

# NOTARIAL CERTIFICATE

**TO ALL TO WHOM THESE PRESENTS SHALL COME**

**I, CHANG SHERN HIN, NOTARY PUBLIC**, duly authorised and appointed, practising in the Republic of Singapore **DO HEREBY CERTIFY AND ATTEST** that the document annexed hereto is an original **REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 APRIL 2018 TO 31 DECEMBER 2018** (In Ringgit Malaysia) signed by **SUNDARAM SRIDHARAN**, Director for and on behalf of **HCL AXON MALAYSIA SDN. BHD.** (Company No. 453811-P) **AND ITS SUBSIDIARY** dated the 28<sup>th</sup> day of June 2019.

**IN TESTIMONY WHEREOF** I, the said Notary Public, have hereunto subscribed my name and affixed my Seal of Office this 28<sup>th</sup> day of June 2019

**WHICH I ATTEST**



**CHANG SHERN HIN  
NOTARY PUBLIC  
SINGAPORE**



**HCL Axon Malaysia Sdn. Bhd.**

(Co. No. 453811-P)

(Incorporated in Malaysia)

**And Its Subsidiary**

Reports and Financial Statements

for the Financial Period from

1 April 2018 to 31 December 2018

(In Ringgit Malaysia)

**HCL AXON MALAYSIA SDN. BHD.**  
(Co. No.453811-P)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

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**HCL AXON MALAYSIA SDN. BHD.**  
(Co. No.453811-P)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

**Directors' report**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 April 2018 to 31 December 2018.

**Principal activities**

The principal activity of the Company is the provision of software services, business process sourcing services and information technology infrastructure services.

The principal activities of the subsidiary are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

**Change in financial year end**

The company changed its financial year end from 31 March to 31 December. Accordingly, the Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and Statement of Cash Flows for the current financial period are drawn up for the period from 1 April 2018 to 31 December 2018 or a period of nine(9) months.

**Results**

	<b>Group RM</b>	<b>Company RM</b>
Profit for the financial year	<u>22,933,718</u>	<u>73,623,747</u>

**Reserves and provisions**

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

**Dividends**

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors do not recommend any dividend for the financial period from 1 April 2018 to 31 December 2018.

**Directors**

The Directors of the Company in office during the financial period and during the period from the end of the financial year to the date of this report are:

Subramanian Gopalakrishnan  
Sundaram Sridharan  
Chiu Kim Boo  
Shiv Walia  
Chong Li Khuen

**HCL AXON MALAYSIA SDN. BHD.**

(Co. No.453811-P)

(Incorporated in Malaysia)

**AND ITS SUBSIDIARY****Directors' interests in shares**

According to the Register of Director's Shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its related incorporations during the financial year were as follows:

	Number of Ordinary Shares of Rs. 2 each		
	Balance		Balance
	as at <u>1.4.2018</u>	<u>Bought</u>	<u>Sold</u> as at <u>31.12.2018</u>
<b>Shareholdings registered in the name of Directors in the ultimate holding company:</b>			
Sundaram Sridharan	12,104	-	-

12,104

By virtue of the Directors' interest in the shares of the holding company, the above Directors are deemed interested in the shares of the Company during the financial year to the extent of their shareholding in the holding company, in accordance with Section 8 of the Companies Act, 2016 in Malaysia.

The other directors in office at the end of the financial year, did not hold any interest in the ordinary shares of the Company and related corporations during the financial year, according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

**Directors' benefits**

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit 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 other than certain Directors who have substantial financial interest in companies which traded with certain companies in the Group and in the Company carry of business as disclosed in Note 21 to the financial statements.

There were no arrangements during or 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.

**Directors' remuneration**

None of the directors received remuneration from the Company during the financial period.

**Indemnity and insurance for director, officer and auditor**

There was no indemnity given to or insurance effected for any director, officer and auditor of the Company.

**Issue of shares and debentures**

There were no changes in the share capital of the Company during the financial period.

On 31 January 2017, the Companies Act, 2016 ("the Act") in Malaysia became effective and rendered the par value regime no longer applicable. This has resulted in the Company's share capital no longer having a par value and the authorised share capital no longer relevant at the date of the report.

There were no debentures issued during the financial period.

**HCL AXON MALAYSIA SDN. BHD.**

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**Options granted over unissued shares**

No options were granted to any person to take up unissued shares 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) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the making of provision for doubtful debts inadequate to any material extent; or

(ii) which would render the value attributed to 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, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(i) any charge on the assets of the Group and 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 and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company have become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may 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 results of the operations of the Group and of the Company for the financial period from 1 April 2018 to 31 December 2018 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 the financial period and the date of this report

**HCL AXON MALAYSIA SDN. BHD.**

(Co. No.453811-P)

(Incorporated in Malaysia)

**AND ITS SUBSIDIARY**

**Holding companies**

The immediate holding company is Axon Group Ltd, a company incorporated in the United Kingdom with its registered office at Axon Centre, Church Road, Egham, Surrey, TW20 9QB, United Kingdom.

The ultimate holding company is HCL Technologies Limited, a company incorporated in India with its registered office at 806, Siddharth, 96 Nehru Place, New Delhi 110019, India and listed on the NSE (National Stock Exchange, Bombay) and BSE (Bombay Stock Exchange).

**Auditors**

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The remuneration of auditors is amounting to RM 85,620.00 as disclosed in Note 7 to the financial statements.

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



SUNDARAM SRIDHARAN

Singapore



SUBRAMANIAN GOPALAKRISHNAN

**HCL AXON MALAYSIA SDN. BHD.**  
(Co. No.453811-P)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

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

In the opinion of the Directors, the accompanying financial statements as set out on pages 11 to 55 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 at 31 December 2018 and of their financial performance and their cash flows for the financial period from 1 April 2018 to 31 December 2018.

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



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SUNDARAM SRIDHARAN



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SUBRAMANIAN GOPALAKRISHNAN

Singapore



HCL AXON MALAYSIA SDN. BHD.  
(Co. No.453811-P)  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY

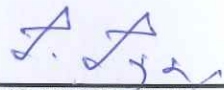
**STATUTORY DECLARATION PURSUANT TO SECTION 251 (1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA**

I, SUNDARAM SRIDHARAN, being the Director primarily responsible for the financial management of HCL AXON MALAYSIA SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 11 to 55 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Notaries Public Act, 1965.

Subscribed and solemnly declared by the above named at  
Singapore on \_\_\_\_\_

28 JUN 2019

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)  
)

  
\_\_\_\_\_  
SUNDARAM SRIDHARAN

Before me,



\_\_\_\_\_  
NOTARY PUBLIC



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HCL AXON MALAYSIA SDN. BHD.  
AND ITS SUBSIDIARY  
(Co. No. 453811-P)  
(Incorporated in Malaysia)**

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

***Opinion***

We have audited the financial statements of HCL AXON MALAYSIA SDN. BHD., which comprise the statements of financial position as at 31 December 2018 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 55.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

***Basis for Opinion***

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Information Other than the Financial Statements and Auditors' Report Thereon***

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HCL AXON MALAYSIA SDN. BHD.  
AND ITS SUBSIDIARY  
(Co. No. 453811-P)  
(Incorporated in Malaysia)**

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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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:

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HCL AXON MALAYSIA SDN. BHD.  
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***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the 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 achieves fair presentation.
- 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HCL AXON MALAYSIA SDN. BHD.  
AND ITS SUBSIDIARY**

(Co. No. 453811-P)  
(Incorporated in Malaysia)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 11 to the financial statements, being accounts that have been included in the consolidated accounts.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 266(3) of the Act.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PKF  
AF 0911  
CHARTERED ACCOUNTANTS



NGU SIOW PING  
03033/11/2019 J  
CHARTERED ACCOUNTANT

Kuala Lumpur

**28 JUN 2019**

**HCL AXON MALAYSIA SDN. BHD.**  
 (Co. No.453811-P)  
 (Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2018 to 31 DECEMBER 2018**

	Note	Group		Company	
		01.04.2018 to 31.12.2018 RM	01.04.2017 to 31.03.2018 RM	01.04.2018 to 31.12.2018 RM	01.04.2017 to 31.03.2018 RM
Revenue	3	233,396,762	244,039,727	112,588,493	134,502,632
Cost of Sales	4	(190,809,676)	(193,095,507)	(88,050,432)	(103,423,026)
<b>Gross Profit</b>		<b>42,587,086</b>	<b>50,944,220</b>	<b>24,538,061</b>	<b>31,079,606</b>
Selling and marketing expenses		(2,161,588)	(3,469,287)	(510,919)	(2,012,568)
Administrative expenses		(10,239,961)	(10,466,934)	(3,366,801)	(6,712,501)
Other operating expenses		(2,363,314)	(3,290,492)	(1,194,029)	(887,093)
		(14,764,863)	(17,226,713)	(5,071,749)	(9,612,162)
Operating profit		27,822,223	33,717,507	19,466,312	21,467,444
Other income/ (loss)	5	4,629,251	(7,628,650)	61,575,402	(5,815,935)
<b>Profit from operations</b>		<b>32,451,474</b>	<b>26,088,857</b>	<b>81,041,714</b>	<b>15,651,509</b>
Finance costs	6	(31,628)	(46,558)	(31,628)	(46,558)
<b>Profit before tax</b>	7	<b>32,419,846</b>	<b>26,042,299</b>	<b>81,010,086</b>	<b>15,604,951</b>
Tax expenses	9	(9,486,128)	(2,180,527)	(7,386,339)	(3,311,683)
<b>Profit for the financial year</b>		<b>22,933,718</b>	<b>23,861,772</b>	<b>73,623,747</b>	<b>12,293,268</b>
<b>Other comprehensive (loss)/income:</b>					
<b>Items that will or may be reclassified subsequently to profit or loss</b>					
Currency translation (loss) arising from consolidation		(916,965)	(1,959,169)	-	-
<b>Profit and other comprehensive income for the financial year</b>		<b>22,016,753</b>	<b>21,902,603</b>	<b>73,623,747</b>	<b>12,293,268</b>

The accompanying notes form an integral part of the financial statements

**HCL AXON MALAYSIA SDN. BHD.**  
 (Co. No.453811-P)  
 (Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

		Group		Company	
	Note	31.12.2018	31.03.2018	31.12.2018	31.03.2018
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	10	23,109,394	21,106,922	5,441,193	3,677,084
Investment in a subsidiary	11	-	-	57,178,525	-
Goodwill	12	275,983	275,983	275,983	275,983
Deferred Tax Assets	13	1,665,732	3,283,643	809,310	1,826,112
Trade and non-trade receivables	14	12,867,114	2,477,990	-	-
		<u>37,918,223</u>	<u>27,144,538</u>	<u>63,705,011</u>	<u>5,779,179</u>
<b>Current Assets</b>					
Trade and non-trade receivables	14	72,981,205	90,905,837	34,973,536	44,640,387
Amount due from ultimate holding company	15	2,796,099	310,365	2,796,099	310,365
Amount due from a subsidiary	16	-	-	729,751	1,313,032
Amount due from related companies	17	151,521,109	101,851,232	96,987,417	62,259,326
Cash and bank balances		<u>20,765,277</u>	<u>44,824,598</u>	<u>4,215,616</u>	<u>5,941,238</u>
		<u>248,063,690</u>	<u>237,892,032</u>	<u>139,702,419</u>	<u>114,464,348</u>
<b>TOTAL ASSETS</b>		<b><u>285,981,913</u></b>	<b><u>265,036,570</u></b>	<b><u>203,407,430</u></b>	<b><u>120,243,527</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holder of the Company</b>					
Share capital	18	22,000,000	22,000,000	22,000,000	22,000,000
Share premium	19	58,096,463	58,096,463	58,096,463	58,096,463
Retained earnings		82,442,057	59,508,339	81,179,094	7,555,347
Reserve fund		15,969	15,969	-	-
Currency translation reserve		(2,651,950)	(1,734,985)	-	-
		<u>159,902,539</u>	<u>137,885,786</u>	<u>161,275,557</u>	<u>87,651,810</u>
<b>Current Liabilities</b>					
Trade and non-trade payables	20	30,046,086	28,294,123	15,733,352	14,335,428
Amount due to ultimate holding company	15	7,039,156	6,119,420	178,852	3,238,951
Amount due to related companies	17	83,199,794	84,761,945	21,958,304	7,058,830
Tax payable		<u>5,794,338</u>	<u>7,975,296</u>	<u>4,261,365</u>	<u>7,958,508</u>
		<u>126,079,374</u>	<u>127,150,784</u>	<u>42,131,873</u>	<u>32,591,717</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>285,981,913</u></b>	<b><u>265,036,570</u></b>	<b><u>203,407,430</u></b>	<b><u>120,243,527</u></b>

The accompanying notes form an integral part of the financial statements

**HCL AXON MALAYSIA SDN. BHD.**  
(Co. No.453811-P)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

The Group	Attributable to equity holders of the company					
	Non distributable			Distributable		
	Share capital	Preference share	Share premium	Reserve fund	Currency translation reserve	Retained Earnings
	RM	RM	RM	RM	RM	RM
<b>At 01 April 2017</b>	10,000,000	12,000,000	58,096,463	15,969	224,184	35,646,567
Foreign currency translation differences for foreign operations	-	-	-	-	(1,959,169)	-
Profit for the financial year	-	-	-	-	-	23,861,772
Total comprehensive income for the financial year	-	-	-	-	(1,959,169)	23,861,772
<b>As at 31 March 2018</b>	10,000,000	12,000,000	58,096,463	15,969	(1,734,985)	59,508,339
Foreign currency translation differences for foreign operations	-	-	-	-	(916,965)	-
Profit for the financial year	-	-	-	-	-	22,933,718
Total comprehensive income for the financial year	-	-	-	-	(916,965)	22,933,718
<b>Balance as at 31 December 2018</b>	10,000,000	12,000,000	58,096,463	15,969	(2,651,950)	82,442,057
						159,902,539

The accompanying notes form an integral part of the financial statements



**HCL AXON MALAYSIA SDN. BHD.**  
(Co. No.453811-P)  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018 (CONTINUED)**

	Attributable to equity holders of the company					
	<u>Non distributable</u>			<u>Distributable</u>		
	Share	capital	Preference share	Share premium	(Accumulated losses)/ Retained Earnings	Total
	RM		RM	RM	RM	RM
The Company						
At 01 April 2017		10,000,000	12,000,000	58,096,463	(4,737,921)	75,358,542
Profit for the financial year		-	-	-	12,293,268	12,293,268
At 31 March 2018		10,000,000	12,000,000	58,096,463	7,555,347	87,651,810
Profit for the financial year		-	-	-	73,623,747	73,623,747
At 31 December 2018		10,000,000	12,000,000	58,096,463	81,179,094	161,275,557

The accompanying notes form an integral part of the financial statements

**HCL AXON MALAYSIA SDN. BHD.**  
 (Co. No.453811-P)  
 (Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>				
Profit before tax	32,419,846	26,042,299	81,010,086	15,604,951
Adjustments for:-				
Impairment loss on trade receivables	888,053	(1,093,843)	-	-
Utilisation of provision for doubtful debts	-	(573,936)	(845,712)	(835,272)
Provision for unutilised leaves	547,299	233,415	547,299	233,415
Depreciation	4,296,309	3,290,492	1,194,029	887,093
Interest income	(1,303,856)	(1,263,307)	(1,303,856)	(1,263,307)
Unrealised foreign currency exchange difference	(1,673,965)	6,855,250	(2,910,846)	6,855,248
Reversal of impairment of investment	-	-	(57,178,525)	-
<b>Operating profit before working capital changes</b>	<b>35,173,685</b>	<b>33,490,370</b>	<b>20,512,475</b>	<b>21,482,128</b>
(Increase)/Decrease in receivables	1,043,219	(14,534,754)	5,025,632	(9,567,394)
(Increase)/Decrease in amounts due from related companies, subsidiary and ultimate holding company (net of payables)	(50,964,938)	25,118,585	(21,857,430)	(6,365,144)
Decrease/(Increase) in payables	1,174,112	(5,090,141)	820,104	(410,602)
<b>Cash generated from operations</b>	<b>(13,573,922)</b>	<b>38,984,060</b>	<b>4,500,781</b>	<b>5,138,988</b>
Income tax paid	(4,572,119)	(14,935,349)	(4,572,122)	(4,650,944)
<b>Net cash used in operating activities</b>	<b>(18,146,041)</b>	<b>24,048,711</b>	<b>(71,341)</b>	<b>488,044</b>
<b>Cash Flows from investing activities</b>				
Interest received	1,303,856	1,263,307	1,303,856	1,263,307
Purchase of property, plant and equipment	(6,298,781)	(18,641,872)	(2,958,138)	(2,628,398)
<b>Net cash flows used in investing activities</b>	<b>(4,994,925)</b>	<b>(17,378,565)</b>	<b>(1,654,282)</b>	<b>(1,365,091)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,140,966)</b>	<b>6,670,146</b>	<b>(1,725,623)</b>	<b>(877,047)</b>
<b>Foreign exchange difference in opening balances</b>	<b>(918,355)</b>	<b>(1,959,169)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>44,824,598</b>	<b>40,113,621</b>	<b>5,941,238</b>	<b>6,818,285</b>
<b>Cash and cash equivalents at end of the period/year</b>	<b>20,765,277</b>	<b>44,824,598</b>	<b>4,215,616</b>	<b>5,941,238</b>

Cash and cash equivalent comprise represent cash and bank balances.

The accompanying notes form an integral part of the financial statements

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**1. Basis of preparation**

The financial statements 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.

These financial statements are presented in the Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

**(a) Standards issued and effective**

On 1 April 2018, the following new and amended MFRS are mandatory for annual financial periods beginning on or after 1 January 2018.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 15, Revenue from Contract with Customers	1 January 2018
• Clarifications to MFRS 15, Revenue from Contracts with Customers	1 January 2018
• Annual improvements to MFRSs 2014 - 2016 cycle	
- Amendments to MFRS 1, First-time Adoptions of Malaysian Financial Reporting Standards	1 January 2018
- Amendments to MFRS 128, Investment in Associates and Joint Ventures	1 January 2018
• Amendments to MFRS 2, Share-based Payment: Classification and Measurements of Share-based Payment Transactions	1 January 2018
• Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts	1 January 2018
• Amendments to MFRS 140, Investment Property: Transfer of Investment Property	1 January 2018
• IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018

Adoption of the above amended MFRS did not have any material effect on the financial performances or positions of the Group and of the Company except as mentioned below:

**(i) MFRS 9 Financial Instruments**

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**1. Basis of preparation (continued)**

**(a) Standards issued and effective (continued)**

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

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

Based on the assessment, the Group and Company do not expect the application of MFRS 9 to have a significant impact on their financial statements.

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

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with the core principle by applying the following steps:

- (1) Identify the contract with a customer;
- (2) Identify the performance obligation in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract; and
- (5) Recognise revenue when the entity satisfies a performance obligation.

The Group and the Company adopted the standard using modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated. MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**1. Basis of preparation (continued)**

**(a) Standards issued and effective (continued)**

**(ii) MFRS 15 Revenue from Contracts with Customers (continued)**

Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on their financial statements.

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
• MFRS 16, Leases	1 January 2019
• MFRS 17, Insurance Contracts	1 January 2021
• Annual improvements to MFRSs 2015-2017 cycle	
- Amendments to MFRS 3, Business Combinations	1 January 2019
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to References to the Conceptual Framework in MFRS Standards	
- Amendments to MFRS 2, Share-based Payment	1 January 2020
- Amendments to MFRS 3, Business Combinations	1 January 2020
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
- Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
- Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
- Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
- Amendments MFRS 138, Intangible Assets	1 January 2020

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**1. Basis of preparation (continued)**

**(b) Standards issued but not yet effective (continued)**

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards (continued)	
- Amendments to MFRS 2, Share-based Payment	1 January 2020
- Amendments to MFRS 3, Business Combinations	1 January 2020
- Amendments to IC interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
- Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
- Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
- Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
- Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
- Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
• Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
• Amendments to MFRS 3, Business Combinations: Definition of a Business	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
• IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Company except as mentioned below:

**MFRS 16 Leases**

MFRS 16 replaces existing guidance in MFRS 117 Leases, IC Interpretation 4 Determining Whether an Arrangement Contains a Lease, IC Interpretation 115 Operating Leases – Incentives, and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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**1. Basis of preparation (continued)**

**(c) Basis of measurement**

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

**(d) Critical accounting estimates and judgements**

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

*(i) Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

*(ii) Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

*(iii) Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**1. Basis of preparation (continued)**

**(d) Critical accounting estimates and judgements (continued)**

*(iv) Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

*(v) Fair Value Estimates for Certain Financial Assets and Liabilities*

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

*(vi) Impairment of Trade and Non-trade Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

*(vii) Deferred Tax Assets and Liabilities*

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.



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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**1. Basis of preparation (continued)**

**(d) Critical accounting estimates and judgements (continued)**

*(viii) Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease.

Accordingly, management judged that the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

*(ix) Provision for staff gratuity*

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the date of the statements of financial position on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

*(xii) Provision for expected credit losses ("ECLs") of trade receivables and contract assets*

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 24 months before the end of the reporting period and the corresponding historical credit losses experienced within this period. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in manufacturing sector, the historical default rates are adjusted. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

**2. Summary of significant accounting policies**

**(a) Basis of consolidation**

*(i) Subsidiary*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group is exposed or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**2. Summary of significant accounting policies (continued)**

**(a) Basis of consolidation (continued)**

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights are substantive, held by the Group other vote holders or other parties;
- Rights arising from other contractual arrangement;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf; and
- Any additional facts and circumstances that indicate the Group has or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.
- Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

*(ii) Accounting for business combinations*

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The financial statements of the Company and its subsidiaries are all drawn up to the same end of the reporting period.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred. In a business combination achieved in stages, previously held equity interests in the acquire are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**2. Summary of significant accounting policies (continued)**

**(a) Basis of consolidation (continued)**

*(iii) Loss of control*

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

*(iv) Non-controlling interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the parent. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between non-controlling interests and the owners of the parent.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

*(v) Transactions with non-controlling interests*

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

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**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**2. Summary of significant accounting policies (continued)**

**(a) Basis of consolidation (continued)**

*(vi) Transaction eliminated on consolidation*

Intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in full. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent the Group has interests. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*(i) Functional and presentation currency*

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

*(ii) Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

*(iii) Foreign operation*

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into presentation currency as follows:

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**2. Summary of significant accounting policies (continued)**

**(b) Foreign currencies (continued)**

*(ii) Foreign currency transactions (continued)*

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at average exchange rates for the year, which approximates the exchange rate at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follow:

	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>
1 United States Dollar	4.1335	3.8635
1 Singapore Dollar	3.0349	2.9490
1 EURO	4.7291	4.7624
1 Great British Pound	5.2676	5.4300
100 Indian Rupee	5.9211	5.9306
1 Australian Dollar	2.9171	2.9735
1 Chinese Renminbi	<u>0.6009</u>	<u>0.6200</u>

**(c) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

*(i) Sales of goods*

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing measurement involvement with the goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

*(ii) Revenue from services*

Revenue from services provided is recognised net of service tax and discount, where applicable, as and when the services are performed.

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**2. Summary of significant accounting policies (continued)**

**(d) Employee benefits**

*(i) Short-term benefits*

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

*(ii) Defined contribution plans*

The Group's and the Company's contribution to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

**(e) Borrowing costs**

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sales.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(f) Tax expense**

*(i) Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

*(ii) Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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**2. Summary of significant accounting policies (continued)**

**(f) Tax expense (continued)**

**(ii) Deferred tax (continued)**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination.

**(g) Impairment**

**(i) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

*Financial assets carried at amortised cost.*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables and other receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past

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**2. Summary of significant accounting policies (continued)**

**(g) Impairment**

**(i) Impairment of financial assets (continued)**

the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(ii) Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.



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**2. Summary of significant accounting policies (continued)**

**(g) Impairment (continued)**

**(ii) Impairment of non-financial assets (continued)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

**(h) Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress are not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight line basis, at the following annual rates. During the year, the Company estimated life of assets has been revised as follows:

Leasehold improvements	Over the remaining period of lease or 4 years, whichever is lower
Office equipment	5 years
Computer equipment	4 - 5 years
Computer software	3 years

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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**2. Summary of significant accounting policies (continued)**

**(i) Financial assets**

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*, the Company have elected not to restate the comparatives.

*(i) Initial recognition and measurement*

Financial assets are recognised when, and only when, the Company becomes party to the contractual provision of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

*(ii) Subsequent measurement*

*Current financial year*

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassified debt investments when and only when its business model for managing those asset changes.

• *Amortised cost*

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

• *Fair value through other comprehensive income ("FVOCI") – debt investment*

Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

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**2. Summary of significant accounting policies (continued)**

**(i) Financial assets (continued)**

*(ii) Subsequent measurement (continued)*

*Current financial year (continued)*

- *Fair value through other comprehensive income ("FVOCI") – debt investment (continued)*

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.

- *FVOCI – equity investment*

Equity investment is measured at FVOCI when the Company made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

- *Fair value through profit or loss ("FVTPL")*

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

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

*Previous financial year*

In previous financial years, the financial assets of the Company were classified and measured under MFRS 139 *Financial Instruments: Recognition and Measurement* as follows:

- *Financial assets at FVTPL*

Financial assets were classified as financial assets at FVTPL if they were held for trading including derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

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**2. Summary of significant accounting policies (continued)**

**(i) Financial assets (continued)**

*(ii) Subsequent measurement (continued)*

*Previous financial year (continued)*

- *Financial assets at FVTPL (continued)*

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised at FVTPL were subsequently carried at fair value with the gain or losses recognised in profit or loss.

- *Held-to-maturity investments*

Held-to-maturity investments were non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company had the positive intention and ability to hold to maturity.

Held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

- *Loans and receivables*

Financial assets that were non-derivative financial assets with fixed or determinable payments (including trade and other receivables and cash and cash equivalents) that are not quoted in an active market were classified as loans and receivables.

Loans and receivables were subsequently measured at amortised cost using effective interest method.

- *Available-for-sale ("AFS") financial assets*

AFS financial assets are financial assets that were designated as AFS or were not classified in any of other categories.

AFS financial assets were subsequently carried at fair value. Any gain or losses arising from changes in the fair value were recognised in other comprehensive income, except for impairment losses, interest calculated using the effective interest method, foreign exchange gains and losses on monetary instruments which were recognised in profit or loss. On derecognition, cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to profit or loss as a reclassification adjustment.

*(iii) Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership. 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) and any cumulative gain or loss that had been recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Financial liabilities

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014), the Company have elected not to restate the comparatives.

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes party to the contractual provision of the instrument.

At initial recognition, the Company measures a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

(ii) Subsequent measurement

*Current financial year*

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

- *Amortised cost*

All financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities where it is designated as FVTPL.

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

- *FVTPL*

Financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition are measured at FVTPL.

Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) are satisfied. The Company has not designated any financial liability as at FVTPL.

Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

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**2. Summary of significant accounting policies (continued)**

**(k) Financial liabilities**

*(ii) Subsequent measurement (continued)*

*Previous financial year*

In previous financial year, financial liabilities of the Company were classified and measured under MFRS 139 *Financial Instruments: Recognition and Measurement* as follows:

- *Financial liabilities measured at amortised cost*

All financial liabilities were measured at amortised cost using the effective interest method, except for financial liabilities categorised as FVTPL.

Any gains or losses were recognised in profit or loss when the financial liability was derecognised, and through the amortisation process.

- *Financial liabilities at FVTPL*

Financial liabilities were classified as financial liabilities at FVTPL if they were held for trading including derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that were specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL were subsequently measured at their fair values with the gain or loss recognised in profit or loss. However, a derivative liability that is linked to and must be settled by delivery of an equity instrument that does not have a quoted price in an active market for an identical instrument whose fair value cannot otherwise be reliably measured, is measured at cost.

*(iii) Derecognition*

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

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

**(l) Leases**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**3. Summary of significant accounting policies (continued)**

**(l) Leases (continued)**

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

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

**(m) Provisions**

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expected expenditure required to settle the obligation.

**(n) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

**(o) Equity instrument**

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.

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

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<b>3 Revenue</b>	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Application and support services	229,164,802	242,708,460	108,356,533	133,171,365
Product Revenue	4,231,960	1,331,267	4,231,960	1,331,267
	<b>233,396,762</b>	<b>244,039,727</b>	<b>112,588,493</b>	<b>134,502,632</b>

**4 Cost of sales**

Cost of sales consists of costs attributable to the services rendered. Included in cost of sales are employee benefit expenses of the Group and of the Company amounting to RM 190,809,676 (2018: RM 193,095,507) and RM 88,050,432 (2018: RM103,423,026) respectively.

**5 Other income/(loss)**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest income from related companies	1,303,856	1,263,307	1,303,856	1,263,307
Realised foreign exchange gain/ (loss), net	1,573,902	(2,106,980)	182,175	(223,994)
Unrealised foreign exchange gain/ (loss), net	1,673,965	(6,855,248)	2,910,846	(6,855,248)
Diminution in value of investment	-	-	57,178,525	-
Miscellaneous income	77,528	70,271	-	-
	<b>4,629,251</b>	<b>(7,628,650)</b>	<b>61,575,402</b>	<b>(5,815,935)</b>

**6 Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bank charges	31,628	46,558	31,628	46,558
	<b>31,628</b>	<b>46,558</b>	<b>31,628</b>	<b>46,558</b>



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**7 Profit before tax**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before tax is arrived at after charging/(crediting):				
Auditor's Remuneration	85,620	280,299	85,620	71,126
Depreciation (Note 10)	4,296,309	3,290,492	1,194,029	887,093
Employee benefits expense (Note 8)	98,255,838	110,474,624	52,241,646	66,240,170
Impairment Loss on Trade Receivables (Note 14)	888,053	(1,093,843)	-	-
Provision for unutilized leaves	547,299	233,415	547,299	233,415
Rental	3,080,497	3,566,160	813,550	932,679
Realized Foreign Currency exchange (gain)/loss,net	(1,573,902)	2,106,980	(182,175)	223,994
Unrealized Foreign Currency exchange (gain)/loss,net	(1,673,965)	6,855,248	(2,910,846)	6,855,248

**8 Employee benefits expense**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Staff costs				
- salaries and other emoluments	94,956,649	107,018,199	48,942,457	62,783,745
- defined contribution plan	2,698,872	3,103,754	2,698,872	3,103,754
- social security contribution	-	(37,134)	-	(37,134)
- unutilised leave	547,299	233,415	547,299	233,415
- termination costs	53,018	156,390	53,018	156,390
	<b>98,255,838</b>	<b>110,474,624</b>	<b>52,241,646</b>	<b>66,240,170</b>

The total number of employee, inclusive of executive Directors of the Group and of the Company at the end of the financial year were 2019: 973(2018: 903) and 2019: 598 (2018: 553) respectively.

**9 Tax expense**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current Income Tax				
Current Year	5,783,706	4,292,199	4,261,365	3,993,465
Under/(Over) Provision in prior year	2,108,172	(3,762,569)	2,108,172	-
	<b>7,891,878</b>	<b>529,630</b>	<b>6,369,537</b>	<b>3,993,465</b>
Deferred tax				
Current Year	1,035,449	1,650,897	458,001	(681,782)
Under Provision in prior year	558,801	-	558,801	-
	<b>9,486,128</b>	<b>2,180,527</b>	<b>7,386,339</b>	<b>3,311,683</b>

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**9 Tax expense (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Reconciliation of effective tax expense</b>				
Profit before tax	89,598,370	26,042,299	81,010,086	15,604,951
Tax computed at statutory tax rate of 24%	21,503,609	6,250,152	19,442,421	3,745,188
Non-deductible expenses	952,674	2,345,833	852,183	2,322,749
Non-taxable income	(14,754,032)	(848,820)	(14,754,032)	(848,820)
Allowable claims	(1,702,587)	(3,578,875)	(1,148,236)	(1,337,612)
Taxable income	-	111,960	-	111,960
Effect of higher tax rate of subsidiary	(215,959)	11,949	(130,971)	-
Current income tax for the Year	5,783,705	4,292,199	4,261,365	3,993,465
Under/(Over) provision of current tax in prior year	2,108,172	(3,762,569)	2,108,172	-
Deferred Tax-Current Year	1,035,450	1,650,897	458,001	(681,782)
Under provision of Deferred Tax in prior year	558,801	-	558,801	-
	<u>9,486,128</u>	<u>2,180,527</u>	<u>7,386,339</u>	<u>3,311,683</u>

**10 Property, Plant and Equipment**

<b>December 2018</b>	<b>Leasehold</b>	<b>Office</b>	<b>Computer</b>	<b>Computer</b>	<b>Total</b>
<b>Group</b>	<b>Improvements</b>	<b>Equipment*</b>	<b>Equipment</b>	<b>Software</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cost</b>					
At 1 April	7,295,938	24,207,685	10,391,641	4,343,248	46,238,512
Additions	487,909	4,094,233	2,026,138	-	6,608,280
Disposals	(5,707,692)	(2,472,503)	(5,212,083)	(1,687,756)	(15,080,034)
Translation difference	-	(376,352)	-	-	(376,352)
At 31 December	<u>2,076,155</u>	<u>25,453,063</u>	<u>7,205,696</u>	<u>2,655,492</u>	<u>37,390,406</u>
<b>Accumulated depreciation</b>					
At 1 April	7,295,938	6,707,597	6,784,807	4,343,248	25,131,590
Depreciation charge for the year (Note 7)	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)
Translation difference	-	(66,853)	-	-	(66,853)
At 31 December	<u>1,623,049</u>	<u>7,282,938</u>	<u>2,719,533</u>	<u>2,655,492</u>	<u>14,281,012</u>
<b>Net Carrying Value</b>	<u>453,106</u>	<u>18,170,125</u>	<u>4,486,163</u>	<u>-</u>	<u>23,109,394</u>

\* Office equipment include movement of capital advance and CWIP

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**10 Property, Plant and Equipment (continued)**

<b>March 2018 Group</b>	<b>Leasehold Improvements RM</b>	<b>Office Equipment RM</b>	<b>Computer Equipment RM</b>	<b>Computer Software RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 April	7,295,938	8,626,162	11,163,961	4,343,248	31,429,309
Additions	-	16,195,266	2,605,116	-	18,800,382
Disposals	-	(379,845)	(3,377,436)	-	(3,757,281)
Translation difference		(233,898)	-		(233,898)
At 31 March	7,295,938	24,207,685	10,391,641	4,343,248	46,238,512
<b>Accumulated depreciation</b>					
At 1 April	7,295,779	4,747,910	9,286,830	4,343,248	25,673,767
Depreciation charge for the year (Note 7)	159	2,414,920	875,413	-	3,290,492
Disposals	-	(379,845)	(3,377,436)	-	(3,757,281)
Translation difference	-	(75,388)	-	-	(75,388)
At 31 March	7,295,938	6,707,597	6,784,807	4,343,248	25,131,590
<b>Net carrying Value</b>	-	17,500,088	3,606,834	-	21,106,922
<b>December 2018 Company</b>	<b>Leasehold Improvements RM</b>	<b>Office Equipment* RM</b>	<b>Computer Equipment RM</b>	<b>Computer Software RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 April	7,295,938	3,012,972	10,391,641	4,343,248	25,043,799
Additions	487,909	444,091	2,026,138	-	2,958,138
Disposals	(5,707,692)	(2,472,503)	(5,212,083)	(1,687,756)	(15,080,034)
At 31 December	2,076,155	984,560	7,205,696	2,655,492	12,921,903
<b>Accumulated depreciation</b>					
At 1 April	7,295,938	2,942,722	6,784,807	4,343,248	21,366,715
Depreciation charge for the year (Note 7)	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	1,623,049	482,636	2,719,533	2,655,492	7,480,710
<b>Net carrying Value</b>	<b>453,106</b>	<b>501,924</b>	<b>4,486,163</b>	<b>-</b>	<b>5,441,193</b>

\* Office equipment include movement of capital advance and CWIP

<b>March 2018 Company</b>	<b>Leasehold Improvements RM</b>	<b>Office Equipment RM</b>	<b>Computer Equipment RM</b>	<b>Computer Software RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 April	7,295,938	2,989,690	11,163,961	4,343,248	25,792,837
Additions	-	23,282	2,605,116	-	2,628,398
Disposals	-	-	(3,377,436)	-	(3,377,436)
At 31 March	7,295,938	3,012,972	10,391,641	4,343,248	25,043,799
<b>Accumulated depreciation</b>					
At 1 April	7,295,779	2,931,201	9,286,830	4,343,248	23,857,058
Depreciation charge for the year (Note 7)	159	11,521	875,413	-	887,093
Disposals	-	-	(3,377,436)	-	(3,377,436)
At 31 March	7,295,938	2,942,722	6,784,807	4,343,248	21,366,715
<b>Net carrying Value</b>	<b>-</b>	<b>70,250</b>	<b>3,606,834</b>	<b>-</b>	<b>3,677,084</b>

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**11 Investment in a subsidiary**

	<b>Company</b>	
	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	77,149,146	77,149,146
Add: impairment reversal	57,178,525	-
Less: Accumulated impairment loss	(77,149,146)	(77,149,146)
	<u>57,178,525</u>	<u>-</u>

Details of subsidiary is as follows:

<b>Name of subsidiary (Country of incorporation)</b>	<b>Effective Interest held</b>		<b>Principal activities</b>
	<b>2018 %</b>	<b>2017 %</b>	
Axon Solutions (Shanghai) Co. Ltd.* (People's Republic of China)	100	100	Provision of software development, designing and related consulting services.

\* Audited by firms other than PKF.

**12 Goodwill**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018 to 31.12.2018 RM</b>	<b>01.04.2017 to 31.03.2018 RM</b>	<b>01.04.2018 to 31.12.2018 RM</b>	<b>01.04.2017 to 31.03.2018 RM</b>
Goodwill Volvo IT business				
Cost				
At 1 April	275,983	275,983	275,983	275,983
Addition	-	-	-	-
At 31 December	<u>275,983</u>	<u>275,983</u>	<u>275,983</u>	<u>275,983</u>
Accumulated amortisation				
At 1 April	-	-	-	-
Amortisation charge	-	-	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying value	<u>275,983</u>	<u>275,983</u>	<u>275,983</u>	<u>275,983</u>

On 15 February 2016, HCL Axon Malaysia Sdn. Bhd. acquired Volvo Malaysia IT business (as a part of global acquisition of Volvo IT business by HCL Technologies Ltd.).

The acquired business is an IT business which was earlier operated by Volvo itself and now the same has been taken over by HCL.

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**12 Goodwill (Continued)**

**(a) Impairment test for goodwill**

Keys assumptions used in value-in-use calculations

The recoverable amount of a cash-generating unit ("CGU") is determined based on financial budgets approved by management covering a two year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- (i) **Budgeted net margin**  
The basis used to determine the value assigned to the budgeted net margins achieved in the year immediately before the budgeted year increased from expected efficiency improvements. The average net margin applied was 5.1%.
- (ii) **Growth rate**  
The weighted average growth rates used are consistent with the long term average growth rate for the industry. The average growth rate applied was 2% per annum.
- (iii) **Discount rate**  
The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The discounts rate applied was 17.7% per annum.

**(b) Sensitivity to changes in assumptions**

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the unit to materially exceed their recoverable amounts.

**13 Deferred tax assets**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 April	3,283,643	5,041,124	1,826,112	1,144,330
Recognised in profit or loss	(1,594,251)	(1,757,481)	(1,016,802)	681,782
At 31 December	<u>1,689,392</u>	<u>3,283,643</u>	<u>809,310</u>	<u>1,826,112</u>

The deferred tax assets relating to temporary differences arising from provision made during the year that have been recognised in the financial statements as it is probable that the Group and the Company would generate taxable profits in the near foreseeable future to utilise the benefit arising from the offset of these tax losses and capital allowances.

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**14 Trade and non-trade receivables**

These include the following:

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-current</b>				
Trade receivables	12,867,114	2,477,990	-	-
	12,867,114	2,477,990	-	-
<b>Current</b>				
Third parties	44,447,911	51,350,575	26,809,316	28,330,107
Less: Allowance for impairment	(1,355,707)	(2,243,760)	(1,136,711)	(1,982,424)
	43,092,204	49,106,815	25,672,605	26,347,683
<b>Unbilled receivables</b>				
Third parties	15,603,177	20,595,132	2,613,497	7,324,652
Related companies	183,089	-	183,089	-
	15,786,266	20,595,132	2,796,586	7,324,652
<b>Non-trade receivables</b>				
Advance income tax paid	2,139,249	7,633,810	2,139,249	7,633,810
Deposits	1,583,379	567,160	604,201	567,160
Sundry receivables	5,257,480	7,486,888	250,839	241,764
Deferred costs	1,850,187	2,097,061	237,616	357,198
Contract assets & prepayments	3,272,440	3,418,971	3,272,440	2,168,120
	14,102,735	21,203,890	6,504,344	10,968,052
Total current portion	72,981,205	90,905,837	34,973,536	44,640,387
Total trade and non-trade receivables	85,848,319	93,383,827	34,973,536	44,640,387
Add: Amount due from	-	-	-	-
related parties	151,521,109	101,851,232	96,987,417	62,259,326
subsidiary	-	-	729,751	1,313,032
ultimate holding company	2,796,099	310,365	2,796,099	310,365
Cash and bank balances	20,765,277	44,824,598	4,215,616	5,941,238
Less: Prepayments	(3,272,440)	(3,418,971)	(3,272,440)	(2,168,120)
Total loans and receivables	257,658,364	236,951,051	136,429,979	112,296,228

Trade receivables are non-interest bearing and generally on 30 to 90 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Ageing analysis of the Group's and of the Company's trade receivables is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	16,845,726	6,792,988	16,968,292	17,585,478
1 to 90 days past due not impaired	34,142,305	20,460,844	6,787,928	4,117,167
91 to 180 days past due not impaired	4,971,286	24,330,973	1,916,385	4,645,038
	39,113,592	44,791,817	8,704,313	8,762,205
Specific Impairment	1,355,707	2,243,760	1,136,711	1,982,424
	57,315,025	53,828,565	26,809,316	28,330,107

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**14 Trade and non-trade receivables (continued)**

Trade receivables are non-interest bearing and generally on 30 to 90 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Ageing analysis of the Group's and of the Company's trade receivables is as follows:

Receivables that are neither past due nor impaired

Trade and non-trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group's and of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM 39,113,592 (2018: RM44,791,817) and RM8,704,313 (2018: RM8,762,205) respectively that are past due at the reporting date but not impaired. Based on credit history, there are no indications as at reporting date that these customers will not be able to meet their obligations. These amounts are unsecured in nature.

The Group's and the Company's trade receivables that impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	01.04.2018 to 31.12.2018 RM	01.04.2017 to 31.03.2018 RM	01.04.2018 to 31.12.2018 RM	01.04.2017 to 31.03.2018 RM
Trade receivables – nominal amounts	1,355,707	2,243,760	1,136,711	1,982,424
Less: Allowance for Impairment	(1,355,707)	(2,243,760)	(1,136,711)	(1,982,424)
	-	-	-	-

**Movement in allowance for impairment accounts:**

	Group		Company	
	01.04.2018 to 31.12.2018 RM	01.04.2017 to 31.03.2018 RM	01.04.2018 to 31.12.2018 RM	01.04.2017 to 31.03.2018 RM
At 1 April	2,243,760	3,860,570	1,982,424	2,817,696
Utilised during the year	(888,053)	(573,936)	(845,713)	(835,272)
Charge for the year (Note 7)	-	(1,093,843)	-	-
Translation difference	-	50,969	-	-
At 31 December	1,355,707	2,243,760	1,136,711	1,982,424

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that have been outstanding more than 365 days. These receivables are not secured by any collateral or credit enhancements.

Unbilled receivables – Related Companies

These are unsecured, interest free and repayable under normal trade term subsequent to billings.

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**15 Amount due from/(to) ultimate holding company**

Amount due from/(to) ultimate holding company represent trade balances which are unsecured, interest free with credit term of 30 to 90 days.

**16 Amount due from a subsidiary**

Amount due from a subsidiary represents trade balances which are unsecured, interest free with credit term of 30 to 90 days.

**17 Amount due from/(to) related companies**

	Group		Company	
	01.04.2018	01.04.2017	01.04.2018	01.04.2017
	to	to	to	to
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
	RM	RM	RM	RM
Amount due from related Companies				
– non interest bearing	100,355,090	53,746,282	45,821,398	14,154,376
– interest bearing	51,166,019	48,104,950	51,166,019	48,104,950
	<u>151,521,109</u>	<u>101,851,232</u>	<u>96,987,417</u>	<u>62,259,326</u>
Amount due to related Companies				
– non-interest bearing	(83,199,794)	(84,761,945)	(21,958,304)	(7,058,830)
– interest bearing	-	-	-	-
	<u>(83,199,794)</u>	<u>(84,761,945)</u>	<u>(21,958,304)</u>	<u>(7,058,830)</u>

Related companies are companies within the HCL Technologies Ltd. group of companies.

The non-trade amounts due from/(to) related companies are unsecured, effective interest rate of LIBOR + 100 BPS and LIBOR + 200 BPS (as applicable) per annum and repayable on demand.

**18 Share capital**

**(a) Ordinary shares**

	Group and Company			
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
	Number of ordinary shared		RM	RM
Issued and fully paid at 31 December /31 March	10,000,000	10,000,000	10,000,000	10,000,000

**(b) Preference shares**

	Group and Company			
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
	Number of ordinary shared		RM	RM
Issued and fully paid at 31 December /31 March	12,000,000	12,000,000	12,000,000	12,000,000

**(c) Total share capital**

	Group and Company			
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
	Number of ordinary shared		RM	RM
Issued and fully paid at 31 December /31 March	22,000,000	22,000,000	22,000,000	22,000,000



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**18 Share capital (continued)**

The main features of the Redeemable Convertible Cumulative Preference Shares ("RCCPS") are as follows:

- (i) The RCCPS may at the option of the Company be redeemed or converted;
- (ii) The RCCPS are issued for a period of 10 years;
- (iii) 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;
- (iv) 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;
- (v) The RCCPS holders shall be entitled to one vote for each RCCPS held at any meeting; and
- (vi) The RCCPS holders shall be entitled to receive all notices, reports and balance sheet of the Company.

The Board of Directors do not recommend any dividend payable for the 15,000,000 Redeemable Convertible Cumulative Preference shares of RM1.00 each issued on 29 April 2013 for the financial years ended 30 June 2013, 30 June 2014, 30 June 2015, 31 March 2017, 31 March 2018 and 31 December 2018.

**19 Share premium**

The Companies Act, 2016 abolishes the concept of par and nominal value in shares. Effectively, this renders the share premium account of the Group and of the Company to be no longer relevant. Instead the amount standing in the share premium will be recognised as part of the Group's and the Company's share capital.

**20 Trade and non-trade payables**

These include the following:

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables - third parties	6,575,560	8,942,870	1,804,389	1,174,674
Deferred revenue	2,880,266	3,425,978	2,880,266	3,425,978
Advance from customers	181,246	17,390	-	17,390
Accruals and provision	12,319,854	14,466,691	9,113,159	8,897,904
Sundry payables	8,089,160	1,441,194	1,935,538	819,482
<b>Total trade and non-trade Payables</b>	<b>30,046,086</b>	<b>28,294,123</b>	<b>15,733,352</b>	<b>14,335,428</b>
Add: Amount due to				
ultimate holding company	7,039,156	6,119,420	178,852	3,238,951
related Companies	83,199,794	84,761,945	21,958,304	7,058,830
<b>Total financial liabilities at amortised cost</b>	<b>120,285,036</b>	<b>119,175,488</b>	<b>37,870,508</b>	<b>24,633,209</b>

The trade payables are non-interest bearing and generally on 30 days credit terms.

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**21 Significant related party transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and the related parties took place at terms of agreed between the parties during the financial year:-

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Sales to				
- related companies	120,666,895	69,960,746	36,853,970	46,424,641
- subsidiary	-	-	1,609,003	109,590
- ultimate holding company	3,256,407	6,537,236	3,256,407	4,247,757
Purchases from				
- related companies	38,824,997	24,635,157	6,705,249	3,830,937
- subsidiary	1,295,981	-	1,295,981	-
- ultimate holding company	9,629,549	15,995,952	9,629,549	13,898,721
Interest income from				
related companies	1,303,856	1,263,307	1,303,856	1,263,307

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

**22 Net Gains and Losses arising from Financial Instruments**

	<b>Group</b>		<b>Company</b>	
	<b>01.04.2018</b>	<b>01.04.2017</b>	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Net Gains/ (Losses) arising on:</b>				
Unrealised gain on foreign exchange:-				
- Cash and bank Balances	1,390	-	-	-
- Due from related parties	(3,567,699)	8,395,207	(3,874,111)	8,395,207
- Due to related parties	1,734,611	(1,655,559)	940,372	(1,655,559)
- Trade & Other Payables	30,553	(26,821)	30,522	(26,821)
- Trade & Other receivables	127,180	142,421	(7,629)	142,421
	<b>(1,673,965)</b>	<b>6,855,248</b>	<b>(2,910,847)</b>	<b>6,855,248</b>
Realised gain on foreign exchange:-				
- Cash and bank Balances	(783,415)	2,245,297	204,430	310,991
- Due from related parties	(328,849)	(982,625)	(227,485)	(102,304)
- Due to related parties	(137,671)	926,991	(159,644)	7,580
- Trade & Other Payables	(2,917)	(83,496)	(2,901)	(83,685)
- Trade & Other receivables	(321,050)	813	3,425	91,412
	<b>(1,573,902)</b>	<b>2,106,980</b>	<b>(182,175)</b>	<b>223,994</b>
<b>Grand Total</b>	<b>(3,247,867)</b>	<b>8,962,228</b>	<b>(3,093,022)</b>	<b>7,079,242</b>

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## **NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

### **23 Financial risk management objectives and policies**

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk and liquidity risk.

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for development of the Group's and the Company's businesses whilst managing its credit risks and interest rate risk, foreign currency risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### **(a) Credit Risk**

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. 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.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the Group's and the Company's of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payment for a period of greater than 120 days past due.

#### Exposure to credit risk

As the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

#### Impairment of trade receivables and contract assets

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 Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

On the basis as disclosed in Note 2(xi) to the financial statements, the loss allowance as at 31 December 2018 was determined as follows for both trade receivables and contract assets:

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**23 Financial risk management objectives and policies (continued)**

<b>31.12.2018</b>	<b>Group Gross carrying amount RM</b>	<b>Company Gross carrying amount RM</b>	<b>Group Loss allowance RM</b>	<b>Company Loss allowance RM</b>	<b>Group Net carrying amount RM</b>	<b>Company Net carrying amount RM</b>
Not past due	16,845,726	16,968,292	-	-	16,845,726	16,968,292
Past due:						
- 1 to 90 days	34,142,305	6,787,928	-	-	34,142,305	6,787,928
- 91 to 180 days	4,971,286	1,916,385	-	-	4,971,286	1,916,385
>180 days	-	-	-	-	-	-
	<b>55,959,317</b>	<b>25,672,605</b>	<b>-</b>	<b>-</b>	<b>55,959,317</b>	<b>25,672,605</b>

The closing loss allowance of trade receivables and contract asset as at 31 December 2018 reconcile to the opening loss allowances as follows:

	<b>Group Trade receivables RM</b>	<b>Company Trade receivables RM</b>	<b>Group Contract assets RM</b>	<b>Company Contract assets RM</b>
At 31 March 2018 as per MFRS 139	2,243,760	1,982,424	-	-
Transition adjustment	-	-	-	-
At 1 April 2018 as per MFRS 9	2,243,760	1,982,424	-	-
Increase in loss allowance	-	-	-	-
Amounts written off	-	-	-	-
Reversal of unused amount	(888,053)	(845,713)	-	-
	<b>1,355,707</b>	<b>1,136,711</b>	<b>-</b>	<b>-</b>

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement

In previous financial year, ageing analysis of the Group's and of the Company's trade receivables is as follows:

	<b>Group RM</b>	<b>Company RM</b>
Neither past due nor impaired	6,792,988	17,585,478
1 to 90 days past due not impaired	20,460,844	4,117,167
91 to 180 days past due not impaired	24,330,973	4,645,038
More than 180 days past due not impaired	-	-
	<b>44,791,817</b>	<b>8,762,205</b>
Specific Impairment	2,243,760	1,982,424
	<b>53,828,565</b>	<b>28,330,107</b>

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**23 Financial risk management objectives and policies (continued)**

Movement in allowance for impairment accounts:

	<b>Group RM</b>	<b>Company RM</b>
At 1 April 2017	3,860,570	2,817,696
Utilised during the year	(573,936)	(835,272)
Charge for the year (Note 7)	(1,093,843)	-
Translation difference	50,969	-
At 31 March 2018	<u>2,243,760</u>	<u>1,982,424</u>

**(b) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period).

The table below summaries the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligation.

	<b>Group</b>		<b>Company</b>	
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Financial liabilities:				
Trade payables	6,575,560	8,942,870	1,804,389	1,174,674
Deferred revenue	-	-	-	-
Advance from customers	181,246	17,390	-	17,390
Accruals and provision	12,319,854	14,466,691	9,113,159	8,897,904
Sundry payables	8,089,160	1,441,194	1,935,538	819,482
Amount due to ultimate holding company	7,039,156	6,119,420	178,852	3,238,951
Amount due to related companies	83,199,794	84,761,945	21,958,304	7,058,830
Total undiscounted financial liabilities	<u>117,404,770</u>	<u>115,749,510</u>	<u>34,990,242</u>	<u>21,207,231</u>

**(c) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arise mainly from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and the Company will be placed with licensed financial institutions to generate interest income.

As of 31 December 2018, the Group and the Company have minimal interest-bearing financial assets and liabilities.

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**23 Financial risk management objectives and policies (continued)**  
**(d) Foreign Currency Risk**

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Great British Dollar, United States Dollar, Singapore Dollar, Chinses Yuan, Euro Dollar, India Rupee and Australian Dollar. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level. On occasion, the Company enters into forward foreign currency contracts to hedge against its foreign currency risk.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	<b>Group</b>		<b>Company</b>	
	<b>31.12.2018</b>	<b>31.03.2018</b>	<b>31.12.2018</b>	<b>31.03.2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>USD/RM</b>				
– strengthened 3%	1,089,964	1,009,272	1,440,422	1,466,412
– weakened 3%	(1,089,964)	(1,009,272)	(1,440,422)	(1,466,412)
<b>SGD/RM</b>				
– strengthened 3%	31,630	12,008	32,182	12,561
– weakened 3%	(31,630)	(12,008)	(32,182)	(12,561)
<b>EURO/RM</b>				
– strengthened 3%	41,171	7,289	41,171	7,289
– weakened 3%	(41,171)	(7,289)	(41,171)	(7,289)
<b>GBP/RM</b>				
– strengthened 3%	367,270	482,522	375,715	490,967
– weakened 3%	(367,270)	(482,522)	(375,715)	(490,967)
<b>INR/RM</b>				
– strengthened 3%	258	163	258	163
– weakened 3%	(258)	(163)	(258)	(163)
<b>AUD/RM</b>				
– strengthened 3%	25,898	6,723	25,898	6,723
– weakened 3%	(25,898)	(6,723)	(25,898)	(6,723)
<b>CNY/RM</b>				
– strengthened 3%	1,050,549	1,308,033	22,689	4,175
– weakened 3%	(1,050,549)	(1,308,033)	(22,689)	(4,175)

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**23 Financial Instruments (Continued)**  
**(d) Foreign Currency Risk (continued)**

The Group's and Company's exposure to foreign currency is as follows (continued)

Dec-18 Group	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Euro RM	British Pound RM	Indian Rupee RM	Australian Dollar RM	Chinese		Total RM
								Yuan Reminbi RM	Others RM	
<b>Financial assets</b>										
Trade receivables	794,996	-	24,464,551	413,058	-	-	-	17,419,600	-	43,092,205
Non trade receivables and deposits	4,787,684	(104)	(4,140,422)	-	641	1,133	2,965	2,625,981	207,028	3,484,906
Unbilled receivables	(1,544,675)	-	4,341,261	-	-	-	-	12,989,680	-	15,786,266
Amount due from related companies	79,117,729	(152,994)	51,905,297	1,121,891	(12,064,525)	(5,833)	146,523	-	(259,534)	119,808,554
Amount due from ultimate holding company	31,701,899	-	2,806,754	-	-	-	-	-	-	34,508,653
Cash and bank balances	435,136	(666,765)	5,831,282	-	-	-	(948,900)	16,114,524	-	20,765,276
	115,292,769	(819,863)	85,208,723	1,534,949	(12,063,884)	(4,700)	(799,412)	49,149,784	(52,506)	237,445,860
<b>Trade payables</b>										
Deferred revenue	(60,159)	(3,490)	(1,737,339)	(3,400)	-	-	-	(4,771,171)	-	(6,575,559)
Non-trade payables and accruals	-	-	(2,880,266)	-	-	-	-	-	-	(2,880,266)
Amount due to ultimate holding company	(81,542)	(182,256)	(10,665,260)	(85,665)	(4,298)	(623)	-	(9,360,317)	(29,053)	(20,409,014)
Amount due to related companies	(4,198,658)	-	(2,837,225)	-	-	(3,273)	-	-	-	(7,039,156)
	(74,620,285)	(48,719)	(7,550,527)	(73,503)	(174,146)	-	(63,839)	-	(85,495)	(82,616,514)
	(78,960,644)	(234,465)	(25,670,617)	(162,566)	(178,444)	(3,896)	(63,839)	(14,131,488)	(114,548)	(119,520,509)
<b>Net financial assets / (liabilities)</b>	36,332,125	(1,054,328)	59,538,106	1,372,381	(12,242,328)	(8,596)	(863,251)	35,018,295	(167,054)	117,925,351

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018

23 Financial Instruments (Continued)  
(d) Foreign Currency Risk (continued)

The Group's and Company's exposure to foreign currency is as follows (continued)

Mar-18 Group	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Euro RM	British Pound RM	Indian Rupee RM	Australian Dollar RM	Chinese Yuan Reminbi RM	Others RM	Total RM
<b>Financial assets</b>										
Trade receivables	461,954	-	25,744,749	141,443	-	-	-	22,759,132	(463)	49,106,815
Non trade receivables and deposits	4,140,067	148	4,441,704	-	641	7,329	2,965	8,984,987	207,078	17,784,919
Unbilled receivables	(1,419,883)	-	8,744,535	-	-	-	-	13,270,480	-	20,595,132
Amount due from related companies	94,025,049	(152,994)	23,394,080	722,591	(16,076,578)	(5,833)	221,144	-	(276,227)	101,851,232
Amount due from ultimate holding company	(3,975)	-	314,255	-	-	85	-	-	-	310,365
Cash and bank balances	25,720,709	-	5,941,238	-	-	-	-	13,162,651	-	44,824,598
	122,923,921	(152,846)	68,580,561	864,034	(16,075,937)	1,581	224,109	58,177,250	(69,612)	234,473,061
<b>Financial liabilities</b>										
Trade payables	(112,300)	-	(1,062,374)	-	-	-	-	(7,768,196)	-	(8,942,870)
Deferred revenue	-	-	(3,425,978)	-	-	-	-	-	-	(3,425,978)
Non-trade payables and accruals	(709,020)	(107,123)	(8,890,136)	(2,335)	(8,145)	(627)	-	(6,190,499)	-	(15,907,885)
Amount due to ultimate holding company	(63,980)	-	(6,049,039)	-	-	(6,401)	-	-	-	(6,119,420)
Amount due to related companies	(88,396,225)	(140,301)	3,695,918	(1,104,658)	-	-	-	(617,454)	1,800,775	(84,761,945)
	(89,281,525)	(247,424)	(15,731,609)	(1,106,993)	(8,145)	(7,028)	-	(14,576,149)	1,800,775	(119,158,098)
<b>Net financial assets / (liabilities)</b>	33,642,396	(400,270)	52,848,952	(242,959)	(16,084,082)	(5,447)	224,109	43,601,101	1,731,163	115,314,963



**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**23 Financial Instruments (Continued)**  
**(d) Foreign Currency Risk (continued)**

The Group's and Company's exposure to foreign currency is as follows (continued)

Dec-18 Company	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Euro RM	British Pound RM	Indian Rupee RM	Australian Dollar RM	Chinese Yuan Renminbi RM	Others RM	Total RM
<b>Financial assets</b>										
Trade receivables	794,996	-	24,464,551	413,058	-	-	-	-	-	25,672,605
Non trade receivables and deposit	4,787,684	(104)	(4,140,422)	-	641	1,133	2,965	(3,885)	207,028	855,040
Unbilled receivables	(1,544,675)	-	4,341,261	-	-	-	-	-	-	2,796,586
Amount due from related companies	56,296,592	(152,994)	51,905,297	1,121,891	(12,064,525)	(5,833)	146,523	-	(259,534)	96,987,417
Amount due from Subsidiary	(867,756)	(18,415)	1,141,264	-	(281,492)	-	-	760,179	(4,029)	729,751
Amount due from ultimate holding company	(10,656)	-	2,806,754	-	-	-	-	-	-	2,796,098
Cash and bank balances	-	(666,765)	5,831,282	-	-	-	(948,900)	-	-	4,215,617
	59,456,185	(838,278)	86,349,987	1,534,949	(12,345,376)	(4,700)	(799,412)	756,294	(56,535)	134,053,114
<b>Trade payables</b>	(60,159)	(3,490)	(1,737,339)	(3,400)	-	-	-	-	-	(1,804,388)
Deferred revenue	-	-	(2,880,266)	-	-	-	-	-	-	(2,880,266)
Non-trade payables and accruals	(81,542)	(182,256)	(10,665,260)	(85,665)	(4,298)	(623)	-	-	(29,053)	(11,048,697)
Amount due to ultimate holding company	2,661,646	-	(2,837,225)	(73,503)	(174,146)	(3,273)	(63,839)	-	-	(178,852)
Amount due to related companies	(13,962,075)	(48,719)	(7,550,527)	(162,568)	(178,444)	(3,896)	(63,839)	-	(85,495)	(21,958,304)
	(11,442,130)	(234,465)	(25,670,617)	(162,568)	(178,444)	(3,896)	(63,839)	-	(114,548)	(37,870,507)
<b>Net financial assets / (liabilities)</b>	48,014,055	(1,072,743)	60,679,370	1,372,381	(12,523,820)	(8,596)	(863,251)	756,294	(171,083)	96,182,607

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**23 Financial Instruments (Continued)**

**(d) Foreign Currency Risk (continued)**

The Group's and Company's exposure to foreign currency is as follows (continued)

<b>Mar-18 Company</b>	<b>United States Dollar RM</b>	<b>Singapore Dollar RM</b>	<b>Ringgit Malaysia RM</b>	<b>Euro RM</b>	<b>British Pound RM</b>	<b>Indian Rupee RM</b>	<b>Australian Dollar RM</b>	<b>Chinese Yuan Renminbi RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>Financial assets</b>										
Trade receivables	461,954	-	25,744,749	141,443	-	-	-	-	(463)	26,347,683
Non trade receivables and deposit	4,140,067	148	4,441,704	-	641	7,329	2,965	-	207,078	8,799,932
Unbilled receivables	(1,419,883)	-	8,744,535	-	-	-	-	-	-	7,324,652
Amount due from related companies	54,433,143	(152,994)	23,394,080	722,591	(16,076,578)	(5,833)	221,144	-	(276,227)	62,259,326
Amount due from a Subsidiary	(32,966)	(18,415)	893,316	-	(281,492)	-	-	756,618	(4,029)	1,313,032
Amount due from ultimate holding company	(3,975)	-	314,255	-	-	85	-	-	-	310,365
Cash and bank balances	-	-	5,941,238	-	-	-	-	-	-	5,941,238
	<b>57,578,340</b>	<b>(171,261)</b>	<b>69,473,877</b>	<b>864,034</b>	<b>(16,357,429)</b>	<b>1,581</b>	<b>224,109</b>	<b>756,618</b>	<b>(73,641)</b>	<b>112,296,228</b>
<b>Financial liabilities</b>										
Trade payables	(112,300)	-	(1,062,374)	-	-	-	-	-	-	(1,174,674)
Deferred revenue	-	-	(3,425,978)	-	-	-	-	-	-	(3,425,978)
Non-trade payables and accruals	(709,020)	(107,123)	(8,890,136)	(2,335)	(8,145)	(627)	-	-	-	(9,717,386)
Amount due to ultimate holding company	2,816,489	-	(6,049,039)	-	-	(6,401)	-	-	-	(3,238,951)
Amount due to related companies	(10,593,110)	(140,301)	3,695,918	(1,104,658)	-	-	-	(617,454)	1,800,775	(7,058,830)
	<b>(8,697,941)</b>	<b>(247,424)</b>	<b>(15,731,609)</b>	<b>(1,106,993)</b>	<b>(8,145)</b>	<b>(7,028)</b>	<b>-</b>	<b>(617,454)</b>	<b>1,800,775</b>	<b>(24,615,819)</b>
<b>Net financial assets /(liabilities)</b>	<b>48,880,399</b>	<b>(418,685)</b>	<b>53,742,268</b>	<b>(242,959)</b>	<b>(16,365,574)</b>	<b>(5,447)</b>	<b>224,109</b>	<b>139,164</b>	<b>1,727,134</b>	<b>87,680,409</b>

**HCL AXON MALAYSIA SDN. BHD.**  
(Co. No.453811-P)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2018**

**24 Fair values**

In respect of financial instruments classified under current assets and current liabilities, the carrying amounts approximate the fair values due to relatively short term nature of these financial instruments.

**25 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.

**26 Holding companies**

The immediate holding company is Axon Group Ltd, a company incorporated in the United Kingdom with its registered office at Axon Centre, Church Road, Egham, Surrey, TW20 9QB, United Kingdom.

The ultimate holding company is HCL Technologies Limited, a company incorporated in India with its registered office at 806, Siddharth, 96 Nehru Place, New Delhi 110019, India and listed on the NSE (National Stock Exchange, Bombay) and BSE (Bombay Stock Exchange).

**27 Corporate Information**

The Company is a private limited company, incorporated and domicile in Malaysia.

The principal activity of the Company is the provision of information technology management consultancy.

The principal activities of the subsidiaries are as disclosed in Note 11 to the financial statements. There has been no significant change in the nature of the principal activities during the financial year.

The registered office and the principal place of business of the Company are located at L5-E-1B, Level 5, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur.

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