cuscapi®

ANNUAL REPORT 2022

CONTENTS

MISSION

To transform and empower businesses to develop deeper and more meaningful customer relationships.

VISION

To propel our clients to success by bringing their customers closer through world-class solutions and services.

OUR VALUES

Our values are what we uphold as an organisation. This guides our decisions, our actions and our approach to the challenges to our organisation and business. Through these values, we develop a consistent and single-minded approach in all that we do.

EXCELLENCE

We are always committed to deliver excellence to create true business value to our clients.

CREATIVITY

We see innovation as a means to contribute for client success. We thrive on creative thinking, constant challenging the way we approach our business and serve our clients, including their customers.

TEAM SPIRIT

We are at our best when we work as a team, sharing our collective knowledge to help our clients to realise value.

INTEGRITY

We conduct ourselves in a professional and honourable manner, contributing to the success of our company and our clients.

ZEAL

We are passionate about making a difference to our clients and their customers with enthusiasm in everything we do.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Jayakumar A/L Panneer Selvam
Executive Chairman

Dato' Sri Khazali Bin Haji Ahmad
Executive Director

Datuk Mat Noor Bin Nawi
Independent Non-Executive Director

Dato' Sheah Kok Fah
Independent Non-Executive Director

Puan Mohaini Binti Mohd Yusof
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Datuk Mat Noor Bin Nawi
Chairman

Dato' Sheah Kok Fah
Member

Puan Mohaini Binti Mohd Yusof
Member

NOMINATION AND REMUNERATION COMMITTEE

Puan Mohaini Binti Mohd Yusof
Chairman

Dato' Sheah Kok Fah
Member

COMPANY SECRETARIES

Tan Tong Lang
(SSM PC No. 202208000250)
(MAICSA 7045482)

Thien Lee Mee
(SSM PC No. 201908002254)
(LS0010621)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor
Tel : +603 7890 0638
Fax : +603 7890 1032

CORPORATE OFFICE

Level 27 & 28, Block N
Empire City Damansara
No. 8, Jalan Damansara
PJU 8, 47820 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7623 7777
Fax : +603 7622 1999
Website : www.cuscapi.com
Email : information@cuscapi.com

EXTERNAL AUDITORS

MAZARS PLT
(AF 001954)
Wisma Golden Eagle Realty
11th Floor, South Block
No. 142-A, Jalan Ampang
50450 Kuala Lumpur
Tel : +603 2702 5222

INTERNAL AUDITORS

Crowe Governance Sdn. Bhd.
Level 13, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : +603 2788 9999
Fax : +603 2788 9998

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
[Registration No. 202101043817 (1444117-M)]
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor
Tel : +603 7890 0638
Fax : +603 7890 1032

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : CUSCAPI
Stock Code : 0051

cuscapi

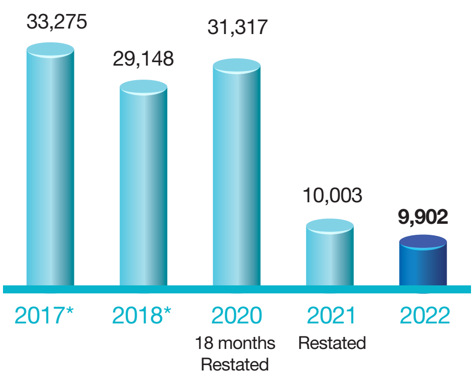
CORPORATE **STRUCTURE**

cuscapi
CUSCAPI BERHAD

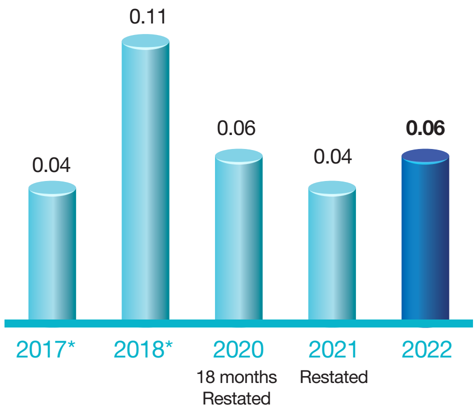
- 100% CUSCAPI MALAYSIA SDN. BHD.
- 100% CUSCAPI INNOVATION LAB SDN. BHD.
- 100% CUSCAPI SOLUTIONS SDN. BHD.
- 100% CUSCAPI CONSULTING SERVICES SDN. BHD.
- 100% CUSCAPI OUTSOURCING SDN. BHD.
- 100% CUSCAPI INTERACTIVE SOLUTIONS SDN. BHD.
- 100% CUSCAPI BLOCKCHAIN SDN. BHD.
- 100% CUSCAPI (BD) LTD
- 100% LITAR PASIFIKA SDN. BHD.
- 100% CUSCAPI INTERNATIONAL SDN. BHD.
  - 100% CUSCAPI HONG KONG LIMITED
    - 100% CUSCAPI SUZHOU CO. LTD.
    - 100% CUSCAPI GUANGZHOU CO. LTD.
    - 100% CUSCAPI BEIJING CO. LTD.
    - 100% CUSCAPI SHANGHAI CO. LTD.
    - 99.99% CUSCAPI PHILIPPINES, INC.
      - 99.99% TILLS N LABELS SYSTEM MARKETING, INC.
    - 100% CUSCAPI INTERACTIVE TECHNOLOGY (CHINA) PTY. LTD.
      - 100% SHANGHAI CUSCAPI INTERACTIVE NETWORK TECHNOLOGY CO. LTD.
- 100% CUSCAPI INTERNATIONAL PTE. LTD.
  - 100% CUSCAPI (THAILAND) CO. LTD.
  - 100% CUSCAPI SINGAPORE PTE. LTD.
  - 52.18% PT CUSCAPI INDONESIA
- 47.82% PT CUSCAPI INDONESIA
- 70% CUSCAPI VIETNAM COMPANY LIMITED

FINANCIAL **HIGHLIGHTS**

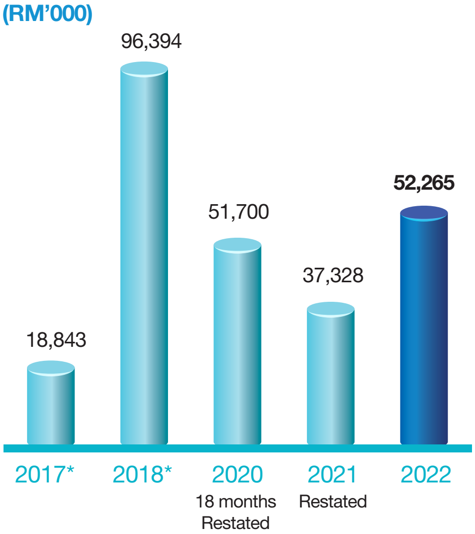
REVENUE
(RM'000)



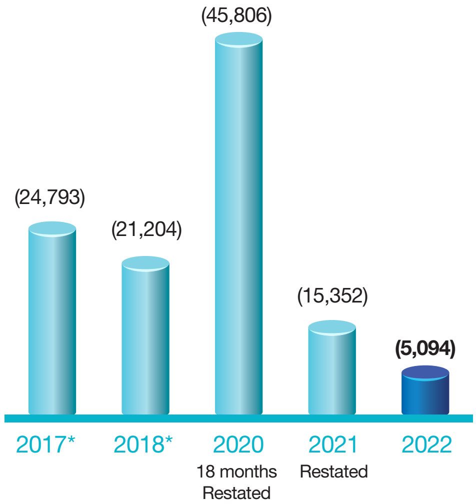
NET ASSETS PER SHARE
(RM)



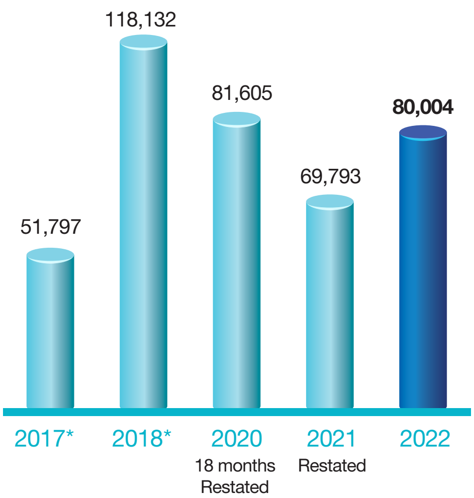
SHAREHOLDERS' EQUITY
(RM'000)



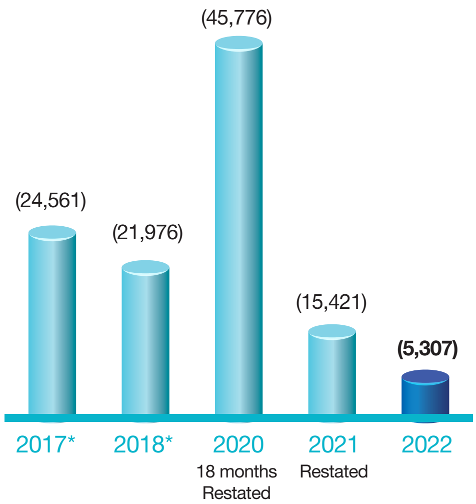
LOSS BEFORE TAX
(RM'000)



TOTAL ASSETS
(RM'000)



LOSS AFTER TAX
(RM'000)



Notes:
(*) Financial Year Ended 31 December

BOARD OF **DIRECTORS**

1. Datuk Jayakumar A/L Panneer Selvam
2. Dato' Sri Khazali Bin Haji Ahmad
3. Dato' Sheah Kok Fah
4. Datuk Mat Noor Bin Nawi
5. Puan Mohaini Binti Mohd Yusof

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATION AND FINANCIAL PERFORMANCE 2022

Dear Shareholders,

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of the Group and the Company FYE 30 June 2022.

Datuk P.S. Jaya
Executive Chairman

The following Management Discussion and Analysis ("**MD&A**") provides an analysis of the financial performance of Cuscapi Berhad ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 30 June 2022 ("**FYE 30 June 2022**"). In addition, the MD&A contains commentary from the Management on the performance of the Group and of the Company to give investors and shareholders a better understanding of the business, operations and financial position for the FYE 30 June 2022. The MD&A should be read in conjunction with the Company's consolidated financial statements and notes.

1. Overview of Operations

Cuscapi Group is involved primarily in the provision of restaurant management solutions and offers a comprehensive range of integrated solutions for the industry, including but not limited to the point of sales solutions, outlet management solutions, information technology security solutions, IT consulting services and contact centre outsourcing services. Cuscapi Group also provides IT solutions to businesses across various industries, including retail, hospitality, and automotive.

Cuscapi established in Malaysia on 16 November 1978, has more than 40 years of combined in-depth industry experience and knowledge in implementing world-class solutions.

Currently, Cuscapi is based in Petaling Jaya, and we have several service centres nationwide and a strong presence with support infrastructure and customer care in regional countries.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATION AND FINANCIAL PERFORMANCE 2022

1. Overview of Operations (continued)

1.1 Our operating segments are as follow: -

(a) Geographical locations

(i) Malaysia

Involves in software development, the provision of remedial services for restaurant management hardware and related software implementation and support services, the provision of business management solutions, the provision of project management, business and IT-related consultancy services, the provision of network infrastructure and security solutions and services and system integration services, across various industries, including retail, hospitality and automotive industries.

(ii) South-East Asia

Cuscapi provides restaurant management solutions and business management solutions, the provision of remedial services for restaurant management hardware and related software implementation and support services, project management, and business and IT-related consultancy services in the South East Asia region other than Malaysia.

(b) Business units

(i) Operational Cost Centre

Provides support services to all the customers for the Group.

(ii) Group Corporate

Involved in Group-level corporate services and treasury functions.

1.2 Our revenue is derived through our subsidiary companies of which the principal activities are summarized as below: -

	Subsidiaries	Date and place of incorporation	Principal activities
1.	Cuscapi Bhd.	16 November 1978 Malaysia	Investment holding
2.	Cuscapi Consulting Services Sdn. Bhd.	20 September 1997 Malaysia	Provision of project management, business and IT-related consultancy services
3.	Cuscapi Malaysia Sdn. Bhd.	17 July 2000 Malaysia	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
4.	Cuscapi Innovation Lab Sdn. Bhd.	11 April 2002 Malaysia	Software development
5.	Cuscapi International Sdn. Bhd.	20 February 2003 Malaysia	Investment holding

1. Overview of Operations (continued)

1.2 Our revenue is derived through our subsidiary companies of which the principal activities are summarized as below: - (continued)

	Subsidiaries	Date and place of incorporation	Principal activities
6.	Cuscapi Solutions Sdn. Bhd.	24 May 2003 Malaysia	Software development
7.	Cuscapi Interactive Solutions Sdn. Bhd.	3 September 2003 Malaysia	Provision of software development, interactive devices solutions, restaurant management and business management solutions
8.	Cuscapi International Pte. Ltd.	18 October 2007 Singapore	Investment holding
9.	Cuscapi Beijing Co. Ltd.	18 October 2007 China	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business, and IT related consultancy services. This business operation ceased during the previous financial year
10	Cuscapi Singapore Pte. Ltd.	12 January 2009 Singapore	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business, and IT related consultancy services
11.	Cuscapi Outsourcing Sdn. Bhd.	30 May 2008 Malaysia	Provision of a contract centre for outsourcing services
12.	Cuscapi Suzhou Co. Ltd.	31 October 2008 China	Software development. This business operation ceased during the previous financial year
13.	Cuscapi (Thailand) Co. Ltd.	12 March 2011 Thailand	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business, and IT related consultancy services
14.	PT Cuscapi Indonesia	11 March 2011 Indonesia	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
15.	Cuscapi Shanghai Co. Ltd.	1 August 2011 China	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business, and IT related consultancy services. This business operation ceased during the previous financial year
16.	Cuscapi Hong Kong Ltd.	31 October 2011 Hong Kong	Investment holding
17.	Tills N Labels System Marketing, Inc.	3 November 2011 Philippines	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business, and IT related consultancy services
18.	Cuscapi Guangzhou Co. Ltd.	14 February 2012 China	Dormant

1. Overview of Operations (continued)

1.2 Our revenue is derived through our subsidiary companies of which the principal activities are summarized as below: - (continued)

	Subsidiaries	Date and place of incorporation	Principal activities
19.	Cuscapi Philippines, Inc.	16 May 2012 Philippines	Investment holding
20.	Cuscapi Interactive Technology (China) Pty. Ltd.	30 August 2013 Hong Kong	Investment holding
21.	Shanghai Cuscapi Interactive Network Technology Co. Ltd.	23 December 2016 China	Software development, interactive devices solutions, restaurant management, business management solutions and other related services and products. This business operation ceased during the previous financial year
22.	Cuscapi Blockchain Sdn. Bhd.	25 July 2018 Malaysia	To operate a cryptocurrency exchange in Philippines and other IT related business
23.	Litar Pasifika Sdn. Bhd.	15 August 2018 Malaysia	Investment holding
24.	Cuscapi (BD) Ltd	20 February 2019 Bangladesh	Dormant
25.	Cuscapi Vietnam Company Limited	28 January 2011 Vietnam	Computer programming, information technology service and other services related to the computer, data processing, leasing and other related activities

2. Share Performance

The following table sets out the summary of share performance for the FYE 30 June 2022:-

Date	Open	High	Low	Close	Volume
Jun/22	0.255	0.255	0.245	0.245	1,984,300
May/22	0.300	0.305	0.295	0.300	8,807,700
Apr/22	0.290	0.320	0.290	0.315	11,268,900
Mar/22	0.335	0.340	0.325	0.330	9,022,900
Feb/22	0.420	0.420	0.410	0.410	2,603,400
Jan/22	0.460	0.485	0.455	0.480	9,420,600
Dec/21	0.285	0.285	0.270	0.280	3,360,700
Nov/21	0.245	0.255	0.245	0.250	1,450,100
Oct/21	0.220	0.220	0.215	0.215	1,359,600
Sep/21	0.235	0.235	0.230	0.230	5,467,000
Aug/21	0.310	0.320	0.305	0.315	13,542,500
Jul/21	0.240	0.240	0.230	0.235	6,688,500

As of 30 June 2022, Cuscapi market capitalization at RM231.50 million based on the number of shares issued at 944,884,476.

3. Financial Performance and Position

For the financial year ended 30 June 2022, the Group registered revenue of approximately RM 9.9 mil as compared to RM10 mil in the financial year ended 30 June 2021 amidst the current challenging operating environment. However the Group registered a lower pre-tax loss of RM5.094 mil during the financial year ended 2022 compared to a pre-tax loss of RM15.352 mil in previous financial year ended 30 June 2021. The reduce losses was primarily due to higher gross margin and lower operating cost and improve operational efficiency.

3.1 Revenue by Region

The breakdown of our revenue by countries is set out below: -

Country	FYE 30 JUNE 2022 RM	FYE 30 JUNE 2021 (Restated) RM
Malaysia	3,690,434	6,024,949
Other than Malaysia	6,211,594	3,977,820
Total	**9,902,028**	**10,002,769**

3.2 Revenue by Products

The breakdown of our revenue by-products is set out below: -

Product	FYE 30 JUNE 2022		FYE 30 JUNE 2021 (Restated)	
	RM	%	RM	%
Transight & C360	8,174,734	83%	7,930,127	79%
EDMS	1,529,179	15%	1,977,493	20%
Others	198,115	2%	95,149	1%
Total	**9,902,028**	**100%**	**10,002,769**	**100%**

3.3 Profit/(Loss) before Tax by Region

The breakdown of profit/(loss) before tax by countries are set out below: -

Country	FYE 30 JUNE 2022 RM	FYE 30 JUNE 2021 (Restated) RM
Malaysia	(5,614,791)	(11,293,347)
Other than Malaysia	520,442	(4,058,220)
Total	**(5,094,349)**	**(15,351,567)**

3.4 Assets, Liabilities and Liquidity

i. There is no material changes in the Group's bank deposits and cash and bank during the FYE 30 June 2022.

ii. During the FYE 30 June 2022, the Group has issued 85,615,400 new Cuscapi shares at RM0.26 per shares.

iii. Trade and other payables decreased by 18.4%, mainly due to decrease of other payables compared to the preceding year.

iv. The Group's inventories decreased during the FYE 30 June 2022 mainly due to written-off inventories and better planning.

4. Anticipated of Known Risk Affecting Group's Results, Operations and Financial Condition

Our Group's financial condition and results of operations have been, and will continue to be affected by, amongst others, the following key factors: -

i) Our Group's ability to stay competitive vis-à-vis our competitors by providing good quality services;

ii) Our Group's ability in developing and implementing marketing strategies, expansion of our service offerings and solutions to suit customers' needs, and to keep abreast with new restaurant management technologies;

iii) Our Group's ability to develop good working relationships with our customers, suppliers as well as staff, and implement incentive-driven plans to improve the efficiency of our staff.

iv) The developments in the political and economic conditions in Malaysia and globally which may materially and adversely affect the business, operations and financial performance of our Group;

v) Our dependence on the abilities and continued performance of our Directors, key management and key technical personnel for our Group's success as any loss of these key personnel could materially affect our Group;

vi) Foreign exchange fluctuations and translation losses may result in our Group incurring foreign exchange losses or gains due to the fluctuations in the exchange rates; and

vii) Legal and regulatory changes in the countries we operate, which may adversely affect our business costs and sustainability.

4.1 Impact of foreign exchange rates/ interest rates/ commodity prices on operating profits

i) Impact from foreign currency exchange rates

Our Group is exposed to foreign currency risks as our sales and purchases are partly denominated in foreign currencies, namely in USD, SGD, THB, IDR, PHP and RMB. As such, any appreciation or depreciation of USD, SGD, THB, IDR, PHP and RMB against RM will result in us incurring foreign exchange gains or losses.

ii) Impact from commodity prices

The FYE 30 June 2022, our Group's financial performance was not affected by commodity prices.

4.2 Impact of inflation

Our Group's financial performance during the FYE 30 June 2022 was not significantly affected by inflation.

4.3 Government / Economic / Fiscal or monetary policies

The financial performance of our Group had not been materially affected by any government, economic, fiscal or monetary policies or factors for the FYE 30 June 2022.

5. Prospects

The economy continues to record recovery during the country's transition to the endemic phase. Malaysia's Gross Domestic Product (GDP) expanded further by 8.9% as compared to 5.0% in the previous quarter. Overall, the economy posted a growth of 6.9% (1H 2021: 7.0%) for the first half year of 2022. The Services sector remained the main impetus which accelerated to 12% (Q1 2022: 6.5%) in this quarter, driven by the Wholesale & retail trade (17.3%), Transportation & storage (35.8%) and Food & beverage & accommodation (35.3%). The positive recovery momentum was supported by increased domestic demand, continued improvement in labour market conditions and ongoing policy support.

However, the Group will continue to monitor the situation to assess and address the impact of COVID-19 on its business and financial condition. Meanwhile, the resurgence of the inflationary pressure amid rising food and energy prices and disrupted supply chains following the Russia-Ukraine war remain threats to our local and global economy.

Moving forward, the Group remains focused on executing its strategies to achieve better financial performance from its existing F&B and EDMS businesses. The Group continuously strengthens its solutions to meet the current requirements and demands of the market. In addition, it also provides fast response time and good customer service experiences. As for sustainable operations and business performances, the Group continues to intensify its efforts to drive down operating costs & improve operational efficiencies as well as operating margins.

Barring any unforeseen circumstances, the Board of Directors is confident that the Group's prospects for the next financial year ending 30 June 2023 remain positive as reported in this current financial year.

cuscapi®

DIRECTORS' PROFILES

Datuk Jayakumar A/L Panneer Selvam

Malaysian, Aged 56, Male, Executive Chairman

Datuk Jayakumar A/L Panneer Selvam was appointed to the Board as Alternate Director on 4 April 2018. Subsequently, he was re-designated to Executive Chairman on 4 June 2018.

Datuk Jayakumar holds a Diploma in Computer Science, and he started his career with Kumpulan Wang Simpanan Pekerja in 1989 and subsequently moved to Arab Malaysia Finance Bank in 1990 for about two (2) years. His career in IT began with PDX Teknologi Sdn. Bhd. as the Major Accounts Executive in 1992. He was subsequently appointed as the Executive Director of PDX.com Sdn. Bhd. in 2004 and was instrumental in PDX.com Sdn. Bhd. He secured the MSC Electronic Government Flagship Application (eServices Project) and was appointed as the official Gateway Provider of the Government in 2000. In 2009, he was appointed as a Chief Executive Officer/Executive Director of PDX.com Sdn. Bhd. He has leveraged his long experience in the IT industry and has ventured into investing in IT-related companies.

Datuk Jayakumar was appointed as the Managing Director of MYEG Integrated Networks Sdn. Bhd. (MINT) in 2009 and he was integral in the development and operation strategies of MINT. His experience includes developing its suite of Electronic Cash Register (ECR) while working with Point of Sales solution vendors. These solutions include, among others, a comprehensive suite of online Goods and Services Tax ("GST") accounting tools, tax declaration and Electronic Information Systems (EIS).

Save for Cuscapi Berhad, Datuk Jayakumar does not hold directorship in any other public companies or public listed companies.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any). He does not have any family relationship with any other Director and/or any major shareholder of the Company.

There is no sanction or penalty imposed on him by relevant regulatory bodies.

Dato' Sri Khazali Bin Haji Ahmad

Malaysian, Aged 67, Male, Executive Director

Dato' Sri Khazali Bin Haji Ahmad was appointed to the Board of the Company on 9 July 2019. He holds a Master's Degree in Economics from the University of Central Oklahoma, USA and a Bachelor's Degree in Agricultural Economics from Universiti Kebangsaan Malaysia. He was granted Excellence Service Awards in 2003 and 2006 by the Ministry of Finance and was recognised as Asia Tax Commissioner of the Year in 2015 for his leadership of the Royal Malaysian Customs.

Dato' Sri Khazali had a distinguished career in the Malaysian Civil Service, culminating in his role as Director-General of Customs from 2012 until his retirement from the post in 2017. Before that, he served in various capacities, including as Federal Secretary of the State of Sabah and as Special Functions Officer to the Chief Secretary to the Government in the Prime Minister's Department. Dato' Sri Khazali is a Director of Bank Islam Malaysia Berhad, Shangri-La Hotels (Malaysia) Berhad, Favelle Favco Berhad and Muhibbah Engineering (M) Berhad.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years. He does not have any family relationship with any other Director and/or any major shareholder of the Company.

There is no sanction or penalty imposed on him by relevant regulatory bodies.

Dato' Sheah Kok Fah

Malaysian, Aged 58, Male, Independent Non-Executive Director

Dato' Sheah Kok Fah was appointed to the Board as an Independent Non-Executive Director of the Company on 12 April 2018. He held a Degree in LLB (Hons) from the University of Malaya and was admitted to the Bar in 1989. He is the member of the Audit and Risk Management Committee and Nomination and Remuneration Committee respectively.

Dato' Sheah has an outstanding career, both as an advocate and solicitor and corporate practitioner. He has vast experience for more than 30 years in legal practice since 1988. He has been the partner of Messrs Sheah, Tan and Rahman since 1996.

Save for Cuscapi Berhad, Dato' Sheah does not hold directorship in any other public companies or public listed companies.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any). He does not have any family relationship with any other Director and/or any major shareholder of the Company.

There is no sanction or penalty imposed on him by relevant regulatory bodies.

Datuk Mat Noor Bin Nawi was appointed to the Board of the Company on 24 May 2018. He is also the Chairman of the Audit and Risk Management Committee.

Datuk Mat Noor holds a Master of Science (Policy Economics) from the University of Illinois at Urbana-Champaign, USA. He also holds a Bachelor of Science (Resource Economics) from the Universiti Putra Malaysia.

Datuk Mat Noor had served with the Government of Malaysia for over 30 years, where he started his career in the Malaysian civil service in 1981 as an Agriculture Economist at the Federal Agriculture Marketing Authority (FAMA) before joining Economic Planning Unit (EPU) in 1983. He had since continued to serve the EPU in various capacities, and his last position was the Deputy Director-General, EPU, Prime Ministers Department prior to joining the Ministry of Finance (MOF) in October 2011.

He was the Deputy Secretary-General, Treasury (Investment) in MOF and later became the Deputy Secretary-General, Treasury (Policy) at the MOF, a position he held since 16 November 2012. He then retired from the Malaysian civil service on 6 June 2015.

Currently, he sits on the Board of PDX.com Sdn Bhd, Megah Perkasa Security Services and Excel Force MSC Berhad.

He does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any). He does not have any family relationship with any other Director and/or any major shareholder of the Company.

There is no sanction or penalty imposed on him by relevant regulatory bodies.

Puan Mohaini Binti Mohd Yusof

Malaysian, Aged 56, Female, Independent Non-Executive Director

Puan Mohaini Binti Mohd Yusof was appointed to the Board of the Company on 3 September 2018. She is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.

Puan Mohaini graduated from the University of Technology MARA with Degree in Mass Communications in 1989. She started her career as an Executive in The Lion Group from 1989 to 1990. She was a Manager in Malaysian Resources Corporation Berhad ("MRCB") in 1996 and later became General Manager, Head of Corporate Communications at MRCB since 2006.

She has more than 30 years of experience in strategic communications, branding, event management, crisis management, media relations, advertising, publications, CSR/Foundation, Government relations, corporate sponsorship, awards submissions and sustainability reporting. She has also created several brands for MRCB Group and Media Prima Berhad. In addition, she has been actively involved in Yayasan MRCB, PINTAR Foundation and GLC Disaster Response Network (GDRN).

Currently, she is the Independent Non-Executive Director of My E.G. Services Berhad.

She does not have any conflict of interest with the Company and no conviction of any offence within the past five years, other than traffic offences (if any). She does not have any family relationship with any other Director and/or any major shareholder of the Company.

There is no sanction or penalty imposed on her by relevant regulatory bodies.

KEY SENIOR **MANAGEMENT'S PROFILE**

FANG KOK HONG
Chief Executive Officer
Aged 46, Male, Malaysian

Mr Fang Kok Hong ("Peter") graduated with a Bachelor of Engineering (First Class Honours) from the University of Melbourne, Australia in 1998. He was certified as a Project Management Professional (PMP) from the Project Management Institute (PMI) in 2007.

Peter was appointed as Chief Executive Officer on 1 June 2022. He has more than 20 years of management and IT experience specialising in Business Strategy, Management Consulting, Project Delivery, Product Development, R&D, Enterprise Architecture and IT Operations.

Peter started his career in 1999 as an Analyst with Accenture Solutions Sdn Bhd (Accenture Malaysia), a management and technology consulting company, where he was involved in projects in Malaysia and Singapore. He was promoted to Consulting Manager in 2004 and left Accenture Malaysia in 2005.

In 2005, Peter joined interTouch Malaysia Sdn Bhd as Systems Development Director, where he was responsible for the design and delivery of products and solutions for the hospitality industry. interTouch was subsequently rebranded as DOCOMO interTouch. DOCOMO interTouch is a global telecommunications service provider primarily serving the hospitality broadband industry worldwide. He left in 2008.

In 2008, Peter joined S5 Systems as Director of Software Services where he was responsible for managing the software development and research and development functions of the company. In 2010, he became the Vice President of Software Services and was subsequently promoted to Chief Technology Officer in 2012. In 2016, Peter was appointed as Chief Operating Officer and subsequently as Chief Executive Officer in 2018.

LIM SZE YEAN
Chief Financial Officer
Aged 50, Male, Malaysian

Mr Lim Sze Yean graduated with a Master Degree in Business Administration from Rutherford University in 2006. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of The Association of Chartered Certified Accountants. He is also currently an Associate Member of the Chartered Tax Institute of Malaysia (CTIM) and The Institute of Internal Auditors Malaysia (IIA), and a member of ASEAN Chartered Professional Accountant.

He has more than 15 years of experience in various areas of finance, including corporate finance, internal controls and risk management. He started his career as a senior auditor, and in the course of his career, he has served several public listed companies as Group Finance General Manager, Group Finance Director and Chief Financial Officer.

In October 2016, Mr Lim joined Cuscapi Berhad as Finance Director and was promoted to Chief Financial Officer on 1st April 2017. He also holds the office of Director in several subsidiaries of Cuscapi Berhad.

Currently, he is the Senior Independent Non-Executive Director of MYTECH Group Berhad.

ADRIAN ONG MING SENG
General Manager
Age 39, Male, Malaysian

Mr Adrian Ong Ming Seng graduated with a Degree in Computer Studies from Informatics in 2005.

In 2006, he started his career as a Technical Support in Fida System Sdn Bhd. He later joined CTC Union Technologies Sdn Bhd as a Sales Engineer in 2009 and subsequently continued his career at Blackbox Network Services Sdn Bhd as a Senior Sales Engineer in 2011.

In 2015, he joined Cuscapi as an Account Manager, handling all key accounts customers. However, he left Cuscapi in early 2018 for personal reasons and rejoined in August 2018 as Senior Sales Manager, Head of Sales for Malaysia, leading Malaysia business unit. Later, he was promoted to General Manager Sales & Marketing, handling the regional sales and marketing team till the present.

KEY SENIOR MANAGEMENT'S PROFILE

MOHD RASHIDI OTHMAN
Regional Operations Manager
Age 44, Male, Malaysian

Mr Mohd Rashidi joined Cuscapi on 03rd Feb 2014. His role was to lay the groundwork, provide technical consultation, prepare and present solutions proposal for the sales team to be successful. Analyse the market, run focus groups and craft pitches for Sales Consultants to use in the field. He manages projects, support and deployment teams for F&B business. In year 2022, he was promoted as Regional Operations Manager.

He hold a Diploma in Computer Science from Nilai International College with more than 18 year working experience as Presales Consultant, Support Manager and Technical Support in F&B industry.

Before joining Cuscapi he was managing technical support for F&B market players.

YULISE ENG SZI LOK
Finance Manager
Age 26, Female, Malaysian

Ms Yulise graduated with Institute of Chartered Accountants in England and Wales (“ICAEW”) from Sunway University, Malaysia in year 2020. She holds membership of ICAEW Chartered Accountant, ICAEW Business and Finance Professional (“BFP”) and Malaysian Institute of Accountants.

She started her career in Deloitte PLT as a Transfer Pricing trainee in year 2015 and External Auditor in year 2016. She involved in audit of various sectors such as Manufacturing, Plantation, Agriculture, FMCG, Retails and Consumer Products.

During her time at Deloitte PLT, she was seconded to Deloitte Audit and Assurance Advisory, majorly involved in MFRS 15 and MFRS 16 training service provided to Fortune 500 MNC operating in oil and gas. She also involved in public seminar on the latest IFRS related topic conducted by Deloitte PLT.

In year 2021, she joined Smart Glove Corporation as an Accountant, particular to assist in IPO matters and pre-listing process.

In November 2021, she joined Cuscapi Berhad as an Accountant and she was promoted to Finance Manager, oversees and handling Group finance operations.

RISMA EMELIA MOHD ISA
Assistant Human Resources Manager
Age 46, Female, Malaysian

Mrs. Risma Emelia Mohd Isa obtained a Diploma in Hotel Management from the MARA Institute of Technology in Terengganu before she graduated from MARA University of Technology in Shah Alam with a BBA (H) in Human Resources Management.

Prior to joining Cuscapi, she was attached to a few large and medium corporations, including construction, manufacturing and retail and has more than 20 years of experience in various areas of HR, recruitment and corporate affairs matters. She started her career at SCICOM (MSC) BHD as a Customer Service Executive, after that she joined DRB-HICOM BERHAD in the special projects department as a Secretary. Subsequently, she worked for a few companies which include TIMES PUBLISHING GROUP, GARDENIA BAKERIES (KL), and PANASONIC LCD (M) SDN. BHD and A.T.E.S Sdn Bhd to handle HR matters such as recruitment, payroll management, training and development and corporate affairs before she joined Cuscapi on January 2020 as senior Human Resources Executive and she was promoted to Assistant Human Resource Manager to oversee Group Human Resource operations on September 2022.

SUSTAINABILITY **STATEMENT**

Internet Technology ("IT") is intertwined with corporate sustainability, which is measured by a company's performance in addressing economic, environmental and social ("EES") risks and opportunities. IT has become ubiquitous in today's society and can therefore be a major force that drives industries towards delivering sustainable products and services. Cuscapi is committed to creating shared value by providing sustainable solutions and services that empower businesses through state-of-the-art technologies.

ABOUT THIS STATEMENT

The IT sector has yet to establish global practical guidelines, principles and disclosure standards. This lack has led to varying definitions of IT sustainability according to different organisations and authors.

With this sustainability statement, our stakeholders can be informed of the EES risks and opportunities in Cuscapi's business operations. This statement is our means of appraising our stakeholders about the strategies and practices that we have implemented in our consistent effort to integrate sustainability into our business operations and the progress we have reached in this endeavour.

Scope and Boundary:

This statement covers the Group's entire operations, including subsidiaries directly controlled by the Group and those held through a majority stake.

Reporting Period and Cycle:

This report coincides with our financial reporting period from 1 July 2021 to 30 June 2022. Historical information from previous years is included to facilitate comparative assessments and actionable patterns.

Report Guidelines:

Bursa Malaysia Sustainability Reporting Guide (2nd Edition)
Malaysian Code of Corporate Governance

OUR SUSTAINABILITY APPROACH

Our approach to sustainability is a commitment towards a transition of society for a better future.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDGs")

The 2030 Agenda is a plan of action endorsed by all 193 United Nations Member States in 2015. We stand with the Malaysian government in the pursuit of the SDGs. Our main contribution is providing our customers with IT services that promote sustainable development, which would generate long-term benefits for businesses and the markets they depend upon. We have also strengthened our partnerships with companies with finance technology (fintech) expertise to create more income-generating opportunities for our customers through finance infrastructures and technologies and consequently improve their efficiency.

Goal 5: Achieve gender equality and empower all women and girls.
- We make all employment decisions according to the indicated job qualifications and without discrimination based on race, colour, sex, age, national origin, ancestry, religion, pregnancy, marital status or veteran status.

Goal 3. Ensure healthy lives and promote well-being for all at all ages.
- We educate our workers about important health and safety issues as well as expand their awareness about health and wellness in the IT work environment.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- Our business operations are focused on the development and innovation of advanced IT solutions.
- We offer digital payment and QR ordering platforms to give our consumers easy access to information.

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- We uphold good governance practices which are enshrined in our Code of Ethics and Business Conduct, Whistle-Blowing Policy and Anti-Bribery and Corruption Policy.

MALAYSIA DIGITAL CLIMATE ACTION PLEDGE ("MDCAP")

MDCAP is an initiative launched by the Malaysia Digital Economy Corporation ("MDEC") to accelerate the number of commitments made by businesses across the digital economy, delivering a measurable reduction in the impact of climate change.

The initiative aligns with the Twelfth Malaysian Plan (RMK-12), 3rd pillar: **Advancing Sustainability**.

By signing up for the pledge, Cuscapi has committed to:

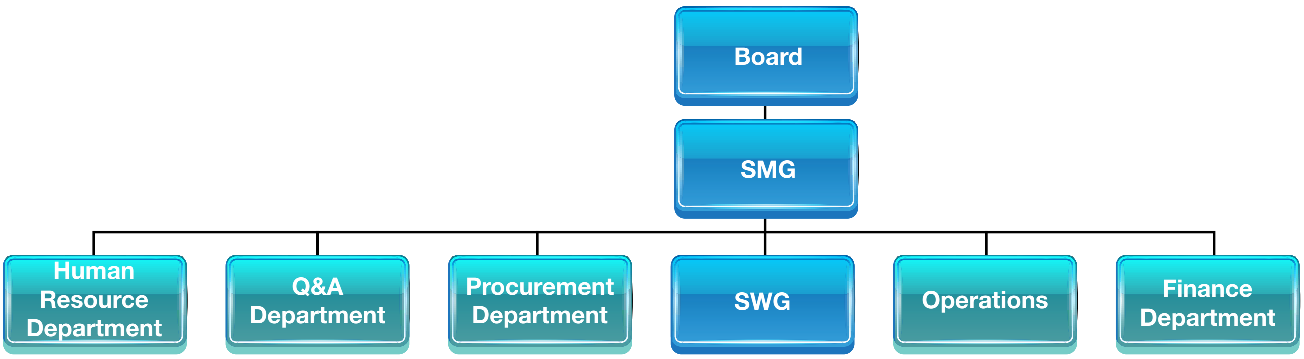
- Conduct business operations in an environmentally manner through reduce, reuse and recycle practices.
- Encourage stakeholder dialogue on the Group's sustainability practices

SUSTAINABILITY GOVERNANCE

At Cuscapi, we believe that strong leadership and clear direction are the key attributes that facilitate the effective integration and management of sustainability. These characteristics allow us to successfully implement our sustainability strategies and strengthen our relations with our stakeholders, thereby assuring them of our accountability.

SUSTAINABILITY COMMITTEE

Our Group Sustainability Committee consists of three tiers, namely; the Board, The Sustainability Management Group ("SMG"), and the Sustainability Working Group ("SWG").



Board

The Board of Directors assumes the overall leadership role in the company. They principally identify and resolve the challenges pertaining to sustainability. Part of their governing functions is to enhance the creation of short- and long-term sustainable value. The Board sets the company's sustainability direction and assesses the stakeholders' short-, medium- and long-term effects on the company and vice versa.

Sustainability Management Group ("SMG")

The CEO heads the SMG, and they are in charge of developing, operating and monitoring all sustainability-related aspects of our operations. The CEO ensures that all activities are set to achieve the goals and the Board's directives. The CEO reports to the Board about the Group's sustainability performance status.

Sustainability Working Group ("SWG")

The SWG consists of the Heads of Departments ("HODs") from our Malaysian headquarters and the geographical regions where we operate. The SWG implements the action plans handed down by the Senior Management. Their duties include tracking performance, engaging with our stakeholders and reviewing whether their respective departments and countries are successfully managing their sustainability issues. They report their findings to the Senior Management.

Ethics and Transparency

Our Code of Conduct ("COC") espouses the utmost ethical conduct. It adopts the current best sustainability practices and pertinent laws and regulations. The COC guides our employees on how to perform daily activities, making it instrumental in protecting the reputation of Cuscapi Berhad. We have also released supplementary operating manuals that state routine operations' policies and procedures. These manuals indicate the steps that employees must follow under a given set of conditions.

As demonstrated by the Group's Anti-Bribery & Anti-Corruption (ABAC) Policy, we condemn all acts of bribery and corruption in accordance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. In addition, our Whistle-Blowing Policy provides a platform where our stakeholders can anonymously raise concerns about possible breaches of policies and other questionable practices without fear of reprisal or retaliation.

Sustainability Risk Management

Corporate sustainability refers to establishing an overall business growth strategy that generates long-term shareholder value by maximising opportunities and managing risks. The Group's risk management process involves cultivating excellent working relationships with our stakeholders and keeping pace with the technological advancements, product quality standards and regulatory changes in the countries where we operate.

We are reviewing our risk management to include sustainability risk, opportunities, and emerging best practices that fit our business sector.

STAKEHOLDER ENGAGEMENT

Technological advancements have reached unprecedented heights in recent years. These breakthroughs have transformed the way of life of countless people worldwide. At Cuscapi, we reach new technological heights through frequent and meaningful collaborations with our stakeholders. Constant communication enables us to keep track of their concerns, resolve any problems and propose a strategic direction that promotes sustainability. Furthermore, these engagements enable us to provide timely solutions that will positively contribute to the growth of the IT industry.

Our engagement process involves identifying our stakeholders, determining their concerns and applying the necessary solutions. In drafting this report, we thoroughly analysed all of the information collected during our numerous engagements with our stakeholders to understand their most urgent concerns. By doing so, we can prioritise them and formulate strategic solutions driven by sustainability.

The table below presents our key stakeholders, their issues of interest, and the Group's engagement approaches.

STAKEHOLDER GROUPS	CONCERNS	ENGAGEMENT OPPORTUNITIES
Customers	• Downtime • Quality (Hardware & Software) • New Solutions	- Operational Training - Downtime Reduction Measures - Connectivity - Equipment Maintenance - Quality Monitoring - On-site and Off-site Support - Customer Hotline - Development of Advanced IT Solutions - Discussion & Demonstration of Solutions - Timely Response to New System Adoption
Employees	• Working Environment • Health & Safety • Training, Career Development • Compensation & Benefits	- Flexible & Remote Working - Town Hall Meetings - Satisfactory Surveys - COVID-19 Prevention - Bonus & Share Option Scheme - Performance Reviews - Training Courses - Promoting Gender Balance
Government / Regulatory Bodies	• Compliance & Standards • National Agenda	- Regulatory Compliance - Commitment to Fintech Technology - Human Development Training - IT Infrastructure Development - Digitalisation
Shareholders / Investors	• Quality & Correct Information	- AGM Meetings - Timely and Accurate Disclosure of Financial Reports on Our Company Website
Suppliers	• Pricing • Transparency • Quality	- Fair Terms and Conditions - Transparent Purchasing Practices - Product and Pricing Comparison
Community	• Welfare • Digital Divide	- Social Responsibility - Introduction of SME Digitalisation

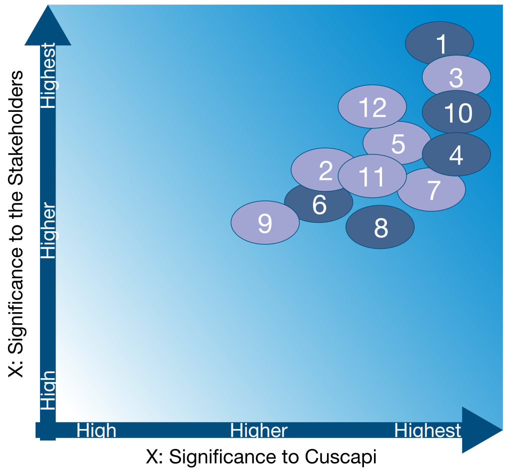
MATERIALITY

Sustainability matters refer to the current and potential EES impacts and their relative importance to Cuscapi and our stakeholders. In our latest materiality review, we have added Diversity & Inclusivity as material aspect to our stakeholders and the Group. All other previously identified material themes have remained consistent with the current status of our operations.

Materiality Matrix

In the matrix below, each issue's significance level to Cuscapi and our stakeholders is plotted along the X-axis and the Y-axis, respectively. Thus, the most important themes to the Group and our stakeholders are located in the upper right-hand quadrant. These are (1) Innovate & Develop Advanced IT, (3) Customer Satisfaction, (10) Ethics, Governance & Compliance, and (5) Develop IT Professionals. A new inclusion in our matrix is Diversity & Inclusivity. The new Bursa guidelines encourage an expanded female representation in the Board and the Senior Management. As such, this issue is also high in our priority.

Health & Safety played a significant role in ensuring business continuity during the pandemic, so we categorised it under high priority despite our stakeholders only considering it of medium importance. Digital Divide appears to be lowest in importance, but we have incorporated IT services to mitigate this situation.



ESG THEMES

1. Innovate & Develop Advanced IT
2. Connectivity & Convenience
3. Customer Satisfaction
4. IT Security & Safety
5. Develop IT Professionals
6. Employee Wellbeing
7. Health & Safety
8. Sustainable Supply Chain
9. Digital Divide
10. Ethics, Governance & Compliance
11.Environmental Protection
12. Diversity and Inclusivity

ECONOMY

Broadly speaking, sustainability refers to finding the balance between economic growth on the one hand and environmental protection and social equity on the other. Cuscapi's material sustainability themes related to the economy are Connectivity & Convenience, Innovation & Development of Advanced IT and closing the Digital Divide.

Our economic contributions can be measured in terms of the value generated by the application of our IT solutions and the benefits of such use. Designing innovative IT solutions transforms human activities into more systematic and efficient operations, ultimately resulting in sustainable business, social, cultural and administrative practices.

Direct Economic Impact

Our direct economic contributions are reflected by our revenue and equivalent tax payments, employee salaries, new product launches, supply chain contracts and equity.

Geographical Economic Impact

Our operations provide direct job opportunities, training and capacity building on both local and international scales. Thus, the benefits of our IT solutions are not limited to the local economy but produce cascading global impacts. The launch of new products opens up our economic opportunities to other management- and service-related industries, such as Business Process Outsourcing (BPO).

Indirect Economic Impact

Many countries are rethinking ways of building long-term societal and economic resilience against catastrophes similar to the ones that have shocked the world in the past two years, that is, the COVID-19 pandemic and Russia's war in Ukraine. The former is a threat to health security, and the latter is a threat to energy security. Both situations have imposed adverse impacts at a global scale, and the IT sector has been in the forefront of acting as a catalyst for change.

The National Agenda and regulatory agencies have declared digitalisation as the strategy for attaining improvement and growth. In response, we promoted our web-based application called Electronic Dealer Management System (EDMS). The system connects assemblers, distributors and dealers with government agencies' initiatives to facilitate their participation in e-Eksais, NIK and e-Daftar. Through the EDMS, vehicle registration and payment of duties can be seamlessly submitted online. The introduction of the EDMS was timely during the pandemic when in-person transactions were avoided to curb the spread of the virus. It also prevents fraudulent activities during the vehicle registration process.

ENVIRONMENT

At Cuscapi, we define environmental stewardship as an endeavour to preserve the environment by minimising the impacts of climate change in our operations and offering services that do not compromise the environment.

GREEN IT

'Deliver sustainable products and services'

Cuscapi's nature of business is providing software technology-based services. We do not manufacture physical products. We exert environmental impacts in two areas: our internal operations and our capacity to positively influence our client's ecological impacts when they utilise our services.

IT and other related telecommunications industries have vastly transformed and revolutionised the way businesses operate and individuals live. The influence of IT can be found in the simplest and the most complex aspects of everyday life. Therefore, it would be greatly beneficial to harness the potential of the IT industry to deliver sustainable products and services.

ENVIRONMENT-FRIENDLY SERVICES

Cloud-Based Solution

Cloud computing can significantly reduce energy consumption, waste and greenhouse gas (GHG) emissions. According to Microsoft Corporation and WSP Global Inc., cloud computing is 93% more energy-efficient and produces 98% lower GHG emissions than on-premises data centres.

Cuscapi's cloud-based computing system saves energy because it applies the joint use of virtual space. Sharing the storage capacity and outsourcing the programmes and functions of one's own computer over the internet are practices that demonstrate Green IT and promote sustainability. Cloud-based services minimise the total ownership cost and help the organisation go paperless. In addition, cloud-based solutions reduce the electronic -waste ("e-waste") emanating from the disposal of IT hardware.

Digital Payment and Call Centres

'Seamless journey without commuting'

Digital payments support sustainable growth as they offer our consumers a more seamless journey without commuting. We offer digital payment options and call centre services which our consumers can utilise to obtain information and perform transactions conveniently. In sum, digitalisation can minimise or even eliminate the necessity of transportation, reduce GHG emissions and mitigate climate change.

GREEN IT SERVICES IN NUMBERS		
Period	**Number of Call Centre Queries**	**Number of email Queries received**
FYE2022	21,516	312
FYE2021	29,974	449

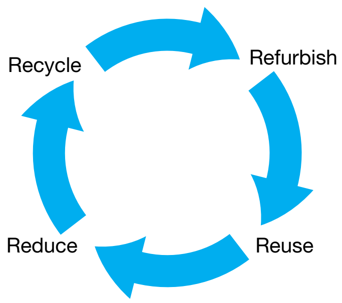
ENVIRONMENT-FRIENDLY OPERATIONS

Our systems are empowerment tools that contribute to environmental protection. Our software are customised support systems that provide accessibility and convenience to our customers and users and reduce energy consumption. In addition, having readily available and reliable information eliminates the need for travel, which can considerably lessen the CO2 emissions associated with commuting activities.

Computer Lifespan Extension Programme

Most computers expect a five-year lifespan, depending on the upgrading components; most of our computers survive up to 6-8 years (please confirm) through our computer lifespan extension programme.

Refurbish, Reuse, Recycle and Reduce



As an IT company, our operations do not directly impact the environment save for our energy use and hardware. We assess whether their disposal and energy consumption match our environmental standards in purchasing hardware. Typical computers and hardware with two-to-five-year life spans lead to the production of unnecessary electronic waste.

To extend their life cycle, all computers, devices and parts are refurbished, repaired and recycled until they are rendered unusable. Refurbishing means that the damaged parts of an electronic device are removed and replaced with new components. Recycling refers to dismantling an electronic device without damaging the parts that are still usable. The electronic waste generated at the end of a hardware's lifecycle is appropriately disposed of by a scheduled waste contractor certified by the Department of Environment ("DOE").

COMPUTER LIFESPAN EXTENSION PROGRAMME			
	Number of parts replaced	No. of computer disposed	No. of computers purchased
FYE2022	4	0	8
FYE 2021	15	17	19

Video Conferencing and Remote Work

Online conferences and remote work invariably reduce GHG emissions because workers no longer need to use their vehicles. Video conferences minimise unnecessary travel as business meetings have been shifted to their desks. Since employees engaged in remote work are not obligated to report to their physical offices, carbon emissions arising from transportation use would be minimised.

Laptop vs. Desktop

Laptops consume less energy when compared with large desktop computers. Laptop components are energy optimised so that the battery lasts longer. Moreover, desktop computers generate more e-waste than laptops.

ENERGY-FRIENDLY HABITS

The Group operates in leased offices. As such, our carbon footprint is limited to the energy we consume in the office and the commute of our employees. Nonetheless, we recognise that we can further step up in reducing our environmental impacts in order to eliminate unnecessary costs and diminish our carbon emissions even more.

Hibernation: We encourage employees to put all idle laptops and desktop computers on hibernation mode.

Paperless: Going paperless not only reduces our paper wastage but also cuts the energy required to run printers, which, in turn, reduces our energy cost and extends the lifespan of our printers. Documents are distributed in the form of softcopies. Our emails promote this practice with the slogan: 'Save the Environment: Please Print Only When Necessary!'

Switch off when not in use: Employees are reminded to switch off all printers, scanners, microwave ovens and lights that are not in use. This policy applies to auxiliary lights along corridors, stairs, pantries, reception rooms, conference rooms and workstations.

Eco-friendly purchasing: Our procurement department implements the 'Buy energy-efficient devices' practice. Most of our hardware consists of Android tablets and laptops, which are more energy-saving than desktop computers. Such investments might incur more costs upfront but can produce significant savings in the long run.

GREEN IT OPERATIONS IN NUMBERS				
Period	**% Video Conferences**	**% In-Person Meetings**	**Number of International Business Trips**	**Number of Domestic Business Trips**
FYE2022	20	20	3	5
FYE2021	20	20	1	1

Period	Number of Laptops	Number of Desktops	Number of Remote Work Days
FYE2022	71	-	0
FYE2021	125	-	154

CUSTOMER

Digital innovation has become a fundamental tool for interconnecting consumers and businesses. For businesses, digitalisation improves the production process and opens access to new markets and information. In addition, it expands growth opportunities by introducing new ways of development and productivity beyond national boundaries. IT plays a critical role in maintaining stability. Many projects and activities rely heavily on IT for smooth and efficient operation.

IT sustainability is inherent in the environmental, social and economic aspects of corporate sustainability. For example, when a Green IT strategy is deployed, energy costs are decreased (economic), CO2 emissions are reduced (environmental) and the dumping of hazardous waste in developing countries is avoided (social).

CUSTOMER SATISFACTION

We realise our pursuit to maximise **CUS**tomer **CAPI**tal and deliver satisfaction by embodying three core customer care values: ***Excellence, Creativity and Zeal***

Serving with Excellence *raises the calibre of our service.*

We ensure that our products and services meet or even exceed the expectations set by our clients. We have established strict quality control policies at all stages of our operations:

from design and conceptualisation to production and testing. Prior to their delivery, our product releases must pass our meticulous User Acceptance Testing (UAT). We monitor our daily activities through an internal control system to maintain excellent quality.

Our on-site and offsite support teams promptly respond to our customers' needs. Our service support staff are highly skilled and well trained to solve all types of technical troubles. In addition, we have multilingual employees who can cater to every customer in need of support regardless of their country of origin.

Serving with Creativity *transforms our customers' experience into something exceptional.*

Our commitment is to understand our clients' strategies and consequently support their customers. We accomplish this by maintaining open communication lines with our clients. Such discourse enables us to assess and create helpful resources that would satisfy the demands of our clients' customers. As a result, we have built a flexible system that continually adapts to new requirements and is open to integration and growth.

Serving with Zeal *delights and empowers our customers.*

We always strive to identify the most effective ways that we can serve our customers. We comprehensively review and analyse the data and identify patterns and processes to derive the most precise results.

IT SECURITY AND SAFETY

For our customers, trust is the cornerstone of IT security and private data protection. Rather than an additional burden, we consider data protection as a welcome opportunity to strengthen our reputation, products and brand. Privacy is what builds customer trust. As such, we adhere to the Personal Data Protection Act (PDPA) in all countries where we operate.

We have built a strong foundation of privacy and security controls. We protect our customers by adopting a rigorous set of security best practices. For example, our data protection protocol secures all transactions going in and out of the system. In addition, we perform robust monitoring of all system users and maintain an audit trail to deter any unauthorised user behaviour and ensure that all users, even the most privileged ones, are held accountable.

OUR PEERS

We view competition as a motivation that pushes us to find more ingenious and efficient ways of creating more innovative products and services. This positive mindset is favourable to our growth as a company and our customers' satisfaction. The only way we can stand out amongst our industry peers is by concentrating on improving our products and business strategies to gain their approval. We believe that a fundamental source of economic development is building trust and mutual respect for one's competitors. Our role is to reinforce our competitive strengths and advantages whilst advocating for a fair playing field in the IT industry. We abide by the by the Competition Act 2010, which prohibits anti-competitive agreements and the abuse of dominant positions in the market.

HUMAN CAPITAL

We adhere to the specific employment acts and regulations imposed by each country where we have operations. We fully support the needs of our employees, and we have initiated programmes that will develop their careers for both profitability and employability. All of our systems are adjusted for local adaptation.

DEVELOP IT PROFESSIONALS

The Development of IT professionals and their continuing education and career training is one of our material matters, and to this end, we have allocated resources as follows:

- Total training hours: 121
- Average Training Hours/Employee: 30
- Training Budget: Rm 30,000
- Training target: 2 trainings/ employee/ annum

The IT industry constantly evolves, suggesting that professional growth is critical in maintaining a competitive edge, increasing job satisfaction and meeting customer requirements. In this light, we expose our employees to training programmes that can enhance their skills, abilities and knowledge to attain holistic personal growth and contribute to the Group's success.

As the COVID-19 pandemic persisted for the year under review, our training courses were mainly conducted online.

The table below shows the external training carried out for the year under review for all Group employees.

TRAINING AND DEVELOPMENT			
Programmes	**Training Objective**	**Number of Hours**	**Number of Attendees**
Python Essential	To learn how to write Python programs dealing with sequences and mapping, program flow control, system calls and file manipulation.	28	1
Data Analytic with Python	Learn how to analyse data using Python including how to prepare data for analysis, perform simple statistical analyses, create meaningful data visualizations, and predict future trends from data.	14	1
MIA – MFRS 16 Case Studies	To get updates and improve on accounting treatments on leases and its impact on company's book of balance sheet and profit and loss accounts.	7	1
Speak off the Cuff Think Fast, Talk Smart	To learn how to size up the audience, grab their attention, control stage fright and project confidence and build rapport and connect with the audience.	8	1
Leading ESG, Charting Sustainability	To transform and equip members to understand, innovate and lead ESG initiatives that will support the nation in charting a more sustainable path for future growth.	18	1
OJT – Support Services Technical Training	During the training employee will gain hands-on experience and technical knowledge on company's product.	46	1
OJT – IT QA Tester Training	Learn how to design test plan, scenarios, scripts, procedures and executing tests on source code.	33	1
TOTAL		**154**	**7**

COMMUNICATION

Huddle meetings keep everyone aligned with their daily tasks. The daily huddle is a short meeting where the entire team is informed of the work that needs to be accomplished. During these focused meetings, only the most important topics are raised, and all employees sync upon every person's task and the top priority for the day. Daily huddles foster productivity and address issues in a timelier manner, thereby relieving deadline stress from our employees. These meetings serve as a venue where employees can raise sticking points and concerns that could prevent the team from optimising their performance.

DIVERSITY and INCLUSIVITY

We have established policies and processes which ensure that all employees and prospective staff members are treated equally and without discrimination.

The Group Equal Employment Policy:

"It is the Company policy to make all employment decisions based on valid job qualifications regardless of race, colour, sex, age, national origin, ancestry, religion, pregnancy, marital status or veteran status. Employment decisions include, but are not necessarily limited to, hiring, job assignment, promotion, transfer, wage review and equal treatment in and excess of company-paid fringe benefits."

At Cuscapi, we believe that we are able to devise more creative and more effective solutions because of the combined unique perspectives of our diverse team members. Their differences in skill and experience expand the shared knowledge in the workplace.

Age Group				
Period	**20 – 30 years old**	**31 – 40 years old**	**41 years old and above**	**Total**
FYE2022	22	25	24	71
FYE2021	49	46	30	125
FPE2020	44	45	32	121

Ethnicity			
Period	**FYE2022**	**FYE2021**	**FPE 2020**
Malay	21	29	23
Chinese	13	27	32
Indian	3	8	10
Non-Malaysians	34	61	56
Total	71	125	121

Gender Ratio in the Workforce			
Period	**Male**	**Female**	**TOTAL**
FYE2022	43	28	71
FYE2021	82	43	125
FPE2020	80	41	121

Gender Ratio at the Management Level						
Period	**FYE2022**		**FYE2021**		**FPE2020**	
Position / Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
BOD	4	1	4	1	4	1
Managers	16	8	13	5	15	5
Executives	23	19	69	38	65	36

HEALTH SAFETY and WELLBEING

COVID-19 Prevention: To ensure the safety of our employees and help prevent the spread of COVID-19, we adopted all the safety protocols and measures prescribed by the Ministry of Health (MOH) and the Ministry of International Trade and Industry (MITI). Our overseas subsidiaries follow the local guidelines imposed by the countries where they are located.

Occupational Health: We have enacted measures to minimise occupational safety and health hazards to our IT professionals. These measures are intended to prevent disorders and other illnesses associated with working at a desk for long hours.

Working Hours: Working hours at Cuscapi are set according to the regulatory requirements. In addition, we have introduced a flexible working hour policy to encourage work–life balance. This policy offers our employees more freedom to fit their working schedules around their family life and commuting needs.

Leaves: Apart from the regulatory requirements, our employees are entitled to extended maternity and paternity leaves, congratulatory leaves such as marriage leaves, examination leaves for courses relevant to the employees' line of work, compassionate leaves, calamity and emergency leaves.

Sports, Social and Recreational Activities: We organise various events and activities that stimulate team chemistry and nurture our employees' physical and social wellbeing. Unfortunately, these had to be suspended in the past years to curb the spread of COVID-19.

H&S Indicators

PERIOD	Social Security	No. of staff claim	Company Insurance	No. of staff claim
FY2022	SOCSO	-	Insurance	1
FY2021	SOCSO	2	Insurance	4
FPE2020	SOCSO	2	Insurance	2

EMPLOYEE REMUNERATION AND BENEFITS

We protect our employees' welfare and boost their morale by bestowing performance-based incentives and rewards. Our employees also receive benefits in addition to a competitive salary and government-mandated contributions. Staff members who work beyond regular hours are allocated special allowances. Our health packages cover reimbursements for medical consultations (applicable to employees and their spouse and children), hospitalisation, surgical procedures and personal accidents. We also provide insurance packages for health-related emergencies.

SUSTAINABLE SUPPLY CHAIN

In line with our sustainability strategy, all our transactions with suppliers must be conducted ethically and transparently to ensure that our procurement process remains consistent with our Code of Conduct.

DECENT WORK

Our commitment is to realise a truly sustainable supply chain where the proper wellbeing of our people is guaranteed and the environment where we procure from is protected. Our ideal partners are those whose beliefs and values closely match ours. We find partners who can benefit the most from the opportunities presented. We also ensure that we duly address the social and economic needs of the employees performing outsourced IT services. We abide by the Children and Young Persons (Employment) (Amendment) Act 2010. We require that outsourced companies have instigated measures for safeguarding the health and safety and the general wellbeing of all employees.

TRANSPARENT PROCESS

We procure services globally, which can present both benefits and challenges. Nonetheless, we believe that as long as our practices and those of our business partners are anchored on transparent, ethical and sustainable practices, then we can adequately manage the economic, environmental and social dimensions of dealing with our suppliers.

COMMUNITY

'No business is too small for us'

Digitalisation has two aspects that are equally important: the customers and the community. During the pandemic, the closure of physical shops became an opportunity for companies to sell through alternative platforms and for communities to try digital markets. Information and Communication Technology (ICT) plays a vital role in empowering people from all walks of life to experience the benefits of digitalisation in promoting social and economic development. Our goal is to seamlessly connect businesses to the community through IT solutions to improve their quality of life and generate business opportunities.

CLOSING THE DIGITAL DIVIDE

Information inequality reduces the potential of the labour force and innovation, which are considered growth sectors. At Cuscapi, our goal is to enhance the community value by striving to close the gap between geographics and demographics. That is, we aim to provide access to modern information and communications technology, particularly to those that have restricted access or completely no access at all. Furthermore, our management solutions are not exclusive to large multinational companies but are also designed for small F&B operators that desire to scale up their business across a geographically diverse location.

HUMAN RIGHTS

At Cuscapi, we are alert to different forms of discrimination against different countries and cultural contexts. Our subcontractors must comply with all relevant national labour laws in recruiting foreign and local labour in the country where they are located. Our Whistle-Blowing Procedures and contact information can be found on our website. In the year under review, no violation was received regarding human rights issues.

Where appropriate, we take action to address the adverse impacts of our services. To protect the human rights of everyone, we define what customers and users can and cannot do with our products and services and establish mechanisms to implement policies and terms. Regarding technology and design choice, we set limitations to service functionality to restrict how it can be used and customised, preventing potential adverse human rights violations.

INTERNSHIP PROGRAMME

Consistent with our material matters to develop IT professionals, we look forward to welcoming our first interns in FY2023. The internship programme will be professionally supervised and mentored by our dedicated staff. It will provide an important opportunity for the interns to apply IT knowledge and skill to real work challenges.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("**Board**") of Cuscapi Berhad ("**Cuscapi**" or "**the Company**") is committed to ensure good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (**"the Group"**) as a fundamental part of discharging its duties to enhance and protect shareholders' values while safeguarding the interests of all stakeholders.

This Statement provides an overview on the application of the principles as set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG**") and the extent to which the Company has complied with the three (3) key principles of the MCCG, Companies Act, 2016 ("**Act**") as well as the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") during the financial year ended 30 June 2022 ("**FYE 2022**").

This Statement is prepared in compliance with Paragraph 15.25(1) of the MMLR and to be read together with the Corporate Governance Report 2022 ("**CG Report**") of the Company which is available on the Company's website at www.cuscapi.com. The detailed explanation on the application of the corporate governance practices is reported under the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 - BOARD RESPONSIBILITIES

Board and Board Committees

The Board collectively leads and is responsible for the long-term success of the Group by providing leadership and direction as well as supervision of the management of the Company. Generally, the Board has primary responsibility for the governance and management of the Company, and fiduciary responsibility for the financial and organisational health of the Company.

The Board is governed by its Board Charter, which outlines the roles and responsibilities of the Board, including those matters which are reserved for the Board's approval and those which the Board may delegate to the Board Committees. The Board Charter has also segregated the roles among Chairman, Chief Executive Officer ("**CEO**"), Executive Director ("**ED**") and Non-Executive Directors. The Board Charter is being updated from time to time to ensure it is accordance to the latest regulations which might impact the roles and responsibilities of the Board. A copy of the Board Charter is available on the Company's website at www.cuscapi.com.

Broadly, the Board of the Company assumes the following principal roles and responsibilities in discharging its fiduciary duties:

- to set strategic aims of the Company to ensure that the Company meet its objectives and review the Management's performance
- to take responsibility together with the Management for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets
- to carry out performance evaluations of the Board and Management including a review of the performance of the Board and Management in addressing the Company's material sustainability risks and opportunities
- to review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances
- to ensure that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and promoting a culture of corporate responsibility
- to approve the nomination, selection, succession policies, and remuneration packages for the Board, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and the Principal Officers, the annual manpower budget for the Group, managing succession planning, appointing, training, fixing the compensation of, and where appropriate, replacing the Management or key personnel
- to review the adequacy and integrity of the Group's internal control systems and management of information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, the Act and MMLR)
- to review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees
- to prepare a CG Overview Statement in compliance with the MCCG for the Annual Report
- to approve the appointment of external auditors and set their related audit fees

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

Board and Board Committees (Continued)

The Board is supported by the following two (2) Board Committees with delegated responsibilities to assist the Board in carrying out its fiduciary duties:

(a) Audit and Risk Management Committee ("**ARMC**")
(b) Nomination and Remuneration Committee ("**NRC**")

Each of the Board Committees operates in accordance with the Terms of Reference which approved by the Board. A copy of each of the Terms of Reference for each Board Committees are available on the Company's website at www.cuscapi.com.

All the Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

The Board may form such other committees from time to time to promote operational efficiency. Notwithstanding these committees, the ultimate responsibility for decision still lies with the Board.

Chairman and Chief Executive Officer

The positions of the Chairman and CEO are held by different individuals with distinct and separate roles to enhance governance and transparency. This is to ensure that there is a balance of power and authority to promote accountability, such that no one individual has unfettered decision-making powers.

The Chairman of the Board, Datuk Jayakumar A/L Panneer Selvam carries a leadership role in the conduct of the Board and is responsible for ensuring the integrity and effectiveness of the governance process of the Board. The Chairman will act as a facilitator at the meetings to ensure no Board members dominates the discussion and appropriate discussion are being taken place.

While the CEO of the Company principal responsibilities, amongst others, are as follows:-

(a) Providing the vision and strategic direction of the Group
(b) Formulating and implementing appropriate corporate strategies
(c) Ensuring the efficiency and effectiveness of the Group's operarions
(d) Assessing potential business opportunities

Chairman of the Board should not be a member of the Board Committees

The Company has complied with Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the ARMC and NRC. Currently, the Chairman of the Board, Datuk Jayakumar A/L Panneer Selvam is not a member of ARMC and NRC.

Qualified and Competent Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board, and they are responsible to ensure all Board procedures and Board management matters are in line as well as in compliance with MMLR, relevant laws and regulations. The Company Secretaries ensure that discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant party for appropriate action. The Company Secretaries are constantly kept themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending relevant trainings from time to time.

The Board has direct access to the professional advice and services of the Company Secretaries when performing their duties and discharging their responsibilities. The Company Secretaries has attended all the Board and Board Committees meetings to ensure that the meetings are properly convened, and proper records of the proceedings are taken into record.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

Access to Information and Advice

The Board have unrestricted access to information from the Management, the Company Secretaries, the outsourced Internal Auditors as well as the External Auditors of the Group, with or without senior management presences in furtherance of their duties.

In addition, the Board also recognised that decisions making process is highly dependent on the quality of information furnished. Therefore, the Board expects and receives adequate, timely and quality information on an ongoing basis to enable the effective discharge of their duties. Therefore, unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance.

The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries and properly documented and maintained at the Registered Office of the Company.

Board Charter

The Board has adopted a Board Charter which provides Directors with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their roles and discharging their duties to the Company and the Board's operating practices.

The Board Charter is lastly reviewed and updated based on the latest MMLR and MCCG on 19 October 2022. The Board Charter is available on the corporate website www.cuscapi.com.

GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

Code of Ethics and Business Conduct

The Code of Ethics and Business Conduct is in place to govern the standards of ethics and good conduct expected from Directors, Management and employees in discharging their duties and responsibilities and would help to prevent misconduct and unethical practices and consequently.

The Board is committed towards observing the highest standards of ethical business conduct and practices in accordance with laws and regulations. The Code of Ethics and Business Conduct describes how the Group practice the core values and principles, based on which outlined in it.

A copy of the Code of Ethics and Business Conduct is available on the Company's website at www.cuscapi.com.

Whistleblowing Policy

The Group has put in place a Whistleblowing Policy that fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.

The Whistleblowing Policy has outlined the process of reporting and protection given to the whistle-blowers.

The Whistle Blowing Policy is available on the Company's website at www.cuscapi.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

GOOD BUSINESS CONDUCT AND CORPORATE CULTURE (CONTINUED)

Anti-Bribery & Anti-Corruption Policy

The Group is committed to conduct its business professionally, ethically and with the highest standard of integrity. Hence, the Group has in place an Anti-Bribery & Anti-Corruption Policy to ensure employees of the Group discharge their duties in an ethical, responsible, transparent, and efficient manner and free from corruption, and the Anti-Bribery & Anti-Corruption Policy has set out the Group's zero-tolerance stance against bribery and corruption in all forms.

The Anti-Bribery and Anti-Corruption Policy is available at the Company's website at www.cuscapi.com.

Gender Diversity Policy

The Company has adopted a gender diversity policy during the FYE 2022 to formalise the existing practices on gender diversification. The Company adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members and senior management.

PART 2 - BOARD COMPOSITION

Composition of the Board

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCCG, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

Currently, the Board consists of a total of five (5) members, comprising of one (1) Executive Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. The Company has complied with the Paragraph 15.02 of the MMLR of having at least two (2) or one third (1/3) of the Board comprising independent directors. In the event of any vacancy of the Board, resulting in non-compliance with Paragraph 15.02 of the MMLR, the Company will fill the vacancy within three (3) months.

The Board endeavours to fulfil the gender diversity provided by the latest MCCG and believes that with the current composition and size of the Board is adequate to discharge its duties and responsibilities efficiently and competently. The Board members have a diverse professional and entrepreneurial background, varied skills and experiences. The profile of these Directors are provided in the Directors' Profile section of the Annual Report.

Re-election and Re-appointment of Directors

In accordance with the Constitution and in compliance with the MMLR, all the Directors are required to retire from office at least once in every three (3) years and shall be eligible for re-election. The Constitution also provides that at least one-third (1/3) of the Board shall retire at each Annual General Meeting ("**AGM**") and may offer themselves for re-election. To assist shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the AGM.

In addition, the Constitution and MMLR also require the newly appointed Directors to hold office only until the next AGM and shall be eligible for re-election.

Tenure of Independent Directors

As at the date of this CG Overview Statement, the Board has yet to adopt a policy at limiting the tenure of Independent Directors. Nevertheless, the Company took note of the recommendation by MCCG, that the tenure of an Independent Director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain such a Director as an Independent Director beyond nine (9) years, the Board will need to justify the decision and seek shareholders' approval at a general meeting through a two-tier voting process.

Currently, none of the Independent Directors has served the Company for a cumulative term of nine (9) years.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

Board Diversity

The appointments of our Board members and Senior Management are made based on merit, in the context of diversity in skills, experience, age, background, gender, ethnicity and other factors which is in the best interests of our Group. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

In the event that a vacancy in the Board arises, the Board, through the NRC, will consider the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skill sets, experience and knowledge of the candidate.

Currently, there is one (1) female Director on Board which this has reflects the Board commitment towards achieving a more gender diversified Board.

Audit and Risk Management Committee

The members of the ARMC and the activities undertaking by them during the FYE 2022 are set out in the ARMC Report on pages 49 to 51 in this Annual Report.

Nomination and Remuneration Committee

Currently, the NRC consists of solely Independent Non-Executive Directors. The members of NRC are as follows: -

			Attendance
Chairman	:	Pn Mohaini Binti Mohd Yusof (Independent Non-Executive Director)	1/1
Member	:	Dato' Sheah Kok Fah (Independent Non-Executive Director)	1/1

The NRC has undertaken the following activities during the FYE 2022, in discharging its duties:-

(a) Conducted an annual assessment of the performance of the Board as a whole for the financial year ended 30 June 2021 and made its recommendation to the Board.
(b) Conducted an annual assessment of the Independent Directors and made its recommendation to the Board.
(c) Reviewed and recommended the re-election of the retiring Directors for Board's approval.
(d) Reviewed composition of Board and its Board Committees.
(e) Reviewed and recommended Directors' fees payable to Non-Executive Directors for Board's approval.
(f) Reviewed and recommended Directors' benefits payable to the Directors for the Board's approval.

OVERALL BOARD EFFECTIVENESS

Annual Evaluation

The NRC is required to assess the Board’s effectiveness in terms of the composition, roles and responsibilities, and whether the Board Committees have discharged their duties in accordance with the terms of reference of the Board Committees.

During the FYE 2022, the NRC has through the assistance of the company secretary conducted a set of assessments which consisted of individual directors’ assessment, Board as a whole and also Board Committees. The NRC had also assessed the independence of directors' independency.

Based on the annual assessment conducted during the FYE 2022, the NRC was satisfied with the existing Board composition as well as the mix of qualifications, skills and experience among the Board Members and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NRC in discharge of its functions were properly documented.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

OVERALL BOARD EFFECTIVENESS (CONTINUED)

Board Meetings

The Board meets at least once on a quarterly basis and additional meetings are held as and when necessary. During the FYE 2022, five (5) meetings were held and the attendance of each of the Board members as follows:-

Name of Directors	Attendance	Percentage of Attendance
Datuk Jayakumar A/L Panneer Selvam	5/5	100%
Dato' Sri Khazali Bin Haji Ahmad	5/5	100%
Dato' Sheah Kok Fah	5/5	100%
Datuk Mat Noor Bin Nawi	5/5	100%
Pn Mohaini Binti Mohd Yusof	5/5	100%

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year as stipulated in MMLR with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

Based on the above, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section above.

Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Directors undergo training programme and seminars from time to time and as when necessary, to constantly update themselves and keep abreast with industrial sector issues, the current and future developments of the Group's business and industry that may affect their roles and responsibilities.

The Board is also updated by the Company Secretaries on the latest update/amendments on MMLR, MCCG and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities periodically.

During the FYE 2022, the Board members have been continuously updated by the Company Secretaries on the changes such as the MCCG and statutory and regulatory requirements. The Board was also briefed by the External Auditors on the changes on the Malaysian Financial Reporting Standards that may affect the Group's financial statements.

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

PART 3 - REMUNERATION

The Board acknowledged the importance of fair remuneration for the purpose of attract, motivate and retain the right talent in the Board and senior management.

In order to achieve the goals, the Company has established NRC which is entrusted under the terms of reference to assist the Board, amongst others, to recommend to the Board on the remuneration of the Executive Directors by linking their rewards to corporate and individual performance.

In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole. All the Directors concerned shall abstain from the deliberations and voting on his own remuneration package during the meeting.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 3 - REMUNERATION (CONTINUED)

Directors' Remuneration

The detailed breakdown of the Directors' fees and other benefits paid to the Directors of the Company and Group for the FYE 2022 are as follows: -

	Company		Group	
Directors	**Fees (RM)**	**Salaries and other emoluments (RM)**	**Fees (RM)**	**Salaries and other emoluments (RM)**
Datuk Jayakumar A/L Panneer Selvam	52,500	6,000	52,500	6,000
Dato’ Sri Khazali Bin Haji Ahmad	105,000	6,000	105,000	6,000
Dato' Sheah Kok Fah	52,500	6,000	52,500	6,000
Datuk Mat Noor Bin Nawi	52,500	6,000	52,500	6,000
Pn Mohaini Binti Mohd Yusof	105,000	6,000	105,000	6,000
Total	**367,500**	**30,000**	**367,500**	**30,000**

Remuneration of Senior Management

The remuneration paid to the Senior Management during the FYE 2022, are as follows:-

Range of Remuneration	Number of Senior Management
Below RM100,000	3
RM100,001 – RM300,000	1
RM300,001 – RM500,000	1

Due to confidentiality and sensitivity of the remuneration package of the senior management as well security concern, the Board opts not disclose the senior management’s remuneration component on named basis.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT AND RISK MANAGEMENT COMMITTEE

Audit and Risk Management Committee

The ARMC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The current composition of ARMC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board. Collectively, the members of the ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the ARMC.

The Board through its ARMC ensures that the audited financial statements are prepared accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The ARMC provides assistance to the Board in fulfilling these statutory and fiduciary responsibilities with regard to the financial reporting process, reviewing the scope of and results of internal and external auditing processes and monitoring the effectiveness of the internal controls and risk management to ensure the Board makes proper informed decisions and interests of shareholders are protected.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

Audit and Risk Management Committee (Continued)

The Group recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. The ARMC took note on the Practice 9.2 of the MCCG to have a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

Further details on the work performed by ARMC in furtherance of its oversight role are set out in the ARMC Report on pages 49 to 51 of this Annual Report.

Assessment on Suitability and Independence of External Auditors

During the FYE 2022, the ARMC has conducted an assessment on the External Auditors' performance and ARMC has recommended the re-appointment of the External Auditors based on the summary of the performance results.

The ARMC has included the following criteria in the assessment:-

- The adequacy of the experience and resources of the External Auditors;
- The nature of the non-audit services and the fees payable for such services; and
- The level of independence of the External Auditors.

The ARMC, having assessed the performance and independence of the External Auditors for the FYE 2022 was satisfied with their suitability and independence and recommended to the Board for their re-appointment as External Auditors at the forthcoming AGM subject to the shareholder's approval.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Establishment of Risk Management and Internal Control Framework & Internal Audit Function

The Board acknowledge their responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Group's internal audit function has been outsourced to an external consultant who reports directly to ARMC. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the framework in designing, implementing and monitoring its internal control systems. An annual internal audit plan setting out the internal audit work expected to be carried out annually, is tabled to the ARMC for review and approval.

The Statement on Risk Management and Internal Control set out on pages 45 to 48 of this Annual Report which provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Company recognises the need for stakeholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments.

Shareholders are able to obtain timely information from the Company's website at www.cuscapi.com.

CONDUCT OF GENERAL MEETINGS

Annual General Meeting

The Group values the importance of dialogue between the Group and its investors in order to provide them with the clearest and most complete picture of the Group's performance and financial position. At each general meeting, the Board encourages shareholders to participate in question-and-answer session in order to communicate their views and seek clarifications. The Board of Directors, Company Secretary, senior management and External Auditors are present during the general meeting to address queries during the meeting.

The Board is committed to issue the Company's notice of AGM to the shareholders at least twenty-eight (28) days prior to the meeting so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM, wherever possible.

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the General Meeting.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, MMLR and all applicable laws and regulations throughout the FYE 2022.

This Statement was approved by the Board of Directors of the Company on 25 October 2022.

ADDITIONAL COMPLIANCE **INFORMATION DISCLOSURES**

AUDIT FEE AND NON-AUDIT FEES

The amount of audit fee and non-audit fee paid or payable to External Auditor, Mazars PLT and its affiliated firms by the Group and the Company for the financial year ended 30 June 2022 are as follows:-

Type of fees	**Group (RM)**	**Company (RM)**
Audit fees	448,738	103,000
Non-audit fees	47,719	6,000
Total	**496,457**	**109,000**

MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest, which were still subsisting at the end of the financial year ended 30 June 2022 or entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS

Private Placement of up to 10% of the total number of issued shares

On 24 December 2021, the Company announced that the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third-party investors ("**Private Placement up to 10%**"). The Private Placement up to 10% was completed on 14 January 2022 following the listing and quotation of 85,615,400 placement shares on the Main Market of Bursa Malaysia Securities Berhad, raising RM22,260,004 for the Company. As at 30 June 2022, the summary of the utilisation of proceeds were as follows:-

Utilisation of proceeds	**Intended timeframe for utilisation**	**Actual proceeds raised (RM'000)**	**Actual utilisation (RM'000)**	**Balance available (RM'000)**
General working capital	Within 12 months	11,161	11,161	-
Business expansion	Within 24 months	10,919	10,954	(35)
Estimated expenses for the Proposed Private Placement	Within 1 month	180	145	35
Total		**22,260**	**22,260**	**-**

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

There was no RRPT of a revenue or trading nature during the financial year ended 30 June 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Directors are required by the Companies Act 2016 (“the Act”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year ended 30 June 2022. Where there are new accounting standards or policies that become effective during the period, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a “going concern” basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors on 25 October 2022.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound Risk Management system and Internal Control to safeguard shareholders' investments and Group assets. In addition, the Listing Requirements of Bursa Malaysia Securities Berhad require directors of listed companies to include a statement in the annual reports on the state of their Risk Management and Internal Control on a group basis.

The Group has recognised and established Risk Management, and Internal Control procedures in discharging its stewardship responsibilities are primarily in accordance with the guidance provided in the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers". These procedures, which are subject to continuous review by the Board, provide a systematic and ongoing process for identifying, evaluating and managing the significant business risks faced by the Group that may affect the achievement of its business objectives.

In recognition of this responsibility, the Board of Directors of Cuscapi Berhad ("the Board") hereby issues the following statement, which is prepared in accordance with these requirements.

2. BOARD RESPONSIBILITY

The Board recognises the importance of a sound framework of Risk Management and Internal Control for good corporate governance and safeguarding the shareholders' interests. Towards this end, the Board is committed to maintaining a sound system of Risk Management and Internal Control for the Group and ensuring its continued effectiveness, adequacy and integrity through a process of periodic review.

The Board has delegated the responsibility of undertaking this periodic review process to the Audit Committee. The delegation of responsibility is defined in the Audit Committee's Terms of Reference. However, the Board as a whole remains ultimately responsible for the effectiveness, adequacy and integrity of the system of risk management and internal controls.

The Board maintains full control over strategic, financial, organisational and compliance issues and has put in place an organisation with lines of responsibility, clear segregation of duties and appropriate delegation of authority. The Board has delegated to the Senior Management the implementation of the Risk Management and Internal Control system within an established framework throughout the Group.

The Board also acknowledges the need to establish an ongoing process for identifying, evaluating and managing significant risks faced by the Group and regularly reviewing this process in conjunction with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

During the financial year ended 30 June 2022, the Chief Executive Officer in charge of the day-to-day management of the Company following the instructions and orders given by the Board. The Chief Executive Officer sets the framework of the internal control environment by providing leadership and direction to senior managers and reviewing how they control the business. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Company. The Chief Executive Officer and Senior Management meet regularly in respect of such matters.

The Board fully supports the contents of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers and through the Audit Committee continually reviews the adequacy and effectiveness of the Risk Management processes in place within the various operating units to strengthen the Risk Management functions across the Group.

Risks may include strategy, financial, operational, compliance, or external risks, such as country, market, currency, or regulatory risk.

Management also acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal control and assuring the Board that it has done so under the policies adopted by the Board. The Board and the Management also recognise and acknowledge that the development of effective risk management and internal control system is an ongoing process and, to this end, maintains a continuous commitment to strengthening the existing internal control environment of the Group.

4. INTERNAL AUDIT FUNCTION

The Internal audit function assesses the efficiency and appropriateness of operations and examines the functioning of internal control. In addition, the internal audit seeks to ensure the reliability of financial and operational reporting, compliance with applicable laws and regulations, and proper management of the Company's assets.

Internal audit is independent of the operational management and is performed by an external service provider. In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the Company has appointed Crowe Governance Sdn Bhd to manage the Company's internal audit function on an outsourced basis.

Crowe Governance Sdn Bhd reports independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee, together with Crowe Governance Sdn Bhd agrees on the scope and planned internal audit activity annually, and all audit findings arising therefrom are reported to the Audit Committee quarterly if possible.

Follow-up reviews are also carried out to assess the implementation status of management action plans based on internal audit recommendations. The results of these follow up reviews are also highlighted to the Audit Committee.

5. OTHER KEY INTERNAL CONTROL ELEMENTS

Apart from the risk management framework and internal audit, the other key elements of the Group's system of internal control are stated as below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chief Executive Officer and the Chief Financial Officer lead the presentation of board papers and comprehensively explain pertinent issues. In arriving at any decision, on the recommendation by the management, a thorough deliberation and discussion by the Board is a prerequisite. Besides, the Board is kept updated on the Group's activities and operation regularly.

The Board has also received assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and efficiently in all material aspect based on the risk management and internal control system of the Group.

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is an organisational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the evolving business environment, adequate supervision of day-to-day business conduct and accountability for operational performance. The procedures include establishing authority limits for all aspects of the business, which is subject to periodic review throughout the year as to their implementation and continuing suitability.

Group Policies and Guidelines

The documented policies and procedures form an integral part of the internal control system to safeguard shareholders' investment and the Group's assets against material losses and ensure complete and accurate financial information. The internal procedures and policies are clearly documented in manuals and reviewed and revised periodically to meet changing business, operational and statutory reporting needs. This procedure and policies ensure proper documentation, authorisations and effective control over operating units within the Group.

Operating manuals are also available within the Group, and these set out policies and procedures for day-to-day operations and act as guidance for employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

5. OTHER KEY INTERNAL CONTROL ELEMENTS (CONTINUED)

Formalised Strategic Planning and Operating Plan Processes

The Group undertakes a comprehensive business planning and budgeting process each year to establish plans and targets against which performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year. A detailed budgeting process has been implemented in the Group where each department/business unit prepares a budget for the upcoming financial year for the approval of the Board. The budget is monitored, and significant variances are followed up by the respective Management.

Reporting and Review

Adequate financial and operational information systems are in place to capture and present timely and pertinent internal business information. A clear reporting structure ensures financial (e.g. Monthly management accounts and variance reporting) and operational reports (Weekly sales and collection report, HR report etc.) are periodically prepared and presented to management for discussion and review on a timely basis. In addition, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.

Monitoring

The Group monitors compliance with its internal controls through management reviews and internally reviewed reports by key personnel. Regular internal audit visit is conducted on the key activities of the Group's business and functional units to monitor compliance with procedures and to assess the adequacy and effectiveness of internal control.

Procedures and Control Environment

Control procedures and environments at Group and individual business unit levels have been established. Established control activities for day-to-day financial and operational activities are in place, covering preventive controls, predictive controls, manuals controls, computer controls and management controls. These include top-level financial and operating performance reviews, authorisations, verifications, reconciliation, physical controls over assets, segregation of duties, and controls over information systems.

In addition to internal financial controls, the directors have ensured that safety and health regulations, environmental controls and political risks have been considered and complied with by the Group.

Quality and Ability of Employee

Every employee of the Group is contractually bound to observe prescribed standards of business ethics in the manner of conducting themselves at work and their relationships with external parties such as customers and suppliers. The Group expects each employee to conduct himself/herself with integrity and objectivity and not to place himself/herself in a position of conflict of interest. The competence of staff personnel is maintained through a structured recruitment process, performance measurement and rewarding system and a wide variety of training and development programmes.

Human resource policies have been established, and it reflects the Group's objective on human resource management with the emphasis on development in areas relating to succession planning and competency. Policies also include code of conduct and performance management as control measures on staff's overall conduct and performance. In addition, ongoing internal and external training is provided to improved employees' technical and non-technical competence and skills.

6. WEAKNESSES IN INTERNAL CONTROL

Management continues to take appropriate measures and maintains an ongoing commitment to continuously monitor the Group's control environment and processes to strengthen its internal control structure and the management of risks.

The Board of Directors is of the opinion that there is no significant weakness in the system of internal control, contingencies or uncertainties that could result in material loss and adversely affect the Group.

7. CONCLUSION

The Board believes that the existing internal control system is adequate to achieve the Group's business objectives to safeguard shareholders' investments and the Group's assets. However, the Board will continuously assess the adequacy of the Group's system of internal control and make improvements and enhancements to the system as and when necessary.

This statement is made in accordance with the resolution of the Board of Directors dated 25 October 2022.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

The Board of Directors of Cuscapi Berhad (“**the Board**”) is pleased to present the Audit and Risk Management Committee (“**ARMC**”) Report for the financial year ended 30 June 2022 (“**FYE 2022**”). The ARMC has been renamed from Audit Committee to ARMC on 30 August 2022 to oversee the Company and its subsidiaries’ (“**the Group**”) risk management framework and policies.

COMPOSITION OF THE ARMC

The present members of the ARMC comprised of all Independent Non-Executive Directors. The current composition is complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 9.4 of the Malaysian Code on Corporate Governance 2021.

During the FYE 2022, the ARMC is comprises of the following members:-

Name	Position	Designation
Datuk Mat Noor Bin Nawi	Chairman	Independent Non-Executive Director
Dato’ Sheah Kok Fah	Member	Independent Non-Executive Director
Pn Mohaini Binti Mohd Yusof	Member	Independent Non-Executive Director

The members of ARMC have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the terms of reference of the ARMC.

INDEPENDENCE OF THE ARMC

The Company recognizes the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the ARMC members were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate who was an audit partner of the external auditors of the Group to be appointed as a member of ARMC.

ATTENDANCE OF MEETINGS

During the FYE 2022, the ARMC held five (5) meetings and the attendance of the ARMC members are set out as below:-

	Name of Directors	Attendance
(a)	Datuk Mat Noor Bin Nawi	5/5
(b)	Dato’ Sheah Kok Fah	5/5
(c)	Pn Mohaini Binti Mohd Yusof	5/5

The ARMC members were provided with notices and agenda of meeting with sufficient notification. The minutes of each ARMC meeting were recorded and tabled for confirmation at the next ARMC meeting. The ARMC Chairman reported to the Board on the activities undertaken and the key recommendations for the Board’s consideration and decision. The executive Board members, members of management as well as representatives of the external auditors and internal auditors were also invited to attend the meetings to provide inputs and advices, clarification to relevant items on the agenda as and when the need arose.

TERMS OF REFERENCE

The Terms of Reference of the ARMC which set out its duties and responsibilities are accessible via the Company’s website at www.cuscapi.com.

SUMMARY OF WORK

During the FYE 2022, the ARMC has carried out the following works in in discharging its duties and responsibilities: -

1. Financial Reporting

   (a) reviewed the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the Board's approval;

   (a) reviewed and discussed on the matters arising on the audited financial statements of the Group with the external auditors prior to the Board's consideration and approval; and

   (b) deliberated on the changes or implementation of significant accounting changes and compliance with accounting standards and other legal requirements.

2. Internal Audit

   (a) reviewed and discussed the internal audit reports which were tabled during the meetings, the audit recommendations for improvements to the existing system of internal controls, and work processes are made to management for resolutions where necessary, as well as the management action and response to these recommendations; and

   (b) Recommended internal auditors' fees to the Board for approval.

3. External Audit

   (a) reviewed and approved the audit planning memorandum before commencement of the annual audit;

   (b) reviewed and discussed the audit progress memorandum which set out audit status, key audit matters, other audit risks, unadjusted misstatements, fraud consideration, commitment independence and laws and regulations;

   (c) reviewed the audit reports from the External Auditors in relation to audit and accounting matters arising from the statutory audit, matters arising from the audit of the Group in meetings and reported the same to the Board; and

   (d) met with the external auditors' without the presence of the Executive Directors and Senior Management to have a frank and candid dialogue and exchange free and honest views and opinions.

4. Others

   (a) reviewed the ARMC Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement together with Corporate Governance Report and Sustainability Statement prior to recommending the same to the Board for approval and inclusion in the Annual Report of the Company;

   (b) reviewed related party transactions that may arise within the Group and to ensure to ensure that the transactions entered into were on arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders; and

   (c) reviewed and confirmed the minutes of the ARMC meetings and also distributed the minutes to the other members of the Board.

INTERNAL AUDIT FUNCTION

The Internal audit function assesses the efficiency and appropriateness of operations and examines the functioning of internal control. In addition, the internal audit seeks to ensure the reliability of financial and operational reporting, compliance with applicable laws and regulations, and proper management of the Company's assets.

Internal audit is independent of the operational management and is performed by an external service provider. In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the Company has appointed Crowe Governance Sdn Bhd to manage the Company's internal audit function on an outsourced basis.

Crowe Governance Sdn Bhd reports independently and directly to the ARMC in respect of the internal audit function. The ARMC, together with Crowe Governance Sdn Bhd agrees on the scope and planned internal audit activity annually, and all audit findings arising therefrom are reported to the ARMC quarterly if possible.

Follow-up reviews are also carried out to assess the implementation status of management action plans based on internal audit recommendations. The results of these follow up reviews are also highlighted to the ARMC.

The total costs incurred by the Internal Auditor in discharging its functions and responsibilities in respect of the FYE 2022 was amounted to RM55,250.

This statement was approved by the ARMC on 25 October 2022.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiary are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year attributable to:		
Owners of the Company	5,295,189	1,555,436
Non-controlling interests	11,321	-
Loss for the financial year	5,306,510	1,555,436

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid ordinary shares from RM181,114,569 to RM203,374,573 by way of issuance of 85,615,400 ordinary shares for a cash consideration of RM22,260,004 from a private placement. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.

SHARE OPTIONS

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

RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

SUBSIDIARIES

Details of the subsidiaries are set out in Note 8 to the financial statements.

There is no qualified auditors’ report on the financial statements of any subsidiary for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Datuk Jayakumar A/L Panneer Selvam*
Dato' Sheah Kok Fah*
Datuk Mat Noor Bin Nawi
Puan Mohaini Binti Mohd Yusof
Dato' Sri Khazali Bin Haji Ahmad

* Directors of the Company and certain subsidiaries.

DIRECTORS OF SUBSIDIARIES

Other than as stated above, the directors of subsidiaries of the Company in office during the period commencing from the beginning of the financial year to the date of this report are:

Anthony Gerald A/L R.Victor
Lim Sze Yean
Filomena Villa
Lee Poh Kwan
Leslie Ann Parcon
Nguyen The Hai
Rachelle Camba
Joana France Cruz

DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had interests in shares as follows:

	Number of ordinary shares			
The Company	**At 1.7.2021**	**Bought**	**Sold**	**At 30.6.2022**
Direct interests:				
Datuk Jayakumar A/L Panneer Selvam	68,032,200	2,271,700	-	70,303,900
Dato' Sheah Kok Fah	700,000	200,000	(400,000)	500,000
Indirect interests:				
Datuk Jayakumar A/L Panneer Selvam^	136,926,700	14,076,600	-	151,003,300

^ Shares held through company in which the director has substantial financial interests.

By virtue of their interests in the shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Jayakumar A/L Panneer Selvam and Dato' Sheah Kok Fah are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the directors in office at the end of the financial year held any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with a 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the 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.

Remuneration of the directors of the Company during the financial year are as follow:

	Group RM	Company RM
Directors' fee	367,500	367,500
Other emoluments	30,000	30,000
	397,500	397,500

Indemnity given to directors of the Company amounting to RM2,000,000. The directors of the Company are covered under Professional Liability Insurance, and such insurance premium paid for the directors of the Company amounting to RM17,500.

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

(i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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 amount of the allowance for doubtful debts inadequate to any substantial extent; or

(ii) which would render the values attributed to the current assets in the financial statements 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.

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

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

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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

OTHER INFORMATION (CONTINUED)

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.

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for 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 Group and of the Company for the financial year in which this report is made.

AUDITORS

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM473,636 and RM109,000 respectively.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

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DATUK JAYAKUMAR A/L PANNEER SELVAM
Director

…………………………………………………………
DATUK MAT NOOR BIN NAWI
Director

Kuala Lumpur
Date : 25 October 2022

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF CUSCAPI BERHAD
REGISTRATION NO.: 197801006160 (43190-H)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cuscapi Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of 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 60 to 130.

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 30 June 2022, and of their financial performance and their cash flows for the financial year ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISA"). 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 Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws")* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Fair value assessment of unquoted shares investment under other investments

Refer to Significant Accounting Judgements and Estimates and Other investments in Note 4 and Note 9 to the financial statements respectively.

The risk:

Included in the other investments of the Group as at 30 June 2022 is investment in unquoted shares measured at fair value amounting to RM15.6 million. The fair value of this investment is arrived at based on the discounted cash flows model.

Management's assessment of the fair value of this investment involve estimation and significant judgement relating to the assumptions used. Due to the significant management judgement involved and the significance of the fair value of the unquoted investments to the financial statements of the Group, this is considered as key audit matter.

Our response:

Our audit procedures included, among others, obtained an understanding of the process in estimating the fair value of the investment.

We tested and challenged the key assumptions and variables used by management in the fair value assessment. We assessed the basis and reasonableness of the cash flow projections, including a retrospective review of past cash flows projections. With the support of our internal specialist, we assessed the appropriateness of discount rate used by management in the computation of the discounted cash flows, taking into consideration of internal and external data.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

(b) Impairment assessment of software development cost under intangible assets

Refer to Significant Accounting Judgements and Estimates and Intangible Assets in Note 4 and Note 10 to the financial statements respectively.

The risk:

Included in the intangible assets of the Group as at 30 June 2022 is an amount of RM12.25 million being amount paid for development of a new software to be launch by the Group. In view of the delay in commencing the software development and the uncertainty of current economic environment, the carrying amount of the software development cost requires an assessment of its recoverable value. Accordingly, management performed an impairment assessment on the intangible assets, by estimating the recoverable amount applying the value-in-use method. Determining the recoverable amount requires management to estimate the future cash flows to be generated; and to determine a suitable discount rate in order to calculate the present value of those cash flows. The bases and assumptions used in the calculation of recoverable amount involve a significant degree of management judgement. Due to the significant management judgement involved and the significance of the carrying amount of the software development cost to the financial statements of the Group, this is considered as a key audit matter.

Our response:

Our audit procedures included, among others, obtained an understanding of the process in estimating the recoverable amount of the software development cost.

We tested and challenged the key assumptions and variables used by management in the recoverable amount computation. We assessed the basis and reasonableness of the cash flow projections. With the support of our internal specialist, we assessed the appropriateness of discount rate used by management in the computation of the discounted cash flows, taking into consideration of internal and external data.

(c) Investments in subsidiaries (at Company level)

Refer to Significant Accounting Judgements and Estimates and Investments in subsidiaries in Note 4 and Note 8 to the financial statements respectively.

The risk:

As at 30 June 2022, the Company's investments in certain subsidiaries totaling RM23.1 million have indication of impairment due to continuous losses and the net assets of the subsidiaries are lower than their carrying amount of investments. Accordingly, management performed an impairment assessment on their investments in subsidiaries. Determining the recoverable amount requires management to estimate the future cash flows to be generated and to determine a suitable discount rate in order to calculate the present value of those cash flows. The bases and assumptions used in the calculation of discounted cash flows involve a significant degree of management judgement. Due to the significant management judgement involved and the significance of the carrying amount of the investment to the financial statements of the Company, therefore identified this as a key audit matter.

Our response:

Our audit procedures included, among others, the understanding of the business and performance of the subsidiaries.

We reviewed impairment assessment performed by management including whether any indicator of impairment being identified.

We also tested and challenged the key assumptions and variables used by management in the discounted cash flows computation. We assessed the basis and reasonableness of the cash flows projection, including a retrospective review of past cash flows projection. With the support of our internal specialist, we assessed the appropriateness of discount rate used by management in the computation of the discounted cash flows, taking into consideration of internal and external data.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CUSCAPI BERHAD
REGISTRATION NO.: 197801006160 (43190-H)
(INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual 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 other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information 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 this other information, 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 MFRS, IFRS 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 not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CUSCAPI BERHAD
REGISTRATION NO.: 197801006160 (43190-H)
(INCORPORATED IN MALAYSIA)

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

- 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.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

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.

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MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

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FRANCIS XAVIER JOSEPH
02997/06/2024 J
Chartered Accountant

Kuala Lumpur
Date : 25 October 2022

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
30 JUNE 2022

	Note	Group 30.6.2022 RM	30.6.2021 RM (Restated)	1.7.2020 RM (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	5	1,663,712	2,280,774	3,398,580
Investment property	6	10,112,400	10,112,400	10,112,400
Right-of-use assets	7	1,900,940	2,120,824	3,301,902
Other investments	9	30,797,349	18,042,625	20,686,000
Intangible assets	10	13,238,390	988,390	5,134,691
Trade and other receivables	12	1,091,744	-	-
		58,804,535	33,545,013	42,633,573
CURRENT ASSETS				
Inventories	11	1,434,014	2,230,547	3,295,814
Trade and other receivables	12	2,460,304	16,740,641	18,433,067
Prepayments		276,767	340,657	431,513
Current tax asset		275,216	168,700	329,925
Cash and short-term deposits	13	16,752,695	16,767,770	16,481,485
		21,198,996	36,248,315	38,971,804
TOTAL ASSETS		80,003,531	69,793,328	81,605,377
EQUITY				
Share capital	14	203,374,573	181,114,569	181,114,569
Other reserves	15	10,787,607	12,814,995	12,756,007
Accumulated losses		(161,896,875)	(156,601,686)	(142,170,619)
Equity attributable to owners of the Company		52,265,305	37,327,878	51,699,957
Non-controlling interest		(83,170)	(71,849)	(48,025)
		52,182,135	37,256,029	51,651,932
NON-CURRENT LIABILITIES				
Provision and retirement benefits obligations		170,085	211,620	172,356
Lease liabilities	7	965,765	1,671,282	2,636,986
		1,135,850	1,882,902	2,809,342
CURRENT LIABILITIES				
Trade and other payables	16	23,819,380	29,194,217	26,169,664
Lease liabilities	7	2,641,793	1,443,243	974,439
Current tax liabilities		224,373	16,937	-
		26,685,546	30,654,397	27,144,103
TOTAL LIABILITIES		27,821,396	32,537,299	29,953,445
TOTAL EQUITY AND LIABILITIES		80,003,531	69,793,328	81,605,377

The accompanying notes form an integral part of the financial statements

STATEMENT OF **FINANCIAL POSITION**
30 JUNE 2022

	Note	Company 2022 RM	Company 2021 RM (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	5	762,070	1,388,932
Investment property	6	10,112,400	10,112,400
Right-of-use assets	7	1,089,740	1,592,696
Investments in subsidiaries	8	23,105,194	20,884,565
Other investments	9	15,177,455	1,642,625
		50,246,859	35,621,218
CURRENT ASSETS			
Trade and other receivables	12	2,208,501	2,176,476
Prepayments		109,542	118,236
Current tax asset		65,459	63,612
Cash and short-term deposits	13	15,929,438	16,072,781
		18,312,940	18,431,105
TOTAL ASSETS		68,559,799	54,052,323
EQUITY			
Share capital	14	203,374,573	181,114,569
Other reserves	15	(1,347,186)	126,565
Accumulated losses		(155,866,007)	(154,310,571)
Equity attributable to owners of the Company		46,161,380	26,930,563
NON-CURRENT LIABILITY			
Lease liabilities	7	778,787	1,354,494
CURRENT LIABILITIES			
Trade and other payables	16	19,591,627	24,538,789
Lease liabilities	7	2,028,005	1,228,477
		21,619,632	25,767,266
TOTAL LIABILITIES		22,398,419	27,121,760
TOTAL EQUITY AND LIABILITIES		68,559,799	54,052,323

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CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM	Group 2021 RM (Restated)
Revenue	17	9,902,028	10,002,769
Direct cost of sales	18	(7,306,244)	(10,051,498)
Amortisation of intangible assets		-	(3,827,354)
Gross profit/(loss)		2,595,784	(3,876,083)
Other income and gain	19	2,316,149	489,830
Administrative expenses		(8,759,082)	(9,962,422)
Impairment loss on intellectual property		-	(318,947)
Loss allowance on trade and other receivables		(326,535)	(850,374)
Bad debts written off		-	(51,111)
		(4,173,684)	(14,569,107)
Finance income	20	227,268	235,422
Finance costs	21	(1,147,933)	(1,017,882)
		(920,665)	(782,460)
Loss before tax	22	(5,094,349)	(15,351,567)
Income tax expense	24	(212,161)	(69,244)
Loss for the financial year		(5,306,510)	(15,420,811)
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Fair value (loss)/gain on other investments		(2,252,316)	830,485
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operation		224,928	194,423
Other comprehensive (loss)/income for the financial year		(2,027,388)	1,024,908
Total comprehensive loss for the financial year		(7,333,898)	(14,395,903)
Loss for the financial year attributable to:			
Owners of the Company		(5,295,189)	(15,396,987)
Non-controlling interest		(11,321)	(23,824)
		(5,306,510)	(15,420,811)
Total comprehensive loss attributable to:			
Owners of the Company		(7,322,577)	(14,372,079)
Non-controlling interest		(11,321)	(23,824)
		(7,333,898)	(14,395,903)
Basic/diluted loss per share (sen):	25	(0.59)	(1.79)

The accompanying notes form an integral part of the financial statements

STATEMENT OF **COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Company 2022 RM	Company 2021 RM (Restated)
Revenue	17	642,919	1,124,557
Other income and gain	19	556,417	611,948
Administrative expenses		(9,254,666)	(9,277,998)
Net reversal of impairment loss/(impairment loss) on investment in subsidiaries		2,220,629	(487,320)
Net reversal of loss allowance/(loss allowance) on amounts owing by subsidiaries		4,277,286	(1,640,961)
		(1,557,415)	(9,669,774)
Finance income	20	225,800	228,938
Finance costs	21	(223,821)	(287,848)
		1,979	(58,910)
Loss before tax	22	(1,555,436)	(9,728,684)
Income tax expense	24	-	-
Loss for the financial year		(1,555,436)	(9,728,684)
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Fair value (loss)/gain on other investments		(1,473,751)	930,485
Total comprehensive loss for the financial year		(3,029,187)	(8,798,199)

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to owners of the Company							
Group	**Note**	**Share capital RM**	**Fair value reserve RM**	**Exchange reserve RM**	**Statutory reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling Interest RM**	**Total equity RM**
At 1 July 2021		181,114,569	491,271	12,101,260	222,464	(156,601,686)	37,327,878	(71,849)	37,256,029
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	(5,295,189)	(5,295,189)	(11,321)	(5,306,510)
Fair value loss on other investments		-	(2,252,316)	-	-	-	(2,252,316)	-	(2,252,316)
Exchange difference on translation of foreign operation		-	-	224,928	-	-	224,928	-	224,928
Total comprehensive loss		-	(2,252,316)	224,928	-	(5,295,189)	(7,322,577)	(11,321)	(7,333,898)
Issuance of ordinary shares	14	22,260,004	-	-	-	-	22,260,004	-	22,260,004
At 30 June 2022		203,374,573	(1,761,045)	12,326,188	222,464	(161,896,875)	52,265,305	(83,170)	52,182,135

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to owners of the Company							
Group	**Note**	**Share capital RM**	**Fair value reserve RM**	**Exchange reserve RM**	**Statutory reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling Interest RM**	**Total equity RM**
At 1 July 2020, as reported previously		181,114,569	626,706	11,906,837	222,464	(118,662,181)	75,208,395	(48,025)	75,160,370
Prior year adjustments	32	-	-	-	-	(23,508,438)	(23,508,438)	-	(23,508,438)
At 1 July 2020, as restated		181,114,569	626,706	11,906,837	222,464	(142,170,619)	51,699,957	(48,025)	51,651,932
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	(15,396,987)	(15,396,987)	(23,824)	(15,420,811)
Fair value gain on other investments		-	830,485	-	-	-	830,485	-	830,485
Exchange difference on translation of foreign operation		-	-	194,423	-	-	194,423	-	194,423
Total comprehensive loss		-	830,485	194,423	-	(15,396,987)	(14,372,079)	(23,824)	(14,395,903)
Transfer of fair value reserve upon disposal of equity instruments at FVTOCI		-	(965,920)	-	-	965,920	-	-	-
At 30 June 2021		181,114,569	491,271	12,101,260	222,464	(156,601,686)	37,327,878	(71,849)	37,256,029

The accompanying notes form an integral part of the financial statements

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STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		← Attributable to owners of the Company →			
Company	**Note**	**Share capital RM**	**Fair value reserve RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2021		181,114,569	126,565	(154,310,571)	26,930,563
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(1,555,436)	(1,555,436)
Fair value loss on other investments		-	(1,473,751)	-	(1,473,751)
Total comprehensive loss		-	(1,473,751)	(1,555,436)	(3,029,187)
Issuance of ordinary shares	14	22,260,004	-	-	22,260,004
At 30 June 2022		203,374,573	(1,347,186)	(155,866,007)	46,161,380
At 1 July 2020		181,114,569	162,000	(145,547,807)	35,728,762
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(9,728,684)	(9,728,684)
Fair value gain on other investments		-	930,485	-	930,485
Total comprehensive loss		-	930,485	(9,728,684)	(8,798,199)
Transfer of fair value reserve upon disposal of equity instruments at FVTOCI		-	(965,920)	965,920	-
At 30 June 2021		181,114,569	126,565	(154,310,571)	26,930,563

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(5,094,349)	(15,351,567)	(1,555,436)	(9,728,684)
Adjustments for:				
Amortisation of intangible assets	-	3,827,354	-	-
Depreciation	1,794,152	2,321,537	1,203,590	1,559,341
Net (reversal of impairment loss)/ impairment loss on investment in subsidiaries	-	-	(2,220,629)	487,320
Net (reversal of loss allowance)/loss allowance on amounts owing by subsidiaries	-	-	(4,277,286)	1,640,961
Impairment loss on intangible assets	-	318,947	-	-
Loss allowance on trade and other receivables	326,535	850,374	-	-
Interest expenses	1,147,933	1,017,882	223,821	287,848
Interest income	(227,268)	(235,422)	(225,800)	(228,938)
Inventories written down	-	54,579	-	-
Inventories written off	245,645	325,417	-	-
Loss on disposal of property, plant and equipment	-	38,303	-	-
Gain on early termination of lease	(18,622)	(85,922)	-	-
Bad debts written off	-	51,111	-	-
Waiver of debt	(416,795)	-	-	-
Forfeiture of downpayment from customer	(827,538)	-	-	-
Property, plant and equipment written off	-	26,829	-	7,436
Unrealised (gain)/loss on foreign exchange differences	(839,504)	(191,244)	4,371,703	3,789,389
Dividend income	(39,997)	(74,000)	(39,997)	(74,000)
Operating loss before changes in working capital	(3,949,808)	(7,105,822)	(2,520,034)	(2,259,327)
Changes in working capital:				
Inventories	550,888	685,271	-	-
Trade and other receivables	(97,678)	1,078,178	(314,542)	166,249
Trade and other payables	674,697	(2,190,516)	380,768	(903,112)
Cash flows used in operations	(2,821,901)	(7,532,889)	(2,453,808)	(2,996,190)
Interest paid	(9,843)	(1,228)	-	-
Net income tax (paid)/refunded	(111,241)	108,918	(1,847)	(20,262)
Net cash used in operating activities	(2,942,985)	(7,425,199)	(2,455,655)	(3,016,452)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM	Group 2021 RM (Restated)	Company 2022 RM	Company 2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Bank balances and fixed deposit restricted and not available for general use		(324,383)	(113,665)	(244,455)	(227,467)
Advances to subsidiaries		-	-	(606,954)	(2,473,259)
Purchase of property, plant and equipment		(488,341)	(376,654)	(73,772)	(17,454)
Purchase of quoted shares under other investments		(15,008,581)	-	(15,008,581)	-
Proceeds from disposal other investments		-	3,473,860	-	3,473,860
Dividend received from other investment		39,997	74,000	39,997	74,000
Interest received		227,268	235,422	225,800	228,938
Net cash (used in)/generated from investing activities		(15,554,040)	3,292,963	(15,667,965)	1,058,618
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayment to)/advances from a director	(a)	(3,890,000)	4,800,000	(4,800,000)	4,800,000
Proceed from issuance of ordinary shares	14	22,260,004	-	22,260,004	-
Repayment to subsidiaries	(b)	-	-	148,753	(2,487,282)
Payment of lease liabilities	7	(217,663)	(407,191)	-	-
Interest paid	7	(31,406)	(4,392)	-	-
Net cash generated from financing activities		18,120,935	4,388,417	17,608,757	2,312,718
NET CHANGES IN CASH AND CASH EQUIVALENTS		(376,090)	256,181	(514,863)	354,884
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		1,107,982	935,362	412,993	86,732
EFFECT OF CHANGES IN EXCHANGE RATE		36,632	(83,561)	127,065	(28,623)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		768,524	1,107,982	25,195	412,993

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group 2022 RM	Group 2021 RM (Restated)	Company 2022 RM	Company 2021 RM
Analysis of cash and cash equivalents:					
Short-term deposits placed with licensed banks		15,905,196	15,697,513	15,905,196	15,697,513
Cash and bank balances		847,499	1,070,257	24,242	375,268
		16,752,695	16,767,770	15,929,438	16,072,781
Less:					
Bank balances and fixed deposit restricted and not available for general use	13	(15,984,171)	(15,659,788)	(15,904,243)	(15,659,788)
		768,524	1,107,982	25,195	412,993

Note (a):

Reconciliation of liabilities arising from amount owing to a director

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
At 1.7.2021/2020	4,800,000	-	4,800,000	-
Cash flows	(3,890,000)	4,800,000	(4,800,000)	4,800,000
At 30.6.2022/2021	910,000	4,800,000	-	4,800,000

Note (b):

Reconciliation of liabilities arising from amounts owing to subsidiaries

Company

2022	**1.7.2021 RM**	**Cash flows RM**	**Foreign exchange movement RM**	**30.6.2022 RM**
Amounts owing to subsidiaries	18,504,475	148,753	(676,683)	17,976,545

2021	**1.7.2020 RM**	**Cash flows RM**	**Foreign exchange movement RM**	**30.6.2021 RM**
Amounts owing to subsidiaries	19,683,873	(2,487,282)	1,307,884	18,504,475

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

Cuscapi Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 3.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, except for other measurement base applied, including fair value, stated in the significant accounting policies.

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

(a) Application of new or revised standards

In the current financial year, the Group and the Company have applied a number of new amendments that are mandatory for the financial periods beginning on or after 1 July 2021.

The adoption of the new amendments does not have significant impact on the financial statements of the Group and of the Company.

(b) New or amended standards issued that are not yet effective

The Group and the Company have not applied the following new standard and amendments that have been issued by the MASB but are not yet effective:

		Effective for the financial period beginning on or after
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above new standard and amendments are not expected to have significant impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Company made up to the end of the financial year.

The Company controls an investee if and only if the Company:

- has power over the investee;
- is exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

Non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes of interests in subsidiaries

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interests. Any difference arising from equity transactions is recognised directly in equity.

When the Company loses control of a subsidiary:

- It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

- It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.

- It recognises any investment retained in the former subsidiary at its fair value when control is lost. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(b) Business combination

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

On the date of acquisition, goodwill is measured as the excess of (i) over (ii) below:

(i) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(ii) The net fair value of the identifiable assets acquired and the liabilities assumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination (continued)

If, after reassessment, a business combination in which the amount in (ii) above exceeds the aggregate of the amounts in (i) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during 12 months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

(c) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed is recognised in profit or loss.

(d) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is recognised to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The annual depreciation rates are:

Equipment	10% - 25%
Furniture and fittings	15% - 20%
Motor vehicles	20%
Computers	20% - 40%
Renovation	2% - 10%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(e) Investment property

Investment property is property held to earn rental income or for capital appreciation.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Investment property of the Group and of the Company consists of leasehold building. Depreciation on leasehold building is provided for on a straight-line basis to write off the costs of each asset to its residual value over the estimated useful life at 2% per annum. The investment property is currently not depreciated as the property is not yet available for use.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

(f) Leases

The Group and the Company as Lessee

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (continued)

The Group and the Company as Lessee (continued)

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Variable lease payment (not based upon an index or a rate) are recognised as an expense in the period in which it is incurred.

The Group and the Company as Lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

(g) Intangible assets

(i) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

(ii) Research and development cost and software development cost

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development cost and software development cost are recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Software development with finite useful lives, which are developed by software developer commissioned by the Group, are measured at cost less accumulated amortisation and impairment losses. Software are amortised on a straight-line basis over the estimated economic useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (continued)

(iii) Intellectual property

Intangible assets with finite useful lives, which are acquired separately, are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated economic useful lives.

(iv) Amortisation

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
Development costs	Straight-line	5
Intellectual property	Straight-line	2

Software development is currently not amortised as it is not yet available for use.

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting year.

(h) Impairment of tangible and intangible assets

(i) Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU proportionately on the basis of the carrying amount of each asset in the CGU.

Impairment loss recognised for goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Tangible assets and intangible assets with finite useful life

Tangible and intangible assets are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

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

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

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

Cost is determined on the weighted average basis and comprises the cost of purchase and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated costs to complete.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments); or
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments); or
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL")

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Financial assets **(continued)**

(i) Subsequent measurement (continued)

Equity instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in a reserve in equity. Equity instruments designated at FVTOCI are not subject to impairment assessment.

(ii) Impairment of financial assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost, receivables and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date.

For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

***Financial assets* (continued)**

(iii) Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

(i) Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(ii) Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability 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 derecognition of the original liability and the recognition of a new liability.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

Equity instrument

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Dividends to shareholders are recognised in equity in the period which they are declared.

(k) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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 economic resources will be required to settle the obligation, the provision is reversed. For lawsuit provisions, 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.

(l) Revenue and other income recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

(i) Sales of goods and installation services

Revenue from sales of goods and installation services are recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

In measuring the revenue for the sales of goods and installation services, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue and other income recognition (continued)

(ii) Maintenance works and management services

Revenue from rendering of maintenance works and management services are recognised over time, when a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue is recognised using an input or output method, where applicable, to measure progress towards complete satisfaction of the services.

(iii) Other income

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Rental revenue comprise of Point of Sale ("POS") equipment recognised on straight line basis over the specific tenure of the respective leases.

Contract balances arising from revenue recognition

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

(m) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred; and ceases when the asset is completed or during extended periods when active development is interrupted.

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

(n) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(iii) Defined benefit plans

Certain subsidiary operates defined benefit pension plans (funded) and provides a post-employment healthcare benefit (unfunded) plan to employees as provided in the employment agreements between the companies in the Group and their employees.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets.

The Group recognises the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

(o) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

(i) Current Tax

Current tax is the expected income tax payable on the taxable profit for the period, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

(ii) Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

(ii) Deferred Tax (continued)

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

(p) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences are recognised in profit or loss, except for:

- Exchange differences on borrowings denominated in foreign currency relating to an asset under construction, which are included in the cost of that asset when the exchange difference is regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on amounts receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (i.e. form part of the net investment in that foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations (including goodwill and fair value adjustments arising from the acquisition of a foreign operation) are translated at the prevailing exchange rate on the reporting date. Income and expense are translated at average exchange rate for the financial period. Exchange differences arising from the translation of the financial statements of the foreign operation are recognised in other comprehensive income; accumulated in a separate component of equity and attributed to non-controlling interests as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currencies (continued)

(iii) Translation of foreign operations (continued)

On disposal of a foreign operation (i.e. loss of control, joint control or significant influence), the accumulated exchange differences recognised in equity relating to that foreign operation is reclassified to profit or loss.

In a partial disposal that does not result in losing of control over a foreign operation, the proportionate share of accumulated exchange differences in equity is re-attributed to non-controlling interests and are not recognised in profit or loss. For other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in losing of significant influence or joint control), the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

(q) Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer (“CEO”), and/or the person acting at his capacity of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

(r) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances, short-term deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of fixed deposits held as security.

(s) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

(t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”). Basics EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own share held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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 liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the reporting date, and the reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical Judgement

The following are judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Other investments – unquoted shares in KOMMS

The Group holds 20% equity interest in unquoted shares in Konsortium Multimedia Swasta Sdn. Bhd. ("KOMMS"). The Group has no representation on the Board of Directors of KOMMS. On this basis, the Group concludes that it does not have significant influence over KOMMS and thus recognised as an other investment.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Depreciation and impairment of property, plant and equipment, investment property, and intangible assets with finite useful lives

The Group and the Company review the estimated useful lives of property, plant and equipment, investment property and intangible assets with finite useful lives at the end of each reporting period. Changes in the expected useful lives of property, plant and equipment, investment property and intangible assets with finite useful lives could impact future depreciation charges.

Property, plant and equipment, investment property and intangible assets with finite useful lives are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required. The recoverable amount is higher of an asset's fair value less cost to sell and its value in use. Estimating the value in use requires management to make an estimate of the expected future cash flows from the individual assets or the related cash generating unit.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(ii) Impairment of goodwill on consolidation

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. When value in use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(iii) Impairment of investments in subsidiaries

Investments in subsidiaries are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the investment's recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the Company's investment in subsidiaries and also choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Fair value of other investments

Where fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values.

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, the risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(v) Impairment of software development under intangible assets

Software development not yet available for use under intangible assets are tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication of impairment. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the software development and also choose a suitable discount rate in order to calculate the present value of those cash flows.

(vi) Write-down of obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(vii) Determining the loss allowance for trade receivables

Management assesses ECL for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(vii) Determining the loss allowance for trade receivables (continued)

In determining the ECL, management uses historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables as at current reporting date is primarily based upon the historical credit loss experience.

(viii) Determining the loss allowance for non-trade receivables

Management assesses the ECL of non-trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

(ix) Lease liabilities

Management estimates the lease term as the non-cancellable period of a lease together with both periods covered by an option to extend the lease and an option to terminate the lease. In assessing whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement by considering all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Management measures the lease liability as the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the incremental borrowing rate.

The lease terms and discount rate are determined using certain assumptions and they represents management's best estimation. The assumptions on which it is based relate to the future. Actual outcome may be different from the estimation and the variation could be material.

(x) Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
Cost						
At 1 July 2021	4,543,796	223,008	1,028,203	3,472,234	2,526,817	11,794,058
Additions	349,819	-	-	103,711	34,811	488,341
Exchange differences	(85,224)	2,278	(1,865)	(995)	(58,887)	(144,693)
At 30 June 2022	4,808,391	225,286	1,026,338	3,574,950	2,502,741	12,137,706
Accumulated depreciation						
At 1 July 2021	3,943,394	211,114	494,868	2,646,971	2,216,937	9,513,284
Depreciation charge for the financial year	206,495	4,434	160,000	483,751	214,091	1,068,771
Exchange differences	(85,019)	2,140	(1,865)	67,239	(90,556)	(108,061)
At 30 June 2022	4,064,870	217,688	653,003	3,197,961	2,340,472	10,473,994
Carrying amount						
At 30 June 2022	743,521	7,598	373,335	376,989	162,269	1,663,712

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2021	Note	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
Cost							
At 1 July 2020, as reported previously		14,994,140	474,712	1,027,983	4,618,601	2,749,755	23,865,191
Prior year adjustments	32	(9,677,531)	-	-	-	-	(9,677,531)
At 1 July 2020, as restated		5,316,609	474,712	1,027,983	4,618,601	2,749,755	14,187,660
Additions		304,280	-	-	72,374	-	376,654
Disposals/Written-off		(871,831)	(248,014)	-	(1,217,964)	(254,737)	(2,592,546)
Exchange differences		(205,262)	(3,690)	220	(777)	31,799	(177,710)
At 30 June 2021 (Restated)		4,543,796	223,008	1,028,203	3,472,234	2,526,817	11,794,058
Accumulated depreciation							
At 1 July 2020, as reported previously		7,829,952	452,157	334,649	3,455,870	1,778,882	13,851,510
Prior year adjustments	32	(3,062,430)	-	-	-	-	(3,062,430)
At 1 July 2020, as restated		4,767,522	452,157	334,649	3,455,870	1,778,882	10,789,080
Depreciation charge for the financial year		222,650	4,344	160,000	455,263	589,837	1,432,094
Disposals/Written-off		(841,780)	(242,360)	-	(1,191,582)	(251,692)	(2,527,414)
Exchange differences		(204,998)	(3,027)	219	(72,580)	99,910	(180,476)
At 30 June 2021 (Restated)		3,943,394	211,114	494,868	2,646,971	2,216,937	9,513,284
Carrying amount							
At 1 July 2020 (Restated)		549,087	22,555	693,334	1,162,731	970,873	3,398,580
At 30 June 2021 (Restated)		600,402	11,894	533,335	825,263	309,880	2,280,774

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company **2022**	**Equipment RM**	**Furniture and fittings RM**	**Motor vehicles RM**	**Computers RM**	**Renovation RM**	**Total RM**
Cost						
At 1 July 2021	58,043	115,330	965,000	2,287,809	1,521,977	4,948,159
Additions	1,050	-	-	72,722	-	73,772
Disposals/Written-off						
At 30 June 2022	59,093	115,330	965,000	2,360,531	1,521,977	5,021,931
Accumulated depreciation						
At 1 July 2021	42,038	113,139	431,665	1,679,630	1,292,755	3,559,227
Depreciation charge for the financial year	3,207	461	160,001	392,557	144,408	700,634
At 30 June 2022	45,245	113,600	591,666	2,072,187	1,437,163	4,259,861
Carrying amount						
At 30 June 2022	13,848	1,730	373,334	288,344	84,814	762,070
2021						
Cost						
At 1 July 2020	220,964	221,813	965,000	2,669,546	1,521,977	5,599,300
Additions	-	-	-	17,454	-	17,454
Disposals/Written-off	(162,921)	(106,483)	-	(399,191)	-	(668,595)
At 30 June 2021	58,043	115,330	965,000	2,287,809	1,521,977	4,948,159
Accumulated depreciation						
At 1 July 2020	192,394	219,023	271,665	1,689,888	791,032	3,164,002
Depreciation charge for the financial year	5,895	461	160,000	388,305	501,723	1,056,384
Disposals/Written-off	(156,251)	(106,345)	-	(398,563)	-	(661,159)
At 30 June 2021	42,038	113,139	431,665	1,679,630	1,292,755	3,559,227
Carrying amount						
At 30 June 2021	16,005	2,191	533,335	608,179	229,222	1,388,932

6. INVESTMENT PROPERTY

	Group and Company	
	2022 RM	2021 RM
At cost		
At beginning and end of financial year	10,112,400	10,112,400

The total estimated fair value of investment property is amounting to RM10,112,400 (2021: RM10,112,400).

Investment property comprises a commercial property which the Certificate of Completion and Compliance ("CCC") has not obtained and is not available for use as at end of the financial year. The CCC is expected to be obtained within the next financial year.

The fair value of the investment property has been arrived at on the basis of a valuation carried out by a firm of independent professional valuers who have appropriate professional qualification. The fair value of the investment property was determined using comparison method.

The management has applied the followings assumptions in the valuation:

(i) The comparison method entails comparing the investment property with similar properties that were sold recently and those that are currently being offered for sale in the vicinity.

(ii) Diligent adjustment are made for location, size and shape of land, age, size, design, type and condition of buildings, improvements, availability and extent of facilities and amenities, time element and other relevant factors to equalise the dissimilarities.

The fair value of the investment property is classified under level 2 fair value hierarchy. There is no transfer between levels of fair value hierarchy during the financial year.

7. RIGHT-OF-USE ASSETS/ (LEASE LIABILITIES)

The Group and the Company as Lessee

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Right-of-use assets				
At 1 July	2,120,824	3,301,902	1,592,696	2,095,653
Additions	865,422	-	-	-
Termination	(359,925)	(291,635)	-	-
Depreciation	(725,381)	(889,443)	(502,956)	(502,957)
At 30 June	1,900,940	2,120,824	1,089,740	1,592,696

7. RIGHT-OF-USE ASSETS/ (LEASE LIABILITIES) (CONTINUED)

Right-of-use assets at the end of the financial year comprise of:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Properties	1,862,928	2,066,257	1,089,740	1,592,696
Motor vehicle	38,012	54,567	-	-
	1,900,940	2,120,824	1,089,740	1,592,696

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Lease liabilities:				
Current	2,641,793	1,443,243	2,028,005	1,228,477
Non-current	965,765	1,671,282	778,787	1,354,494
	3,607,558	3,114,525	2,806,792	2,582,971

Depreciation charge for right-of-use assets by class of underlying asset:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Properties	708,826	873,073	502,956	502,957
Motor vehicle	16,555	16,370	-	-
	725,381	889,443	502,956	502,957

The leases of properties and motor vehicle are typically made for periods of 1 to 3 years (2021: 1 to 3 years). The leases of properties have an option to extend up to 3 years (2021: 3 years). The leases of properties do not impose any covenants.

Changes in lease liabilities (fixed lease payments) arising from financing activities:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 July	3,114,525	3,611,425	2,582,971	2,295,123
Cash flows:				
Lease payment	(217,663)	(407,191)	-	-
Interest paid	(31,406)	(4,392)	-	-
Non-cash:				
Additions	865,422	-	-	-
Termination	(359,925)	(291,635)	-	-
Gain on early termination	(18,622)	(85,922)	-	-
Finance cost	255,227	292,240	223,821	287,848
At 30 June	3,607,558	3,114,525	2,806,792	2,582,971

Some leases contain extension options exercisable by the Group and the Company. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options.

7. RIGHT-OF-USE ASSETS/ (LEASE LIABILITIES) (CONTINUED)

The lease payments associated short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases. At the reporting date, the Group and the Company are committed to RM9,175 and Nil (2021: RM228,904 and RM10,080) respectively for short-term leases.

Total cash outflows for leases of the Group and of the Company during the current financial year (including fixed, variable, short-term and low-value assets lease payments) amounting to RM466,196 and RM25,219 (2021: RM875,274 and RM45,265) respectively.

<u>The Group as Lessor</u>

Included in the carrying amount of property, plant and equipment is point-of-sales equipment amounted to RM435,480 (2021: RM557,727) subject to operating leases as lessor. The point-of-sales equipment are leased out typically for periods of 1 to 3 years (2021: 1 to 3 years).

Analysis of undiscounted lease payments to be received after the reporting date, on an annual basis:

	Group	
	2022 RM	2021 RM
In the first year	765,000	601,320
In the second year	765,000	601,320
In the third year	765,000	601,320
In the fourth year	510,000	601,320
In the fifth year	-	350,770
	2,805,000	2,756,050

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
At cost		
Unquoted shares	42,354,796	42,354,796
Capital contributions	1,354,356	1,354,356
	43,709,152	43,709,152
Less: Impairment loss	(20,603,958)	(22,824,587)
	23,105,194	20,884,565

The capital contributions are the ESOS granted by the Company to the employees of the subsidiaries. The capital contributions have no fixed term of repayment and repayable at the discretion of the subsidiaries.

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of the Company	Principal place of business and country of incorporation	Ownership interest/ Voting rights 2022 %	2021 %	Principal activities
Direct subsidiaries				
Cuscapi Innovation Lab Sdn. Bhd.	Malaysia	100	100	Software development
Cuscapi Consulting Services Sdn. Bhd.	Malaysia	100	100	Provision of project management, business and IT related consultancy services
Cuscapi Malaysia Sdn. Bhd.	Malaysia	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cuscapi Interactive Solutions Sdn. Bhd.	Malaysia	100	100	Provision of software development, interactive devices solutions, restaurant management and business management solutions
Cuscapi Solutions Sdn. Bhd.	Malaysia	100	100	Software development
Cuscapi Outsourcing Sdn. Bhd.	Malaysia	100	100	Provision of a contract centre for outsourcing services
Cuscapi Blockchain Sdn. Bhd.	Malaysia	100	100	To operate a cryptocurrency exchange in Philippines and other IT related business
Litar Pasifika Sdn. Bhd.	Malaysia	100	100	Investment holding
Cuscapi International Sdn. Bhd.	Malaysia	100	100	Investment holding
Cuscapi International Pte. Ltd.* +	Singapore	100	100	Investment holding
PT Cuscapi Indonesia * +	Indonesia	47.82	47.82	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cuscapi (BD) Ltd. +	Bangladesh	100	100	Dormant
Cuscapi Vietnam Company Limited+	Vietnam	70	70	Computer programming, information technology service and other services related to the computer, data processing, leasing and other related activities

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of the Company	Principal place of business and country of incorporation	Ownership interest/ Voting rights		Principal activities
		2022 %	2021 %	
Subsidiary of Cuscapi International Sdn. Bhd.				
Cuscapi Hong Kong Ltd.+	Hong Kong	100	100	Investment holding
Subsidiaries of Cuscapi International Pte. Ltd.				
PT Cuscapi Indonesia* +	Indonesia	52.18	52.18	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cuscapi Singapore Pte. Ltd. * +	Singapore	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Cuscapi (Thailand) Co. Ltd.*+	Thailand	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Subsidiaries of Cuscapi Hong Kong Ltd.				
Cuscapi Beijing Co. Ltd.+	China	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services. Ceased business operation since previous financial year

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of the Company	Principal place of business and country of incorporation	Ownership interest/ Voting rights		Principal activities
		2022 %	2021 %	
Cuscapi Shanghai Co. Ltd.+	China	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services. Ceased business operation since previous financial year
Cuscapi Suzhou Co. Ltd.+	China	100	100	Software development. Ceased business operation since previous financial year
Cuscapi Guangzhou Co. Ltd.+	China	100	100	Dormant
Cuscapi Philippines, Inc*+	Philippines	99.99	99.99	Investment holding
Cuscapi Interactive Technology (China) Pty Ltd+	Hong Kong	100	100	Investment holding
Subsidiary of Cuscapi Philippines, Inc.				
Tills N Labels System Marketing, Inc*+	Philippines	99.99	99.99	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Subsidiary of Cuscapi Interactive Technology (China) Pty Ltd				
Shanghai Cuscapi Interactive Network Technology Co. Ltd. +	China	100	100	Software development, interactive devices solutions, restaurant management, business management solutions and other related services and products. Ceased business operation since previous financial year

* Audited by an independent member firm of Mazars
+ Audited by auditors other than Mazars PLT

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The Company's investments in subsidiaries that are impaired at the reporting date and the reconciliation of movement of the impairment of investments in subsidiaries is as follows:

	Company	
	2022 **RM**	**2021** **RM**
At 1 July	22,824,587	22,337,267
Reversal on impairment loss (Note (i))	(2,636,102)	-
Impairment loss (Note (ii))	415,473	487,320
At 30 June	20,603,958	22,824,587

As at the reporting date, there were evidence base on internal reporting that indicates the performance of certain subsidiaries were below its expected level.

(i) The management performed impairment testing on its investment in a subsidiary as at 30 June 2022. Reversal on impairment loss of RM2,636,102 (2021: Nil) has been recognised for this investment as a result of a subsequent increase in the recoverable amount. The carrying amount of investment in this subsidiary after the above reversal is RM7,448,000. The recoverable amount is determined based on a value in use calculation, using cash flow projection from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection is 14% (2021: 14%) per annum. The growth rate used to extrapolate the cash flows projection beyond the five-year period is 4% (2021: 1%) per annum. As a result, the recoverable amount exceeded its carrying amount as at the reporting date, and management recognised reversal on impairment loss in current year.

The calculation of value in use is most sensitive to the following assumptions:

Projected sales volume: Projected sales volume represents the average sales volume in immediate past three years with estimated growth per annum. Decrease in demand may lead to a decline in the projected sales volume. A decrease in the projected sales volume by 5% would result in a further impairment.

Discount rate: Discount rate represents the current market assessment of the risks specific to each investment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimate. The discount rate is based on the specific circumstances of the subsidiary and its operating segments and is derived from its weighted average cost of capital ("WACC"). The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the subsidiary is obliged to service. Segment-specific risk is incorporated by applying individual beta. The beta is based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate by 1% would result in a further impairment.

(ii) The management performed impairment testing on other subsidiaries based on indication of impairment, as discussed above and accordingly led to the recognition of an impairment loss of RM415,473 (2021: RM487,320) in profit or loss. The recoverable amount has been determined based on value in use of the subsidiary, being an approximation of their minimum recoverable amounts determined by management.

(b) Non-controlling interests in subsidiaries

The Group's subsidiaries which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

9. OTHER INVESTMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets designated at fair value through other comprehensive income				
At fair value:				
Quoted shares (a)	15,177,455	1,642,625	15,177,455	1,642,625
Unquoted shares in KOMMS (b)	15,619,894	16,400,000	-	-
	30,797,349	18,042,625	15,177,455	1,642,625

(a) The Group and the Company hold non-controlling interests in equity securities designated at fair value through other comprehensive income. These investments were irrevocably designated at fair value through other comprehensive income. The fair value of quoted shares is classified under Level 1.

(b) The Group holds 20% (2021: 20%) equity stake in Konsortium Multimedia Swasta Sdn. Bhd. ("KOMMS").

The Group has no representation on Board of Directors of KOMMS. On this basis, the Group concludes that it does not has significant influence over KOMMS and thus recognised as another investment, instead of an associated company.

The fair value was based on the valuation report conducted by an independent professional firm. The valuation of KOMMS was derived at based on the discounted cash flows using the assumptions prepared by KOMMS, with a discount rate of 13.90% (2021: 14.61%). The valuation is highly dependent on the assumptions prepared by KOMMS and the discount rate used on the discounted cash flows.

The concession owned by KOMMS which represent one of the three concessionaires in Malaysia that provide the Malaysian E-Government MSC Flagship Application that builds, operates and owns an electronic channel to deliver services from various government agencies to Malaysia citizens and businesses.

The directors have considered all aspects and rationale of the acquisition and is of the opinion that the investment is a good investment opportunity and is in the best interest of the Group and the investment is expected to provide the Group with an opportunity to participate in the E-government industry and is in line with its expansion plans to diversify into sectors and services that are complementary to its existing businesses.

The fair values of the unquoted shares in KOMMS is classified under Level 3.

Reconciliation of Level 3 Fair Value Measurement

	Group	
	2022 RM	2021 RM
At 1 July	16,400,000	16,500,000
Loss recognised in other comprehensive income	(780,106)	(100,000)
At 30 June	15,619,894	16,400,000

Details of Level 3 fair value measurements are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Discounted future cash flows.	Discount rate of 13.90%	The higher the discount rate, the lower the fair value.
	Projected sales volume	The higher the projected sales volume, the higher the fair value.

10. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Intellectual property RM	Development cost RM	Software development cost RM	Total RM
Cost					
At 1 July 2021	2,692,553	7,654,709	50,780,416	-	61,127,678
Transfer from trade and other receivables (see Note 12)	-	-	-	12,250,000	12,250,000
At 30 June 2022	2,692,553	7,654,709	50,780,416	12,250,000	73,377,678
Accumulated amortisation					
At 1 July 2021 and 30 June 2022	-	7,335,762	32,994,628	-	40,330,390
Accumulated impairment losses					
At 1 July 2021 and 30 June 2022	1,704,163	318,947	17,785,788	-	19,808,898
Net carrying amount					
At 30 June 2022	988,390	-	-	12,250,000	13,238,390
Cost					
At 1 July 2020 and 30 June 2021	2,692,553	7,654,709	50,780,416	-	61,127,678
Accumulated amortisation					
At 1 July 2020	-	3,508,408	32,994,628	-	36,503,036
Amortisation charge for the financial year	-	3,827,354	-	-	3,827,354
At 30 June 2021	-	7,335,762	32,994,628	-	40,330,390
Accumulated impairment losses					
At 1 July 2020	1,704,163	-	17,785,788	-	19,489,951
Impairment loss for the financial year	-	318,947	-	-	318,947
At 30 June 2021	1,704,163	318,947	17,785,788	-	19,808,898
Net carrying amount					
At 30 June 2020	988,390	4,146,301	-	-	5,134,691
At 30 June 2021	988,390	-	-	-	988,390

10. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on Consolidation

The carrying amount of goodwill allocated of the CGU are as follows:

	Group	
	2022 RM	**2021 RM**
Cuscapi Solutions Sdn. Bhd.	988,390	988,390

The recoverable amount of the goodwill has been determined based on value in use calculations using cash flow projections based on financial budgets approved by the management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows within the five (5) years period are as follows:

	2022	**2021**
Discount rates	14%	14%
Sales growth rates	10% - 25%	10% - 35%

The calculations of the value in use for the CGUs are most sensitive to the following assumptions as follows:

(i) Sales growth rates

The forecasted sales growth rates are based on historical results adjusted for the potential contract to be secured by the Group.

(ii) Discount rates

Discount rates was estimated based on the weighted average cost of capital of the Group.

The Group believes that any reasonable foreseeable changes in the above key assumptions applied is not likely to materially cause recoverable amount to be lower than its carrying amount.

(b) Intellectual property

In the prior year, the Group acquired business of Amplify Me Pte. Ltd. and a purchase price allocation exercise was conducted to determine the fair value of the identifiable assets and liabilities. Accordingly, the purchase price is allocated to the intellectual property subsisting in the software and database.

In prior year, due to lower performance, the Group carried out an impairment test on its intellectual property. The impairment test led to the recognition of an impairment loss of RM318,947 in the profit or loss, in prior year.

As at year end, the intellectual property has been fully amortised or impaired.

(c) Development costs

Development costs principally comprise internally generated expenditure on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities. As at the reporting date, development costs have been fully amortised and impaired.

10. INTANGIBLE ASSETS (CONTINUED)

(d) Software development cost

Software development cost represent development work performed by an external system developer for the Group's artificial intelligence ("AI") system. As disclosed in Note 12 (d), the amount of RM12,250,000 was paid in previous years.

The development of AI system commenced during year. Management anticipate to complete the development and market to potential customers within the next financial year.

MFRS 136 – Impairment of Assets requires an entity, irrespective of whether there is any indication of impairment to test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

Management performed an impairment assessment on the software development cost for the AI system as at 30 June 2022. Management concluded there is no impairment required as its recoverable amount exceeded the carrying amount of the development cost.

The recoverable amount is determined by a value in use calculation, which apply a discounted cash flow model, using cash flow projections covering a seven year period approved by management. The cash flows projections reflect management's best estimation based on the current assessment of market growth as well as management's knowledge and past experience in the industries. A discount rate of 12% is applied to the cash flow projections.

In assessing the value in use, management is of the view that any reasonable foreseeable changes in any of the above key assumptions are not expected to cause the carrying amount to materially exceed the recoverable amount.

11. INVENTORIES

	Group	
	2022 RM	**2021 RM (Restated)**
Point of sales related equipment, components and parts	1,434,014	2,230,547
Recognised in statements of comprehensive income:		
Inventories at cost recognised as cost of sales	921,304	1,285,290
Inventories written off	245,645	325,417
Write down of inventories to net realisable value	-	54,579
	1,166,949	1,665,286

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-Current				
Trade receivable (a)	1,091,744	-	-	-
Current				
Trade (b)				
Trade receivables	7,023,931	9,195,047	7,300	7,300
Amounts owing by subsidiaries	-	-	26,944,507	26,623,772
	7,023,931	9,195,047	26,951,807	26,631,072
Less: Loss allowance for trade receivables	(5,519,143)	(5,193,979)	(7,300)	(7,300)
Loss allowance for amounts owing by subsidiaries	-	-	(25,782,509)	(25,483,584)
	1,504,788	4,001,068	1,161,998	1,140,188
Non-trade				
Contract assets	-	53,207	-	101,394
Other receivables	87,049	47,030	-	332
SST refundable	140,552	31,322	-	-
Amounts owing by subsidiaries (c)	-		106,973,097	111,840,519
Sundry advances	337,710	342,621	-	-
Deposits (d)	756,082	12,634,836	564,507	161,355
	1,321,393	13,109,016	107,537,604	112,103,600
Less: Loss allowance for other receivables and sundry advances	(365,877)	(369,443)	-	-
Loss allowance for amounts owing by subsidiaries	-	-	(106,491,101)	(111,067,312)
	955,516	12,739,573	1,046,503	1,036,288
Total trade and other receivables	2,460,304	16,740,641	2,208,501	2,176,476

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The foreign currency exposure profile of trade and other receivables are as follow:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
United States Dollar ("USD")	245,557	311,198	-	-
Philippine Peso ("PHP")	304,016	812,297	-	-
China Renminbi ("RMB")	67,256	46,215	-	-
Thai Baht ("THB")	641,364	150,632	-	-
Singapore Dollar ("SGD")	205,146	214,323	-	-
Vietnamese Dong ("VND")	23,397	10,367	-	-
Indonesia Rupiah ("IDR")	1,492,435	871,588	-	-

(a) Included in trade receivables of the Group is a past due balance amounting to RM1,358,087 (2021: Nil). The Group has agreed with the customer to recover the outstanding balance via 60 monthly installments as follows:

	Group	
	2022 RM	2021 RM
Current		
Repayable within the next one year	266,343	-
Non-current		
Repayable within the next 2 to 5 years	1,091,744	-
	1,358,087	-

The amount is non-interest bearing and is discounted at 4.25% (2021: Nil) per annum.

(b) Trade receivables are non-interest bearing and normal trade credit terms offered by the Group and the Company ranging from 30 to 60 days (2021: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

(c) Amounts owing by subsidiaries are unsecured, non-interest bearing and receivable on demand.

(d) Included in deposits in 2021 was an amount of RM12,250,000 paid to a system developer for the development of an AI system, as discussed in Note 10 (d) above. The amount was then refundable as the management were still in discussion with the developer to finalise the scope of development and development fees. The discussion was finalised in current financial year and the deposit has since been transferred to software development cost under intangible assets as disclosed in Note 10, above.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) The movements in loss allowance for trade and other receivables of the Group and of the Company:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 July				
- Trade receivables	5,193,979	4,374,142	7,300	7,300
- Other receivables	369,443	367,817	-	-
- Amounts owing by subsidiaries	-	-	136,550,896	134,909,935
	5,563,422	4,741,959	136,558,196	134,917,235
Movement during the financial year:				
- Trade receivables				
Loss allowance for the financial year	330,427	850,374	-	-
Exchange differences	(5,263)	(30,537)	-	-
	325,164	819,837	-	-
- Other receivables				
Loss allowance for the financial year	(3,892)	-	-	-
Exchange differences	326	1,626	-	-
	(3,566)	1,626	-	-
- Amounts owing by subsidiaries				
Loss allowance for the financial year	-	-	2,787,956	3,505,898
Reversal of loss allowance	-	-	(7,065,242)	(1,864,937)
	-	-	(4,277,286)	1,640,961
At 30 June				
- Trade receivables	5,519,143	5,193,979	7,300	7,300
- Other receivables	365,877	369,443	-	-
- Amounts owing by subsidiaries	-	-	132,273,610	136,550,896
	5,885,020	5,563,422	132,280,910	136,558,196

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	847,499	1,070,257	24,242	375,268
Short-term deposits placed with licensed banks	15,905,196	15,697,513	15,905,196	15,697,513
	16,752,695	16,767,770	15,929,438	16,072,781

Bank balances and short term deposits of the Group and the Company amounting to RM15,984,171 and RM15,904,243 (2021: RM15,659,788 and RM15,659,788) respectively are held in a licensed bank and restricted, according to the order by the High Court as disclosed in Note 31, which are not available for general use.

The short-term deposits have maturity period of 1 month (2021: 1 month) which bear interest rate of 1.40% (2021: 1.40%) per annum.

The foreign currency exposure profile of cash and short-term deposits are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
USD	43,221	80,362	13,489	25,438
RMB	39,051	41,596	-	-
SGD	19,764	32,539	-	-
PHP	44,720	89,425	-	-
THB	46,995	25,246	-	-
IDR	9,028	18,420	-	-
VND	16,505	27,428	-	-
Bangladeshi Taka ("BDT")	199,083	199,539	-	-

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022	2021	2022 RM	2021 RM
Issued and fully paid				
At 1 July	859,269,076	859,269,076	181,114,569	181,114,569
Issued during the year	85,615,400	-	22,260,004	-
At 30 June	944,884,476	859,269,076	203,374,573	181,114,569

During the financial year, the Company increased its issued and fully paid ordinary shares from RM181,114,569 to RM203,374,573 by way of issuance of 85,615,400 ordinary shares for a cash consideration of RM22,260,004 from the private placement. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. OTHER RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Exchange reserve (a)	12,326,188	12,101,260	-	-
Fair value reserve (b)	(1,761,045)	491,271	(1,347,186)	126,565
Statutory reserve (c)	222,464	222,464	-	-
	10,787,607	12,814,995	(1,347,186)	126,565

(a) Exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(b) Fair value reserve of financial assets at FVTOCI

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVTOCI) until the investments are derecognised or impaired.

The Group and the Company have elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the fair value reserve of financial assets at FVTOCI. The Group and the Company transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(c) Statutory reserve

In accordance with relevant laws and regulations of the People's Republic of China ("PRC"), the subsidiary company is required to transfer 10% of its net profit for the financial year prepared in accordance with the accounting regulation of the PRC to the statutory reserve. The transfer will continue until the reserve balance reaches 50% of its registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiary company, subject to the approval from the PRC authority, and is not available for dividend distribution to the shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Trade				
Trade payables (a)	16,008,903	18,248,035	-	596,864
Non-trade				
Other payables	1,573,616	575,870	1,213,566	395,864
SST payable	527,959	395,576	-	-
Amounts owing to subsidiaries (b)	-	-	17,976,545	18,504,475
Amount owing to a director (c)	910,000	4,800,000	-	4,800,000
Accrued operating expenses	4,084,562	3,525,735	401,516	241,586
Refundable deposits	244,982	294,922	-	-
Contract liabilities (d)	469,358	1,354,079	-	-
	7,810,477	10,946,182	19,591,627	23,941,925
Total trade and other payables	23,819,380	29,194,217	19,591,627	24,538,789

(a) Included in trade payables is an amount of RM14,488,291 (2021: RM14,932,452) payable to a supplier for the purchase of equipment by a subsidiary.

As disclosed in Note 31, there were disputes over the amount payable for which the subsidiary filed Defence and Counter Claim on 29 October 2018. The said amount was fully paid by the Group on 2 August 2022 after the Group has exhausted all its legal avenues.

The remaining trade payables are non-interest bearing and credit terms granted are ranging from 30 to 120 days (2021: 30 to 120 days) from the date of invoices.

(b) Amounts owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(c) Amount owing to a director are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(d) Revenue relating to maintenance services is recognised over time, while the customers pay up-front in full. A contract liability is recognised upon collection of transaction price and is recognised as revenue over the service period.

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
At 1 July	1,354,079	1,041,141	-	-
Consideration received	784,943	1,599,325	-	-
Recognition of revenue	(1,669,664)	(1,286,387)	-	-
At 30 June	469,358	1,354,079	-	-

16. TRADE AND OTHER PAYABLES (CONTINUED)

The foreign currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
USD	14,611,685	15,623,239	10,939,916	10,497,504
SGD	400,966	323,028	749,556	987,907
RMB	463,975	413,872	-	-
PHP	799,179	1,846,052	-	-
THB	250,904	491,274	-	-
Hong Kong Dollar ("HKD")	11,170	10,668	-	-
VND	109,528	107,181	-	-
IDR	432,509	414,998	-	-

17. REVENUE

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Revenue from contracts with customers				
(i) Recognised at a point in time				
- Sale of goods	5,200,968	3,675,220	-	-
(ii) Recognised over time				
- Services	4,008,790	5,731,089	-	-
- Management fees	-	-	642,919	1,124,557
	9,209,758	9,406,309	642,919	1,124,557
Rental income from POS equipment	692,270	596,460	-	-
	9,902,028	10,002,769	642,919	1,124,557

18. DIRECT COST OF SALES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost of goods sold	1,370,866	1,665,591	-	-
Other direct costs	5,935,378	8,385,907	-	-
	7,306,244	10,051,498	-	-

19. OTHER INCOME AND GAIN

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain on early termination of lease	18,622	85,922	-	-
Dividend income	39,997	74,000	39,997	74,000
Waiver of debt	416,795	-	-	-
Unrealised gain on foreign exchange	839,504	191,244	-	-
Rental income	-	-	487,315	520,753
Forfeiture of downpayment from customer	827,538	-	-	-
Wages subsidy	32,400	106,134	13,200	-
Sundry income	141,293	32,530	15,905	17,195
	2,316,149	489,830	556,417	611,948

20. FINANCE INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income on short-term deposits placed with licensed banks	227,268	235,422	225,800	228,938

21. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Interest expenses on:				
- lease liabilities	255,227	292,240	223,821	287,848
- late payment	9,843	1,228	-	-
- dispute settlement	721,438	724,414	-	-
- non-current trade receivables	161,425	-	-	-
	1,147,933	1,017,882	223,821	287,848

22. LOSS BEFORE TAX

Loss before tax has been determined after inclusion of the following charges and (credits):

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration:				
Mazars PLT				
Statutory audit	272,800	268,100	103,000	93,000
Other assurance and related services	6,000	6,000	6,000	6,000
Other auditors				
Statutory audit fee:				
- current year	194,836	205,273	-	-
- over provision in prior year	(29,976)	(96,473)	-	-
Depreciation of property, plant and equipment	1,068,771	1,432,094	700,634	1,056,384
Depreciation of right-of-use assets	725,381	889,443	502,956	502,957
Inventories written down	-	54,579	-	-
Inventories written off	245,645	325,417	-	-
Loss on disposal of property, plant and equipment	-	38,303	-	-
Property, plant and equipment written off	-	26,829	-	7,436
Lease expenses for short-term and low-value assets	217,127	463,691	25,219	45,265
Realised loss on foreign exchange	47,483	14,705	-	-
Unrealised loss on foreign exchange	-	-	4,371,703	3,789,389

23. EMPLOYEE BENEFITS EXPENSE

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Salaries, allowances, bonuses and overtime	5,803,007	7,845,053	1,262,773	1,717,607
Defined contribution plans	497,134	673,583	153,424	209,296
Other staff related expenses	419,456	468,906	113,647	119,475
	6,719,597	8,987,542	1,529,844	2,046,378

Included in employee benefits expenses are directors' remuneration as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Directors of the Company				
Executive Directors:				
- Directors' fees	157,500	140,000	157,500	140,000
- Allowances	12,000	12,000	12,000	12,000
	169,500	152,000	169,500	152,000
Non-executive Directors:				
- Directors' fees	210,000	160,000	210,000	160,000
- Allowances	18,000	18,000	18,000	18,000
	228,000	178,000	228,000	178,000
Directors of the subsidiaries:				
Executive Directors:				
- Salaries, allowances and bonus	270,423	247,763	-	-
- Defined contribution plan	9,370	9,653	-	-
- Other emoluments	40,656	5,612	-	-
	320,449	263,028	-	-
Total directors' remuneration	717,949	593,028	397,500	330,000

24. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current income tax:				
- Current income tax charge	(222,735)	(77,678)	-	-
- Adjustment in respect of prior years	10,574	8,434	-	-
Income tax expense recognised in profit or loss	(212,161)	(69,244)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Loss before tax	(5,094,349)	(15,351,567)	(1,555,436)	(9,728,684)
Tax at Malaysian statutory income tax rate of 24% (2021: 24%)	1,222,644	3,684,376	373,305	2,334,884
Income not subject to tax	9,599	17,760	2,337,922	470,005
Non-deductible expenses	(883,774)	(1,796,364)	(949,596)	(1,054,455)
Deferred tax assets not recognised in the financial statements	(571,204)	(1,983,450)	(1,761,631)	(1,750,434)
Adjustment of income tax in respect of prior years	10,574	8,434	-	-
Income tax expense	(212,161)	(69,244)	-	-

24. INCOME TAX EXPENSE (CONTINUED)

The deferred tax assets not recognised in the financial statements are in respect of the following temporary differences:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Excess of accumulated depreciation over capital allowances claimed on property, plant and equipment	(1,042,842)	(1,134,230)	(380,296)	(441,639)
Unutilised tax losses	35,750,812	33,952,322	8,286,914	6,004,051
Unutilised capital allowances	11,052,942	10,484,019	1,877,694	1,552,341
Leases	283,708	281,770	257,155	257,212
Unrealised foreign exchange	(92,471)	227,698	8,161,092	3,789,389
Loss allowance for trade and other receivables	5,519,143	5,193,979	25,789,809	25,490,884
Other deductible temporary differences	220,823	306,541	-	-
	51,692,115	49,312,099	43,992,368	36,652,238
Deferred tax assets not recognised at 24% (2021: 24%)	12,406,108	11,834,904	10,558,168	8,796,537

Pursuant to the applicable tax legislation, unutilised tax losses will expire as follow:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Expire in 2025	-	25,108,397	-	3,209,512
Expire in 2026	-	1,602,550	-	84,810
Expire in 2027	-	1,776,711	-	264,768
Expire in 2028	25,074,949	5,464,664	3,209,512	2,444,961
Expire in 2029	812,409	-	84,810	-
Expire in 2030	986,602	-	264,768	-
Expire in 2031	4,998,516	-	2,444,961	-
Expire in 2032	3,878,336	-	2,282,863	-
	35,750,812	33,952,322	8,286,914	6,004,051

In the prior financial year, unutilised tax losses up to the year of assessment 2018 shall be deductible against statutory income until year of assessment 2025 and unutilised tax losses from year of assessment 2019 onwards shall only be allowed to be carried forward for a maximum period of seven (7) consecutive years of assessment. Any amount which is not utilised at the end of 2025 and the period of seven (7) years of assessment respectively shall be disregarded.

However, based on the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for ten (10) consecutive years of assessment (i.e. from year of assessments 2019 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of ten (10) consecutive years. Any amount which is not utilised at the end if 2028 and the period of ten (10) years of assessment respectively shall be disregarded.

25. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2022 RM	**2021 RM (Restated)**
Loss attributable to owners of the Company (RM)	(5,295,189)	(15,396,987)
Weighted average number of ordinary shares for basic loss per share	898,675,616	859,269,076
Basic loss per ordinary share (sen)	(0.59)	(1.79)

Diluted loss per share

The diluted loss per ordinary share of the current financial year and previous financial year are equal to the basic loss per ordinary share as the Company has no dilutive ordinary shares.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

2022	**Amortised cost RM**	**FVTOCI RM**
Financial assets		
Group		
Other investments	-	30,797,349
Trade and other receivables (exclude SST refundable)	3,411,496	-
Cash and short-term deposits	16,752,695	-
	20,164,191	30,797,349
Company		
Other investments	-	15,177,455
Trade and other receivables	2,208,501	-
Cash and short-term deposits	15,929,438	-
	18,137,939	15,177,455
Financial liabilities		
Group		
Trade and other payables (exclude SST payable and contract liabilities)	22,822,063	-
Company		
Trade and other payables	19,591,627	-

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

2021	Amortised cost RM	FVTOCI RM
Financial assets		
Group		
Other investments	-	18,042,625
Trade and other receivables (exclude SST refundable and contract assets)	16,656,112	-
Cash and short-term deposits	16,767,770	-
	33,423,882	18,042,625
Company		
Other investments	-	1,642,625
Trade and other receivables (exclude contract assets)	2,075,082	-
Cash and short-term deposits	16,072,781	-
	18,147,863	1,642,625
Financial liabilities		
Group (Restated)		
Trade and other payables (exclude SST payable and contract liabilities)	27,444,562	-
Company		
Trade and other payables	24,538,789	-

(b) Financial risk management

The Group’s and the Company’s activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and price risk. The Group’s and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group’s senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group’s and the Company’s exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date arising from the amount due from three (2021: three) customers representing approximately 67% (2021: 44%) of the total trade receivables.

The ageing analysis of the Group's and the Company's trade receivables are as follows:

Group 2022	**Expected credit loss rate**	**Gross carrying amount RM**	**Loss allowance RM**
Not past due	1%	1,555,161	(5,682)
1 to 30 days past due	1%	625,105	(2,185)
31 to 60 days past due	-	206,589	-
61 to 90 days past due	-	51,846	-
91 to 120 days past due	-	39,959	-
Over 121 days past due	98%	5,637,015	(5,511,276)
		8,115,675	(5,519,143)
Group 2021			
Not past due	-	513,527	-
1 to 30 days past due	-	1,571,131	-
31 to 60 days past due	-	581,735	-
61 to 90 days past due	-	289,228	-
91 to 120 days past due	-	645,139	-
Over 121 days past due	93%	5,594,287	(5,193,979)
		9,195,047	(5,193,979)
Company 2022			
Not past due	-	-	-
1 to 30 days past due	43%	83,024	(35,491)
31 to 60 days past due	-	-	-
61 to 90 days past due	32%	85,512	(27,459)
91 to 120 days past due	100%	54,137	(54,137)
Over 121 days past due	96%	26,729,134	(25,672,722)
		26,951,807	(25,789,809)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

Credit risk concentration profile (continued)

Company 2021	Expected credit loss rate	Gross carrying amount RM	Loss allowance RM
Not past due	-	-	-
1 to 30 days past due	-	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
Over 121 days past due	96%	26,631,072	(25,490,884)
		26,631,072	(25,490,884)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Most of the Group's trade receivables arise from long standing customers with the Group.

Receivables that are past due but not impaired

The management has a credit policy in place to monitor and minimise the exposure of default. The Group and the Company trade only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis. As at the reporting date, there were no significant increase in the credit risk of receivables, and receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Amounts owing by subsidiaries

At the reporting date, the Company's remaining unimpaired amounts owing by subsidiaries comprised of outstanding balance owing by one (2021: one) subsidiary.

Management assesses the credit risk of amounts owing by subsidiaries with reference to the financial position, business performance of the subsidiaries and probability of default.

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position. At the reporting date, the Company has made sufficient loss allowance on amounts owing by subsidiaries.

Other financial assets

For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and reputable licensed financial institutions. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. As at the reporting date, the Group has quoted shares amounted to RM15,177,455 (2021: RM1,642,625) that is available for immediate sale in an active market.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

		Contractual cash flows			
Group	**Carrying amount RM**	**On demand or within 1 years RM**	**Between 1 to 5 years RM**	**More than 5 years RM**	**Total RM**
2022					
Trade and other payables (exclude SST payable and contract liabilities)	22,822,063	22,822,063	-	-	22,822,063
Lease liabilities	3,607,558	2,462,243	1,403,460	-	3,865,703
Group					
2021 (Restated)					
Trade and other payables (exclude SST payable and contract liabilities)	27,444,562	27,444,562	-	-	27,444,562
Lease liabilities	3,114,525	1,639,696	1,870,036	-	3,509,732
Company					
2022					
Trade and other payables	19,591,627	19,591,627	-	-	19,591,627
Lease liabilities	2,806,792	2,178,447	847,174	-	3,025,621

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

		Contractual cash flows			
Company	**Carrying amount RM**	**On demand or within 1 years RM**	**Between 1 to 5 years RM**	**More than 5 years RM**	**Total RM**
2021					
Trade and other payables	24,538,789	24,538,789	-	-	24,538,789
Lease liabilities	2,582,971	1,452,298	1,573,322	-	3,025,620

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency) and net investments in foreign subsidiaries.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia ("RM"). The foreign currency in which these transactions are denominated are primarily United States Dollar ("USD"), China Renminbi ("RMB"), Singapore Dollar ("SGD"), Thailand Baht ("THB"), Hong Kong Dollar ("HKD"), Philippines Peso ("PHP"), Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND").

Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure to this risk is kept to an acceptable level. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuation. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

The Group's and the Company's material unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

Group 2022	United States Dollar RM	Singapore Dollar RM	China Renminbi RM	Philippine Peso RM	Thai Baht RM	Indonesia Rupiah RM
Trade and other receivables	245,557	205,146	67,256	304,016	641,364	1,492,435
Cash and short-term deposits	43,221	19,764	39,051	44,720	46,995	9,028
Trade and other payables	(14,611,685)	(400,966)	(463,975)	(799,179)	(250,904)	(432,509)
	(14,322,907)	(176,056)	(357,668)	(450,443)	437,455	1,068,954
Group 2021						
Trade and other receivables	311,198	214,323	46,215	812,297	150,632	871,588
Cash and short-term deposits	80,362	32,539	41,596	89,425	25,246	18,420
Trade and other payables	(15,623,239)	(323,028)	(413,872)	(1,846,052)	(491,274)	(414,998)
	(15,231,679)	(76,166)	(326,061)	(944,330)	(315,396)	475,010

Company 2022	United States Dollar RM	Singapore Dollar RM
Cash and short-term deposits	13,489	-
Trade and other payables	(10,939,916)	(749,556)
	(10,926,427)	(749,556)
Company 2021		
Cash and short-term deposits	25,438	-
Trade and other payables	(10,497,504)	(987,907)
	(10,472,066)	(987,907)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly USD, SGD, RMB, PHP, THB and IDR.

The following tables demonstrates the sensitivity to a reasonably possible change in the respective foreign currencies, with all other variables held constant on the Group's and the Company's profit or loss for the financial year.

	Group		Company	
	2022 Increase/ (Decrease) RM	2021 Increase/ (Decrease) RM	2022 Increase/ (Decrease) RM	2021 Increase/ (Decrease) RM
Effects on profit or loss				
USD				
- strengthen by 5% (2021: 3%)	(716,145)	(456,950)	(546,321)	(314,162)
SGD				
- strengthen by 5% (2021: 3%)	(8,803)	(2,285)	-	-
RMB				
- strengthen by 5% (2021: 3%)	(17,883)	(9,782)	-	-
PHP				
- strengthen by 5% (2021: 3%)	(22,522)	(28,330)	-	-
THB				
- strengthen by 5% (2021: 3%)	21,873	(9,462)	-	-
IDR				
- strengthen by 5% (2021: 3%)	53,448	14,250	-	-

A 5% (2021: 3%) weakening of the RM against the respective foreign currencies as at the end of the financial year would have had an equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

There are no impact to other equity (other than retain earnings) from the effect of changes on the above foreign currency exchange rate.

(iv) Price risk

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares listed in Malaysia. This investment is classified as financial asset at FVTOCI.

The analysis below assumes that all other variable remain constant and the Group's and the Company's other investments moved in correlation with the quoted market price.

A 10% strengthening in quoted market price at the end of the reporting period would increase other comprehensive income by RM1,517,000 (2021: RM164,000). A 10% weakening in quoted market price would have had equal but opposite effect on other comprehensive income for the financial year.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments measured at fair value:

Group	Carrying amount Total RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial asset					
2022					
Other investments	30,797,349	15,177,455	-	15,619,894	30,797,349
2021					
Other investments	18,042,625	1,642,625	-	16,400,000	18,042,625
Company					
Financial asset					
2022					
Other investments	15,177,455	15,177,455	-	-	15,177,455
2021					
Other investments	1,642,625	1,642,625	-	-	1,642,625

Level 3 fair value

Fair value of financial instruments carried at fair value

The fair value are determined using the discounted cash flows method based on discount rates that reflects the issuer's cost of equity rate as at the end of the reporting period.

The carrying amounts of other financial assets and liabilities as at the end of the financial reporting period reasonably approximate to their fair values due to the relatively short-term nature or their interest-bearing nature (where their interest rates are approximate the market rates applicable to those financial instruments).

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

27. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries; and

(ii) Key management personnel of the Group's and of the Company's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2022 RM	2021 RM
Management fees		
- Cuscapi Malaysia Sdn. Bhd.	273,820	754,014
- Cuscapi Solutions Sdn. Bhd.	369,099	370,543
	642,919	1,124,557

(c) Compensation of key management personnel

The remuneration of key management personnel, which includes the directors' remuneration and certain key senior management are disclosed as below:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Key management personnel's remuneration				
- salaries and other emoluments	1,377,881	2,040,922	1,066,801	1,378,912
Post-employment benefits:				
- defined contribution plan	88,521	188,200	79,152	128,254
	1,466,402	2,229,122	1,145,953	1,507,166

28. COMMITMENT

The Company had on 1 March 2022 entered into Subscription Agreement for the subscription of 9,000,000 units of Redeemable Convertible Preference Shares ("RCPS") in MX Global Sdn. Bhd. for a total subscription of RM9,000,000 to be satisfied in cash. The Company has made advance payment of RM405,000 in the current financial year.

	Group and Company 2022 RM
Other investments - RCPS	
Approved and contracted for	8,595,000

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt convenants.

The debt-to-equity ratio of the Group and the Company as at the end of reporting period were as follows:

	Group		**Company**	
	2022 RM	**2021 RM (Restated)**	**2022 RM**	**2021 RM**
Total liabilities	27,821,396	32,537,299	22,398,419	27,121,760
Equity attributable to owners of the Company	52,265,305	37,327,878	46,161,380	26,930,563
Debt-to-equity ratio	53%	87%	49%	101%

There were no changes in the Group's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

30. SEGMENTAL INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Chief Executive Officer ("CEO"), and/or the person acting at his capacity for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into strategic business units based on geography locations and business units.

30. SEGMENTAL INFORMATION (CONTINUED)

The Group's reportable operating segments are as follows:

(a) Geographical locations

(i) Malaysia

Involves in software development, the provision of remedial services for Point of Sales hardware and related software implementation and support services, the provision of Point of Sales and business management solutions, the provision of project management, business and IT related consultancy services, the provision of network infrastructure and security solutions and services and system integration services, and the provision of contact centres for outsourcing services, in Malaysia.

(ii) South East Asia

Involves in the provision of Point of Sales and business management solutions, the provision of remedial services for Point of Sales hardware and related software implementation and support services, the provision of project management, business and IT related consultancy services in the South East Asia region other than Malaysia.

(iii) People's Republic of China

Involves in software development, the provision of Point of Sales and business management solutions, the provision of remedial services for Point of Sales hardware and related software implementation and support services, the provision of project management, business and IT related consultancy services, and the provision of contact centres for outsourcing services in People's Republic of China, and ceased business operation since previous financial year.

(b) Business units

(i) Operational Cost Centre

This segment provides the support services to all the customers for the Group.

(ii) Group Corporate

This segment is involved in Group-level corporate services, and treasury functions.

Except as indicated above, no operating segments has been aggregated from the above reportable operating segments.

Inter-segment pricing is determined on negotiated basis. Geographically, management reviews the performance of the businesses in Malaysia, South East Asia, and People's Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

Segment profit

Management monitors the operating results of its units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit after tax ("PAT"). PAT is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments that operate within the Group.

Segment assets

The total of segment assets (excluding deferred tax assets) is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Board of Directors.

Segment liabilities

The total segment liabilities are measured based on all liabilities (excluding deferred tax liabilities and current tax liabilities) of a segment as included in the internal reports that are reviewed by the Board of Directors.

30. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment Malaysia RM	South East Asia RM	People's Republic of China RM	Business Unit Segment Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2022									
Revenue									
Revenue from external customers		2,161,255	6,211,594	-	1,529,179	-	9,902,028	-	9,902,028
Inter-company revenue	A	38,877	-	-	3,270,220	-	3,309,097	(3,309,097)	-
		2,200,132	6,211,594	-	4,799,399	-	1,360,800	(3,309,097)	9,902,028
Results									
Included in the measure of segment profit/(loss) are:									
Interest income		651	236	114	467	225,800	227,268	-	227,268
Interest expense		(885,028)	(35,141)	-	-	(223,821)	(1,143,990)	(3,943)	(1,147,933)
Depreciation of property, plant and equipment		(228,621)	(125,812)	(253)	(13,451)	(700,634)	(1,068,771)	-	(1,068,771)
Depreciation of right -of-use assets		(16,554)	(191,152)	-	-	(502,958)	(710,664)	(14,717)	(725,381)
Loss allowance on trade and other receivables		(10,840)	(315,695)	-	-	-	(326,535)	-	(326,535)
Inventories written off		-	(245,645)	-	-	-	(245,645)	-	(245,645
Lease expenses for short-term and low-value assetsRental of premises		-	(148,288	(32,940)	(10,680)	(25,219)	(217,127)	-	(217,127)
Realised (loss)/gain on foreign exchange		(82)	47,565	-	-	-	47,483	-	47,483
Unrealised gain/(loss) on foreign exchange		1,430,154	(120,414)	(2,215)	646,439	(4,371,703)	(2,417,739)	3,257,243	839,504

30. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment			Business Unit Segment				
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2022									
Revenue									
Segment (loss)/profit	B	(7,226,988)	(788,615)	(188,159)	(2,284,392)	(2,164,979)	(12,653,133)	7,558,784	(5,094,349)
Income tax (expense)/credit		-	(174,420)	-	(212,158)	-	(386,578)	174,417	(212,161)
Loss for the financial year		(7,226,988)	(963,035)	(188,159)	(2,496,550)	(2,164,979)	(13,039,711)	7,733,201	(5,306,510)
Assets									
Segment assets		1,226,199	28,575,258	5,821,189	9,923,286	50,321,810	95,867,742	(45,568,298)	50,299,444
Addition to non-current assets		12,582,759	943,304	-	3,927	16,174,097	29,704,087	-	29,704,087
Total Assets	C	13,808,958	29,518,562	5,821,189	9,927,213	66,495,907	125,571,829	(45,568,298)	80,003,531
Liabilities									
Segment liabilities		81,328,178	53,390,779	49,796,300	34,105,751	20,944,070	239,565,078	(211,743,682)	27,821,396

30. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment Malaysia RM	South East Asia RM	People's Republic of China RM	Business Unit Segment Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2021 (Restated)									
Revenue									
Revenue from external customers		6,024,949	3,977,820	-	-	-	10,002,769	-	10,002,769
Inter-company revenue	A	540,630	58,512	-	1,360,800	1,124,557	3,084,499	(3,084,499)	-
		6,565,579	4,036,332	-	1,360,800	1,124,557	13,087,268	(3,084,499)	10,002,769
Results									
Included in the measure of segment profit/(loss) are:									
Interest income		5,953	199	225	107	228,938	235,422	-	235,422
Interest expense		(728,861)	(20,194)	-	-	(287,848)	(1,036,903)	19,021	(1,017,882)
Amortisation of intangible assets		(3,827,354)	-	-	-	-	(3,827,354)	-	(3,827,354)
Depreciation of property, plant and equipment		(197,748)	(162,003)	(4,295)	(11,664)	(1,056,384)	(1,432,094)	-	(1,432,094)
Depreciation of right-of -use assets		(16,370)	(168,053)	-	-	(502,957)	(687,380)	(202,063)	(889,443)
Loss on disposal of property, plant and equipment		-	(2,057)	(36,246)	-	-	(38,303)	-	(38,303)
Impairment loss on intangible assets		(318,947)	-	-	-	-	(318,947)	-	(318,947)
Loss allowance on trade and other receivables		(33,580)	(783,516)	(33,278)	-	-	(850,374)	-	(850,374)
Inventories written down		(54,579)	-	-	-	-	(54,579)	-	(54,579)
Inventories written off		-	(325,417)	-	-	-	(325,417)	-	(325,417)

30. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment			Business Unit Segment				
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2021 (Restated)									
Results									
Property, plant and equipment written off		(10,898)	-	(8,476)	(19)	(7,436)	(26,829)	-	(26,829)
Lease expenses for short-term and low-value assets		-	(255,005)	(141,209)	(22,212)	(45,265)	(463,691)	-	(463,691)
Realised (loss)/gain on foreign exchange		(5,685)	(55,655)	-	(447)	-	(61,787)	47,082	(14,705)
Unrealised gain/(loss) on foreign exchange		8,148	(684,197)	(5,767)	(159,308)	(3,789,389)	(4,630,513)	4,821,757	191,244
Segment (loss)/profit	B	(8,527,728)	(4,855,215)	(530,326)	(2,083,522)	(9,728,686)	(25,725,477)	10,373,910	(15,351,567)
Income tax (expense)/credit		(67,705)	(1,539)	-	-	-	(69,244)	-	(69,244)
Loss for the financial year		(8,595,433)	(4,856,754)	(530,326)	(2,083,522)	(9,728,686)	(25,794,721)	10,373,910	(15,420,811)
Assets									
Segment assets		26,129,902	32,355,296	5,869,976	3,414,050	54,033,660	121,802,884	(52,386,210)	69,416,674
Addition to non-current assets		293,466	30,267	-	35,467	17,454	376,654	-	376,654
Total Assets	C	26,423,368	32,385,563	5,869,976	3,449,517	54,051,114	122,179,538	(52,386,210)	69,793,328
Liabilities									
Segment liabilities		87,279,464	46,414,898	49,036,519	26,704,425	27,120,551	236,555,857	(204,018,558)	32,537,299

30. SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

A. Inter-company revenue

Inter-company revenue are eliminated on consolidation.

B. Reconciliation of profit or loss

	Group	
	2022 RM	**2021 RM (Restated)**
Inter-segment income	11,516,796	17,569,729
Unallocated amount:		
- Other corporate expenses	(3,783,595)	(7,195,819)
	7,733,201	10,373,910

C. Reconciliation of assets

	2022 RM	**2021 RM**
Inter-segment assets	45,568,298	52,386,210

Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM	**Non-current assets RM**
2022		
Malaysia	3,690,434	56,759,073
South East Asia	6,211,594	2,043,367
People's Republic of China	-	2,095
	9,902,028	58,804,535
2021 (Restated)		
Malaysia	6,024,949	32,804,913
South East Asia	3,977,820	737,781
People's Republic of China	-	2,319
	10,002,769	33,545,013

Information about major customers

For Malaysia segment, revenue from one customer represented approximately RM704,871 (2021: RM1,911,875) for the Group's total revenue.

31. MATERIAL LITIGATION

During the financial year, the Group is not engaged in any material litigation either as plaintiff or defendant and the directors of the Company do not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries which might materially and adversely affect the position or business of the Group, except for the following:

As announced on 25 September 2018, the Company and its wholly-owned subsidiary, Cuscapi Malaysia Sdn. Bhd. ("Cuscapi Malaysia") was served with a Writ of Summons and received a Statement of Claim dated 5 September 2018 by Hitachi Digital Services (Singapore) Pte. Ltd. ("Hitachi Singapore") on the outstanding balances arose from purchases of REV hardware equipment in previous financial year.

The Group rigorously contested the alleged claims.

On 31 December 2020, the High Court Judge allowed the claim commenced by Hitachi Singapore against the Company and Cuscapi Malaysia for a sum of USD3,596,448 together with 5% interest and dismissed the Company and Cuscapi Malaysia's counter claim with cost of RM180,000 against the Defendants in the Counter Claim.

The High Court Judge has granted a consequential order that the sum of RM15,014,835 which has been paid by the Company into the fixed deposit with a licensed bank, together with the accrued interest be uplifted and paid to Hitachi Singapore.

The Company and Cuscapi Malaysia filed an appeal against the judgement which was granted on 31 December 2020 ("Appeal") and filed a notice of motion to stay the execution of judgement on 8 February 2021 ("Stay Motion").

On 31 March 2021, the Court of Appeal allowed the Stay Application with the condition that the sum of RM15,014,835 paid by the Company to the licensed bank be deposited in the same account pending the full and final disposal of Appeal.

On 14 July 2022, the Leave Application was dismissed by the Federal Court with cost. On 2 August 2022, the fixed deposit sum was released to the solicitors of Hitachi Singapore and Ong Chin Hui.

As at 30 June 2022, management has written off the REV hardware equipment included in property, plant and equipment which were brought forward from previous financial years with carrying amount totalling RM6,615,101. The write off is taken up as prior year adjustment in view that the physical existence of these assets could not be ascertained since previous financial years. Management have also fully impaired the REV hardware equipment included in inventories brought forward since previous financial years with carrying amount totalling RM15,451,976, as prior year adjustment, in view that those inventories are outdated and management is not able to assess the net realisable value of these inventories. The corresponding unpaid sum included in trade payables of the Group amounted to RM14,932,452 was fully paid on 2 August 2022.

32. PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS

During the current financial year, resulting from the outcome of the litigation disclosed on Note 31 above and discovery of other misstatements, the management adjusted the following as prior year adjustments and reclassification of balances. Accordingly, comparative information were restated as follow:

<u>Settlement material litigation as disclosed in Note 31 to the financial statements</u>

(a) Write off certain property, plant and equipment brought forward as at 1 July 2020, with carrying amount totalling RM6,615,101, in view that the physical existence of these assets could not be ascertained as at 1 July 2020.

(b) Write down certain inventories brought forward as at 1 July 2020, with carrying amount totalling RM15,451,976, in view that those inventories were outdated and management is not able to assess the net realisable value as at 1 July 2020.

(c) Recognise 5% interest of the judgement sum from 5 September 2018 up to 30 June 2020 and for the financial year ended 30 June 2021, amounting to RM1,318,831 and RM724,414 respectively.

32. PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONTINUED)

Revenue recognition

(d) Revenue related to financial year ended 30 June 2021, amounting to RM122,530, were taken up in financial year ended 30 June 2020.

(e) Revenue related to financial year ended 30 June 2022, amounting to RM100,796, were taken up in financial year ended 30 June 2021.

Reclassification of balances

(f) Certain balances have been reclassified so as to conform with the presentation and classification of current financial year.

The financial effects arising from the prior year adjustments and reclassification of balances are as follows:

	Note	Reported previously RM	Prior year adjustments RM	Reclassification RM	Restated RM
Group					
30.6.2021					
Consolidated Statement of Financial Position					
Property, plant and equipment	(a)	8,895,875	(6,615,101)	-	2,280,774
Inventories	(b)	17,682,523	(15,451,976)	-	2,230,547
Accumulated losses		132,390,568	24,211,118	-	156,601,686
Provision and retirement benefits obligations	(f)	(175,834)	-	(35,786)	(211,620)
Lease liabilities	(f)	(2,388,376)	-	(726,149)	(3,114,525)
Trade and other payables	(c), (e), (f)	(27,812,111)	(2,144,041)	761,935	(29,194,217)
Consolidated Statement of Comprehensive Income					
Revenue	(d), (e)	9,981,035	21,734	-	10,002,769
Finance costs	(c)	(293,468)	(724,414)	-	(1,017,882)
1.7.2020					
Consolidated Statement of Financial Position					
Property, plant and equipment	(a)	10,013,681	(6,615,101)	-	3,398,580
Inventories	(b)	18,747,790	(15,451,976)	-	3,295,814
Accumulated losses		118,662,181	23,508,438	-	142,170,619
Provision and retirement benefits obligations	(f)	(153,140)	-	(19,216)	(172,356)
Trade and other payables	(c), (d), (f)	(24,747,519)	(1,441,361)	19,216	(26,169,664)
Company					
30.6.2021					
Statement of Financial Position					
Lease liabilities	(f)	(1,856,822)	-	(726,149)	(2,582,971)
Trade and other payables	(f)	(25,264,938)	-	726,149	(24,538,789)

33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 25 October 2022.

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

We, Datuk Jayakumar A/L Panneer Selvam and Datuk Mat Noor Bin Nawi, being two of the directors of Cuscapi Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 60 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and financial performance and cash flows of the Group and of the Company 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.

Signed on behalf of the board of directors in accordance with a directors' resolution.

....
DATUK JAYAKUMAR A/L PANNEER SELVAM
Director

....
DATUK MAT NOOR BIN NAWI
Director

Kuala Lumpur
Date : 25 October 2022

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

I, Lim Sze Yean, being the officer primarily responsible for the financial management of Cuscapi Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 60 to 130 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed
Lim Sze Yean
at Kuala Lumpur
in the Federal Territory
this

LIM SZE YEAN
Chartered Accountant
MIA Membership No.: 14146

Before me,

ANALYSIS OF **SHAREHOLDINGS**
AS AT 6 OCTOBER 2022

Total Issued Share : 944,884,476 Ordinary Shares
Types of Shares : Ordinary Share
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
AS AT 6 OCTOBER 2022

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	104	4,343	0.0005
100 to 1,000	473	305,991	0.0324
1,001 to 10,000	1,196	7,731,998	0.8183
10,001 to 100,000	1,386	53,951,803	5.7099
100,001 to less than 5% of issued shares	421	513,460,441	54.3411
5% and above of issued shares	5	369,429,900	39.0978
Total	**3,585**	**944,884,476**	**100.0000**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Names	**No. of Shares**	**Percentage (%)**	**No. of Shares**	**Percentage (%)**
1.	Datuk Jayakumar A/L Panneer Selvam	70,303,900	7.440	151,003,300(#)	15.981
2.	Dato' Sri Khazali Bin Haji Ahmad	-	-	-	-
3.	Datuk Mat Noor Bin Nawi	-	-	-	-
4.	Dato' Sheah Kok Fah	500,000	0.053	-	-
5.	Pn Mohaini Binti Mohd Yusof	-	-	-	-

(#) *Deemed interested by virtue of his interest in Ultimate Quality Success Sdn Bhd and Rosetta Partners Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Names	**No. of Shares**	**Percentage (%)**	**No. of Shares**	**Percentage (%)**
1.	Ultimate Quality Success Sdn Bhd	137,503,300	14.552	-	-
2.	Transight Systems Sdn Bhd	64,775,800	6.855	-	-
3.	Datuk Jayakumar A/L Panneer Selvam	70,303,900	7.440	151,003,300(#)	15.981
4.	Wong Thean Soon	138,808,000	14.690	-	-

(#) *Deemed interested by virtue of his interest in Ultimate Quality Success Sdn Bhd and Rosetta Partners Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 6 OCTOBER 2022)

	Names	No. of Shares	Percentage of Shareholdings (%)
1.	PACIFIC TRUSTEES BERHAD FOR ULTIMATE QUALITY SUCCESS SDN BHD	123,426,700	13.0626
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR WONG THEAN SOON	72,100,000	7.6306
3.	TRANSIGHT SYSTEMS SDN BHD	64,775,800	6.8554
4.	RADIO PORT LIMITED	56,917,900	6.0238
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON	52,209,500	5.5255
6.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD	46,500,000	4.9212
7.	AURA FOKUS SDN BHD	37,990,000	4.0206
8.	PACIFIC TRUSTEES BERHAD FOR DATUK JAYAKUMAR A/L PANNEER SELVAM	33,640,700	3.5603
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	31,031,500	3.2842
10.	ELPIS MODELS MANAGEMENT SDN BHD	24,841,500	2.6291
11.	ULTIMATE QUALITY SUCCESS SDN BHD	14,076,600	1.4898
12.	WONG THEAN SOON	14,000,000	1.4817
13.	PACIFIC TRUSTEES BERHAD FOR ROSETTA PARTNERS SDN BHD	13,500,000	1.4287
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN	13,000,000	1.3758
15.	WEE KA KENG	12,153,800	1.2863
16.	AIX SHARES SDN BHD	11,935,200	1.2631
17.	YAP SWEE SANG RHB NOMINEES (TEMPATAN) SDN BHD TAN AH LOY @ TAN MAY LING	11,000,000	1.1642
18.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR YINSON CAPITAL PTE LTD	10,827,200	1.1459
19.	LEE LAN MOI, DATIN	10,000,000	1.0583
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD.	8,040,000	0.8509
21.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG (MY1989)	6,180,310	0.6541
22.	LIM KOK HAN	6,118,100	0.6475
23.	SPLENDID PIXEL SDN BHD	5,541,500	0.5865
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VFIVE GROUP SDN BHD	4,784,900	0.5064
25.	ROSE VISION SDN BHD	4,321,100	0.4573
26.	JAYAKUMAR A/L PANNEER SELVAM	4,271,700	0.4521
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH CHENG HOE (M01)	4,100,000	0.4339
28.	QUEK TEE KIAM	3,895,600	0.4123
29.	CHIANG KAI LOON	3,700,000	0.3916
30.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDISI FIRMA SDN BHD (MG0065-195)	3,654,700	0.3868

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting ("**43rd AGM**") of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan on Thursday, 15 December 2022 at 2.30 p.m. or at any adjournment thereof for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note to Ordinary Business**

2. To re-elect the following Directors who retire pursuant to Clause 105 of the Company's Constitution and who being eligible, have offered themselves for re-election: -

   (a) Pn Mohaini Binti Mohd Yusof **Ordinary Resolution 1**
   (b) Dato' Sri Khazali Bin Haji Ahmad **Ordinary Resolution 2**

3. To approve the payment of Directors' fees amounting to RM367,500 to the Directors of the Company for the financial year ended 30 June 2022. **Ordinary Resolution 3**

4. To approve the payment of meeting allowances to the Directors up to an amount of RM90,000 from the 43rd AGM up to the conclusion of the Forty-Fourth (44th) Annual General Meeting. **Ordinary Resolution 4**

5. To re-appoint Messrs Mazars PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 **Ordinary Resolution 6**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 & SSM PC No. 202208000250)
THIEN LEE MEE (LS0010621 & SSM PC No. 201908002254)
Company Secretaries

Selangor
Dated : 31 October 2022

NOTES:

1. The Company's 43rd AGM will be held as a virtual meeting through live streaming and online remote voting using RPV Facilities. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at *https://web.vote2u.my*.

2. In compliance with Section 327(2) of the Act, the Chairman of the meeting shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia's Guidance Note, the Broadcast Venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM.

   No shareholders and proxies will be allowed to be physically present nor enter the Broadcast Venue.

3. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, voting at the 43rd AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the poll results, respectively. Shareholders and proxies will be voting remotely using RPV Facilities via Vote2U at *https://web.vote2u.my.*

4. A member entitled to attend and vote at this virtual meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the virtual meeting shall have the same rights as the member to speak at the Meeting.

5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

6. Where a member is an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. In the case of an individual, the Form of Proxy shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

8. For the purpose of determining a member who shall be entitled to attend the 43rd AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 2 December 2022. Only a depositor whose name appears on the Record of the Depositor as at 2 December 2022 shall be entitled to attend the said virtual meeting or appoint proxies to attend and/or vote on his/her behalf.

9. To be valid, the Form of Proxy duly completed and signed must be deposited at the Share Registrar's Office, Aldpro Corporate Services Sdn. Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time set for holding the virtual meeting (not later than Tuesday, 13 December 2022 at 2.30 p.m.) or any adjournment thereof.

Explanatory Notes to Ordinary Business:

a. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2022

   This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

b. Ordinary Resolution 1 to 2 – Re-election of the Directors who retire pursuant to the Clause 105 of the Company's Constitution

   Pn Mohaini Binti Mohd Yusof and Dato' Sri Khazali Bin Haji Ahmad ("the Retiring Directors") who are standing for re-election as the Directors of the Company pursuant to the Clause 105 at the forthcoming 43rd AGM and who are being eligible for re-election have offered themselves for re-election in accordance with the Company's Constitution.

   The Board of Directors through the Nomination and Remuneration Committee has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Explanatory Note to Special Business:

a. Ordinary Resolution 6 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 6 if passed, is a renewal of general mandate to the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be time consuming to organise a general meeting. The general mandate will provide flexibility and expediency to the Company for any possible fund-raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

Unless revoked or varied by the Company in a general meeting, this authority will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, the Company has allotted 85,615,400 new ordinary shares via Private Placement under the general mandate granted to the Directors at the 42nd Annual General Meeting held on 16 December 2021. The total proceeds of RM22,260,004 was raised from the Private Placement. Please refer to the additional compliance information as disclosed in the Annual Report 2022 for the details of the utilization of proceeds.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Ordinary Resolution 6, if passed, would allow the Directors to issue new shares to any person under the general mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities:-

1. Details of individual who are standing for election as Directors (excluding Directors for re-election).

   No individual is seeking election as a Director at the 43rd AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Listing Requirements of Bursa Securities.

   The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 is set out under Explanatory Note.

cuscapi®

CUSCAPI BERHAD
[Registration No. 197801006160 (43190-H)]

FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We ______________________ I.C./Passport/Company No. ______________________

of ____

being a member/members of CUSCAPI BERHAD hereby appoint ______________________

I.C./Passport/Company No. ______________________ Email Address: ______________________

Contact No. ____

____

or failing him/her, ______________________ I.C./Passport/Company No. ______________________

Email Address: ______________________ Contact No. ______________________

____

or* the CHAIRMAN OF THE MEETING* as *my/our Proxy(ies) to vote for *me/us and act on *my/our behalf at the Forty-Third Annual General Meeting ("**43rd AGM**") of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan, on Thursday, 15 December 2022 at 2.30 p.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		FOR	**AGAINST**
ORDINARY RESOLUTION 1	To re-elect Pn Mohaini Binti Mohd Yusof who retires in accordance with Clause 105 of the Company's Constitution		
ORDINARY RESOLUTION 2	To re-elect Dato' Sri Khazali Bin Haji Ahmad who retires in accordance with Clause 105 of the Company's Constitution		
ORDINARY RESOLUTION 3	To approve the payment of Directors' fees amounting to RM367,500 to the Directors of the Company for the financial year ended 30 June 2022.		
ORDINARY RESOLUTION 4	To approve the payment of meeting allowances to the Directors up to an amount of RM90,000 from the 43rd AGM until the conclusion of the Forty-Fourth (44th) Annual General Meeting.		
ORDINARY RESOLUTION 5	To re-appoint Messrs Mazars PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.		
ORDINARY RESOLUTION 6	To grant authority to Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Signed this............. day of 2022

....
Signature of Shareholder(s)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ……………………….……
Percentage : ………………………….....%

Second Proxy
No. of Shares: ……………………….……
Percentage : ……………………….....…%

NOTES:

1. The Company's 43rd AGM will be held as a virtual meeting through live streaming and online remote voting using RPV Facilities. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at *https://web.vote2u.my*.
2. In compliance with Section 327(2) of the Act, the Chairman of the meeting shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia's Guidance Note, the Broadcast Venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM.
   No shareholders and proxies will be allowed to be physically present nor enter the Broadcast Venue.
3. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, voting at the 43rd AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the poll results, respectively. Shareholders and proxies will be voting remotely using RPV Facilities via Vote2U at *https://web.vote2u.my*.
4. A member entitled to attend and vote at this virtual meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the virtual meeting shall have the same rights as the member to speak at the Meeting.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. Where a member is an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. In the case of an individual, the Form of Proxy shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
8. For the purpose of determining a member who shall be entitled to attend the 43rd AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 2 December 2022. Only a depositor whose name appears on the Record of the Depositor as at 2 December 2022 shall be entitled to attend the said virtual meeting or appoint proxies to attend and/or vote on his/her behalf.
9. To be valid, the Form of Proxy duly completed and signed must be deposited at the Share Registrar's Office, Aldpro Corporate Services Sdn. Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time set for holding the virtual meeting (not later than Tuesday, 13 December 2022 at 2.30 p.m.) or any adjournment thereof.

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The Share Registrar of

CUSCAPI BERHAD
[Registration No. 197801006160 (43190-H)]
c/o Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor

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CUSCAPI BERHAD
197801006160 (43190-H)

Level 27 & 28, Block N, Empire City Damansara,
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Selangor Darul Ehsan, Malaysia.

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