

Registration No: 199501013112 (342313-W)

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**  
**31<sup>ST</sup> MARCH, 2020**

**JAMAL, AMIN & PARTNERS**  
**Chartered Accountants**

Registration No: 199501013112 (342313-W)

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**  
**31<sup>ST</sup> MARCH, 2020**

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Registration No: 199501013112 (342313-W)

**RAMCO SYSTEMS SDN. BHD.**

(A private limited liability company, incorporated and domiciled in Malaysia)

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Pusapadi Ramasubramania Raja Venketrama Raja  
Ravikula Chandran Ramamurthy  
Saridah Binti Ismail  
Huang Swee Lin

**SECRETARIES**

Tai Yit Chan  
Chan Yoke Peng

**REGISTERED OFFICE**

12<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.

**PRINCIPAL PLACE OF BUSINESS**

3B-5-3 Block 3B Level 5  
Plaza Sentral  
Jalan Stesen Sentral 5  
50470 Kuala Lumpur

**AUDITORS**

**JAMAL, AMIN & PARTNERS**  
**Chartered Accountants**  
No. 60-2B, 2<sup>nd</sup> Floor, Jalan 2/23A  
Off Jalan Genting Klang  
Taman Danau Kota, Setapak  
53300 Kuala Lumpur

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is to carry on the business of a computer software house and business pertaining to, or connected with information technology and software. The Company obtained Multimedia Super Corridor ("MSC") status in 1997.

There has been no significant change in the nature of this principal activity during the financial year.

**ULTIMATE HOLDING COMPANY**

The Company is a subsidiary of Ramco Systems Limited, of which is incorporated in India and regarded by the Directors as the Company's ultimate holding company, during financial year and until the date of this report.

**FINANCIAL RESULTS**

	2020 RM
Loss for the Year	<u><u>(7,674,531)</u></u>

**RESERVES AND PROVISIONS**

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

**DIVIDENDS**

No dividend has been proposed or paid for the financial year.

**DIRECTORS**

The Directors who served since the date of the last report and at the date of this report are as follows:

Pusapadi Ramasubramania Raja Venketrama Raja  
Ravikula Chandran Ramamurthy  
Saridah Binti Ismail  
Huang Swee Lin

**RAMCO SYSTEMS SDN. BHD.**

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**DIRECTORS' INTERESTS**

None of the directors holding office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

**DIRECTORS' REMUNERATIONS**

The details of Directors' remuneration are disclosed in Note 17 of the financial statements.

**INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as 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.

**OPTIONS**

No option has been granted during the financial year ended covered by the income statements to take up unissued shares of the Company.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

**RAMCO SYSTEMS SDN. BHD.**  
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**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 realise their book values in the ordinary course of business were written down to an amount that 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 current assets in the financial statements of the Company 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:-

- i) any charge on the assets of the Company that has arisen since the end of the financial year and secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and 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 that would render any amounts stated in the financial statements misleading.

**ITEMS OF UNUSUAL NATURE**

In the opinion of the Directors, the results of the operations of the Company for the year were not substantially affected by any item, transaction or event of a material and unusual nature.

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Cont.

**RAMCO SYSTEMS SDN. BHD.**

(Incorporated in Malaysia)

**EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

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

**AUDITORS' REMUNERATIONS**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	<b>2020</b>
	<b>RM</b>
Statutory audit	<u>30,000</u>

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**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**AUDITORS**

The auditors, Messrs. Jamal, Amin & Partners have indicated their willingness to accept the re-appointment in accordance with Section 267(4) of the Companies Act, 2016.

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



PUSAPADI RAMASUBRAMANIA RAJA  
VENKETRAMA RAJA



RAVIKULA CHANDRAN RAMAMURTHY

Chennai

Dated: **15 JUN 2020**



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**RAMCO SYSTEMS SDN. BHD.**

(Incorporated in Malaysia)

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

We, PUSAPADI RAMASUBRAMANIA RAJA VENKETRAMA RAJA and RAVIKULA CHANDRAN RAMAMURTHY, being two of the Directors of RAMCO SYSTEMS SDN. BHD., do hereby state on behalf of the Directors that in our opinion, the financial statements 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 state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the results and cash flows of the Company for the year then ended.

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



PUSAPADI RAMASUBRAMANIA RAJA  
VENKETRAMA RAJA



RAVIKULA CHANDRAN RAMAMURTHY


Chennai  
Dated: **15 JUN 2020,**

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

I, PUSAPADI RAMASUBRAMANIA RAJA VENKETRAMA RAJA, being the Director primarily responsible for the accounting records and financial management of RAMCO SYSTEMS SDN. BHD., do solemnly and sincerely declare that the financial statements 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 Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above )  
named PUSAPADI RAMASUBRAMANIA )  
RAJA VENKETRAMA RAJA in Chennai )  
on



PUSAPADI RAMASUBRAMANIA  
RAJA VENKETRAMA RAJA

**15 JUN 2020**

Before me,

**15 JUN 2020**



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RAMCO SYSTEMS SDN. BHD. (CONT'D)**  
(Incorporated in Malaysia)

**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.



# **JAMAL, AMIN & PARTNERS**

**Chartered Accountants**

No. 60-2B, 2<sup>nd</sup> Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur  
Tel : 603-4142 1626 Fax : 603-4142 1601 E-mail : jap@jamalamin.com.my Website: http://www.jamalamin.com.my

A Member Firm of Malaysian  
Institute of Accountants  
(AF 1067)  
A Member Firm of  
Labuan Offshore  
Financial Services  
Authority - LOFSA  
(AAL 0022)

Registration No: **199501013112 (342313-W)**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAMCO SYSTEMS SDN. BHD.**

(Incorporated in Malaysia)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **RAMCO SYSTEMS SDN. BHD.**, which comprise the statement of financial position as at 31<sup>st</sup> March, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 54.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March, 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### **Basis for Opinion**

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

#### **Independence and Other Ethical Responsibilities**

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of RM7,674,531 during the financial year ended 31<sup>st</sup> March, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by RM13,962,131. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



# **JAMAL, AMIN & PARTNERS**

*C h a r t e r e d   A c c o u n t a n t s*

No. 60-2B, 2<sup>nd</sup> Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur  
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAMCO SYSTEMS SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)

### **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 judgment and maintain professional skepticism 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.
- 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**JAMAL, AMIN & PARTNERS**  
C h a r t e r e d   A c c o u n t a n t s

No. 60-2B, 2<sup>nd</sup> Floor, Jalan 2/23A, Off Jalan Genting Klang, Taman Danau Kota, Setapak, 53300 Kuala Lumpur  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RAMCO SYSTEMS SDN. BHD. (CONT'D)**  
(Incorporated in Malaysia)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 (3) 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.

**JAMAL, AMIN & PARTNERS**  
(No : AF 1067)  
Chartered Accountants

**AHMAD HILMY BIN JOHARI**  
(No : 2977/03/22(J))  
Chartered Accountant

Kuala Lumpur

Dated: 15<sup>th</sup> June, 2020

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31<sup>ST</sup> MARCH, 2020**

	NOTE	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipments	4	292,219	418,708	480,989
Right of Use Asset	5	585,124	-	-
Other Financial Assets	6	3,176,281	3,231,197	4,944,769
Tax asset	7	-	187,500	500,000
<b>Total Non-Current Assets</b>		<u>4,053,624</u>	<u>3,837,405</u>	<u>5,925,758</u>
<b>CURRENT ASSETS</b>				
Trade Receivables	8	8,156,529	6,902,061	4,309,336
Other Financial Assets	6	1,331,844	3,720,395	3,741,251
Other Assets	9	5,618,405	3,999,994	2,681,494
Cash and Cash Equivalents	10	383,410	272,459	306,475
Tax Assets	8	282,923	1,786,170	1,200,000
<b>Total Current Assets</b>		<u>15,773,111</u>	<u>16,681,079</u>	<u>12,238,556</u>
<b>TOTAL ASSETS</b>		<u>19,826,735</u>	<u>20,518,484</u>	<u>18,164,314</u>
<b>EQUITY</b>				
Share Capital		1,280,000	1,280,000	1,280,000
(Accumulated Loss)/Retained Earnings		<u>(12,020,970)</u>	<u>(4,346,440)</u>	<u>971,007</u>
<b>Total Equity</b>		<u>(10,740,970)</u>	<u>(3,066,440)</u>	<u>2,251,007</u>
<b>NON-CURRENT LIABILITIES</b>				
Finance Lease Liabilities	11	278,635	-	-
Provision	12	324,310	436,454	442,687
Trade Payables	13	229,521	-	122,849
		<u>832,466</u>	<u>436,454</u>	<u>565,536</u>

(The accompanying notes form an integral part of the financial statements)

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31<sup>ST</sup> MARCH, 2020 (CONT'D)**

	NOTE	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
<b>CURRENT LIABILITIES</b>				
Trade Payables	13	6,727,401	7,985,712	7,127,310
Finance Lease Liabilities	11	329,776	-	-
Borrowing	14	20,974,365	13,092,552	6,133,242
Other Current Financial Liabilities		26,858	-	-
Provision	12	6,541	-	-
Other Current Liabilities	15	1,670,299	2,070,206	2,087,219
<b>Total Current Liabilities</b>		<b>29,735,240</b>	<b>23,148,470</b>	<b>15,347,771</b>
<b>TOTAL LIABILITIES</b>		<b>30,567,706</b>	<b>23,584,924</b>	<b>15,913,307</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,826,737</b>	<b>20,518,484</b>	<b>18,164,314</b>

(The accompanying notes form an integral part of the financial statements)

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

	NOTE	2020 RM	2019 RM
Revenue from Operation	16	14,281,709	19,611,224
Finance Income		70,365	178,615
Total Revenue		<u>14,352,074</u>	<u>19,789,838</u>
Royalty		(1,543,595)	(4,287,970)
Change in Inventories		-	(1,287,466)
Software Service Expenses		(2,925,296)	(3,091,561)
Employee Benefit Expenses		(6,086,398)	(8,889,627)
Finance Cost		(1,082,613)	(729,431)
Depreciation and Amortisation		(541,400)	(175,496)
Other Expenses		(9,847,303)	(6,645,734)
Total Expenses		<u>22,026,607</u>	<u>25,107,285</u>
Loss Before Taxation	17	<u>(7,674,531)</u>	<u>(5,317,447)</u>
Taxation	18	-	-
Loss After Taxation		<u>(7,674,531)</u>	<u>(5,317,447)</u>
Other Comprehensive Income		-	-
Loss for the Year, Representing Total Comprehensive Loss for the Financial Year		<u>(7,674,531)</u>	<u>(5,317,447)</u>

(The accompanying notes form an integral part of the financial statements)



**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

	<b><u>Share Capital</u></b> RM	<b><u>Retained Profit/ (Accumulated Loss)</u></b> RM	<b><u>Total</u></b> RM
Balance as at 01/04/2018	1,280,000	971,008	2,251,008
Loss for the Year	-	(5,317,448)	(5,317,448)
Balance as at 31/03/2019	<u>1,280,000</u>	<u>(4,346,440)</u>	<u>(3,066,440)</u>
Loss for the Year	-	(7,674,531)	(7,674,531)
Balance as at 31/03/2020	<u><u>1,280,000</u></u>	<u><u>(12,020,971)</u></u>	<u><u>(10,740,971)</u></u>

(The accompanying notes form an integral part of the financial statements)

**RAMCO SYSTEMS SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

	NOTE	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss Before Taxation		(7,674,531)	(5,317,448)
Adjustments for :			
Bad Debt Written Off		3,802,782	382,385
Bad Debt – Net Off Provision		(244,156)	(138,228)
Depreciation		178,293	175,496
Depreciation – Right of use		363,108	-
Expected Credit Loss		20,975	142,034
Finance Income		(70,365)	(178,615)
Finance Costs		1,082,613	743,449
Unrealised Loss on Foreign Exchange		921,202	476,360
Operating Loss Before Working Capital Changes		<u>(1,620,079)</u>	<u>(3,714,567)</u>
Decrease / (Increase) in Receivables		470,111	(3,218,870)
Increase in Payables		266,089	426,689
Decrease in Provision		(105,603)	(6,233)
Decrease in Other Current Liabilities		(399,904)	(17,013)
Increase / (Decrease) in Amount Due to Holding Company		(1,319,176)	51,017
(Increase)/Decrease in Amount Due From Related Company		(1,874,136)	693,638
Increase in Other Asset		(3,472,718)	(1,318,500)
(Increase) / Decrease in Other Financial Asset		(50,090)	976,062
Cash Used In Operations		<u>(8,105,506)</u>	<u>(6,127,777)</u>
Taxation Paid		(146,663)	(187,500)
Tax Refund		1,887,500	-
Net Cash (Used in)/Generated from Operating Activities		<u>(6,364,669)</u>	<u>6,315,277</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(51,804)	(113,215)
Placement of Deposits with a Licensed Bank		(2,320)	-
Right of Use Asset		(948,232)	-
Net Cash Used In Investing Activities		<u>(1,038,336)</u>	<u>(113,215)</u>

(The accompanying notes form an integral part of the financial statements)

**RAMCO SYSTEMS SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020 (CONT'D)**

	NOTE	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest Received		70,365	178,615
Finance Costs		(1,082,613)	(743,449)
Proceeds From Inter-company loans		7,881,813	6,959,310
Repayment of lease		608,411	-
Net Cash Generated In Financing Activities		<u>7,477,976</u>	<u>6,217,957</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		110,951	(34,016)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		<u>272,459</u>	<u>306,475</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	7	<u>383,410</u>	<u>272,459</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash and cash equivalents	7	<u>383,410</u>	<u>272,459</u>

(The accompanying notes form an integral part of the financial statements)

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 1: CORPORATE INFORMATION**

The Company is a private limited liability Company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business is located at 3B-5-3 Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The principal activity of the Company is to carry on business pertaining to, or connected with and involving information technology and software. The Company obtained Multimedia Super Corridor (“MSC”) status in 1997. There has been no significant change in the nature of this principal activity during the financial year.

The Company is a subsidiary of Ramco Systems Limited, of which is incorporated in India and regarded by the Directors as the Company’s ultimate holding company, during the financial year and until the date of this report.

The financial statements were authorised for issue by the Board on 15<sup>th</sup> June, 2020.

**NOTE 2: FUNDAMENTAL ACCOUNTING CONCEPT**

The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the liquidation of liabilities in the normal course of business. The company recorded a net loss of RM7,674,531 during the financial year ended 31<sup>st</sup> March, 2020. As at 31<sup>st</sup> March, 2020, the company has net current liabilities of RM13,962,131 (2019: RM6,467,390 2018: RM3,109,213) and shareholders' deficit of RM10,740,970 (2019: RM3,066,439). The company has obtained an undertaking from its holding Company to provide continued financial support to the company to enable it to meet its obligations and liabilities as and when they fall due.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Statement of Compliance**

**Adoption of new and amended standards**

During the financial year, the Company has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
Amendments to MFRS 15	Clarifications to MFRS 15
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

**Standards issued but not yet effective**

The Company has not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Company:

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
MFRS 3	Definition of Business (Amendment to MFRS 3)	1 <sup>st</sup> January, 2020
MFRS 101	Definition of Material (Amendment MFRS 108)	1 <sup>st</sup> January, 2020

The Company intends to adopt the above MFRSs when they become effective.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

i) Basis of Accounting

The financial statements as set out on pages 11 to 54 have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated.

ii) Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value that was determined.

All foreign currency differences are recognized in profit or loss.

iii) Property, Plant and Equipment

Property, plant and equipments are stated at cost less accumulated depreciation and subsequent accumulated impairment losses.

Other property, plant and equipments are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, recognised as follows :

	(%)
Computer Equipment	20
Furniture and Fittings	20
Office Equipment	20

Gain and losses on disposals are determined by comparing proceeds with the carrying amount and are included in income statement.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

iv) Impairment of Non-financial Assets

The carrying values of assets are reviewed 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. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows.

Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit. An impairment loss is charged to the statement of comprehensive income immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately, unless that asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statement of comprehensive income.

v) Financial instruments

Financial asset

a) Initial recognition and measurement

*Current financial year*

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

e) Financial instruments (cont'd)

Financial asset (cont'd)

(i) Initial recognition and measurement (cont'd)

*Previous financial year*

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

A financial asset is recognised only when the entity becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is measured at the transaction price, including transaction costs. For a financial asset that is subsequently measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

An arrangement constitutes a financing transaction, if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

(ii) Subsequent measurement

*Current financial year*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.



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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

e) Financial instruments (cont'd)

Financial asset (cont'd)

(ii) Subsequent measurement (cont'd)

*Current financial year (cont'd)*

(i) **Amortised cost (AC)**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) **Fair value through profit or loss (FVPL)**

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

*Previous financial year*

Debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, unless the arrangement constitutes, in effect, a financing transaction.

All financial assets are subject to review for impairment, except for financial assets measured at fair value through profit or loss.

Financial liabilities

*Current financial year*

The categories of financial liabilities at initial recognition are as follows:

**i. Fair value through profit or loss**

On initial recognition, the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- a) if doing so eliminates or significant reduces an accounting mismatch that would otherwise arise.
- b) a Company of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the Company's key management personnel; or

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial instruments (cont'd)

Financial liabilities (cont')

*Current financial year*

The categories of financial liabilities at initial recognition are as follows:

**i. Fair value through profit or loss (cont'd)**

- i) Financial liabilities categorised as fair value through profit or loss are subsequently measured at the fair value with gains or losses, including any interest expense are recognized in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognize the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

**ii. Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using effective interest method.

Interest expense and foreign exchange gains and losses are recognized in the profit or loss. Any gains or losses on derecognition are recognized in the profit or loss.

*Previous financial year*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH,2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

e) Financial instruments (cont'd)

Financial liabilities (cont'd)

ii. **Amortised cost (cont'd)**

*Previous financial year*

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities amortization as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(f) Impairment of financial assets

*Current financial year*

The Company recognize loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost, debt investments measure at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability –weighted estimate of credit loss.

The Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH,2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- (f) Impairment of financial assets (cont'd)

*Current financial year*

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

An impairment loss in respect of debt instruments measured at fair value through other comprehensive income is recognized in profit or loss and the allowance account is recognized in other comprehensive income.

At each reporting date, the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credited-impaired. A financial asset is credit impaired when one or more event that have detrimental impacts on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off ( either partially or full ) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the written-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH,2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) Impairment (cont.)

*Previous financial year*

At the end of each reporting period, financial assets that are measured at cost or amortised cost are assessed as to whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

De-recognition

A financial asset is derecognised only when (i) the contractual rights to receive the cash flows from the financial asset expire or are settled; or (ii) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, including circumstances when the entity acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, is cancelled or expired. 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH,2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances which have an insignificant risk of changes in value.

(h) Provision for Liabilities

Provision for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(i) Borrowing Cost

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(j) Finance lease (Right of use)

***Current financial year***

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether: •

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

j) Finance lease (Right of use) (cont'd)

*Current financial year (cont'd)*

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

*Previous financial year*

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as finance lease obligations. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the entity's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.



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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

j) Finance lease (Right of use)

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability for each accounting period. Finance charges are charged to profit or loss.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight-line basis over the lease term.

k) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements.

l) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

m) Revenue and other income

(i) License fees

License fees revenue is recognized on delivery of the software.

(ii) Implementation fee

Implementation contracts are either milestones based or time and material based:

(a) In the case of milestones contract, revenue is recognized based on effort spent and upon achievement of the milestones as per the terms of the contract.

(b) In the case of time and material contracts, revenue is recognized based on billable time spent on the project, priced at the contractual rate.

(iii) Services

Revenue from fixed price contracts is recognized on milestones achieved as per the terms of the specific contract and based on efforts spent.

(iv) Annual maintenance contract

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

(v) Hardware sales

Revenue from sales of hardware is recognized based on the consideration received or receivable and is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(vi) Enablement fees, application installation and expenses reimbursement

Revenue from enablement fees, application installation and expenses reimbursement is recognized as and when services are rendered.

(vii) Interest income

Interest income is recognized as it accrues using the effective interest method in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

n) Employee Benefits

i. Short Term Benefits

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

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (“EPF”).

o) Income Tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised.

p) Foreign Currency Transaction

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 4: PROPERTY, PLANT AND EQUIPMENTS**

**2020**

<b><u>COST</u></b>	<u>Balance at</u> 01/04/2019 RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Balance at</u> 31/03/2020 RM
Computer Equipment	506,283	51,804	-	558,087
Office Equipment	292,586	-	-	292,586
Furniture and Fittings	432,738	-	-	432,738
	<u>1,231,607</u>	<u>51,804</u>	<u>-</u>	<u>1,283,411</u>

**ACCUMULATED**  
**DEPRECIATION**

Computer Equipment	312,865	66,525	-	379,390
Office Equipment	224,274	35,516	-	259,789
Furniture and Fittings	275,760	76,252	-	352,012
	<u>812,899</u>	<u>178,293</u>	<u>-</u>	<u>991,192</u>

**2019**

<b><u>COST</u></b>	<u>Balance at</u> 01/04/2018 RM	<u>Additions</u> RM	<u>Disposal</u> RM	<u>Balance at</u> 31/03/2019 RM
Computer Equipment	393,068	113,215	-	506,283
Furniture and Fittings	292,586	-	-	292,586
Office Equipment	432,738	-	-	432,738
	<u>1,118,392</u>	<u>113,215</u>	<u>-</u>	<u>1,231,607</u>

**ACCUMULATED**  
**DEPRECIATION**

Computer Equipment	253,918	58,947	-	312,865
Furniture and Fittings	198,328	77,432	-	275,760
Office Equipment	185,157	39,117	-	224,274
	<u>637,403</u>	<u>175,496</u>	<u>-</u>	<u>812,899</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 4: PROPERTY, PLANT AND EQUIPMENTS (CONT'D)**

**NET BOOK VALUE**

	Cost at <u>31/03/2020</u> RM	Accumulated Depreciation <u>31/03/2020</u> RM	Net Book Value <u>31/03/2020</u> RM	Net Book Value <u>31/03/2019</u> RM
Computer Equipment	506,283	312,865	178,697	193,418
Office Equipment	292,586	275,760	32,797	16,826
Furniture and Fittings	432,738	224,274	80,726	208,464
	<u>1,231,607</u>	<u>812,899</u>	<u>292,219</u>	<u>418,708</u>

**NOTE 5: RIGHT-OF-USE ASSET**

The Company lease office premises in the normal course of business. These leases typically run for an initial period of one to three years. Some property lease contains extension options after the contract period and only limited number of leases comprise variable payments.

Information about lease for which the Company is a lease presented below. Comparative information has not been provided.

	<b>31/3/2020</b> <b>RM</b>
Right of use – asset recognised	<u>948,232</u>
At 1 <sup>st</sup> April, 2019	
Additional during the year	948,232
Depreciation of the year	(363,108)
As at 31 <sup>st</sup> March, 2020	<u>585,124</u>

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**NOTE 6: OTHER FINANCIAL ASSETS**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-current	3,176,281	3,231,197	4,997,903
Current	1,331,844	3,720,395	3,688,117
	<u>4,508,125</u>	<u>3,951,592</u>	<u>8,686,020</u>
<b><u>Non-current asset</u></b>			
Employee advance salary and others	55,000	-	-
Domestic creditor and deposit	80,674	124,354	-
Fixed deposit	57,547	55,227	53,134
Unbilled revenue	2,983,060	3,175,970	4,944,769
	<u>3,176,281</u>	<u>3,231,197</u>	<u>4,997,903</u>
<b><u>Current Assets</u></b>			
Employee advance salary	396,849	142,720	32,634
Domestic creditor deposit	45,350	124,534	22,750
Unbilled revenue	889,644	3,453,141	3,632,733
	<u>1,331,844</u>	<u>3,720,395</u>	<u>3,688,117</u>
	<u>4,508,125</u>	<u>3,951,592</u>	<u>8,686,020</u>

- a) The Company has unbilled revenue amounting to RM3,872,704 (2019: RM6,629,384, 2018: RM8,577,502) respectively that are not yet invoice to customer at the reporting date. The expected credit loss has been provided as each reporting date amounted to RM88,914 (2019: RM392,754, 2018: RM387,833).

**NOTE 7: TAX ASSET**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-current	-	187,500	500,000
Current	282,923	1,786,170	1,200,000
	<u>282,923</u>	<u>1,973,670</u>	<u>1,700,000</u>
<b><u>Non-current asset</u></b>			
Advance Tax	-	187,500	187,500
	<u>-</u>	<u>187,500</u>	<u>500,000</u>
<b><u>Current asset</u></b>			
Advance Tax	146,663	1,700,000	1,200,000
Income Tax Deducted Customer	136,260	86,170	-
	<u>282,923</u>	<u>1,786,170</u>	<u>1,200,000</u>

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**NOTE 8: TRADE RECEIVABLES**

	Note	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
Trade Receivables		5,627,343	6,263,774	3,248,838
(less): Provision for impairment loss		(112,547)	(78,156)	(161,518)
		<u>5,514,796</u>	<u>6,185,618</u>	<u>3,087,320</u>
Amount Due From Holding Company	a	52,843	127,793	643,755
Amount Due From Related Companies	b	2,588,891	588,650	578,262
		<u>8,156,529</u>	<u>6,902,061</u>	<u>4,309,336</u>

Impairment of trade and other receivables

Movements of the allowance for impairment loss during the financial year are as follow:

	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
Allowance for impairment losses:			
At 31March/1April	78,156	161,518	161,518
Addition during the financial year	34,391	83,362	-
Reversal/Written off during the year	-	-	-
Exchange differences	-	-	-
At 31 March	<u>112,547</u>	<u>78,156</u>	<u>161,518</u>

**Note a**

The trade amount due from holding company is unsecured and repayable as per agreed term.

**Note b**

The trade amount due from related companies are unsecured and repayable as per agreed term.

Trade receivables of the Company are non-interest bearing and normal credit term range from 30 to 120 days (2019: 30 to 120 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020****NOTE 8: TRADE RECEIVABLES (CONT'D)**Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

<b>2020</b>	<b>Gross carrying amount RM</b>	<b>Individual impairment t RM</b>	<b>Collective impairment t RM</b>	<b>Net Balance RM</b>
Current (not past due)	979,983	-	-	979,983
1-30 days past due	491,512	-	-	491,512
31-60 days past due	153,268	-	-	153,268
61-90 days past due	976,181	-	-	976,181
More than 91 days past due	5,780,679	-	(112,547)	5,668,132
	<u>8,269,076</u>	<u>-</u>	<u>(112,547)</u>	<u>8,156,529</u>

Recognition and measurement of impairment loss

The movement in the allowance for impairment in respect of trade receivables and contract assets during the financial year are shown as below.

<b>2019</b>	<b>Gross carrying amount RM</b>	<b>Individual impairment t RM</b>	<b>Collective impairment t RM</b>	<b>Net Balance RM</b>
Current (not past due)	3,499,595	-	-	3,499,595
1-30 days past due	834,014	-	-	834,014
31-60 days past due	273,215	-	-	273,215
61-90 days past due	147,784	-	-	147,784
More than 91 days past due	2,225,610	-	(78,156)	2,147,454
	<u>6,980,217</u>	<u>-</u>	<u>(78,156)</u>	<u>6,902,061</u>

Recognition and measurement of impairment loss

The movement in the allowance for impairment in respect of trade receivables and contract assets during the financial year are shown as below.



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**NOTE 8: TRADE RECEIVABLES(CONT'D)**

**(a) Trade receivables (Cont'd)**

Ageing analysis of trade receivables

<b>2018</b>	<b>Gross carrying amount RM</b>	<b>Individual impairmen t</b>	<b>Collective impairmen t RM</b>	<b>Net Balance RM</b>
Current (not past due)	2,595,404	-	-	2,595,404
1-30 days past due	769,173	-	-	769,173
31-60 days past due	231,313	-	-	231,313
61-90 days past due	524,396	-	-	524,396
More than 91 days past due	350,568	-	(161,518)	189,050
	<u>4,470,854</u>	<u>-</u>	<u>(161,518)</u>	<u>4,309,336</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Company have trade receivables amounting to RM2,600,944 (2019: RM4,754,608 2018: RM4,309,336) respectively that are not due and past due (0-90days) at the reporting date but not impaired. These receivables are unsecured.

The management of the Company believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Receivables that are impaired

The Company have trade receivables amounting to RM5,668,132 (2019: RM2,147,454 2018:RM189,050) respectively that are past due and have been impaired.

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**NOTE 9: OTHER ASSETS**

	2020 RM	2019 RM	2018 RM
Prepayment	416,674	466,084	198,487
Unbilled revenue	5,201,731	3,658,445	2,483,007
	<u>5,618,405</u>	<u>3,999,994</u>	<u>2,681,494</u>

- a) The Company has unbilled revenue amounting to RM5,201,731 (2019: RM3,658,445, 2018: RM2,483,007) respectively that are not yet invoice to customer at the reporting date. The expected credit loss has been provided as each reporting date amounted to RM128,514 (2019: RM82,246, 2018: Nil).

**NOTE 10 : CASH AND CASH EQUIVALENTS**

	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
Cash in Hand	1,792	1,868	1,583
Cash at Bank	381,619	270,591	304,892
	<u>383,411</u>	<u>272,459</u>	<u>306,475</u>

**NOTE 11: FINANCE LEASE LIABILITIES**

	31/3/2020 RM
Lease commitments	
Non – Current liabilities	278,635
Current liabilities	329,776
	<u>608,411</u>

When measurig the lease liability for leases that was previously classified as operating lease the company discounted lease payments using an estimated incremental borrowing rate of 8.75%.

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**NOTE 11: FINANCE LEASE LIABILITIES (CONT'D)**

**Contractual maturity of lease commitments:**

	<b>2020</b>
	<b>RM</b>
<b>Undiscounted lease</b>	
Within 1 year	364,913
Between 1 year and less than 2 years	290,000
More than 2 years	-
	-
Total Undiscounted lease	654,913

**NOTE 12: PROVISION**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-current	324,310	436,454	442,687
Current	6,541	-	-
	330,851	436,454	442,687
<b><u>Non-current asset</u></b>			
Special PL provision	77,731	-	-
PL encashment provision	69,957	196,438	229,240
Superannuation provision	37,933	39,489	39,621
Gratuity provision	138,690	200,527	173,827
	324,310	436,454	442,687
<b><u>Current asset</u></b>			
PL encashment provision	6,541	-	-
	6,541	-	-

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**NOTE 12: PROVISION**

	2020 RM	2019 RM	2018 RM
Non-current	324,310	436,454	442,687
Current	6,541	-	-
	<u>330,851</u>	<u>436,454</u>	<u>442,687</u>
<b><u>Non-current asset</u></b>			
Special PL provision	77,731	-	-
PL encashment provision	69,957	196,438	229,240
Superannuation provision	37,933	39,489	39,621
Gratuity provision	138,690	200,527	173,827
	<u>324,310</u>	<u>436,454</u>	<u>442,687</u>
<b><u>Current asset</u></b>			
PL encashment provision	6,541	-	-
	<u>6,541</u>	<u>-</u>	<u>-</u>

**NOTE 13: TRADE PAYABLES**

	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
Non-current	229,521	-	122,849
Current	6,727,403	7,985,712	7,127,310
	<u>6,956,924</u>	<u>7,985,712</u>	<u>7,250,159</u>
<b><u>Non-current</u></b>			
Other Payables	229,521	-	122,849
	<u>229,521</u>	<u>-</u>	<u>122,849</u>
<b><u>Current</u></b>			
Trade Payables	269,070	605,375	505,194
Other Payables and Accruals	1,639,424	1,266,550	817,193
Amount Due to Holding Company	4,148,572	5,569,555	6,034,499
Amount Due to a Related Company	670,337	544,232	(229,577)
	<u>6,727,403</u>	<u>7,985,712</u>	<u>7,127,310</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 14: BORROWINGS**

	Note	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
Current		<u>20,974,365</u>	<u>13,092,551</u>	<u>6,133,241</u>
		20,974,365	13,092,551	6,133,241
		<b>31/3/2020 RM</b>	<b>31/3/2019 RM</b>	<b>1/4/2018 RM</b>
Loan from Ramco Systems Limited, India (Note (a))		7,938,352	4,486,384	4,625,881
Loan from Ramco Systems Limited, Switzerland (Note (b))		3,211,289	2,457,417	-
Loan from Ramco Systems Corporation, USA (Note(b))		<u>9,824,724</u>	<u>6,148,750</u>	<u>1,507,360</u>
		20,974,365	13,092,551	6,133,241

**Note a**

The non-trade amount due to holding company is unsecured, subject to interest rate of 8.75% per annum and repayable on demand

**Note b**

The non-trade amount due to related company is unsecured, subject to interest rate of 5% (2019:5 %) per annum and repayable on demand.

Trade payables are non-interest bearing and the normal trade credit terms granted to the Company ranged from 30 to 270 days (2019: 30 to 270 days).

**NOTE 16: OTHER CURRENT LIABILITIES**

	31/3/2020 RM	31/3/2019 RM	1/4/2018 RM
Other payables	566,563	899,553	970,577
Unearned revenue	<u>1,103,736</u>	<u>1,170,653</u>	<u>1,116,642</u>
	<u>1,670,299</u>	<u>2,070,206</u>	<u>2,087,219</u>

Unearned revenue pertains to companies obligation to transfer software product or services (AMC) to a customer for which the entity has received consideration or amount is due from customer.

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**NOTE 16: REVENUE**

	31/3/2020 RM	31/3/2019 RM
License fees	120,876	7,114,784
Services	8,426,662	6,907,140
Subscription and hosting	5,361,994	4,624,641
Hardware sales	-	935,239
Enablement fees and application installation	372,176	29,400
	<u>14,281,709</u>	<u>19,611,224</u>

**NOTE 17: LOSS BEFORE TAXATION**

The following amounts have been included in arriving / (credited) at loss before taxation:

	31/3/2020 RM	31/3/2019 RM
Auditors' remuneration	30,000	30,000
Bad debt written off	3,802,782	382,385
Bad debt – net provision	(244,156)	(138,228)
Depreciation – plant, property and equipment	178,293	175,496
Depreciation – right of use	363,108	-
Finance costs	1,082,613	743,449
Finance income	(70,365)	(178,615)
Impairment loss on trade receivables	20,975	142,034
Rental of premises	-	481,050
Royalty	1,543,595	4,287,970
Realised loss on foreign exchange	173,810	36,379
Unrealised loss on foreign exchange	747,392	439,411
	<u>747,392</u>	<u>439,411</u>

**Including in profit or loss before tax are the non-executive directors remuneration:**

	2020 RM	2019 RM
<u>Non-executive Directors' remuneration</u>		
- other emoluments	<u>10,000</u>	<u>10,000</u>

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**NOTE 18: TAXATION**

	31/3/2020 RM	31/3/2019 RM
Income Tax Expenses		
- Current Year	<u>-</u>	<u>-</u>

**Tax Reconciliation**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using statutory tax rate of Malaysia as follows:

	31/3/2020 RM	31/3/2019 RM
Loss Before Taxation	<u>(7,674,531)</u>	<u>(5,317,448)</u>
Tax Calculated at a Tax Rate of 18% (2019:18%)	(1,381,416)	(957,141)
Expenses not Deductible for Tax Purposes	1,381,416	135,887
Utilised Unabsorbed Business Losses	<u>-</u>	<u>821,254</u>
Tax Charge	<u>-</u>	<u>-</u>

**NOTE 19: SIGNIFICANT RELATED COMPANY TRANSACTIONS**

The significant related party transactions of the Company are as follows:

	31/3/2020 RM	31/3/2019 RM
Holding company		
Purchases		
Salary	98,911	195,174
Travel	353,184	582,678
Expenses	722,126	727,320
Services	2,925,296	3,091,561
Royalty	1,543,595	4,202,055
Sales		
Sales recovered	405,227	429,260
Travel recovery	79,525	71,786
Net loan received from	3,451,968	4,486,384
Finance cost	<u>493,454</u>	<u>489,386</u>

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**NOTE 19: SIGNIFICANT RELATED COMPANY TRANSACTIONS(CONT'D)**

The significant related party transactions of the Company are as follows (Cont'd):

	31/3/2020	31/3/2019
	RM	RM
Related companies		
Purchases		
Salary	335,865	905,335
Travel	37,680	-
Royalty	-	85,915
Sales		
Salary recovered	2,594,843	798,767
Travel recovered	505,892	286,440
Finance costs	533,271	240,045
Net loan received from	<u>4,429,847</u>	<u>8,606,167</u>

**NOTE 20: FINANCIAL INSTRUMENTS**

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments, are measured and how income and expense, including fair value gains and losses, are recognised.



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**NOTE 20: FINANCIAL INSTRUMENTS (CONT'D)**

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Fair value through profit or loss RM	Designated at fair value through profit or loss RM	Fair value through other comprehensive income RM	At amortised cost RM	Total contractual cash flows RM	Assets not in scope of MFRS 9 RM	Total carrying amount RM
<b>31/3/2020</b>							
<b>Financial assets</b>							
<b>Assets</b>							
Trade receivables	-	-	-	8,156,529	8,156,529	-	8,156,529
Other financial asset	-	-	-	4,508,125	4,508,125	-	4,508,125
Other asset	-	-	-	5,618,405	5,618,405	-	5,618,405
Cash and cash equivalents	-	-	-	383,410	383,410	-	383,410
	-	-	-	18,666,469	18,666,469	-	18,666,469

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 20: FINANCIAL INSTRUMENTS (CONT'D)**

a) Classification of financial instruments (Cont'd)

	<b>Loans And Receivables RM</b>	<b>Financial Liabilities Measured At Amortised Cost RM</b>	<b>Total RM</b>
<b>31/3/2020</b>			
<b>Financial Liabilities</b>			
Trade payables	-	6,956,924	6,956,924
Finance Lease Liabilities	-	608,411	608,411
Borrowing	-	20,974,365	20,974,365
Other Current Financial Liabilities	-	26,858	26,858
Provision	-	330,851	330,851
Other Current Liabilities	-	1,670,299	1,670,299
	<u>-</u>	<u>30,567,708</u>	<u>30,567,708</u>
<b>31/3/2019</b>			
<b>Financial Assets</b>			
Trade receivables	-	6,902,061	6,902,061
Other financial asset	-	6,951,592	6,951,592
Other asset	-	3,999,994	3,999,994
Cash and cash equivalents	-	272,459	272,459
	<u>-</u>	<u>17,316,106</u>	<u>17,433,106</u>
<b>Financial Liabilities</b>			
Trade payables	-	7,985,712	7,985,712
Borrowing	-	13,092,551	13,092,551
Provision	-	436,454	436,454
Other Current Liabilities	-	2,070,206	2,070,206
	<u>-</u>	<u>23,584,923</u>	<u>23,584,923</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

	<b>Loans And Receivables RM</b>	<b>Financial Liabilities Measured At Amortised Cost RM</b>	<b>Total RM</b>
<b>1/4/2018</b>			
<b>Financial Assets</b>			
Trade receivables	-	4,309,336	4,309,336
Other financial asset	-	8,686,020	8,686,020
Other asset	-	2,681,494	2,681,494
Cash and cash equivalents	-	306,475	306,475
	<u>-</u>	<u>15,983,325</u>	<u>15,983,325</u>
<b>Financial Liabilities</b>			
Trade payables	-	7,250,159	7,250,159
Borrowing	-	6,133,241	6,133,241
Provision	-	442,687	442,687
Other Current Liabilities	-	2,087,219	2,087,219
	<u>-</u>	<u>15,913,306</u>	<u>15,913,306</u>

The Company's financial risk management seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The following policies are implemented to provide effective ways to reduce the financial risks of the Company. The risks faced are mainly liquidity risk, credit risk and interest rate risk.

a) Liquidity Risk

The Company ensures that there are adequate funds to meet all its obligations in a timely and cost effective manner.

b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparty and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults. Trade receivables are monitored on an on-going basis via Company management reporting procedures.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

b) Credit Risk(Cont'd)

Credit risk concentration profile (Cont'd)

The Company approximately 40% (2019: 61%) outstanding trade receivables as at 31st March, 2020 due from 10 major debtors.

Trade receivables that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements.

Trade receivables that are past due but not impaired and past due and impaired

Information regarding financial assets that are past due but not impaired and past due and impaired are disclosed in Note 8 to the financial statements.

c) Interest Rate Risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposures arise from the Company's borrowings, and is managed through the use of fixed rate debts.

d) Foreign Exchange Risk

Foreign exchange risk arose solely from payment on behalf of the holding company and related company transacted in United States Dollar and CHF.

(e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintain sufficient levels of cash and deposits at bank to meet their working capital requirements.

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(e) Liquidity risk (Cont'd)

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM
<b>31/3/2020</b>					
<b>Financial liabilities:</b>					
Trade payables	6,956,924	6,956,924	6,727,401	229,521	-
Finance Lease Liabilities	608,411	608,411	329,776	278,635	-
Borrowing	20,974,365	20,974,365	20,974,365	-	-
Other Current Financial Liabilities	26,858	26,858	26,858	-	-
Provision	330,851	330,851	6,541	324,310	-
Other Current Liabilities	1,670,299	1,670,299	1,670,299	-	-
	<b>30,567,708</b>	<b>30,567,708</b>	<b>29,735,240</b>	<b>832,466</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(e) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM
<b>31/3/2019</b>					
<b>Financial liabilities:</b>					
Trade payables	7,985,712	7,985,712	7,985,712	-	-
Borrowing	13,092,551	13,092,551	13,092,551	-	-
Provision	436,454	436,454	-	436,454	-
Other Current Liabilities	2,070,206	2,070,206	2,070,206	-	-
	<u>23,584,923</u>	<u>23,584,923</u>	<u>23,148,469</u>	<u>436,454</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(e) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM
<b>1/4/2018</b>					
<b>Financial liabilities:</b>					
Trade payables	7,250,159	7,250,159	7,127,310	122,849	-
Borrowing	6,133,241	6,133,241	6,133,241	-	-
Provision	442,687	442,687	-	442,687	-
Other Current Liabilities	2,087,219	2,087,219	2,087,219	-	-
	15,913,306	15,913,306	15,790,457	565,536	-

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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**(e) Liquidity risk (Cont'd)**

At the reporting date, carrying amount of financial guarantee is zero as the counterparty to the financial guarantees does not have a right to demand cash since the default has not occurred.

**(f) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimised, as the Company do not have any significant loans and borrowings, other than loan from holding and related parties.

The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank. As such, no sensitivity analysis of interest risk has been disclosed in the financial statements.

**(g) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

31/3/2020

	USD	CHF	SGD	OTHERS HKD and IDR	Total
	RM	RM	RM	RM	RM
<b>Financial liabilities</b>					
Trade payables	5,878	-	525,367	65,929	597,174
Borrowing	17,763,076	3,112,289	-	-	20,974,365
	<u>17,768,954</u>	<u>3,112,289</u>	<u>525,367</u>	<u>65,929</u>	<u>21,571,539</u>
Net exposure	<u>17,768,954</u>	<u>3,112,289</u>	<u>525,367</u>	<u>65,929</u>	<u>21,571,539</u>



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**NOTES TO THE FINANCIAL STATEMENTS – 31<sup>ST</sup> MARCH, 2020**

**NOTE 23: SIGNIFICANT ACCOUNTING DISCLOSURE**

"The Coronavirus disease 2019 ("COVID-19") pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the Company's operations are located. In relation to this, the Government of Malaysia has issued a Federal Government Gazette on 18 March 2020 imposing a Movement Control Order ('MCO') effective from 18 March 2020 up until 6 June 2020.

As at the date of the authorisation of the financial statements, the Company has determined that these events are non-adjusting subsequent events in accordance with MFRS 110 Events after the Reporting Period.

It is challenging to predict the full economic impact of the pandemic Novel Corona Virus (COVID 19) and its effect on the business. However, the Company, based on the information available, had made assessment of the situation, which had led to form a view that COVID 19 does not materially affect the financial position at the end of financial year. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will keep monitoring the uncertainties caused by the pandemic to assess its impact our future economic conditions.

**NOTE 24: CHANGES IN ACCOUNTING POLICIES**

During the financial year, management has changed the accounting framework from Malaysia Private Entity Reporting to Malaysia Financial Reporting Standards.

**NOTE 25: AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31<sup>st</sup> March, 2020 were authorised for issue in accordance with a resolution of the Directors on 15<sup>th</sup> June, 2020.