.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were prepared, 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 allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that any current assets other than debts, 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.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditor's remuneration of the Company for the financial year ended 31 March 2019 are disclosed in Note 12 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

SD/-
....
Mahima Rajivkumar Singhal
Director
10 June 2019

SD/-
....
Kuan Wai Lim @ William
Director

Singapore
10 June 2019

WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

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

We, Mahima Rajivkumar Singhal and Kuan Wai Lim @ William, being two of the Directors of Wipro Technologies Sdn. Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 9 to 36 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company at 31 March 2019 and of the financial performance and cash flows for the financial year ended.

On behalf of the Board,

SD|-	SD|-
Mahima Rajivkumar Singhal	**Kuan Wai Lim @ William**
Director	Director

Singapore
10 June 2019

STATUTORY DECLARATION
PURSUANT TO SECTION 25(1)(b) OF THE COMPANIES ACT 2016

I, Mahima Rajivkumar Singhal, Passport No. Z2376607, being the Director primarily responsible for the financial management of Wipro Technologies Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 36 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths and Declaration Act (Cap 211).

Subscribed and solemnly)
declared by the abovenamed at)
Singapore this)
10 June 2019) **Mahima Rajivkumar Singhal**

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
WIPRO TECHNOLOGIES SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wipro Technologies Sdn. Bhd., which comprise the statement of financial position as at 31 March 2019 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 36.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 ("ByLaws") 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
WIPRO TECHNOLOGIES SDN. BHD. (continued)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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 MFRSs, IFRSs and the provisions 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:

(a) 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF WIPRO TECHNOLOGIES SDN. BHD. (continued)
(Incorporated in Malaysia)**

Auditors' Responsibility for the Audit of the Financial Statements (continued)

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 (continued):

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements 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 member 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.

	SD|-
BDO PLT	Tan Yeong Tat
LLP0018825-LCA & AF 0206	03315/07/2019 J
Chartered Accountants	Chartered Accountant

10 June 2019
Kuala Lumpur

WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Other receivables	6	15,464	9,418
Current assets			
Trade and other receivables	6	107,185	515,357
Contract assets	7	48,010	-
Current tax assets		108,059	87,060
Bank balances	8	278,824	496,284
		542,078	1,098,701
TOTAL ASSETS		557,542	1,108,119
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	9	2	2
Retained earnings		401,492	408,141
TOTAL EQUITY		401,494	408,143
LIABILITIES			
Current liabilities			
Trade and other payables	10	156,048	699,976
TOTAL LIABILITIES		156,048	699,976
TOTAL EQUITY AND LIABILITIES		557,542	1,108,119

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

WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

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

	Note	2019 RM	2018 RM
Revenue	11	1,036,534	1,930,107
Cost of sales		(956,550)	(1,669,992)
Gross profit		79,984	260,115
Other income		2,067	4,241
Administrative expenses		(65,704)	(43,267)
Profit before tax	12	16,347	221,089
Taxation	13	(22,996)	23,797
(Loss)/Profit for the financial year		(6,649)	244,886
Other comprehensive income, net of tax		-	-
Total comprehensive (loss)/income		(6,649)	244,886

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

WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

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

	Share capital RM	Distributable Retained earnings RM	Total Equity RM
Balance as at 1 April 2017	2	163,255	163,257
Profit for the financial year	-	244,886	244,886
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	244,886	244,886
Balance as at 31 March 2018	2	408,141	408,143
Loss for the financial year	-	(6,649)	(6,649)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	-	(6,649)	(6,649)
Balance as at 31 March 2019	2	401,492	401,494

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

WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

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

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,347	221,089
Adjustments for:			
Interest income		(1,046)	(214)
Unrealised gain on foreign exchange		1,021	(4,027)
Operating profit before changes in working capital		16,322	216,848
Changes in working capital:			
Trade and other receivables		372,829	94,704
Contract assets		(19,734)	-
Trade and other payables		(543,928)	(228,526)
Cash (used in)/generated from operations		(174,511)	83,026
Tax paid		(60,932)	(66,330)
Tax refund		16,937	-
Net cash from/ (used in) operating activities		(218,506)	16,696
CASH FLOWS FROM INVESTING ACTIVITY			
Interest income		1,046	-
Net cash from investing activity		1,046	-
Net (decrease)/ increase in cash and cash equivalents		(217,460)	16,696
Cash and cash equivalents at beginning of financial year		496,284	479,588
Cash and cash equivalents at end of financial year	8	278,824	496,284

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

WIPRO TECHNOLOGIES SDN. BHD. (505909 - H)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

1. CORPORATE INFORMATION

Wipro Technologies Sdn. Bhd. ("The Company") is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Suite 702, 7th Floor, Wisma Hangsam, Jalan Hang Lekir, 50000 Kuala Lumpur.

The principal place of business of the Company is located at Level 16, 1 Sentral, Jalan Stesen Sentral 5, KL Sentral, 50470 Kuala Lumpur.

The immediate and ultimate holding companies are Wipro Networks Pte. Ltd. And Wipro Limited, which are incorporated in Singapore and India respectively.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 10 June 2019.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in the business of providing information technology services, including the provision of customer relationship management software services, information technology enabled services, support and knowledge based services and business process outsourcing services. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4.1 to the financial statements.

The Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 April 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial year

The Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board during the financial year:

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Company. The impact of the adoption of MFRS 9 and MFRS 15 on the financial statements of the Company is described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied MFRS 9 prospectively, with an initial application date of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139. There is no impact on the adoption of MFRS 9 on the financial statements of the Company.

(i) Classification of financial assets and financial liabilities

The Company classifies its financial assets into the following measurement categories depending on the business model of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

4. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

4.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the Company's own credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Company by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

4. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

4.1 New MFRSs adopted during the financial year (continued)

(a) MFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets (continued)

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statement of profit or loss. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

During the process, impairment for other receivables and amount owing by related companies are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Company as at 1 January 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139	New under MFRS 9
			RM	RM
Financial assets				
Trade and other receivables, net of prepayments	L&R	AC	524,518	524,518
Cash and bank balances	L&R	AC	496,284	496,284
Financial liabilities				
Trade and other payables	OFL*	AC	699,976	699,976

*Other Financial Liabilities at Amortised Cost.

4. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

4.1 New MFRSs adopted during the financial year (continued)

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

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

There is no impact on the adoption of MFRS 15 on the financial statements of the Company.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Company.

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to *References to the Conceptual Framework in MFRS Standards*	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Company is in the process of assessing the impact of implementing these accounting Standards, as the effects would only be observable in future financial years.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) 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 and deferred tax provisions in the year in which such determination is made.

(b) Impairment of receivables

The impairment allowances for trade and other receivables are based on assumptions about risk of default and expected credit loss rates. The Company adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, the existing market conditions including forward looking estimates at end of the reporting period.

5.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

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 exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Company.

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component measured at the transaction price) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Company determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of any impairment losses, if any.

5. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

5.3 **FINANCIAL INSTRUMENTS (continued)**

(a) Financial assets (continued)

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Company had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries, associates and joint ventures at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 FINANCIAL INSTRUMENTS (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash at bank and on hand, deposits with licensed banks, short term funds and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Company in the management of its short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using settlement date accounting.

(b) Financial liabilities

Financial liabilities are classified to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Company's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 FINANCIAL INSTRUMENTS (continued)

(b) Financial liabilities (continued)

(ii) Financial liabilities at amortised cost

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary and preference shares are classified as equity instruments.

Before 31 January 2017
Ordinary and preference shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary and preference shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

After 31 January 2017
Ordinary and preference shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholder are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholder in a general meeting.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 FINANCIAL INSTRUMENTS (continued)

(c) Equity (continued)

The Company measures a liability to distribute non-cash assets as a dividend to the owner of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the asset distributed and the carrying amount of the liability in profit or loss.

5.4 IMPAIRMENT

(a) Impairment of financial assets

The Company applies the simplified approach to measure expected credit losses ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables, if any.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Company considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Company's industry to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component is recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statement of profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 IMPAIRMENT (continued)

(a) Impairment of financial assets (continued)

Impairment for other receivables and amounts due from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables and amounts due from related parties is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve (12) month or lifetime expected credit loss for other receivables and amounts due from related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. 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 (continued)

5.5 INCOME TAXES

(a) Current tax

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

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

(b) Deferred tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from the initial recognition of an asset of 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 win 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 asset against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6 LEASES

(a) Finance leases

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Company are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Company is used. Any initial direct costs incurred by the Company are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding liability are treated as finance lease obligations. The property, plant and equipment capitalised are depreciated over the shorter of the lease term and its useful life.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability using the effective interest method. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

5.7 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7 RELATED PARTIES (continued)

A party is related to an entity (referred to as the "reporting entity") if:

(b) (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its Director (whether executive or otherwise) of that entity.

5.8 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 REVENUE RECOGNITION

The Company recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, returns, rebates and discounts.

(d) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Company satisfies a performance obligation.

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

(a) The customer simultaneously receives and consumes the benefits provided as the Company performs;

(b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) 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.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

Services rendered

Revenue from sale of products and services rendered is recognised at a point in time when the services has been rendered to the customer and coincides with the services and acceptance by customers.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.10 CONTRACT ASSETS AND LIABILITIES

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are primarily related to unbilled amounts on fixed-price contracts.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Contract liabilities or deferred revenue, consist of advance payments and billings in excess of revenues recognised. The Company classifies deferred revenue as current or non-current based on the timing of when we expect to recognise the revenues.

6. TRADE AND OTHER RECEIVABLES

	2019 RM	2018 RM
Non-current		
Lease receivables	15,464	9,418
Current		
Trade receivables	92,072	476,487
Other receivables	-	28,276
Lease receivables	8,309	3,842
Deposits	6,495	6,495
Amortised cost/Loans and receivables	106,876	515,100
Prepayment	309	257
	107,185	515,357
	122,649	524,775

(a) Trade receivable is non-interest bearing and the normal trade credit terms granted by the Company is 30 days (2018: 30 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) In the previous year, included in other receivables were unbilled trade receivables amounted to RM28,276. Unbilled receivables represented services rendered to customers but not yet billed at the end of the reporting date.

(c) The present value of minimum finance lease receivables is as follows:

	2019 RM	2018 RM
Minimum finance lease receivables:		
- not later than one (1) year	8,309	3,842
- later than one (1) year but not later than five (5) years	15,464	9,418
	23,773	13,260

6. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables, excluding deposit of the Company is as follows:

	2019 RM	2018 RM
Neither past due nor impaired	49,097	223,657
Past due nor impaired		
1 to 30 days	14,614	142,719
31 to 60 days	22,725	103,575
61 to 90 days	5,636	6,536
	42,975	252,830
	92,072	476,487

Trade receivables are creditworthy debtors with healthy business relationship, in which the management is of the view that the amounts are recoverable based on good payment records.

(e) Foreign currency exposure of trade and other receivables of the Company is as follows:

	2019 RM	2018 RM
United States Dollar	14,167	18,511

(f) Sensitivity analysis of RM against foreign currency at the end of each reporting period, assuming that all other variables remain constant, are as follows:

	2019 RM	2018 RM
Effect of foreign currency strengthen by 3% against RM		
(Loss)/Profit after tax	(323)	422

If the relevant foreign currency weaken by 3% against RM, impact on (loss)/profit after tax would be vice versa.

(g) At the end of the reporting period, 100% (2018: 100%) of the trade receivables of the Company are owing by two (2) (2018: three (3)) customers.

(h) No expected credit loss is recognised arising from trade and other receivables as it is negligible.

7. CONTRACT ASSETS

	2019 RM	2018 RM
Unbilled receivables	48,010	-

(a) Contract assets are denominated in RM.

(b) No expected credit loss is recognised arising from contract assets as it is negligible.

8. BANK BALANCE

	2019 RM	2018 RM
Bank balances	278,824	496,284

(a) Bank balances are denominated in RM.

(b) No expected credit loss is recognised arising from bank balance as it is negligible.

9. SHARE CAPITAL

	2019		2018	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares:				
At 1 April/31 March	2	2	2	2

The owner of the Company is entitled to receive dividends as and when declared by the Company and is entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

10. TRADE AND OTHER PAYABLES

	2019 RM	2018 RM
Trade payables		
Ultimate holding company	103,577	629,401
Third party	2,264	273
	105,841	629,674
Other payables		
Other payables	19,034	40,002
Accruals	31,173	30,300
	156,048	699,976

10. TRADE AND OTHER PAYABLES (continued)

(a) Amount due to ultimate holding company is trade in nature, unsecured and interest free and payable upon demand in cash and cash equivalents.

(b) Foreign currency exposure of trade and other payables of the Company is as follows:

	2019 RM	2018 RM
United States Dollar	15,028	71,828

(c) Sensitivity analysis of RM against foreign currency at the end of each reporting period, assuming that all other variables remain constant, are as follows:

	2019 RM	2018 RM
Effect of foreign currency strengthen by 3% against RM		
(Loss)/Profit after tax	343	(1,638)

If the relevant foreign currency weaken by 3% against RM, impact on (loss)/profit after tax would be vice versa.

11. REVENUE

	2019 RM	2018 RM
Services rendered	1,036,534	1,930,107
Revenue recognition based on:		
- Transfer point in time	1,036,534	1,930,107

12. PROFIT BEFORE TAX

	2019 RM	2018 RM
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration	29,000	28,300
Directors' fees	12,000	12,000
Rental expenses	3,140	3,186
Interest income	(1,046)	(214)

13. TAXATION

	2019 RM	2018 RM
Current tax expense based on taxable profit for the financial year	11,007	53,703
Under/(Over) provision in prior years	11,989	(77,500)
	22,996	(23,797)

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profit for the fiscal year.

(b) The numerical reconciliation between the effective tax rate and the applicable tax rate of the Company is as follows:

	2019 RM	2018 RM
Profit before tax	16,347	221,089
Tax at statutory tax rate of 24% (2018: 24%)	3,923	53,061
Tax effects in respect of:		
Non-allowable expenses	7,084	1,608
Non-taxable income	-	(966)
	11,007	53,703
Under/(Over) provision of income tax expense in prior years	11,989	(77,500)
	22,996	(23,797)

14. 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 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 or common significant influence. Related parties could be individuals or other parties.

Related parties of the Company includes:

(i) Wipro Limited, the ultimate holding company;

(ii) Wipro Networks Pte. Ltd., the immediate holding company;

(iii) Direct or indirect subsidiaries, associated companies or jointly controlled entities of the ultimate holding company; and

(iv) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

14. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions and balances (continued)

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with the related party during the financial year:

	2019 RM	2018 RM
Ultimate holding company:		
Purchase	956,550	1,669,992

(i) Balances of the above related party are disclosed in Note 10 to the financial statements.

(ii) The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(c) Compensation of key management personnel

The key management of the Company are the Directors. There is no compensation of key management personnel during the financial year except for Directors' fees as disclosed in Note 12 to the financial statements.

15. COMMITMENTS

Operating lease commitments

The Company as a lessee has entered into a non-cancellable lease arrangement on a property for terms of two (2) years and renewable at the end of the lease period subject to an increase clause. The Company has aggregate future minimum lease payable as at the end of each reporting period as follows:

	2019 RM	2018 RM
Not later than one (1) year	2,970	2,728
Later than one (1) year and not later than five (5) years	2,723	-
	5,693	2,728

16. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Company is to ensure that the Company would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise the value of shareholder.

The capital structure of the Company is represented by the equity. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2019 and 31 March 2018.

The Company is not subject to any externally imposed capital requirements.

16. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Classification of financial instruments

	2019 RM	2018 RM
Financial assets		
Amortised cost/Loan and receivables		
Trade and other receivables, net of prepayment	122,340	524,518
Contract assets	48,010	-
Cash and bank balances	278,824	496,284
	449,174	1,020,801
Financial liabilities		
Amortised cost		
Trade and other payables	52,471	70,575
Amount due to ultimate holding company	103,577	629,401
	156,048	699,976

(c) Financial risk management

The overall financial risk management objective of the Company is to optimise its shareholder's value and not to engage in speculative transactions.

The Company is exposed mainly to foreign currency risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(ii) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Company controls the credit risk on sales by ensuring that its customers have sound financial position and credit history.

Deposits with licensed banks are placed with reputable financial institutions.

(iii) Liquidity and cash flow risk

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Company measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Company.

16. CAPITAL MANAGEMENT (continued)

(c) Financial risk management (continued)

(iii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile and the liabilities of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

2019	**On demand or within one year RM**	**One to five Years RM**	**Over five Years RM**	**Total RM**
Financial liabilities				
Trade and other payables	52,471	-	-	52,471
Amount due to ultimate holding company	103,577	-	-	103,577
2018				
Financial liabilities				
Trade and other payables	70,575	-	-	70,575
Amount due to ultimate holding company	629,401	-	-	629,401

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables, and amount due to ultimate holding company are reasonable approximation of fair values due to their short-term nature.