

HCL Technologies Malaysia Sdn. Bhd.

(Formerly known as HCL Axon Malaysia Sdn. Bhd.)

(Registration No. 199701038311 (453811-P))

(Incorporated in Malaysia)

and its subsidiary

**Financial statements for the year
ended 31 December 2019**

HCL Technologies Malaysia Sdn. Bhd.

(Formerly known as HCL Axon Malaysia Sdn. Bhd.)

(Registration No. 199701038311 (453811-P))

(Incorporated in Malaysia)

and its subsidiary

Directors' report for the year ended 31 December 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The Company is principally engaged in provision of software services, business process sourcing services and information technology infrastructure services, whilst the principal activities of the subsidiary are as stated in Note 6 to the financial statements.

Change of name

On 29 November 2019, the Company changed its name from HCL Axon Malaysia Sdn. Bhd. to HCL Technologies Malaysia Sdn. Bhd..

Ultimate holding company

The Company is a subsidiary of HCL Technologies Limited, which is incorporated in India and its shares are listed on The National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. and regarded by the Directors as the Company's ultimate holding company during the financial period and until the date of this report.

Subsidiary

The details of the Company's subsidiary are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the year	<u>20,847,934</u>	<u>9,853,711</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in notes to the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a preference dividend of RM5.22 per preference share totalling RM62,586,000 in respect of the financial year ended 31 December 2019. The dividend was declared on 18 September 2019 and paid on 26 September 2019.

The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Sundaram Sridharan
 Subramanian Gopalakrishnan
 Shiv Walia
 Huang Swee Lin (Appointed on 11 March 2020)
 Chiu Kim Boo (Resigned on 11 March 2020)

Directors' interest in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2019	Bonus	Sold	At 31.12.2019
Interests in the ultimate holding company:				
Sundaram Sridharan	12,104	12,104	-	24,208

None of the other directors holding office at 31 December 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees included in the aggregate amount of remuneration received or due and receivable by a Director as shown in the financial statements) 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 during and at the end of the financial year which had the object 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.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year and no debentures issued during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (continued)

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The significant event is disclosed in Note 23 to the financial statements.

Event after the reporting period

The material event after the reporting period is disclosed in Note 24 to the financial statements.

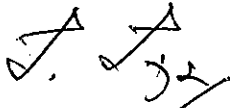
Registration No. 199701038311 (453811-P)

Auditors

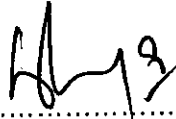
The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

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



.....
Sundaram Sridharan
Director



.....
Subramanian Gopalakrishnan
Director

Date: 04 SEP 2020

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Statements of financial position as at 31 December 2019

	Note	Group		Company	
		31.12.2019 RM	01.04.2018 RM Restated	31.12.2018 RM Restated	01.04.2018 RM Restated
Assets					
Plant and equipment	3	29,940,380	23,109,394	5,441,193	3,677,084
Right-of-use assets	4	10,903,950	-	-	-
Goodwill	5	9,128,462	275,983	275,983	275,983
Intangible asset	5	1,653,438	-	-	-
Investment in a subsidiary	6	-	-	57,178,525	-
Deferred tax assets	7	4,934,374	1,665,732	809,310	1,826,112
Trade receivables	8	8,035,890	8,733,774	-	-
Total non-current assets		64,596,494	33,784,883	63,705,011	5,779,179
Inventories	9	756,656	3,160,199	-	-
Contract assets	10	2,708,485	850,553	562,487	-
Trade and other receivables	8	153,105,085	203,884,597	111,387,912	95,734,165
Cash and cash equivalents	11	43,150,955	20,765,277	4,215,616	5,941,238
Total current assets		199,721,181	228,660,626	116,166,015	101,675,403
Total assets		264,317,675	262,445,509	179,871,026	107,454,582

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Statements of financial position as at 31 December 2019 (continued)

	Note	Group		Company	
		31.12.2019 RM	01.04.2018 RM Restated	31.12.2018 RM Restated	01.04.2018 RM Restated
Equity					
Share capital	12	68,096,463	68,096,463	68,096,463	68,096,463
Redeemable convertible cumulative preference shares	12	12,000,000	12,000,000	12,000,000	12,000,000
Reserves		15,969	15,969	-	-
Translation reserve		(4,215,915)	(2,651,950)	-	-
Retained earnings		40,703,991	82,442,057	81,179,094	7,555,347
Equity attributable to owner of the Company		116,600,508	159,902,539	161,275,557	87,651,810
Liabilities					
Lease liabilities		4,369,616	-	-	-
Total non-current liability		4,369,616	-	439,262	-
Lease liabilities		4,804,573	-	-	-
Contract liabilities	10	5,413,153	4,009,894	2,880,266	3,425,978
Trade and other payables	13	127,805,785	94,877,987	13,593,087	16,052,096
Provision for taxation		5,324,040	3,655,089	2,122,116	324,698
Total current liabilities		143,347,551	102,542,970	18,595,469	19,802,772
Total liabilities		147,717,167	102,542,970	18,595,469	19,802,772
Total equity and liabilities		264,317,675	262,445,509	179,871,026	107,454,582

The notes on pages 16 to 84 are an integral part of these financial statements

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Statements of profit or loss and other comprehensive income for the year ended 31 December 2019

		Group		Company	
	Note	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM Restated
Revenue	14	309,227,599	230,583,885	153,981,216	109,775,616
Cost of sales		(250,481,883)	(187,996,799)	(129,937,552)	(85,237,555)
Gross profit		58,745,716	42,587,086	24,043,664	24,538,061
Other income		385,603	3,325,395	385,603	60,271,546
Selling and marketing expenses		(3,572,372)	(3,049,641)	(1,706,655)	(1,356,632)
Administrative expenses		(13,247,852)	(10,239,961)	(6,839,225)	(3,366,801)
Net (loss on)/reversal of impairment of financial instruments	18	(1,115,886)	888,053	(1,035,021)	845,713
Other operating expenses		(15,614,380)	(2,363,314)	(3,623,451)	(1,194,029)
Results from operating activities		25,580,829	31,147,618	11,224,915	79,737,858
Finance income	15	1,461,533	1,303,856	1,356,035	1,303,856
Finance costs	16	(434,928)	(31,628)	(88,644)	(31,628)
Profit before tax		26,607,434	32,419,846	12,492,306	81,010,086
Tax expenses	17	(5,759,500)	(9,486,128)	(2,638,595)	(7,386,339)
Profit for the year/period	18	20,847,934	22,933,718	9,853,711	73,623,747
Other comprehensive income, net of tax					
Items that will or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for a foreign operation		(1,563,965)	(916,965)	-	-
Other comprehensive expenses for the year/period, net of tax		(1,563,965)	(916,965)	-	-
Total comprehensive income for the year/period		19,283,969	22,016,753	9,853,711	73,623,747

The notes on pages 16 to 84 are an integral part of these financial statements.

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Consolidated statement of changes in equity for the year ended 31 December 2019

	/-----Non-distributable-----/					Distributable	
	Share capital RM	Share premium RM	Redeemable convertible preference shares RM	Reserve RM	Translation reserve RM	Retained earnings RM	Total equity RM
Group							
At 1 April 2018, as previously reported							
Transfer in accordance with Section 618(2) of the Companies Act 2016 (see Note 26 (ii))	10,000,000	58,096,463	12,000,000	15,969	(1,734,985)	59,508,339	137,885,786
At 1 April 2018, restated	58,096,463	(58,096,463)	-	-	-	-	-
Foreign currency translation differences for a foreign operation	68,096,463	-	12,000,000	15,969	(1,734,985)	59,508,339	137,885,786
Total other comprehensive expense for the period	-	-	-	-	(916,965)	-	(916,965)
Profit for the period	-	-	-	-	(916,965)	-	(916,965)
Total comprehensive (expense)/income for the period	-	-	-	-	-	22,933,718	22,933,718
At 31 December 2018/1 January 2019	68,096,463	-	12,000,000	15,969	(916,965)	22,933,718	22,016,753
					(2,651,950)	82,442,057	159,902,539

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Consolidated statement of changes in equity for the year ended 31 December 2019 (continued)

	Share capital RM	/-----Non-distributable-----/ Distributable				Total equity RM
		Share preference shares RM	Reserve RM	Translation reserve RM	Retained earnings RM	
Group						
At 1 January 2019	68,096,463	12,000,000	15,969	(2,651,950)	82,442,057	159,902,539
Foreign currency translation differences for a foreign operation	-	-	-	(1,563,965)	-	(1,563,965)
Total other comprehensive expense for the year	-	-	-	(1,563,965)	-	(1,563,965)
Profit for the year	-	-	-	-	20,847,934	20,847,934
Total comprehensive (expense)/income for the year	-	-	-	(1,563,965)	20,847,934	19,283,969
<i>Distributions to owner of the Company:</i>						
Preference dividend paid (Note 19)	-	-	-	-	(62,586,000)	(62,586,000)
Total transactions with owner of the Company	-	-	-	-	(62,586,000)	(62,586,000)
At 31 December 2019	68,096,463	12,000,000	15,969	(4,215,915)	40,703,991	116,600,508

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Statement of changes in equity for the year ended 31 December 2019

	/-----Non-distributable-----/		Distributable	
	Share capital RM	Share premium RM	Redeemable convertible preference shares RM	Total equity RM
Company				
At 1 April 2018, as previously reported	10,000,000	58,096,463	12,000,000	87,651,810
Transfer in accordance with Section 618(2) of the Companies Act 2016 (see Note 26 (ii))	58,096,463	(58,096,463)	-	-
At 1 April 2018, restated	68,096,463	-	12,000,000	87,651,810
Profit and total comprehensive income for the period	-	-	-	73,623,747
At 31 December 2018/1 January 2019	68,096,463	-	12,000,000	161,275,557
Profit and total comprehensive income for the year	-	-	-	9,853,711
<i>Distributions to owner of the Company:</i>				
Preference dividend paid (Note 19)	-	-	-	(62,586,000)
Total transactions with owner of the Company	-	-	-	(62,586,000)
At 31 December 2019	68,096,463	-	12,000,000	108,543,268

The notes on pages 16 to 84 are an integral part of these financial statements.

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Statements of cash flows for the year ended 31 December 2019

	Note	Group		Company	
		01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM Restated
Cash flows from operating activities					
Profit before tax		26,607,434	32,419,846	12,492,306	81,010,086
<i>Adjustments for:</i>					
Depreciation of plant and equipment	3	8,547,355	4,296,309	2,029,522	1,194,029
Depreciation of right-of-use assets	4	5,294,919	-	1,045,900	-
Amortisation of intangible asset	5	68,450	-	-	-
Finance income	15	(1,461,533)	(1,303,856)	(1,356,035)	(1,303,856)
Finance costs	16	434,928	31,628	88,644	31,628
Net impairment loss on/ (reversal of) trade receivables	18	1,115,886	(888,053)	1,035,021	(845,713)
Unrealised loss/(gain) on foreign currency exchange differences	18	676,256	(1,673,965)	(387,127)	(2,910,847)
Reversal of impairment of investment in a subsidiary	18	-	-	-	(57,178,525)
Loss on disposal of plant and equipment		3,152	-	1,524	-
Operating profit before working capital changes		41,286,847	32,881,909	14,949,755	19,996,802
Change in inventories		2,403,543	(3,160,199)	(472,496)	-
Change in trade and other payables		32,516,097	(17,481,551)	14,021,777	(3,429,903)
Change in trade and other receivables		48,949,815	(25,515,816)	54,284,145	(10,926,293)
Change in contract assets		(1,857,932)	(850,553)	(2,060,991)	(562,487)
Change in contract liabilities		1,403,259	583,916	1,813,262	(545,712)
Cash generated from/(used in) operations		124,701,629	(13,542,294)	82,535,452	4,532,407

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Statements of cash flows for the year ended 31 December 2019 (continued)

	Note	Group		Company	
		01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM Restated	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM Restated
Cash flows from operating activities (continued)					
Interest received		1,461,533	1,303,856	1,356,035	1,303,856
Interest paid		(286,335)	-	(43,269)	-
Tax paid		(7,359,191)	(4,572,119)	(2,987,036)	(4,572,119)
Net cash from/(used in) operating activities		118,517,636	(16,810,557)	80,861,182	1,264,144
Cash flows from investing activities					
Acquisition of plant and equipment	3	(15,974,291)	(6,608,280)	(2,823,868)	(2,958,138)
Acquisition of a business	23	(10,788,981)	-	-	-
Net cash used in investing activities		(26,763,272)	(6,608,280)	(2,823,868)	(2,958,138)
Cash flows from financing activities					
Payment of lease liabilities		(5,867,114)	-	(1,001,268)	-
Interest paid		(148,593)	(31,628)	(45,375)	(31,628)
Payment of preference shares dividend	19	(62,586,000)	-	(62,586,000)	-
Net cash flows used in financing activities		(68,601,707)	(31,628)	(63,632,643)	(31,628)
Net increase/(decrease) in cash and cash equivalents		23,152,657	(23,450,465)	14,404,671	(1,725,622)
Effect of exchange rate fluctuations		(766,979)	(608,856)	-	-
Cash and cash equivalents as at the beginning of the period		20,765,277	44,824,598	4,215,616	5,941,238
Cash and cash equivalents as at the end of the period		43,150,955	20,765,277	18,620,287	4,215,616

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Statements of cash flows for the year ended 31 December 2019 (continued)

Cash outflows for leases as lessee

		Group		Company	
	Note	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
Included in net cash from operating activities:					
Payment relating to short-term leases	18	459,820	-	-	-
Interest paid in relation to lease liabilities	16	286,335	-	43,269	-
Included in net cash from financing activities:					
Payment of lease liabilities		5,867,114	-	1,001,268	-
Total cash outflows for leases		6,613,269	-	1,044,537	-

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	At 1 April 2018 RM	Net changes from financing cash flows RM	At 31 December 2018 RM	Adjustment on initial application of MFRS 16 RM	At 1 January 2019 RM	Net changes from financing cash flows RM	Acquisition of new lease RM	Foreign exchange movement RM	At 31 December 2019 RM
Lease liabilities	-	-	-	3,709,038	3,709,038	(5,867,114)	11,506,441	(174,176)	9,174,189
Total liabilities from financing activities	-	-	-	3,709,038	3,709,038	(5,867,114)	11,506,441	(174,176)	9,174,189

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Statements of cash flows for the year ended 31 December 2019 (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Company

	At 1 April 2018 RM	Net changes from financing cash flows RM	At 31 December 2018 RM	Adjustment on initial application of MFRS 16 RM	At 1 January 2019 RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At 31 December 2019 RM
Lease liabilities	-	-	-	836,586	836,586	(1,001,268)	1,676,297	1,511,615
Total liabilities from financing activities	-	-	-	836,586	836,586	(1,001,268)	1,676,297	1,511,615

The notes on pages 16 to 84 are an integral part of these financial statements.

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Notes to the financial statements

HCL Technologies Malaysia Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office

L5-E-1B, Level 5, Enterprise 4,
Technology Park Malaysia,
Lebuhraya Puchong-Sg. Besi,
Bukit Jalil,
57000 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in provision of software services, business process sourcing services and information technology infrastructure services, whilst the principal activities of the subsidiary are as stated in Note 6 to the financial statements.

The immediate holding company is Axon Group Ltd., a company incorporated in the United Kingdom. The ultimate holding company is HCL Technologies Limited, which is incorporated in India and its shares are listed on The National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd..

The financial statements were authorised for issue by the Board of Directors on 4 September 2020.

1. Basis of preparation

(a) Statement of compliance

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

The following are the accounting standards and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

Amendment effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

Amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)*

MFRS and amendment effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company will apply the abovementioned amendments that are applicable to the Group and the Company when they become effective.

The initial application of the accounting standards or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All the financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs 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 recognised 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 recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – extension options and incremental borrowing rate in relation to leases
- Note 5 – measurement of the recoverable amount of cash-generating unit
- Note 6 – Investment in a subsidiary

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the change are disclosed in Note 25.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the 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 which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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 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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or 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.

Amortised cost

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 (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(j)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

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

Amortised cost

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

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

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold improvements	4 years
• Office equipment	5 years
• Computer equipment	4 - 5 years
• Computer software	3 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or a Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group or the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group or the Company is reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

2. Significant accounting policies (continued)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor (continued)

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(ii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's or the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

2. Significant accounting policies (continued)

(e) Leases (continued)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

The estimated useful life for the current period is as follows:

- Customers relationship 10 years

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

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

2. Significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for 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 asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and 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 Group's historical experience and informed credit assessment and including forward-looking information, where available.

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 the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

The Group and 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 recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact 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 Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(k) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant accounting policies (continued)

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of the asset.

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

(ii) Interest income

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

(n) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. Significant accounting policies (continued)

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Significant accounting policies (continued)

(p) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Plant and equipment

Group Cost	Leasehold improvements RM	Office equipment RM	Computer equipment RM	Computer software RM	Capital work-in-progress RM	Total RM
At 1 April 2018	7,295,938	24,181,121	10,391,641	4,343,248	26,564	46,238,512
Additions	487,909	3,733,975	2,026,138	-	360,258	6,608,280
Disposals	(5,707,692)	(2,472,503)	(5,212,083)	(1,687,756)	-	(15,080,034)
Effect of movements in exchange rates	-	(376,352)	-	-	-	(376,352)
At 31 December 2018/1 January 2019	2,076,155	25,066,241	7,205,696	2,655,492	386,822	37,390,406
Additions	414,071	395,889	14,959,022	-	205,309	15,974,291
Disposals	-	(141,456)	(28,925)	-	-	(170,381)
Written-off	-	-	(232,664)	-	-	(232,664)
Reclassification	3,827,765	(23,112,514)	19,578,780	92,791	(386,822)	-
Effect of movements in exchange rates	(105,308)	(38,716)	(751,107)	(2,416)	-	(897,547)
At 31 December 2019	6,212,683	2,169,444	40,730,802	2,745,867	205,309	52,064,105
Depreciation						
At 1 April 2018	7,295,938	6,707,597	6,784,807	4,343,248	-	25,131,590
Depreciation charge for the period	34,803	3,114,697	1,146,809	-	-	4,296,309
Disposals	(5,707,692)	(2,472,503)	(5,212,083)	(1,687,756)	-	(15,080,034)
Effect of movements in exchange rates	-	(66,853)	-	-	-	(66,853)
At 31 December 2018/1 January 2019	1,623,049	7,282,938	2,719,533	2,655,492	-	14,281,012
Depreciation charge for the year	816,855	294,756	7,418,159	17,585	-	8,547,355
Disposals	-	(139,828)	(27,401)	-	-	(167,229)
Written-off	-	-	(232,664)	-	-	(232,664)
Reclassification	708,652	(6,685,736)	5,935,898	41,186	-	-
Effect of movements in exchange rates	(32,578)	(5,377)	(265,370)	(1,424)	-	(304,749)
At 31 December 2019	3,115,978	746,753	15,548,155	2,712,839	-	22,123,725
Carrying amounts						
At 1 April 2018	-	17,473,524	3,606,834	-	26,564	21,106,922
At 31 December 2018/1 January 2019	453,106	17,783,303	4,486,163	-	386,822	23,109,394
At 31 December 2019	3,096,705	1,422,691	25,182,647	33,028	205,309	29,940,380

3. Plant and equipment (continued)

Company Cost	Leasehold improvements RM	Office equipment RM	Computer equipment RM	Computer software RM	Capital work-in-progress RM	Total RM
At 1 April 2018	7,295,938	2,986,408	10,391,641	4,343,248	26,564	25,043,799
Additions	487,909	83,833	2,026,138	-	360,258	2,958,138
Disposals	(5,707,692)	(2,472,503)	(5,212,083)	(1,687,756)	-	(15,080,034)
At 31 December 2018/1 January 2019	2,076,155	597,738	7,205,696	2,655,492	386,822	12,921,903
Additions	132,398	84,170	2,401,991	-	205,309	2,823,868
Disposals	-	-	(28,925)	-	-	(28,925)
Written-off	-	-	(232,664)	-	-	(232,664)
Reclassification	-	-	386,822	-	(386,822)	-
At 31 December 2019	2,208,553	681,908	9,732,920	2,655,492	205,309	15,484,182
Depreciation						
At 1 April 2018	7,295,938	2,942,722	6,784,807	4,343,248	-	21,366,715
Depreciation charge for the period	34,803	12,417	1,146,809	-	-	1,194,029
Disposals	(5,707,692)	(2,472,503)	(5,212,083)	(1,687,756)	-	(15,080,034)
At 31 December 2018/1 January 2019	1,623,049	482,636	2,719,533	2,655,492	-	7,480,710
Depreciation charge for the year	111,222	35,315	1,882,985	-	-	2,029,522
Disposals	-	-	(27,401)	-	-	(27,401)
Written-off	-	-	(232,664)	-	-	(232,664)
At 31 December 2019	1,734,271	517,951	4,342,453	2,655,492	-	9,250,167
Carrying amounts						
At 1 April 2018	-	43,686	3,606,834	-	26,564	3,677,084
At 31 December 2018/1 January 2019	453,106	115,102	4,486,163	-	386,822	5,441,193
At 31 December 2019	474,282	163,957	5,390,467	-	205,309	6,234,015

4. Right-of-use assets

Group	Buildings RM
At 1 January 2019	4,910,228
Addition	11,506,441
Depreciation	(5,294,919)
Effect of movements in exchange rates	(217,800)
At 31 December 2019	<u>10,903,950</u>

The Group leases buildings that run between 2 years and 3 years, with an option to renew the lease after that date.

Company	Buildings RM
At 1 January 2019	836,586
Addition	1,676,297
Depreciation	(1,045,900)
At 31 December 2019	<u>1,466,983</u>

The Company leases buildings that run between 2 years and 3 years, with an option to renew the lease after that date.

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group and the Company between 1 year to 2 years before the end of the non-cancellable contract period. Where applicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Company and not by the lessors. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

4.2 Significant judgements and assumptions in relation to lease

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Goodwill and intangible asset

Group		Goodwill	Customers	Total
Cost	Note	RM	relationship	RM
			RM	RM
At 1 April 2018/31 December 2018/ 1 January 2019		275,983	-	275,983
Acquisition of a business	23	9,033,317	1,755,664	10,788,981
Effect of movements in exchange rates		(180,838)	(35,148)	(215,986)
At 31 December 2019		<u>9,128,462</u>	<u>1,720,516</u>	<u>10,848,978</u>
Amortisation				
At 1 April 2018/31 December 2018/ 1 January 2019		-	-	-
Amortisation for the year	5.1	-	68,450	68,450
Effect of movements in exchange rates		-	(1,372)	(1,372)
At 31 December 2019		<u>-</u>	<u>67,078</u>	<u>67,078</u>
Carrying amounts				
At 1 April 2018/31 December 2018/ 1 January 2019		<u>275,983</u>	<u>-</u>	<u>275,983</u>
At 31 December 2019		<u>9,128,462</u>	<u>1,653,438</u>	<u>10,781,900</u>
Company				
Cost				
At 1 April 2018/31 December 2018/ 1 January 2019/31 December 2019		<u>275,983</u>	<u>-</u>	<u>275,983</u>
Carrying amounts				
At 1 April 2018/31 December 2018/ 1 January 2019/31 December 2019		<u>275,983</u>	<u>-</u>	<u>275,983</u>

5.1 The amortisation of customers relationship is allocated to the amortisation expenses and is recognised in other operating expenses in profit or loss.

5. Goodwill and intangible assets (continued)

5.2 Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	31.12.2019 RM	Group 31.12.2018 RM	01.04.2018 RM
Volvo Malaysia Information Technology ("IT") business	275,983	275,983	275,983
IBM business	9,033,317	-	-
Effect of movements in exchange rates	(180,838)	-	-
	<u>9,128,462</u>	<u>275,983</u>	<u>275,983</u>

The recoverable amounts of these units were based on its value in use, determined by discounting the future cash flows that generated from the business acquired. Value in use was computed based on the following key assumptions:

- a) Volvo Malaysia IT business
 - Cash flows were projected based on the financial year ended 31 December 2019 actual operating results and the Company's 5-years business plan, with average net margin applied of 10% (2018: 5.1%) per annum for the years 2020 to 2024.
 - The terminal value was estimated using the perpetuity growth model, with a weighted average growth rate to perpetuity of 2% (2018: 2%).
 - A pre-tax discount rate of 17.7% (2018: 17.7%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.
- b) IBM business
 - Cash flows were projected based on the financial year ended 31 December 2019 actual operating results and the Company's 5-years business plan, with average net margin applied of 10% per annum for the years 2020 to 2024.
 - The terminal value was estimated using the perpetuity growth model, with a weighted average growth rate to perpetuity of 2%.
 - A pre-tax discount rate of 14.3% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.

With regard to the assessment of value in use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these CGUs to differ materially from their recoverable amount except for the changes in the prevailing operating environment, the impact of which is not expected to be significant.

6. Investment in a subsidiary

	Company		
	31.12.2019 RM	31.12.2018 RM	01.04.2018 RM
Cost of investment	77,149,146	77,149,146	77,149,146
Less: Impairment loss	(19,970,621)	(19,970,621)	(77,149,146)
	<u>57,178,525</u>	<u>57,178,525</u>	<u>-</u>

Details of the subsidiary are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest		
			31.12.2019	31.12.2018	01.04.2018
			%	%	%
HCL Axon Solutions (Shanghai) Co. Ltd. ^{1,2}	China	Provision of software development, designing and related consulting services	100	100	100

¹ Not audited by KPMG PLT.

² Audited by other member firm of KPMG International.

7. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Group		Company	
	31.12.2019 RM	31.12.2018 RM	31.12.2019 RM	31.12.2018 RM
		01.04.2018 RM		01.04.2018 RM
Plant and equipment	(572,463)	(416,593)	(572,463)	(416,593)
Right-of-use assets	1,370,487	-	352,076	-
Lease liabilities	(1,361,807)	-	(343,396)	-
Contract liabilities	1,126,447	691,264	1,126,447	691,264
Provisions	4,371,710	1,391,061	1,389,409	534,639
Net tax assets	4,934,374	1,665,732	1,952,073	809,310
		3,283,643		1,826,112

7. Deferred tax assets (continued)

Movement in temporary differences during the year/period

Group	At 01.04.2018 RM	Recognised in profit or loss (Note 17) RM	Effect of movements in exchange rate RM	At 31.12.2018 RM	Adjustments on initial application of MFRS 16 RM	At 01.01.2019 RM	Recognised in profit or loss (Note 17) RM	Effect of movements in exchange rate RM	At 31.12.2019 RM
Plant and equipment	(199,971)	(216,622)	-	(416,593)	-	(416,593)	(155,870)	-	(572,463)
Right-of-use assets	-	-	-	-	1,219,192	1,219,192	151,295	-	1,370,487
Lease liabilities	-	-	-	-	(1,222,922)	(1,222,922)	(138,885)	-	(1,361,807)
Deferred revenue	822,235	(130,971)	-	691,264	-	691,264	435,183	-	1,126,447
Provisions	2,661,379	(1,246,657)	(23,661)	1,391,061	-	1,391,061	3,046,830	(66,181)	4,371,710
	3,283,643	(1,594,250)	(23,661)	1,665,732	(3,730)	1,662,002	3,338,553	(66,181)	4,934,374
Company									
Plant and equipment	(199,971)	(216,622)	-	(416,593)	-	(416,593)	(155,870)	-	(572,463)
Right-of-use assets	-	-	-	-	200,781	200,781	151,295	-	352,076
Lease liabilities	-	-	-	-	(204,511)	(204,511)	(138,885)	-	(343,396)
Deferred revenue	822,235	(130,971)	-	691,264	-	691,264	435,183	-	1,126,447
Provisions	1,203,848	(669,209)	-	534,639	-	534,639	854,770	-	1,389,409
	1,826,112	(1,016,802)	-	809,310	(3,730)	805,580	1,146,493	-	1,952,073

8. Trade and other receivables

Note	Group			Company		
	31.12.2019 RM	31.12.2018 RM Restated	01.04.2018 RM Restated	31.12.2019 RM	31.12.2018 RM Restated	01.04.2018 RM Restated
Non-current Trade						
Net investment in lease	8.3	8,035,890	8,733,774	4,110	-	-
Current Trade						
Trade receivables from contracts with customers		72,186,333	58,681,717	69,701,947	32,897,836	33,672,335
Net investment in lease	8.3	4,877,953	4,032,789	1,767	-	-
Amount due from ultimate holding company	8.1	30,899,059	2,796,099	310,365	284,145	2,796,099
Amount due from a subsidiary	8.1	-	-	-	691,612	729,751
Amount due from related companies	8.1	28,773,811	81,126,086	54,314,253	14,300,507	26,592,394
		136,737,156	146,636,691	124,328,332	48,174,100	58,578,197
Non-trade						
Amount due from related companies	8.2	3,189,705	49,180,957	42,381,844	3,189,705	49,180,957
Deposits		1,477,124	1,583,379	567,160	476,084	604,201
Other receivables		7,510,135	1,923,430	9,959,001	1,281,699	76,988
Deferred costs		772,699	1,850,187	2,097,061	550,057	237,616
Prepayments		3,418,266	2,709,953	3,418,971	2,824,863	2,709,953
		16,367,929	57,247,906	58,424,037	8,322,408	52,809,715
		153,105,085	203,884,597	182,752,369	56,496,508	111,387,912
		161,140,975	212,618,371	182,756,479	56,496,508	111,387,912
						95,734,165

8.1 The amounts due from ultimate holding company, a subsidiary and related companies are unsecured, interest-free and subject to normal trade term.

8.2 The amount due from related companies is unsecured, interest-free and repayable on demand.

8. Trade and other receivables (continued)

8.3 Net investment in lease

Group	31.12.2019 RM	31.12.2018 RM
At the beginning of the reporting period		
Addition	12,766,563	5,877
Interest income	4,529,742	13,097,554
Lease payments received	486,365	36,017
Effect of changes in exchange rates	(4,475,386)	(323,900)
	<u>(393,441)</u>	<u>(48,985)</u>
At the end of the reporting period	<u>12,913,843</u>	<u>12,766,563</u>

The Group leases hardware to third parties. Each of the leases contains an initial non-cancellable period of 5 years.

These leases transfer substantially all the risk and rewards incidental to ownership of the hardware. The Group expects the residual value of the hardware at the end of the lease term to be minimal.

Group	31.12.2019 RM	31.12.2018 RM
Less than one year	4,877,953	4,032,789
One to two years	5,759,575	5,409,358
Two to three years	<u>2,276,315</u>	<u>3,324,416</u>
Net investment in lease	<u>12,913,843</u>	<u>12,766,563</u>

9. Inventories

	Group		Company	
	31.12.2019 RM	31.12.2018 RM	31.12.2018 RM	01.04.2018 RM
Finished goods	756,656	3,160,199	472,496	-

10. Contract with customers

Contract assets/(liabilities)

	Group		Company	
	31.12.2019 RM	31.12.2018 RM Restated	31.12.2019 RM	31.12.2018 RM Restated
Contract assets	2,708,485	850,553	2,623,478	562,487
Contract liabilities	(5,413,153)	(4,009,894)	(4,693,528)	(2,880,266)
				(3,425,978)

The contract assets primarily relate to the Group's and Company's rights to consideration for work completed on contracts but not yet billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from customers for contracts, which revenue is recognised overtime during the contract period. The contract liabilities are to be recognised as revenue over a period of up to 3 years.

Contract liabilities at the beginning of the reporting period
recognised as revenue

	Group		Company	
	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
	1,886,338	804,599	1,166,774	794,305

11. Cash and cash equivalents

	Group		Company	
	31.12.2019 RM	31.12.2018 RM	31.12.2019 RM	31.12.2018 RM
Deposits placed with licensed banks	8,181,941	5,444,136	-	-
Cash and bank balances	34,969,014	15,321,141	18,620,287	4,215,616
	43,150,955	20,765,277	18,620,287	4,215,616
				5,941,238
				5,941,238

12. Capital and reserves

	Note	Group and Company			
		Number of shares 2019	Amount 2019 RM	Number of shares 2018	Amount 2018 RM Restated
Share capital					
Ordinary shares					
At the beginning and the end of the reporting period	12.1	<u>10,000,000</u>	<u>68,096,463</u>	<u>10,000,000</u>	<u>68,096,463</u>
Redeemable convertible cumulative preference shares					
At the beginning and the end of the reporting period	12.3	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
		<u>22,000,000</u>	<u>80,096,463</u>	<u>22,000,000</u>	<u>80,096,463</u>

12.1 Ordinary shares

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

12.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation.

12.3 Redeemable Convertible Cumulative Preference Shares ("RCCPS")

The salient features of the RCCPS are as follows:

- (i) The RCCPS are at the option of the Company be redeemed or converted;
- (ii) The RCCPS holders shall be entitled to a cumulative preferential dividend payment at a rate to be determined by the Directors on the nominal value of the preference shares;
- (iii) The RCCPS holders shall be entitled to participate in the surplus profits remaining after the payment of the cumulative preferential dividend at a rate to be determined by the Directors; and
- (iv) The RCCPS holders shall be entitled to one vote for each RCCPS held at any meeting.

13. Trade and other payables

	Note	Group		Company	
		31.12.2019 RM	31.12.2018 RM Restated	31.12.2019 RM	31.12.2018 RM Restated
Trade					
Trade payables		13,759,700	6,575,560	1,726,299	1,804,389
Amount due to ultimate holding company			8,942,870		1,174,674
13.1 Amount due to a subsidiary	13.1	24,405,709	7,039,156	9,644,179	178,852
13.1 Amount due to related companies	13.1	-	-	29,177	-
13.1 Amount due to related companies	13.1	50,411,807	61,802,639	1,643,827	561,149
		88,577,216	75,417,355	13,043,482	2,544,390
Non-trade					
Amount due to related companies	13.2	9,614,708	-	-	-
Other payables		3,199,579	7,140,778	3,199,579	1,935,538
Accruals		26,414,282	12,319,854	11,412,438	9,113,159
		39,228,569	19,460,632	14,612,017	11,048,697
		127,805,785	94,877,987	27,655,499	13,593,087
			110,594,375		16,052,096

13.1 The amounts due to ultimate holding company, a subsidiary and related companies are unsecured, interest-free and subject to normal trade term.

13.2 The amounts due to related companies is unsecured, interest-free and repayable on demand.

14. Revenue

	Group		Company	
	01.01.2019	01.04.2018	01.01.2019	01.04.2018
	to	to	to	to
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM	RM	RM	RM
		Restated		Restated
Revenue from contracts with customers	<u>309,227,599</u>	<u>230,583,885</u>	<u>153,981,216</u>	<u>109,775,616</u>

14.1 Disaggregation of revenue

	Group		Company	
	01.01.2019	01.04.2018	01.01.2019	01.04.2018
	to	to	to	to
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM	RM	RM	RM
		Restated		Restated
Major products and service line				
Sale of services	285,477,092	208,508,075	152,563,050	102,730,779
Sale of hardware and software	<u>23,750,507</u>	<u>22,075,810</u>	<u>1,418,166</u>	<u>7,044,837</u>
	<u>309,227,599</u>	<u>230,583,885</u>	<u>153,981,216</u>	<u>109,775,616</u>

14.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms
Sale of services	Revenue is recognised overtime as and when the services are rendered.	Credit period of 30 to 120 days from invoice date
Sale of hardware and software	Revenue is recognised at a point in time when the hardware and software are delivered to the customer.	Credit period of 30 to 120 days from invoice date

15. Finance income

	Group		Company	
	01.01.2019	01.04.2018	01.01.2019	01.04.2018
	to	to	to	to
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM	RM	RM	RM
		Restated		Restated
Interest income of financial assets calculated using the effective interest method that are at amortised cost	<u>1,461,533</u>	<u>1,303,856</u>	<u>1,356,035</u>	<u>1,303,856</u>

16. Finance costs

	Group		Company	
	01.01.2019	01.04.2018	01.01.2019	01.04.2018
	to	to	to	to
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM	RM	RM	RM
Interest expense on lease liabilities	286,335	-	43,269	-
Other finance costs	<u>148,593</u>	<u>31,628</u>	<u>45,375</u>	<u>31,628</u>
	<u>434,928</u>	<u>31,628</u>	<u>88,644</u>	<u>31,628</u>

17. Tax expense

Recognised in profit or loss

	Group		Company	
	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
Income tax expense	<u>5,759,500</u>	<u>9,486,128</u>	<u>2,638,595</u>	<u>7,386,339</u>
Major components of income tax expense include:				
Current tax expense				
Current year	8,741,281	5,783,706	3,781,358	4,261,365
Prior year	353,042	2,108,172	-	2,108,172
Total current tax recognised in profit or loss	<u>9,094,323</u>	<u>7,891,878</u>	<u>3,781,358</u>	<u>6,369,537</u>
Deferred tax expense				
Origination and reversal of temporary differences	(3,334,823)	1,035,449	(1,142,763)	458,001
Under provision in prior year	-	558,801	-	558,801
Total deferred tax recognised in profit or loss	<u>(3,334,823)</u>	<u>1,594,250</u>	<u>(1,142,763)</u>	<u>1,016,802</u>
Total income tax expense	<u>5,759,500</u>	<u>9,486,128</u>	<u>2,638,595</u>	<u>7,386,339</u>
Reconciliation of tax expense				
Profit for the year/period	20,847,934	22,933,718	9,853,711	73,623,747
Total income tax expense	<u>5,759,500</u>	<u>9,486,128</u>	<u>2,638,595</u>	<u>7,386,339</u>
Profit excluding tax	<u>26,607,434</u>	<u>32,419,846</u>	<u>12,492,306</u>	<u>81,010,086</u>
Income tax calculated using Malaysian tax rate at 24% (2018: 24%)	6,385,784	7,780,763	2,998,153	19,442,421
Non-deductible expenses	211,145	952,674	108,227	852,183
Non-taxable income	(1,293,899)	(1,698,323)	(430,062)	(15,575,238)
Effect of tax rate in foreign jurisdiction	141,151	(215,959)	-	-
Under provision of current tax in prior years	353,042	2,666,973	-	2,666,973
Others	<u>(37,723)</u>	<u>-</u>	<u>(37,723)</u>	<u>-</u>
	<u>5,759,500</u>	<u>9,486,128</u>	<u>2,638,595</u>	<u>7,386,339</u>

18. Profit for the year/period

	Group		Company	
	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
Profit for the year/period is arrived at after charging/(crediting):				
Auditor's remuneration				
Audit fees:				
- KPMG PLT	70,000	-	70,000	-
- Overseas affiliates of KPMG PLT	86,970	-	-	-
- Other auditors	-	85,620	-	85,620
Material expenses/(income)				
Depreciation of plant and equipment	8,547,355	4,296,309	2,029,522	1,194,029
Depreciation of right-of-use assets	5,294,919	-	1,045,900	-
Amortisation of intangible assets	68,450	-	-	-
Personnel expenses:				
- Contribution to state plan	12,693,454	9,566,824	4,339,169	2,698,872
- Wages, salaries and others	118,235,880	84,545,584	72,083,716	49,542,774
Net impairment loss on/ (reversal of) trade receivables	1,115,886	(888,053)	1,035,021	(845,713)
Reversal of impairment of investment in a subsidiary	-	-	-	(57,178,525)
Net loss/(gain) on foreign currency exchange differences:				
- Realised	638,646	(1,573,902)	548,030	(182,175)
- Unrealised	676,256	(1,673,965)	(387,127)	(2,910,847)
Expense arising from leases				
Expense relate to short-term leases	459,820	-	-	-
Rental expense	-	4,325,659	-	813,550

19. Dividends

Dividends recognised by the Company:

	Sen per share RM	Total amount RM	Date of payment
2019			
Redeemable convertible cumulative preference shares	5.22	<u>62,586,000</u>	26 September 2019

After the end of the reporting period, there is no other dividend proposed by the Directors.

20. Financial instruments

20.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and their carrying amount.

	31.12.2019 RM	31.12.2018 RM Restated	01.04.2018 RM Restated
Financial assets			
Group			
Trade and other receivables*	157,722,709	207,908,418	179,337,508
Cash and cash equivalents	43,150,955	20,765,277	44,824,598
	<u>200,873,664</u>	<u>228,673,695</u>	<u>224,162,106</u>
Company			
Trade and other receivables*	53,671,645	108,677,959	93,566,045
Cash and cash equivalents	18,620,287	4,215,616	5,941,238
	<u>72,291,932</u>	<u>112,893,575</u>	<u>99,507,283</u>
Financial liabilities			
Group			
Trade and other payables	<u>127,805,785</u>	<u>94,877,987</u>	<u>110,594,375</u>
Company			
Trade and other payables	<u>27,655,499</u>	<u>13,593,087</u>	<u>16,052,096</u>

* excluding prepayments

20.2 Net gains and losses arising from financial instruments

	Group		Company	
	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
Net (losses)/gain on:				
Financial assets at amortised cost	(903,223)	7,064,353	(397,959)	6,050,940
Financial liabilities at amortised cost	(214,626)	(1,656,204)	512,695	(839,977)
	<u>(1,117,849)</u>	<u>5,408,149</u>	<u>114,736</u>	<u>5,210,963</u>

20. Financial instruments (continued)

20.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

20.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables and contract assets. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group and the Company manage its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

20. Financial instruments (continued)

20.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses

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

The Group and the Company use an allowance matrix to measure expected credit losses ("ECLs") of trade receivables.

Loss rates are based on actual credit loss experience over the past two years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believe that these factors are immaterial for the purpose of impairment calculation for the year.

For low risk of default customers, the Group and the Company assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external ratings, where applicable.

20. Financial instruments (continued)

20.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	31.12.2019				31.12.2018				01.04.2018			
	Gross carrying amount RM	Loss allowance RM	Net Balance RM	Gross carrying amount RM	Loss allowance RM	Net Balance RM	Gross carrying amount RM	Loss allowance RM	Gross carrying amount RM	Loss allowance RM	Net Balance RM	Gross carrying amount RM
Group												
Current (not past due)	59,330,012	-	59,330,012	33,011,242	-	33,011,242	24,916,007	-	24,916,007	-	24,916,007	-
1 to 90 days past due	19,233,857	-	19,233,857	34,316,305	-	34,316,305	20,460,844	-	20,460,844	-	20,460,844	-
91 to 180 days past due	5,007,927	-	5,007,927	4,971,286	-	4,971,286	24,330,973	-	24,330,973	-	24,330,973	-
More than 180 days past due	4,236,865	-	4,236,865	-	-	-	-	-	-	-	-	-
	87,808,661	-	87,808,661	72,298,833	-	72,298,833	69,707,824	-	69,707,824	-	69,707,824	-
Credit impaired												
Individually impaired	2,464,272	2,464,272	-	1,355,707	1,355,707	-	2,243,760	2,243,760	-	-	-	-
	90,272,933	2,464,272	87,808,661	73,654,540	1,355,707	72,298,833	71,951,584	2,243,760	69,707,824	-	-	-
Trade receivables	87,564,448	2,464,272	85,100,176	72,803,987	1,355,707	71,448,280	71,951,584	2,243,760	69,707,824	-	-	-
Contract assets	2,708,485	-	2,708,485	850,553	-	850,553	-	-	-	-	-	-
	90,272,933	2,464,272	87,808,661	73,654,540	1,355,707	72,298,833	71,951,584	2,243,760	69,707,824	-	-	-

20. Financial instruments (continued)

20.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	31.12.2019				31.12.2018				01.04.2018			
	Gross carrying amount RM	Loss allowance RM	Net Balance RM	Gross carrying amount RM	Loss allowance RM	Net Balance RM		Gross carrying amount RM	Loss allowance RM	Net Balance RM		
Company												
Current (not past due)	20,678,677	-	20,678,677	20,318,128	-	20,318,128		24,909,860	-	24,909,860		
1 to 90 days past due	11,548,151	-	11,548,151	6,787,928	-	6,787,928		4,117,167	-	4,117,167		
91 to 180 days past due	2,199,056	-	2,199,056	1,916,384	-	1,916,384		4,645,308	-	4,645,308		
More than 180 days past due	1,095,430	-	1,095,430	-	-	-		-	-	-		
	35,521,314	-	35,521,314	29,022,440	-	29,022,440		33,672,335	-	33,672,335		
Credit impaired												
Individually impaired	2,171,732	2,171,732	-	1,136,711	1,136,711	-		1,982,424	1,982,424	-		
	37,693,046	2,171,732	35,521,314	30,159,151	1,136,711	29,022,440		35,654,759	1,982,424	33,672,335		
Trade receivables	35,069,568	2,171,732	32,897,836	29,596,664	1,136,711	28,459,953		35,654,759	1,982,424	33,672,335		
Contract assets	2,623,478	-	2,623,478	562,487	-	562,487		-	-	-		
	37,693,046	2,171,732	35,521,314	30,159,151	1,136,711	29,022,440		35,654,759	1,982,424	33,672,335		

20. Financial instruments (continued)

20.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

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

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM	RM	RM	RM
Group				
Balance as at the beginning of the reporting period as per MFRS 9	1,355,707	2,243,760	1,136,711	1,982,424
Net measurement of loss allowance	1,115,886	(888,053)	1,035,021	(845,713)
Translation difference	(7,321)	-	-	-
Balance as at the end of the reporting period	<u>2,464,272</u>	<u>1,355,707</u>	<u>2,171,732</u>	<u>1,136,711</u>

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

20. Financial instruments (continued)

20.4 Credit risk (continued)

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and utilities. These deposits will be received at the end of each lease terms. The Group and the Company manage the credit risk for deposits together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

Inter-company receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company trade with its related companies. The Group and the Company monitor the results of these entities regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

As at the end of the reporting year, there were no indications that the balances owing from these related companies are not recoverable as the Company considers the related corporations have low credit risk, hence it is not provided for.

20.5 Liquidity risk

Liquidity risk is the risk that the Group not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

20. Financial instruments (continued)

20.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Less than 1 year RM	Between 1 - 2 years RM	More than 2 years RM
Group						
31.12.2019						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	9,174,189	3.5% - 4.3%	11,100,611	5,275,380	4,021,443	1,803,788
Trade and other payables	127,805,785	-	127,805,785	127,805,785	-	-
	<u>136,979,974</u>		<u>138,906,396</u>	<u>133,081,165</u>	<u>4,021,443</u>	<u>1,803,788</u>
31.12.2018						
<i>Non-derivative financial liability</i>						
Trade and other payables	94,877,987	-	94,877,987	94,877,987	-	-
	<u>94,877,987</u>		<u>94,877,987</u>	<u>94,877,987</u>	<u>-</u>	<u>-</u>
01.04.2018						
<i>Non-derivative financial liability</i>						
Trade and other payables	110,594,375	-	110,594,375	110,594,375	-	-
	<u>110,594,375</u>		<u>110,594,375</u>	<u>110,594,375</u>	<u>-</u>	<u>-</u>

20. Financial instruments (continued)

20.5 Liquidity risk (continued)

Company	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Less than 1 year RM	Between 1 - 2 years RM	More than 2 years RM
31.12.2019						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	1,511,615	4%	1,560,688	1,117,800	442,888	-
Trade and other payables	27,655,499	-	27,655,499	27,655,499	-	-
	<u>29,167,114</u>		<u>29,216,187</u>	<u>28,773,299</u>	<u>442,888</u>	<u>-</u>
31.12.2018						
<i>Non-derivative financial liability</i>						
Trade and other payables	13,593,087	-	13,593,087	13,593,087	-	-
	<u>13,593,087</u>		<u>13,593,087</u>	<u>13,593,087</u>	<u>-</u>	<u>-</u>
01.04.2018						
<i>Non-derivative financial liability</i>						
Trade and other payables	16,052,096	-	16,052,096	16,052,096	-	-
	<u>16,052,096</u>		<u>16,052,096</u>	<u>16,052,096</u>	<u>-</u>	<u>-</u>

20. Financial instruments (continued)

20.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

20.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective foreign currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EUR") and Great Britain Pounds ("GBP").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	USD RM	Group Denominated in EUR RM	GBP RM
Balances recognised in the statement of financial position			
31.12.2019			
Trade and other receivables	6,311,338	445,110	235,934
Cash and cash equivalents	8,511,558	-	-
Trade and other payables	(7,723,741)	(12,983,394)	(11,548,243)
Net exposure	7,099,155	(12,538,284)	(11,312,309)
31.12.2018			
Trade and other receivables	47,945,512	1,888,321	4,042,886
Cash and cash equivalents	954,278	-	-
Trade and other payables	(2,211,560)	(11,357,996)	(8,704,476)
Net exposure	46,688,230	(9,469,675)	(4,661,590)
01.04.2018			
Trade and other receivables	53,634,160	1,505,068	851
Cash and cash equivalents	25,720,709	-	-
Trade and other payables	(12,065,069)	(8,131,905)	(8,384,967)
Net exposure	67,289,800	(6,626,837)	(8,384,116)

20. Financial instruments (continued)

20.6 Market risk (continued)

20.6.1 Currency risk (continued)

	USD RM	Company Denominated in EUR RM	GBP RM
Balances recognised in the statement of financial position			
31.12.2019			
Trade and other receivables	3,817,031	136,304	235,934
Trade and other payables	(1,777,601)	(273,054)	-
Net exposure	2,039,430	(136,750)	235,934
31.12.2018			
Trade and other receivables	45,642,461	1,569,260	3,913,105
Trade and other payables	(308,480)	(162,568)	(178,444)
Net exposure	45,333,981	1,406,692	3,734,661
01.04.2018			
Trade and other receivables	46,346,546	898,345	851
Trade and other payables	(1,210,002)	(1,106,993)	(8,291)
Net exposure	45,136,544	(208,648)	(7,440)

Currency risk sensitivity analysis

A 10% (2018: 10%) strengthening of the RM currency against the following currencies at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

20. Financial instruments (continued)

20.6 Market risk (continued)

20.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

	Group Profit or loss		Company Profit or loss	
	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
Group				
USD	(539,536)	(3,548,305)	(154,997)	(3,445,383)
EUR	952,910	719,695	10,393	(106,909)
GBP	859,735	354,281	(17,931)	(283,834)

A 10% (2018: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

20.6.2 Interest rate risk

The Group's fixed rate deposits place with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not use derivative financial instruments to hedge its exposure to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest bearing financial instruments, based on carrying amount as at the end of the reporting period are as follows:

	31.12.2019 RM	Group 31.12.2018 RM	01.04.2018 RM
Fixed rate instrument			
Financial assets	8,181,941	5,444,136	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for its fixed rate financial assets at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

20. Financial instruments (continued)

20.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments not carried at fair value			Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	
31.12.2019				
Group				
Financial asset				
Trade receivables	-	-	7,804,803	8,035,890
31.12.2018				
Group				
Financial asset				
Trade receivables	-	-	8,466,936	8,733,774
01.04.2018				
Group				
Financial asset				
Trade receivables	-	-	3,950	4,110

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (31.12.2018 and 01.04.2018: no transfer in either directions).

Level 3 fair value

Type	Description of valuation technique and inputs used
Non-current trade receivables	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

21. Capital management

The Group and the Company manage its capital to ensure the Group and the Company will maintain an optimal capital structure so as to support the businesses and maximise shareholder value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's and the Company's strategies were unchanged from the previous financial year.

There is no external capital requirement imposed on the Group and the Company.

22. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its ultimate holding company, a subsidiary, related companies and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 8 and 13.

	Group		Company	
	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM	01.01.2019 to 31.12.2019 RM	01.04.2018 to 31.12.2018 RM
A. Immediate holding company				
Purchases	23,886,603	14,635,138	15,825,290	10,606,651
Sales	<u>(34,088,180)</u>	<u>(37,223,256)</u>	<u>(5,489,965)</u>	<u>(3,808,437)</u>
B. Subsidiary				
Purchases	-	-	81,811	-
Sales	<u>-</u>	<u>-</u>	<u>(78,885)</u>	<u>(247,948)</u>
C. Related companies				
Purchases	28,513,489	24,294,452	6,306,105	4,211,251
Sales	<u>(78,129,477)</u>	<u>(76,351,101)</u>	<u>(38,582,676)</u>	<u>(34,850,119)</u>
Interest income	<u>(1,356,035)</u>	<u>(1,303,856)</u>	<u>(1,356,035)</u>	<u>(1,303,856)</u>

23. Acquisitions of a business

23.1 Acquisition of a business – IBM's business

In 2018, the ultimate holding company, HCL Technologies Limited decided to acquire certain intelligent property, related assets, and employees from IBM, with consideration paid from 32 subsidiaries. As a result, one of the subsidiaries, HCL Axon Solutions (Shanghai) Co., Ltd. entered into a purchase agreement with IBM (China) Company Limited for the acquisition of its business relating to selected IBM's intangible asset, which is customers relationship for a total cash consideration of RM10,788,981. The acquisition was completed on 30 June 2019.

The following summarises the consideration transferred, and the recognised amounts of identifiable asset acquired at the acquisition date:

	Note	Group 31.12.2019 RM
Fair value of consideration transferred		
Cash and cash equivalents		10,788,981
Identifiable asset acquired		
Intangible asset – Customers relationship	5	<u>(1,755,664)</u>
Goodwill	5	<u>9,033,317</u>
Net cash outflow arising from acquisition of a business		
Purchase consideration, settled by cash and cash equivalents		<u>10,788,981</u>

Acquisition-related costs

The acquisition-related costs in relation to the professional legal fees and due diligence costs are borne by its ultimate holding company.

24. Event after reporting period

The coronavirus (Covid-19) pandemic was announced by the World Health Organization in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

At this time, the impact of the outbreak on the business has been limited as delivery of the group services is uninterrupted, and the Group and the Company have currently not witnessed significant changes in demand, whereas the group service delivery is intact and thus the Group's and the Company's liquidity remains healthy. However, going forward the Covid-19 outbreak may negatively impact the Group and the Company's workforce, operations, and market demand and liquidity. In this respect, the Group and the Company have brought Covid-19 under the purview of "Executive Crisis Management Team" to develop and implement contingency plans. The Group and the Company are closely and continuously evaluating the developments. Management will take all the necessary actions to keep the operations running and, most importantly, protect the employees, suppliers, customers and all other stakeholders.

The Group and the Company consider that the effects related to this outbreak to be a non-adjusting event as it was not a condition that existed as at 31 December 2019, the end of the reporting period. Accordingly, the current conditions arising from this outbreak do not have an impact on the carrying amounts reported for the financial year ended 31 December 2019.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect of Covid-19 at this juncture. The Group and the Company are actively monitoring and managing the Group's and the Company's operations to minimise any impacts that may arise from Covid-19.

25. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 using modified retrospective approach under the option where the initial measurement of the right-of-use assets is equivalent to the present value of the remaining lease payments as at 1 January 2019. Accordingly, there are no cumulative effect of the initial application recognised as an adjustment to retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted average rate applied is 3.86%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

As a lessor

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

25. Significant changes in accounting policies (continued)

Impacts on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	Group RM	Company RM
Operating lease commitments at 31 December 2018	4,373,907	879,237
Discounted using the incremental borrowing rate at 1 January 2019	<u>3,709,038</u>	<u>836,586</u>
Lease liabilities recognised at 1 January 2019	<u>3,709,038</u>	<u>836,586</u>

26. Prior year adjustments

(i) Omissions of elimination of inter-divisions' balances and transactions

In the previous financial years, the Group and the Company had omitted the elimination of inter-divisions' balances in the statements of financial position and transactions in the statements of profit or loss and other comprehensive income. As a result, the amount due from related companies within the trade and other receivables and amount due to related companies within the trade and other payables of the Group and of the Company were overstated by RM9,003,880 and RM21,397,155 as at 1 April 2018 and 31 December 2018, respectively. In addition, the revenue and costs of sales of the Group and of the Company for the financial year ended 31 December 2018 were overstated by RM2,812,877, respectively. The Group and the Company have corrected these prior period errors accordingly.

(ii) Share premium

In the previous financial years, the Group and the Company had omitted the transfer of the share premium account to its share capital in accordance with Section 618(2) of Companies Act 2016. As a result, the ordinary shares and share premium of the Group and of the Company as at 1 April 2018 and 31 December 2018 were misstated by RM58,096,463, respectively. The Group and the Company have corrected these prior period errors accordingly.

26. Prior year adjustments (continued)

(iii) Inventories

In the previous financial year, the Group had erroneously recorded the inventories in the trade and other receivables. As a result, the trade and other receivables and inventories as at 31 December 2018 were misstated by RM3,160,199, respectively. The Group has corrected this prior period error accordingly.

(iv) Provision for taxation

In the previous financial years, the Group and the Company had erroneously presented the advance income tax paid in the trade and other receivables. As a result, the trade and other receivables and provision for taxation of the Group and of the Company were misstated by RM7,633,810 and RM2,139,249 as at 1 April 2018 and 31 December 2018, respectively. The Group and the Company have corrected these prior period errors accordingly.

(v) Amount due from/to related companies

In the previous financial year, the Group and the Company had erroneously recorded certain amounts due from related companies in the trade and other payables. As a result, the trade and other receivables and trade and other payables of the Group and of the Company were misstated by RM3,848,745 as at 1 April 2018, respectively. The Group and the Company have corrected these prior period errors accordingly.

(vi) Trade receivables (current and non-current)

In the previous financial years, the Group had erroneously allocated the current and non-current portion of trade receivables. As a result, the portion of current and non-current portion of trade receivables as at 1 April 2018 and 31 December 2018 were misstated by RM2,473,880 and RM4,133,340, respectively. The Group has corrected these prior period errors accordingly.

(vii) Reclassifications

Certain comparative figures in the statements of financial position and statements of profit and loss and other comprehensive income of the Group and the Company have been restated to conform with current year's presentation.

27. Comparatives

The comparative figures have been restated to reflect the abovementioned adjustments and reclassifications.

Group 1 April 2018	As previously stated RM	Effects of prior year adjustments				Effects of reclassifications		As restated RM
		(i) RM	(iv) RM	(v) RM	(vi) RM	(vii) RM		
Statement of financial position								
Assets								
Plant and equipment	21,106,922	-	-	-	-	-	-	21,106,922
Goodwill	275,983	-	-	-	-	-	-	275,983
Deferred tax assets	3,283,643	-	-	-	-	-	-	3,283,643
Trade receivables	2,477,990	-	-	-	(2,473,880)	-	-	4,110
Total non-current assets	27,144,538	-	-	-	(2,473,880)	-	-	24,670,658
Trade and other receivables								
Amount due from ultimate holding company	90,905,837	(9,003,880)	(7,633,810)	3,848,745	2,473,880	102,161,597	182,752,369	
Amount due from related companies	310,365	-	-	-	-	(310,365)	-	-
Cash and cash equivalents	101,851,232	-	-	-	-	(101,851,232)	-	-
	44,824,598	-	-	-	-	-	-	44,824,598
Total current assets	237,892,032	(9,003,880)	(7,633,810)	3,848,745	2,473,880	-	-	227,576,967
Total assets	265,036,570	(9,003,880)	(7,633,810)	3,848,745	-	-	-	252,247,625

27. Comparatives (continued)

Group 1 April 2018	As previously stated RM	Effects of prior year adjustments				Effects of reclassifications (vii) RM	As restated RM
		(i) RM	(ii) RM	(iv) RM	(v) RM		
Statement of financial position (continued)							
Equity							
Share capital	22,000,000	-	58,096,463	-	-	(12,000,000)	68,096,463
Share premium	58,096,463	-	(58,096,463)	-	-	-	-
Redeemable convertible cumulative preference shares	-	-	-	-	-	12,000,000	12,000,000
Reserve	15,969	-	-	-	-	-	15,969
Translation reserve	(1,734,985)	-	-	-	-	-	(1,734,985)
Retained earnings	59,508,339	-	-	-	-	-	59,508,339
Equity attributable to owner of the Company	137,885,786	-	-	-	-	-	137,885,786
Contract liabilities							
Trade and other payables	-	-	-	-	-	3,425,978	3,425,978
Amount due to ultimate holding company	28,294,123	(9,003,880)	-	-	3,848,745	87,455,387	110,594,375
Amount due to related companies	6,119,420	-	-	-	-	(6,119,420)	-
Provision for taxation	84,761,945	-	-	-	-	(84,761,945)	-
	7,975,296	-	-	(7,633,810)	-	-	341,486
Total current liabilities	127,150,784	(9,003,880)	-	(7,633,810)	3,848,745	-	114,361,839
Total liabilities	127,150,784	(9,003,880)	-	(7,633,810)	3,848,745	-	114,361,839
Total equity and liabilities	265,036,570	(9,003,880)	-	(7,633,810)	3,848,745	-	252,247,625

27. Comparatives (continued)

Group	31 December 2018						
Statement of financial position							
Assets							
Plant and equipment	23,109,394	-	-	-	-	-	23,109,394
Goodwill	275,983	-	-	-	-	-	275,983
Deferred tax assets	1,665,732	-	-	-	-	-	1,665,732
Trade receivables	12,867,114	-	-	-	(4,133,340)	-	8,773,774
Total non-current assets	37,918,223	-	-	-	(4,133,340)	-	33,824,883
Inventories	-	-	3,160,199	-	-	-	3,160,199
Contract assets	-	-	-	-	-	850,553	850,553
Trade and other receivables	72,981,205	(21,397,155)	(3,160,199)	(2,139,249)	4,133,340	153,466,655	203,884,597
Amount due from ultimate holding company	2,796,099	-	-	-	-	(2,796,099)	-
Amount due from related companies	151,521,109	-	-	-	-	(151,521,109)	-
Cash and cash equivalents	20,765,277	-	-	-	-	-	20,765,277
Total current assets	248,063,690	(21,397,155)	-	(2,139,249)	4,133,340	-	228,660,626
Total assets	285,981,913	(21,397,155)	-	(2,139,249)	-	-	262,485,509

27. Comparatives (continued)

Group	As previously stated RM	Effects of prior year adjustments			Effects of reclassifications (vii) RM	As restated RM
		(i) RM	(ii) RM	(iv) RM		
31 December 2018						
Statement of financial position (continued)						
Equity						
Share capital	22,000,000	-	58,096,463	-	(12,000,000)	68,096,463
Share premium	58,096,463	-	(58,096,463)	-	-	-
Redeemable convertible cumulative preference shares	-	-	-	-	12,000,000	12,000,000
Reserve	15,969	-	-	-	-	15,969
Translation reserve	(2,651,950)	-	-	-	-	(2,651,950)
Retained earnings	82,442,057	-	-	-	-	82,442,057
Equity attributable to owner of the Company	159,902,539	-	-	-	-	159,902,539
Contract liabilities	-	-	-	-	4,009,894	4,009,894
Trade and other payables	30,046,086	(21,397,155)	-	-	86,229,056	94,877,987
Amount due to ultimate holding company	7,039,156	-	-	-	(7,039,156)	-
Amount due to related companies	83,199,794	-	-	-	(83,199,794)	-
Provision for taxation	5,794,338	-	-	(2,139,249)	-	3,655,089
Total current liabilities	126,079,374	(21,397,155)	-	(2,139,249)	-	102,542,970
Total liabilities	126,079,374	(21,397,155)	-	(2,139,249)	-	102,542,970
Total equity and liabilities	285,981,913	(21,397,155)	-	(2,139,249)	-	262,445,509

27. Comparatives (continued)

Statement of financial position	As previously stated RM	Effects of prior year adjustments			Effect of reclassifications (vii) RM	As restated RM
		(i) RM	(iv) RM	(v) RM		
Company						
1 April 2018						
Assets						
Plant and equipment	3,677,084	-	-	-	-	3,677,084
Goodwill	275,983	-	-	-	-	275,983
Deferred tax assets	1,826,112	-	-	-	-	1,826,112
Total non-current assets	5,779,179	-	-	-	-	5,779,179
Trade and other receivables	44,640,387	(9,003,880)	(7,633,810)	3,848,745	63,882,723	95,734,165
Amount due from ultimate holding company	310,365	-	-	-	(310,365)	-
Amount due from a subsidiary	1,313,032	-	-	-	(1,313,032)	-
Amount due from related companies	62,259,326	-	-	-	(62,259,326)	-
Cash and cash equivalents	5,941,238	-	-	-	-	5,941,238
Total current assets	114,464,348	(9,003,880)	(7,633,810)	3,848,745	-	101,675,403
Total assets	120,243,527	(9,003,880)	(7,633,810)	3,848,745	-	107,454,582

27. Comparatives (continued)

	As previously stated RM	Effects of prior year adjustments			Effects of reclassifications		As restated RM
		(i) RM	(ii) RM	(iv) RM	(v) RM	(vii) RM	
Company							
1 April 2018							
Statement of financial position (continued)							
Equity							
Share capital	22,000,000	-	58,096,463	-	-	(12,000,000)	68,096,463
Share premium	58,096,463	-	(58,096,463)	-	-	-	-
Redeemable convertible cumulative preference shares	-	-	-	-	-	12,000,000	12,000,000
Retained earnings	7,555,347	-	-	-	-	-	7,555,347
Equity attributable to owner of the Company	87,651,810	-	-	-	-	-	87,651,810
Contract liabilities							
Trade and other payables	-	-	-	-	-	3,425,978	3,425,978
Amount due to ultimate holding company	14,335,428	(9,003,880)	-	-	3,848,745	6,871,803	16,052,096
Amount due to related companies	3,238,951	-	-	-	-	(3,238,951)	-
Provision for taxation	7,058,830	-	-	-	-	(7,058,830)	-
	7,958,508	-	-	(7,633,810)	-	-	324,698
Total current liabilities	32,591,717	(9,003,880)	-	(7,633,810)	3,848,745	-	19,802,772
Total liabilities	32,591,717	(9,003,880)	-	(7,633,810)	3,848,745	-	19,802,772
Total equity and liabilities	120,243,527	(9,003,880)	-	(7,633,810)	3,848,745	-	107,454,582

27. Comparatives (continued)

Company					
31 December 2018					
Statement of financial position					
Assets					
Plant and equipment	5,441,193	-	-	-	5,441,193
Goodwill	275,983	-	-	-	275,983
Investment in a subsidiary	57,178,525	-	-	-	57,178,525
Deferred tax assets	809,310	-	-	-	809,310
Total non-current assets	63,705,011	-	-	-	63,705,011
Contract assets	-	-	-	562,487	562,487
Trade and other receivables	34,973,536	(21,397,155)	(2,139,249)	99,950,780	111,387,912
Amount due from ultimate holding company	2,796,099	-	-	(2,796,099)	-
Amount due from a subsidiary	729,751	-	-	(729,751)	-
Amount due from related companies	96,987,417	-	-	(96,987,417)	-
Cash and cash equivalents	4,215,616	-	-	-	4,215,616
Total current assets	139,702,419	(21,397,155)	(2,139,249)	-	116,166,015
Total assets	203,407,430	(21,397,155)	(2,139,249)	-	179,871,026

27. Comparatives (continued)

	As previously stated RM	Effects of prior year adjustments		Effects of reclassifications		As restated RM
		(i) RM	(ii) RM	(iv) RM	(vii) RM	
Company						
31 December 2018						
Statement of financial position						
(continued)						
Equity						
Share capital	22,000,000	-	58,096,463	-	(12,000,000)	68,096,463
Share premium	58,096,463	-	(58,096,463)	-	-	-
Redeemable convertible cumulative preference shares	-	-	-	-	12,000,000	12,000,000
Retained earnings	81,179,094	-	-	-	-	81,179,094
Equity attributable to owner of the Company	161,275,557	-	-	-	-	161,275,557
Contract liabilities						
Trade and other payables	-	-	-	-	2,880,266	2,880,266
Amount due to ultimate holding company	15,733,352	(21,397,155)	-	-	19,256,890	13,593,087
Amount due to related companies	178,852	-	-	-	(178,852)	-
Provision for taxation	21,958,304	-	-	-	(21,958,304)	-
	4,261,365	-	-	(2,139,249)	-	2,122,116
Total current liabilities	42,131,873	(21,397,155)	-	(2,139,249)	-	18,595,469
Total liabilities	42,131,873	(21,397,155)	-	(2,139,249)	-	18,595,469
Total equity and liabilities	203,407,430	(21,397,155)	-	(2,139,249)	-	179,871,026

27. Comparatives (continued)

	As previously stated RM	Effects of prior year adjustments (i) RM	Effects of reclassifications (vii) RM	As restated RM
Group				
01.04.2018 to 31.12.2018				
Statement of profit or loss and other comprehensive income				
Revenue	233,396,762	(2,812,877)	-	230,583,885
Cost of sales	(190,809,676)	2,812,877	-	(187,996,799)
Gross profit	42,587,086	-	-	42,587,086
Other income	4,629,251	-	(1,303,856)	3,325,395
Selling and marketing expenses	(2,161,588)	-	-	(2,161,588)
Administrative expenses	(10,239,961)	-	-	(10,239,961)
Other operating expenses	(2,363,314)	-	-	(2,363,314)
Results from operating activities	32,451,474	-	(1,303,856)	31,147,618
Finance income	-	-	1,303,856	1,303,856
Finance costs	(31,628)	-	-	(31,628)
Profit before tax	32,419,846	-	-	32,419,846
Tax expenses	(9,486,128)	-	-	(9,486,128)
Profit for the period	22,933,718	-	-	22,933,718
Other comprehensive income, net of tax				
Items that will or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for a foreign operation	(916,965)	-	-	(916,965)
Other comprehensive expenses for the period, net of tax	(916,965)	-	-	(916,965)
Total comprehensive expenses for the period	22,016,753	-	-	22,016,753

27. Comparatives (continued)

	As previously stated RM	Effects of prior year adjustments (i) RM	Effects of reclassifications (vii) RM	As restated RM
Company				
01.04.2018 to 31.12.2018				
Statement of profit or loss and other comprehensive income				
Revenue	112,588,493	(2,812,877)	-	109,775,616
Cost of sales	(88,050,432)	2,812,877	-	(85,237,555)
Gross profit	24,538,061	-	-	24,538,061
Other income	61,575,402	-	(1,303,856)	60,271,546
Selling and marketing expenses	(510,919)	-	-	(510,919)
Administrative expenses	(3,366,801)	-	-	(3,366,801)
Other operating expenses	(1,194,029)	-	-	(1,194,029)
Results from operating activities	81,041,714	-	(1,303,856)	79,737,858
Finance income	-	-	1,303,856	1,303,856
Finance costs	(31,628)	-	-	(31,628)
Profit before tax	81,010,086	-	-	81,010,086
Tax expenses	(7,386,339)	-	-	(7,386,339)
Profit for the period	73,623,747	-	-	73,623,747

27. Comparatives (continued)

	As previously stated RM	Prior year adjustments and reclassifications RM	As restated RM
Group			
01.04.2018 to 31.12.2018			
Statement of cash flows			
Operating profit before working capital changes	35,173,685	(2,291,776)	32,881,909
Change in inventories	-	(3,160,199)	(3,160,199)
Change in trade and other payables	1,174,112	(18,655,663)	(17,481,551)
Change in trade and other receivables	1,043,219	(26,559,035)	(25,515,816)
Change in amount due from/to ultimate holding company, a subsidiary and related companies	(50,964,938)	50,964,938	-
Change in contract assets	-	(850,553)	(850,553)
Change in contract liabilities	-	583,916	583,916
Cash (used in)/generated from operations	<u>(13,573,922)</u>	<u>31,628</u>	<u>(13,542,294)</u>
Company			
01.04.2018 to 31.12.2018			
Statement of cash flows			
Operating profit before working capital changes	20,512,475	(515,673)	19,996,802
Change in trade and other payables	820,104	(4,250,007)	(3,429,903)
Change in trade and other receivables	5,025,632	(15,951,925)	(10,926,293)
Change in amount due from/to ultimate holding company, subsidiary and related companies	(21,857,430)	21,857,430	-
Change in contract assets	-	(562,487)	(562,487)
Change in contract liabilities	-	(545,712)	(545,712)
Cash (used in)/generated from operations	<u>4,500,781</u>	<u>31,626</u>	<u>4,532,407</u>

HCL Technologies Malaysia Sdn. Bhd.

(Formerly known as HCL Axon Malaysia Sdn. Bhd.)

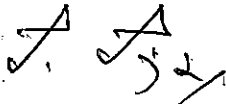
(Registration No. 199701038311 (453811-P))

(Incorporated in Malaysia)

and its subsidiary**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 6 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

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



.....
Sundaram Sridharan
Director



.....
Subramanian Gopalakrishnan
Director

Date: 04 SEP 2020

HCL Technologies Malaysia Sdn. Bhd.

(Formerly known as HCL Axon Malaysia Sdn. Bhd.)

(Registration No. 199701038311 (453811-P))

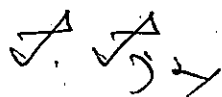
(Incorporated in Malaysia)

and its subsidiary

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

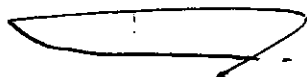
I, **Sundaram Sridharan**, the Director primarily responsible for the financial management of HCL Technologies Malaysia Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 6 to 84 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Oaths and Declarations Act (Cap 211, 2001 Rev Ed.).

Subscribed and solemnly declared by the abovenamed Sundaram Sridharan, Passport No: K0015031Z in the Republic of Singapore on 4 September 2020.



.....
Sundaram Sridharan

Before me:



Commissioner for Oaths

Singapore





KPMG PLT
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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF HCL TECHNOLOGIES MALAYSIA SDN. BHD.

(Formerly known as HCL Axon Malaysia Sdn. Bhd.)
(Registration No. 199701038311 (453811-P))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Technologies Malaysia Sdn. Bhd., which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 84.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – comparative information

We draw attention to Note 26 and Note 27 to the financial statements of the Group and of the Company which indicate that the comparative information presented as at and for the year ended 31 December 2018 and the opening balance of statements of financial position as at 1 April 2018 of the Group and of the Company have been restated. Our opinion is not modified in respect of this matter.



Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of 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 Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.



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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matters

1. The financial statements of the Group and of the Company as at and for the year ended 31 December 2018 were audited by another Chartered Accountant who expressed an unmodified opinion on those statements on 28 June 2019.
2. As part of our audit of the financial statements of the Group and of the Company as at and for the year ended 31 December 2019, we audited the adjustments described in Note 26 and Note 27 that were applied to restate the comparative information presented as at and for the year ended 31 December 2018 and the statements of financial position as at 1 April 2018. We were not engaged to audit, review, or apply any procedures to the financial statements of the Group and of the Company for the year ended 31 December 2018 or to the statements of financial position as at 1 April 2018, other than with respect to the adjustments described in Note 26 and Note 27 to the financial statements of the Group and of the Company. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 26 and Note 27 are appropriate and have been properly applied.



HCL Technologies Malaysia Sdn. Bhd.
(Formerly known as HCL Axon Malaysia Sdn. Bhd.)
(Registration No. 199701038311 (453811-P))
Independent Auditors' Report for the
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Other Matters (continued)

3. 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 4 September 2020

Sia Chin Hoe
Approval Number: 03324/09/2021 J
Chartered Accountant