

EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD.

201501014899 (1140231 - U)
(Incorporated in Malaysia)

**Reports and financial statements
for the year ended 31 March 2020**

EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD.

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Reports and financial statements for the year ended 31 March 2020

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Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31 March 2020.

Directors

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

NIRAV PRIYAKANT KHATRI

CHHATRA SINGH NAHATA

NUR IZZATY BINTI ANUAL (Resigned w.e.f 1st October 2019)

NARAYANAN A/L RAMAN

NAJWA ATIQA H BINTI AZLAN (Appointment w.e.f 1st October 2019)

Principal activity

The Company was incorporated on 14 April 2015 and has not commenced operations since then.

Financial results

	RM
Loss after tax representing total comprehensive loss attributable to: Owners for the Company	<u>23,270</u>

Reserves and provisions

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

Issue of shares and debentures

The Company did not issue any shares or debentures during the financial year.

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

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Directors' report (cont'd)

Directors' remuneration

There were no Directors' remuneration paid or payable during the financial year.

Indemnifying Directors and Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been Director or Officer.

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, particulars of interest in shares or debentures of the Company by the Directors who held office at the end of the financial year are as follows:

	<u>Number of ordinary shares</u>			
	As at 01/04/2019	Bought	Sold	As at 31/03/2020
Shares in the Company				
<u>Registered in the name</u>				
<u>of the Directors</u>				
NIRAV PRIYAKANT KHATRI	-	-	-	-
CHHATRA SINGH NAHATA	-	-	-	-
NARAYANAN A/L RAMAN	-	-	-	-
NAJWA ATIQAHA BINTI AZLAN	-	-	-	-

Dividends

No dividend has been paid or declared by the Company since the end of previous financial year.

Options granted over unissued shares

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

Other statutory information

- (a) There were neither receivables nor any significant current assets at statement of financial position date, accordingly there is no necessity for the Directors to consider their estimated realisable value.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the values attributed to current assets in the financial statements of the Company misleading, or

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Directors' report (cont'd)

Other statutory information (cont'd)

- (ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Auditors' remuneration

Details of auditors' remuneration are set out in Note 9 to the financial statements.

Ultimate holding companies

The immediate holding company of the Company is Evolutionary Systems (Singapore) Pte. Ltd., a private company registered and domiciled in Singapore. The ultimate holding company of the Company is Evolutionary Systems Pvt. Ltd., a private company registered and domiciled in India.

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Directors' report (cont'd)

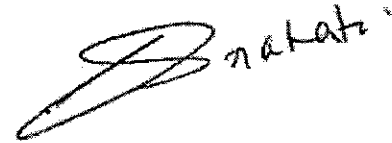
This report was approved by the Board of Directors on **01 SEP 2020**

Signed on behalf of the Board of Directors



NIRAV PRIYAKANT KHATRI
Director

Petaling Jaya



CHHATRA SINGH NAHATA
Director

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Statement by Directors

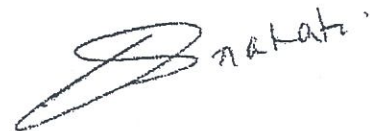
Pursuant to Section 251 (2) of the Companies Act, 2016

We, Nirav Priyakant Khatri and Chhatra Singh Nahata, being two of the Directors of EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and financial performance of the Company for the financial year ended 31 March 2020 in accordance with Malaysian Private Entities Reporting Standard and the requirements of Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated **01 SEP 2020**



NIRAV PRIYAKANT KHATRI
Director



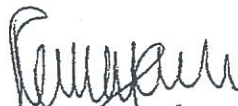
CHHATRA SINGH NAHATA
Director

Petaling Jaya

Statutory Declaration

Pursuant to Section 251 (1) of the Companies Act, 2016

I, Narayanan A/L Raman (NRIC number: 530716-04-5035), the Director primarily responsible for the financial management of EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that, the financial statements set out on pages 10 to 24 are to the best of my knowledge and belief correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



NARAYANAN A/L RAMAN

Subscribed and solemnly declared by the above named at Petaling Jaya in the state of Selangor Darul Ehsan on **01 SEP 2020**

Before me,



**Independent Auditors' Report to the Members of
EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD.**

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD.**, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flow of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Company incurred a net loss of RM23,270 during the year ended 31 March 2020 and, as of that date, the Company's current liabilities exceeded its current assets by RM42,976. As stated in Note 3, these events or conditions indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditors' Report to the Members of EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD.

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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

SUNDAR & ASSOCIATES

Independent Auditors' Report to the Members of EVOSYS CONSULTANCY SERVICES (MALAYSIA) SDN. BHD.

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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.



SUNDAR & ASSOCIATES
AF No: 1127
Chartered Accountants (M)



SUNDARASAN A/L ARUMUGAM
01876/02/2022 J
Chartered Accountant (M)

Shah Alam

Date: 01 SEP 2020

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Statement of financial position as at 31 March 2020

	Notes	2020 RM	2019 RM
Current asset			
Cash and cash equivalents	6	4,838	4,828
Total current asset		<u>4,838</u>	<u>4,828</u>
Total asset		<u>4,838</u>	<u>4,828</u>
Equity			
Share capital	7	5,000	5,000
Accumulated losses		<u>(47,976)</u>	<u>(24,706)</u>
Equity attributable to owners of the Company		<u>(42,976)</u>	<u>(19,706)</u>
Total equity		<u>(42,976)</u>	<u>(19,706)</u>
Current liabilities			
Non-trade payable and accruals	8	47,812	24,534
Current tax liabilities		2	-
Total current liabilities		<u>47,814</u>	<u>24,534</u>
Total liabilities		<u>47,814</u>	<u>24,534</u>
Total equity and liabilities		<u>4,838</u>	<u>4,828</u>

The annexed notes form an integral part of these financial statements.

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Statement of comprehensive income for the year ended 31 March 2020

	Notes	2020 RM	2019 RM
Revenue	4.5	-	-
Other operating income		10	-
Other operating expenses		<u>(23,278)</u>	<u>(17,471)</u>
Loss before tax	9	(23,268)	(17,471)
Taxation	10	<u>(2)</u>	-
Loss after tax representing total comprehensive loss		<u>(23,270)</u>	<u>(17,471)</u>
Loss after tax representing total comprehensive loss attributable to :			
Owner of the Company		<u>(23,270)</u>	<u>(17,471)</u>

The annexed notes form an integral part of these financial statements.

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Statement of changes in equity for the year ended 31 March 2020

	<u>Attributable to owners of the Company</u>		<u>Total equity</u>
	<u>Share capital</u>	<u>Accumulated losses</u>	
	RM	RM	RM
Balance at 1 April 2019	5,000	(24,706)	(19,706)
Loss after tax representing total comprehensive loss	-	(23,270)	(23,270)
Balance at 31 March 2020	<u>5,000</u>	<u>(47,976)</u>	<u>(42,976)</u>
Balance at 1 April 2018	5,000	(7,235)	(2,235)
Loss after tax representing total comprehensive loss	-	(17,471)	(17,471)
Balance at 31 March 2019	<u>5,000</u>	<u>(24,706)</u>	<u>(19,706)</u>

The annexed notes form an integral part of these financial statements

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Statement of cash flows for the year ended 31 March 2020

	2020 RM	2019 RM
Cash flows from operating activities		
Loss before tax	(23,268)	(17,471)
Adjustment for :		
Interest income	(10)	-
Operating loss before changes in working capital	<u>(23,278)</u>	<u>(17,471)</u>
Changes in working capital :		
Non-trade payable and accruals	<u>23,278</u>	<u>17,461</u>
Cash flow used in operating activities	-	(10)
Interest income	<u>10</u>	-
Net cash from/(used) in operating activities	<u>10</u>	<u>(10)</u>
Net increase/(decrease) in cash and cash equivalents	<u>10</u>	<u>(10)</u>
Cash and cash equivalents at 1 April	<u>4,828</u>	<u>4,838</u>
Cash and cash equivalents at 31 March	<u><u>4,838</u></u>	<u><u>4,828</u></u>
Cash and cash equivalents included in the statement of cash flows comprise the following:		
Bank balance	<u>4,838</u>	<u>4,828</u>

The annexed notes form an integral part of these financial statements.

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Notes to the financial statements – 31 March 2020

1. Corporate information

The Company is a private company, incorporated and domiciled in Malaysia. The Company was incorporated on 14 April 2015 and has not commenced operation since then.

The Company's registered office is located at:

Registered office:
Suite B-01-06, Dataran 3 Two,
No. 2, Jalan 19/1,
46300 Petaling Jaya,
Selangor.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors on

2. Compliance with Financial Reporting Standards and the Companies Act, 2016

The financial statements of the Company have been prepared in compliance with Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

3. Basis of preparation

The financial statements of the Company have been prepared using historical cost bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving estimation uncertainties are disclosed in Note 5.

The financial statements which indicates that the Company incurred a net loss of RM23,270 during the year ended 31 March 2020, and as of that date, the Company's current liabilities exceeded its current assets by RM42,976. However, the financial statements have been prepared on the basis of accounting principle applicable to a going concern. This going concern basis presumes that the Company will be able to operate profitably in the foreseeable future and continue to receive financial support from the directors and shareholders and consequently, the realization of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are satisfied that the Company will be able to meet its financial obligations as and when they fall due for the foreseeable future.

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Notes to the financial statements – 31 March 2020 (cont'd)

4. Significant accounting policies

4.1 Share capital and distributions

(a) Share capital

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation:

- (i) to deliver cash or another financial asset; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

Distributions to holder of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

4.2 Financial instruments

a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, and entity in the Company becomes a party to the contractual provisions of the instrument.

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Notes to the financial statements – 31 March 2020 (cont'd)

4. Significant accounting policies (cont'd)

4.2 Financial instruments (cont'd)

a) Initial recognition and measurement (cont'd)

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expenses to profit or loss when incurred.

b) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

c) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely

- (i) financial assets at fair value through profit or loss; and
- (ii) financial assets at amortised cost.

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Notes to the financial statements - 31 March 2020 (cont'd)

4. Significant accounting policies (cont'd)

4.2 Financial instruments (cont'd)

c) Subsequent measurement of financial assets (cont'd)

After initial recognition, the Company measures investments in quoted ordinary shares, preference shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.2 (g).

d) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

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Notes to the financial statements – 31 March 2020 (cont'd)

4. Significant accounting policies (cont'd)

4.2 Financial instruments (cont'd)

g) Impairment and uncollectibility of financial assets

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include:

- (i) significant difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payment;
- (iii) granting exceptional concession to a customer;
- (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit and loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

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Notes to the financial statements - 31 March 2020 (cont'd)

4. Significant accounting policies (cont'd)

4.3 Tax assets and tax liabilities

Taxes payable are determined by the Company. A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor tax payable profit (or loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

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4. Significant accounting policies (cont'd)

4.3 Tax assets and tax liabilities (cont'd)

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.4 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claim is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counterparty (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

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4. Significant accounting policies (cont'd)

4.4 Provisions (cont'd)

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.5 Revenue recognition and measurement

There is no revenue recognised as the Company remained inactive during the year.

5. Critical judgements and estimation uncertainty

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

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

6. Cash and cash equivalents

	2020	2019
	RM	RM
Bank balance	4,838	4,828

7. Share capital

	2020	2020	2019	2019
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares	5,000	5,000	5,000	5,000

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Notes to the financial statements - 31 March 2020 (cont'd)**8. Other payables and accrued liabilities**

	2020	2019
	RM	RM
Accrued liabilities	5,700	4,700
Amount due to a holding company	42,112	19,834
	<u>47,812</u>	<u>24,534</u>

The amount due to a holding company is unsecured, interest free and has no fixed terms of repayment.

9. Loss before tax

Loss before tax has been arrived at after charging:

	2020	2019
	RM	RM
Auditors' remuneration	1,000	-
and crediting:		
Interest income	10	-

10. Taxation

Tax charge for the year is as follows:

	2020	2019
	RM	RM
Current income tax expense:		
Tax payables in Malaysia	2	-

The significant differences between the tax expense and accounting loss multiplied by the statutory tax rate are due to the tax effects arising from the following items:

	2020	2019
	RM	RM
Loss before tax	<u>(23,268)</u>	<u>(17,471)</u>
Tax at statutory income tax rate	(3,956)	(2,970)
Tax effect of expenses disallowed for income tax purposes	3,958	2,970
	<u>2</u>	<u>-</u>

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10. Taxation (cont'd)

Subject to agreement of the Inland Revenue Board, the Company has the following available for set-off against future taxable income.

	2020	2019
	RM	RM
Unabsorbed tax losses	<u>3,173</u>	<u>3,173</u>

From year of assessment 2019 onwards, the unused tax losses will be allowed to be carried forward for a maximum period of 7 consecutive years of assessment. However, the availability of unused tax losses and capital allowances for offsetting against future taxable profits are subjected to no substantial changes in shareholdings of the Company under the Income Tax Act 1967 and guidelines issued by the tax authority.

11. Deferred tax assets

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated at gross):

	2020	2019
	RM	RM
Unabsorbed tax losses	<u>3,173</u>	<u>3,173</u>

A tax benefit of RM 3,173 relating to tax losses of the Company is not recognised because it is not probable that sufficient taxable profit will be available in the future to offset the tax losses.

12. Reserves

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

13. Events after the reporting period

On 17 March 2020, the Government announced the Movement Control Order ("MCO") which started from 18 March 2020 as a measure to curb the Covid-19 pandemic. The MCO has been further extended in various forms. The Covid-19 pandemic outbreak has caused disruptions to the Company's business.

Since these developments occurred subsequent to the end of the reporting period, the Covid-19 pandemic is treated as a non-adjusting event in accordance with MPERS Section 32 Events after the End of the Reporting Period. Consequently, the financial statements for the financial year ended 31 March 2020 do not reflect the effects arising from this non-adjusting event.

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Notes to the financial statements - 31 March 2020 (cont'd)

13. Events after the reporting period (cont'd)

The financial reporting impact of the Covid-19 pandemic could be significant to the Company. The Company is in the process of assessing the financial reporting impact of Covid-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Company anticipates that the potential financial reporting impact of Covid-19 would be recognised in the financial statements of the Company during the financial year ending 31 March 2021.

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Income statement for the year ended 31 March 2020

	2020 RM	2019 RM
Revenue	-	-
Other operating income		
Interest income	10	-
Other operating expenses		
Professional fee	22,278	16,661
Auditors' remuneration	1,000	-
Accounting fee	-	800
Bank charges	-	10
	(23,278)	(17,471)
Loss before tax	<u>(23,268)</u>	<u>(17,471)</u>

The management income statement is prepared from information furnished by the management of Evosys Consultancy Services (Malaysia) Sdn. Bhd. and does not form part of the audited financial statements of the company.