

Registration No.: 197801006160 (43190-H)

CUSCAPI BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2019 TO 30 JUNE 2020

CUSCAPI BERHAD
(Incorporated in Malaysia)

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CONTENTS

	Page No.
Corporate information	1
Directors' report	2 - 7
Independent auditors' report	8 - 13
Statements of financial position	14 - 15
Statements of comprehensive income	16 - 17
Consolidated statement of changes in equity	18 - 19
Statement of changes in equity	20 - 21
Statements of cash flows	22 - 25
Notes to the financial statements	26 - 117
Statement by directors	118
Statutory declaration	119

CUSCAPI BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DOMICILE	:	Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	:	Public company limited by way of shares incorporated in Malaysia under the Companies Act 2016
REGISTERED OFFICE	:	Suite 10.02, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	:	Level 27 & 28, Block N Empire City Damansara No.8, Jalan Damansara PJU 8, 47820 Petaling Jaya Selangor Darul Ehsan

CUSCAPI BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2020

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2019 to 30 June 2020.

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 period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Company changed its financial year end from 31 December to 30 June. Accordingly, the financial statements for the current financial period are made up for the financial period of eighteen (18) months from 1 January 2019 to 30 June 2020.

RESULTS

	Group RM	Company RM
Loss for the financial period attributable to:		
Owners of the Company	22,027,214	26,897,906
Non-controlling interests	49,536	-
	-----	-----
Loss for the financial period	22,076,750	26,897,906
	=====	=====

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 period.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial period.

SHARE OPTIONS

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The details of ESOS are disclosed in Note 28 to the financial statements.

RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial period 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 period in which this report is made, except for those subsidiaries with modified opinions in their auditors' reports as disclosed in Note 8 to the financial statements.

As at the end of the financial period, 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 period to the date of this report are:

Datuk Jayakumar A/L Panneer Selvam*

Toe Teow Teck

(Resigned on 9 July 2019)

Dato' Sheah Kok Fah*

Datuk Mat Noor Bin Nawi

Mohaini Binti Mohd Yusof

Dato' Sri Khazali Bin Haji Ahmad

(Ceased to be alternate director to Toe Teow Teck on 9 July 2019 and appointed as Executive Director on 9 July 2019)

* Directors of the Company and certain subsidiaries.

DIRECTORS OF SUBSIDIARIES

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

Anthony Gerald A/L R.Victor	
Lim Sze Yean	
Chua Wei Chun	(Resigned on 3 July 2019)
Filomena Villa	
Jessica Buzeta	(Resigned on 20 April 2020)
Jayson Torento	(Appointed on 31 March 2019)
Lee Poh Kwan	(Appointed on 3 July 2019)
Leslie Ann Parcon	(Appointed on 20 April 2020)
Satrio Boediarto	(Appointed on 12 December 2019)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 30.6.2020
Direct interests:				
Datuk Jayakumar A/L Panneer Selvam	20,205,000	14,795,700	-	35,000,700
Dato' Sheah Kok Fah	470,000	1,030,000	-	1,500,000
Indirect interests:				
Datuk Jayakumar A/L Panneer Selvam^	133,000,000	3,926,700	-	136,926,700

^ 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 period held any interest in shares in the Company or its related corporations during the financial period.

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 period 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.

The benefits and remuneration of the directors are disclosed in Note 25 to the financial statements.

INDEMNITY AND INSURANCE COST

The Company provides appropriate insurance cover for the Directors and officers of the Company. The amount of insurance premium paid during the current financial period was RM10,260.

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 period 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 period.

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 period 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.

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 period 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 period 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 period in which this report is made.

SIGNIFICANT EVENTS

Details of significant events during the financial period are disclosed in Note 35 to the financial statements.

AUDITORS

Auditors' remuneration is set out in Note 24 to the financial statements.

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

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 period.

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.

DATUK JAYAKUMAR A/L
PANNEER SELVAM
Director

DATUK MAT NOOR BIN NAWI
Director

Kuala Lumpur

Date:

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CUSCAPI BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Cuscapl Berhad, which comprise the statements of financial position as at 30 June 2020 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 period from 1 January 2019 to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 117.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 2020, and of their financial performance and their cash flows for the financial period from 1 January 2019 to 30 June 2020 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 Qualified Opinion

Referring to Note 34 to the financial statements, the assets involved in the litigation case include property, plant and equipment of the Group at carrying amount of RM6,615,101 and inventories of the Group at carrying amount of RM15,451,976 as at 30 June 2020.

Due to the circumstances and consideration described in Note 34 to the financial statements,

- (a) The physical existence of property, plant and equipment with the carrying amount of RM6,615,101 could not be ascertained and the impairment assessment on these assets has not been made in accordance with MFRS 136 *Impairment of Assets*.
- (b) The measurement of the inventories including the net realisable value has not been appropriately assessed in accordance with MFRS 102 *Inventories*.

Management is of the view that no impairment is required on the carrying amounts of property, plant and equipment and inventories.

We were unable to obtain sufficient appropriate audit evidence about the carrying amounts of property, plant and equipment of RM6,615,101 and inventories of RM15,451,976. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group.

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 qualified 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 period. 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. In addition to the matter described in the *Basis of Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

(a) 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 2020, the Company has investments in subsidiaries at carrying amount of RM21 million. In determining whether the investments in subsidiaries are impaired, management estimates the recoverable amount. Determining the recoverable amount requires management to estimate the fair value less cost to sell and 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 materiality of the investment in the context of the financial statements of the Company, this is considered to be the area that had the greatest focus of our overall company audit.

Our response:

Our audit procedures included, among others, the understanding of the business and performance of the subsidiaries. We compared the carrying amount of the investments with the financial statements of the relevant subsidiaries to identify whether their net assets, being an approximation of their minimum recoverable amounts, were in excess of their carrying amounts.

We also 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 recoverable amount, taking into consideration of internal and external data. We assessed any potential indicators of impairment of the investments in subsidiaries and carried out analysis to evaluate whether any of these potential impairment indicators represented an indicator of impairment.

We also assessed and considered the works performed by the audit teams of subsidiaries.

(b) Fair value assessment of 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:

As at 30 June 2020, the Group has other investments of RM20 million measured at fair value. The fair value of the Group's other investments is based on unadjusted quoted prices in active market or other valuation technique including the discounted cash flows model, where relevant.

Management's assessment of the recoverable amount of these investments involve estimation and significant judgement relating to the assumptions used. Therefore, we have identified this as a key audit matter.

Our response:

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

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.

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. As described in the *Basis of Qualified Opinion* section above, we were unable to obtain sufficient appropriate audit evidence about the carrying amounts of property, plant and equipment of RM6,615,101 and inventories of RM15,451,976 as at 30 June 2020. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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.
- 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 requirement of the Companies Act 2016 in Malaysia, we report that:

- (a) the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.
- (b) in our opinion, we have not obtained all the information and explanation that we required.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were audited by another firm of auditors whom have expressed qualified opinion on those statements on 25 April 2019.
2. 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.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

YAP CHING SHIN
02022/03/2022 J
Chartered Accountant

Kuala Lumpur

Date: 14 October 2020

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION - 30 JUNE 2020

	Note	30.6.2020 RM	Group 31.12.2018 RM (Restated)	30.6.2020 RM	Company 31.12.2018 RM (Restated)
NON-CURRENT ASSETS					
Property, plant and equipment	5	10,013,681	9,774,722	2,435,298	1,569,177
Investment property	6	10,112,400	11,002,200	10,112,400	11,002,200
Right-of-use assets	7	3,301,902	-	2,095,653	-
Investments in subsidiaries	8	-	-	21,371,885	21,170,886
Other investments	9	20,686,000	19,870,294	4,186,000	3,835,000
Intangible assets	10	5,308,802	2,344,330	-	-
		49,422,785	42,991,546	40,201,236	37,577,263
CURRENT ASSETS					
Inventories	12	18,747,790	17,200,144	-	-
Trade and other receivables	13	18,267,086	11,046,434	3,787,297	4,145,346
Prepayments		431,513	915,308	193,118	117,590
Current tax asset		325,760	850,518	43,350	-
Cash and short-term deposits	14	16,478,249	45,128,456	15,519,053	41,316,094
		54,250,398	75,140,860	19,542,818	45,579,030
TOTAL ASSETS		103,673,183	118,132,406	59,744,054	83,156,293
EQUITY					
Share capital	15	181,114,569	181,114,569	181,114,569	181,114,569
Other reserves	16	12,746,743	13,521,653	162,000	604,788
Accumulated losses		(118,471,472)	(98,241,898)	(145,648,937)	(120,548,671)
Equity attributable to owners of the Company		75,389,840	96,394,324	35,627,632	61,170,686
Non-controlling interest		(48,025)	-	-	-
TOTAL EQUITY		75,341,815	96,394,324	35,627,632	61,170,686

	Note	30.6.2020 RM	Group 31.12.2018 RM (Restated)	30.6.2020 RM	Company 31.12.2018 RM (Restated)
NON-CURRENT LIABILITIES					
Provision		53,928	53,543	-	-
Lease liabilities	7	2,636,986	-	1,856,822	-
		<u>2,690,914</u>	<u>53,543</u>	<u>1,856,822</u>	<u>-</u>
CURRENT LIABILITIES					
Trade and other payables	17	24,656,685	21,630,590	21,821,299	21,939,710
Lease liabilities	7	974,439	-	438,301	-
Current tax liabilities		9,330	53,949	-	45,897
		<u>25,640,454</u>	<u>21,684,539</u>	<u>22,259,600</u>	<u>21,985,607</u>
TOTAL LIABILITIES		<u>28,331,368</u>	<u>21,738,082</u>	<u>24,116,422</u>	<u>21,985,607</u>
TOTAL EQUITY AND LIABILITIES		<u>103,673,183</u>	<u>118,132,406</u>	<u>59,744,054</u>	<u>83,156,293</u>

The accompanying notes form an integral part of the financial statements

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2020

		Group		Company	
		1.1.2019	1.1.2018	1.1.2019	1.1.2018
		to	to	to	to
		30.6.2020	31.12.2018	30.6.2020	31.12.2018
		(18 months)	(12 months)	(18 months)	(12 months)
Note		RM	RM	RM	RM
			(Restated)		(Restated)
Revenue	18	31,160,510	29,148,312	3,534,027	3,341,013
Direct cost of sales	19	(29,693,152)	(25,879,862)	-	-
Amortisation of intangible assets		(3,508,408)	(979,183)	-	-
Gross (loss)/profit		(2,041,050)	2,289,267	3,534,027	3,341,013
Other income	20	698,491	880,542	6,590,967	1,453,932
Administrative expenses		(17,477,940)	(20,660,543)	(8,594,506)	(6,467,294)
Other operating expenses	21				
- Impairment loss on investment in subsidiaries		-	-	(10,706,348)	(10,233,940)
- Impairment loss on goodwill		(1,530,052)	-	-	-
- Impairment loss on development costs		-	(2,737,436)	-	-
- Loss allowance on amount owing by subsidiaries		-	-	(17,953,854)	(42,399,404)
- Impairment loss on property, plant and equipment		-	(302,307)	-	-
- Loss allowance on trade and other receivables		(593,412)	(1,000,234)	-	-
- Bad debts written off		(854,630)	-	-	-
		(21,798,593)	(21,530,711)	(27,129,714)	(54,305,693)
Finance income	22	686,250	964,604	659,898	959,220
Finance costs	23	(994,492)	(638,236)	(540,056)	(3,750)
Net finance income		(308,242)	326,368	119,842	955,470
Loss before tax	24	(22,106,835)	(21,204,343)	(27,009,872)	(53,350,223)
Income tax credit/(expense)	26	30,085	(772,154)	111,966	(125,247)
Loss for the financial period/year		(22,076,750)	(21,976,497)	(26,897,906)	(53,475,470)

	Note	Group		Company	
		1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Fair value gain/(loss) on other investment		1,819,558	597,000	1,354,852	597,000
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operation		(796,828)	1,772,056	-	-
Other comprehensive income for the financial period/year		1,022,730	2,369,056	1,354,852	597,000
Total comprehensive loss for the financial period/year		(21,054,020)	(19,607,441)	(25,543,054)	(52,878,470)
Loss for the financial period/year attributable to:					
Owners of the Company		(22,027,214)	(21,976,497)	(26,897,906)	(53,475,470)
Non-controlling interest		(49,536)	-	-	-
		(22,076,750)	(21,976,497)	(26,897,906)	(53,475,470)
Total comprehensive loss attributable to:					
Owners of the Company		(21,004,484)	(19,607,441)	(25,543,054)	(52,878,470)
Non-controlling interest		(49,536)	-	-	-
		(21,054,020)	(19,607,441)	(25,543,054)	(52,878,470)
Basic/diluted loss per share (sen):	27	(2.56)	(2.82)		

The accompanying notes form an integral part of the financial statements

CUSCAPI BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2020

Group	Note	Attributable to owners of the Company						Non-controlling Interest RM	Total equity RM	
		Share capital RM	Fair value reserve RM	Exchange reserve RM	Employees' share option reserve RM	Statutory reserve RM	Accumulated losses RM			Total RM
At 1 January 2019		181,114,569	597,000	12,694,401	7,788	222,464	(98,241,898)	96,394,324	-	96,394,324
Total comprehensive loss for the financial year										
Loss for the financial period		-	-	-	-	-	(22,027,214)	(22,027,214)	(49,536)	(22,076,750)
Fair value gain on other investments		-	1,819,558	-	-	-	-	1,819,558	-	1,819,558
Exchange difference on translation of foreign operation		-	-	(796,828)	-	-	-	(796,828)	-	(796,828)
Total comprehensive loss		-	1,819,558	(796,828)	-	-	(22,027,214)	(21,004,484)	(49,536)	(21,054,020)
Transfer of fair value reserve upon disposal of equity instruments at FVTOCI										
		-	(1,789,852)	-	-	-	1,789,852	-	-	-
Transaction with owners										
Acquisition of a subsidiary		-	-	-	-	-	-	-	1,511	1,511
ESOS lapsed		-	-	-	(7,788)	-	7,788	-	-	-
At 30 June 2020		181,114,569	626,706	11,897,573	-	222,464	(118,471,472)	75,389,840	(48,025)	75,341,815

Group	Note	Attributable to owners of the Company							Total equity RM
		Share capital RM	Fair value reserve RM	Exchange reserve RM	Employees' share option reserve RM	Statutory reserve RM	Warrants reserve RM	Accumulated losses RM	
At 1 January 2018		72,846,301	-	10,922,345	73,583	222,464	11,207,235	(76,428,556)	18,843,372
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	-	-	(21,578,597)	(21,578,597)
Fair value gain on other investments		-	597,000	-	-	-	-	-	597,000
Exchange difference on translation of foreign operation		-	-	1,772,056	-	-	-	-	1,772,056
Total comprehensive loss		-	597,000	1,772,056	-	-	-	(21,578,597)	(19,209,541)
Transaction with owners									
Issuance of ordinary shares		50,000,000	-	-	-	-	3,200,000	-	53,200,000
ESOS exercised		381,885	-	-	(38,313)	-	-	-	343,572
ESOS lapsed		-	-	-	(27,482)	-	-	19,368	(8,114)
Warrant exercised		57,886,383	-	-	-	-	(14,263,448)	-	43,622,935
Warrant lapsed		-	-	-	-	-	(143,787)	143,787	-
Total transactions with owners		108,268,268	-	-	(65,795)	-	(11,207,235)	163,155	97,158,393
At 31 December 2018, as previously stated		181,114,569	597,000	12,694,401	7,788	222,464	-	(97,843,998)	96,792,224
Prior year adjustments	37	-	-	-	-	-	-	(397,900)	(397,900)
At 31 December 2018, as restated		181,114,569	597,000	12,694,401	7,788	222,464	-	(98,241,898)	96,394,324

The accompanying notes form an integral part of the financial statements

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2020

Company	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Fair value reserve RM	Employees' share option reserve RM	Accumulated losses RM	
At 1 January 2019		181,114,569	597,000	7,788	(120,548,671)	61,170,686
Total comprehensive loss for the financial period						
Loss for the financial period		-	-	-	(26,897,906)	(26,897,906)
Fair value gain on other investment, representing other comprehensive income for the financial period		-	1,354,852	-	-	1,354,852
Total comprehensive loss		-	1,354,852	-	(26,897,906)	(25,543,054)
Transfer of fair value reserve upon disposal of equity instruments at FVTOCI		-	(1,789,852)	-	1,789,852	-
Transaction with owners						
ESOS lapsed		-	-	(7,788)	7,788	-
At 30 June 2020		181,114,569	162,000	-	(145,648,937)	35,627,632

Company	Note	Attributable to owners of the Company					Total equity RM
		Share capital RM	Fair value reserve RM	Employees' share option reserve RM	Warrants reserve RM	Accumulated losses RM	
At 1 January 2018		72,846,301	-	73,583	11,207,235	(67,702,221)	16,424,898
Total comprehensive loss for the financial year							
Loss for the financial year		-	-	-	-	(49,357,699)	(49,357,699)
Fair value gain on other investment, representing other comprehensive income for the financial year		-	597,000	-	-	-	597,000
Total comprehensive loss		-	597,000	-	-	(49,357,699)	(48,760,699)
Transaction with owners							
Issuance of ordinary shares		50,000,000	-	-	3,200,000	-	53,200,000
ESOS exercised		381,885	-	(38,313)	-	-	343,572
ESOS lapsed		-	-	(27,482)	-	313	(27,169)
Warrant exercised		57,886,383	-	-	(14,263,448)	-	43,622,935
Warrant lapsed		-	-	-	(143,787)	143,787	-
Total transactions with owners		108,268,268	-	(65,795)	(11,207,235)	144,100	97,139,338
At 31 December 2018, as previously stated		181,114,569	597,000	7,788	-	(116,915,820)	64,803,537
Prior year adjustments	37	-	-	-	-	(3,632,851)	(3,632,851)
At 31 December 2018, as restated		181,114,569	597,000	7,788	-	(120,548,671)	61,170,686

The accompanying notes form an integral part of the financial statements

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2020

	Group		Company	
	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(22,106,835)	(21,204,343)	(27,009,872)	(53,350,223)
Adjustments for:				
Amortisation of intangible assets	3,508,408	979,183	-	-
Depreciation	4,007,326	2,938,107	2,171,704	166,043
Loss allowance on investment in subsidiaries	-	-	10,706,348	10,233,940
Loss allowance on amount owing by subsidiaries	-	-	17,953,854	42,399,404
Impairment loss on development costs	-	2,737,436	-	-
Impairment loss on goodwill on consolidation	1,530,052	-	-	-
Impairment loss on property, plant and equipment	-	302,307	-	-
Loss allowance on trade and other receivables	593,412	1,000,234	-	-
Interest expenses	994,492	638,236	540,056	3,750
Interest income	(686,250)	(964,604)	(659,898)	(959,220)
Inventories written down	355,502	-	-	-
Inventories written off	244,449	608,226	-	-
Reversal of inventories written down	-	(390,597)	-	-
Reversal of loss allowance on trade and other receivables	(281,231)	(49,038)	(3,221,364)	(961,186)
Loss on disposal of property, plant and equipment	44,785	265,255	-	-
Gain on disposal of property, plant and equipment	(7,499)	(128,877)	(7,499)	(62,963)
Bad debts written off	854,630	-	-	-
Property, plant and equipment written off	107,783	234,259	1,808	-
Unrealised loss/(gain) on foreign exchange differences	433,268	(124,826)	(2,417,402)	1,117,466
Dividend income	(132,500)	-	(132,500)	-
Operating loss before changes in working capital	(10,540,208)	(13,159,042)	(2,074,765)	(1,412,989)

	Group		Company	
	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)
Changes in working capital:				
Inventories	(2,147,597)	394,426	-	-
Trade and other receivables	(8,739,475)	1,534,313	6,431,424	1,153
Trade and other payables	2,586,029	(10,846,719)	(8,165,862)	(635,553)
Provision	-	53,543	-	-
Cash flows used in operations	(18,841,251)	(22,023,479)	(3,809,203)	(2,047,389)
Interest paid	(125,777)	(638,236)	(5,798)	(3,750)
Net income tax refunded/(paid)	510,446	(179,896)	22,719	(30,600)
Net cash used in operating activities	(18,456,582)	(22,841,611)	(3,792,282)	(2,081,739)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions of right-of-use assets (a)	(11,850)	-	-	-
Fixed deposit held as security value	(15,546,123)	549,787	(15,432,321)	549,787
Investment in subsidiary companies 8	(339,529)	-	(557,325)	(16,000,100)
Advances to subsidiaries	-	-	(18,262,272)	(22,469,520)
Purchase of property, plant and equipment	(2,854,804)	(2,137,785)	(2,285,199)	(1,643,459)
Proceeds from disposal of property, plant and equipment	7,500	167,719	7,500	62,964
Purchase of intellectual property	(7,654,709)	-	-	-
Proceeds from disposal/(Purchase of) investment property	889,800	(11,002,200)	889,800	(11,002,200)
Proceeds from disposal/(Purchase of) other investments	1,026,002	(19,273,294)	1,026,002	(3,238,000)
Dividend received from other investment	132,500	-	132,500	-
Interest received	686,250	964,604	659,898	959,220
Net cash flows used in investing activities	(23,664,963)	(30,731,169)	(33,821,417)	(52,781,308)

	Note	Group		Company	
		1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES	(b)				
Proceeds from issuance of share capitals		-	50,000,000	-	50,000,000
Proceeds from issuance of warrants		-	3,200,000	-	3,200,000
Proceeds from exercise of ESOS		-	343,571	-	381,885
Proceeds of exercise of warrants		-	43,622,936	-	43,622,936
Repayment to subsidiaries		-	-	(2,526,440)	(808,808)
Payment of lease liabilities		(2,070,818)	-	(1,089,223)	-
Interest paid		(3,967)	-	-	-
Net cash flows (used in)/generated from financing activities		(2,074,785)	97,166,507	(3,615,663)	96,396,013
NET CHANGES IN CASH AND CASH EQUIVALENTS		(44,196,330)	43,593,727	(41,229,362)	41,532,966
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		45,128,456	1,534,729	41,316,094	(216,872)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		932,126	45,128,456	86,732	41,316,094
Analysis of cash and cash equivalents:					
Short-term deposits placed with licensed banks		15,549,044	16,496,802	15,435,242	16,496,802
Cash and bank balances		929,205	28,631,654	83,811	24,819,292
		16,478,249	45,128,456	15,519,053	41,316,094
Less:					
Fixed deposit held as security value		(15,546,123)	-	(15,432,321)	-
		932,126	45,128,456	86,732	41,316,094

Note (a):

Reconciliation of additions of right-of-use assets

	Group 30.6.2018 RM	31.12.2018 RM
Additions of right-of-use assets (Note 7)	643,040	-
Right-of-use assets from lease agreements	(561,190)	-
Financed by hire purchase	(70,000)	-
	-----	-----
Cash outflow from right-of-use assets	11,850	-
	=====	=====

Note (b):

Reconciliation of liabilities arising from financing activities

Company	1.1.2019 RM	Cash flows RM	Foreign exchange movement RM	30.06.2020 RM
30.6.2020				
Amounts owing to subsidiaries	21,441,117	(2,526,440)	769,196	19,683,873
	=====	=====	=====	=====
	1.1.2018 RM	Cash flows RM	Foreign exchange movement RM	31.12.2018 RM
31.12.2018				
Amounts owing to subsidiaries	20,357,278	(808,808)	1,892,647	21,441,117
	=====	=====	=====	=====

The accompanying notes form an integral part of the financial statements

CUSCAPI BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2020

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 1.

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 period.

During the financial period, the Company changed its financial year end from 31 December to 30 June. Accordingly, the financial statements for the current financial period are made up for the financial period of eighteen (18) months from 1 January 2019 to 30 June 2020.

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 period, the Group and the Company have applied a number of new standards, amendments and interpretations that become effective mandatorily for the financial periods beginning on or after 1 January 2019.

The adoption of the new standard, amendments and interpretations does not have significant impact on the financial statements of the Group and of the Company, except for the impact set out in Note 36 to the financial statements.

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

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

		<i>Effective for the financial period beginning on or after</i>
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
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
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023

The adoption of the above standards 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 period.

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.

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.

(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 under construction is 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

(f) Leases

The Group and the Company as Lessee

Leases on and after 1 January 2019

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.

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.

Leases before 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(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 impaired.

(ii) Research and development cost

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is 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.

(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. The amortisation period and the amortisation method for an intangible asset are reviewed at each reporting date.

(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

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

(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.

(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.

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.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

(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.

(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.

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.

(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.

(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 annually 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.

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.

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 bank overdrafts and fixed deposits held as security values.

(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.

(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 period.

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) *Classification between investment property and owner-occupied property*

The Group and the Company determine whether a property qualifies as an investment property, and have developed certain criteria based on MFRS 140 *Investment Property* in making that judgement.

In making its judgement, the Group and the Company consider whether a property generates cash flows largely independently of other assets held by the Group and by the Company. Owner-occupied properties generate cash flows that are attributable not only to the properties, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company account for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) *Other investments*

The Group holds 20% equity interest 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 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 intellectual property*

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

Property, plant and equipment, investment property and intellectual property 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.

(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) *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.

(vi) *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.

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 mainly based upon the historical credit loss experience.

(vii) *Determining the loss allowance for non-trade receivables*

Management assesses the ECL of receivables (other than 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.

(viii) *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.

(ix) *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	Equipment	Furniture and fittings	Motor vehicles	Computers	Renovation	Total
	RM	RM	RM	RM	RM	RM
30.6.2020						
Cost						
At 1 January 2019	19,269,245	477,758	283,285	3,979,199	2,994,148	27,003,635
Additions	401,119	10,976	800,000	1,539,814	102,895	2,854,804
Disposals/Written-off	(4,702,406)	(33,391)	(59,744)	(1,143,388)	(413,905)	(6,352,834)
Exchange differences	26,182	19,369	4,442	242,976	66,617	359,586
At 30 June 2020	14,994,140	474,712	1,027,983	4,618,601	2,749,755	23,865,191
Accumulated depreciation and impairment loss						
At 1 January 2019	11,580,687	469,572	283,283	3,662,183	1,233,188	17,228,913
Depreciation charge for the financial period	790,276	9,181	106,667	696,013	877,746	2,479,883
Disposals/Written-off	(4,601,432)	(33,380)	(59,743)	(1,126,298)	(379,414)	(6,200,267)
Exchange differences	60,421	6,784	4,442	223,972	47,362	342,981
At 30 June 2020	7,829,952	452,157	334,649	3,455,870	1,778,882	13,851,510
Carrying amount						
At 1 January 2019	7,688,558	8,186	2	317,016	1,760,960	9,774,722
At 30 June 2020	7,164,188	22,555	693,334	1,162,731	970,873	10,013,681

Group	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
31.12.2018						
Cost						
At 1 January 2018	19,582,773	727,781	819,516	4,516,405	2,353,674	28,000,149
Additions	244,921	-	-	293,357	1,599,507	2,137,785
Disposals/Written-off	(460,083)	(239,191)	(530,424)	(804,685)	(931,767)	(2,966,150)
Exchange differences	(98,366)	(10,832)	(5,807)	(25,878)	(27,266)	(168,149)
At 31 December 2018	19,269,245	477,758	283,285	3,979,199	2,994,148	27,003,635
Accumulated depreciation and impairment loss						
At 1 January 2018	9,380,360	700,493	792,655	4,167,006	1,506,458	16,546,972
Depreciation charge for the financial year	2,340,632	77,500	-	323,509	196,466	2,938,107
Disposals/Written-off	(439,945)	(239,298)	(504,097)	(789,007)	(453,034)	(2,425,381)
Impairment loss	302,307	-	-	-	-	302,307
Exchange differences	(2,667)	(69,123)	(5,275)	(39,325)	(16,702)	(133,092)
At 31 December 2018	11,580,687	469,572	283,283	3,662,183	1,233,188	17,228,913
Carrying amount						
At 1 January 2018	10,202,413	27,288	26,861	349,399	847,216	11,453,177
At 31 December 2018	7,688,558	8,186	2	317,016	1,760,960	9,774,722

Company	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
30.6.2020						
Cost						
At 1 January 2019	218,214	218,738	224,744	1,311,035	1,446,234	3,418,965
Additions	2,750	3,075	800,000	1,398,631	80,743	2,285,199
Disposals/Written-off	-	-	(59,744)	(40,120)	(5,000)	(104,864)
At 30 June 2020	220,964	221,813	965,000	2,669,546	1,521,977	5,599,300
Accumulated depreciation and impairment loss						
At 1 January 2019	182,809	218,522	224,741	1,177,861	45,855	1,849,788
Depreciation charge for the financial period	9,585	501	106,667	552,145	748,371	1,417,269
Disposals/Written-off	-	-	(59,743)	(40,118)	(3,194)	(103,055)
At 30 June 2020	192,394	219,023	271,665	1,689,888	791,032	3,164,002
Carrying amount						
At 1 January 2019	35,405	216	3	133,174	1,400,379	1,569,177
At 30 June 2020	28,570	2,790	693,335	979,658	730,945	2,435,298

Company	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
31.12.2018						
Cost						
At 1 January 2018	209,231	218,738	572,997	1,105,071	17,722	2,123,759
Additions	8,983	-	-	205,964	1,428,512	1,643,459
Disposals	-	-	(348,253)	-	-	(348,253)
At 31 December 2018	218,214	218,738	224,744	1,311,035	1,446,234	3,418,965
Accumulated depreciation and impairment loss						
At 1 January 2018	175,482	218,522	572,993	1,063,495	1,505	2,031,997
Depreciation charge for the financial year	7,327	-	-	114,366	44,350	166,043
Disposals	-	-	(348,252)	-	-	(348,252)
At 31 December 2018	182,809	218,522	224,741	1,177,861	45,855	1,849,788
Carrying amount						
At 1 January 2018	33,749	216	4	41,576	16,217	91,762
At 31 December 2018	35,405	216	3	133,174	1,400,379	1,569,177

- (a) Included in property, plant and equipment of the Group is REV hardware equipment (“REV”) with carrying amount of RM6,615,101 (31.12.2018: RM6,615,101) which were acquired under deferred payment terms. Please refer to Note 34 to the financial statements for further details.
- (b) Included in property, plant and equipment of the Group is REV hardware equipment (“REV”) with carrying amount of RM6,615,101 (2018: RM6,615,101) were held by third party.

6. INVESTMENT PROPERTY

	Group and Company	
	30.6.2020	31.12.2018
	RM	RM
At cost		
At 1 January 2019/2018	11,002,200	-
Additions	-	11,002,200
Disposal	(889,800)	-
	-----	-----
At 30 June 2020/ 31 December 2018	10,112,400	11,002,200
	=====	=====

Investment property comprises a commercial property which the Certificate of Completion and Compliance has not obtained as at end of the financial period. In the prior year, investment property is still under construction and the completion rate of the building was approximately at 55%.

The Group and the Company also entered into a Put Option Agreement (“POA”) with the vendor to obtain an option at the Group’s and the Company’s sole discretion to sell the Commercial Space at the sum equal to 66.67% of the Purchase Consideration within six (6) months from the date of delivery of vacant possession of the Commercial Space to the Group and the Company. This option will only be exercised should there be any unforeseen circumstances beyond the Group’s and the Company’s control which may impact the Group’s and the Company’s operations.

During the financial period, the Group and the Company exercised the option and entered into a new agreement with vendor to sell a partial of the Commercial Space to the vendor.

The total estimated fair value of the investment property is amounting to RM10,112,400 (31.12.2018: RM20,037,340) with reference to the recent selling price of RM600 (31.12.2018: RM601) per square feet from the agreement. The directors are of the opinion that the recent selling price is approximate to the fair value as at year end.

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

The Group and the Company as Lessee

	Group		Company	
	30.06.2020	31.12.2018	30.06.2020	31.12.2018
	RM	RM	RM	RM
Right-of-use assets				
At 1 January				
2019/2018	4,186,305	-	2,850,088	-
Additions	643,040	-	-	-
Depreciation	(1,527,443)	-	(754,435)	-
	-----	-----	-----	-----
At 30 June 2020/ 31				
December 2018	3,301,902	-	2,095,653	-
	=====	=====	=====	=====

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

	Group		Company	
	30.06.2020	31.12.2018	30.06.2020	31.12.2018
	RM	RM	RM	RM
Properties	3,230,965	-	2,095,653	-
Motor vehicle	70,937	-	-	-
	-----	-----	-----	-----
	3,301,902	-	2,095,653	-
	=====	=====	=====	=====

Lease liabilities:

Current	974,439	-	438,301	-
Non-current	2,636,986	-	1,856,822	-
	-----	-----	-----	-----
	3,611,425	-	2,295,123	-
	=====	=====	=====	=====

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

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

	Group		Company	
	30.06.2020	31.12.2018	30.06.2020	31.12.2018
	RM	RM	RM	RM
At 1 January				
2019/2018	4,186,305	-	2,850,088	-
Cash flows:				
Lease payment	(2,070,818)	-	(1,089,223)	-
Interest paid	(3,967)	-	-	-
Non-cash:				
Additions	631,190	-	-	-
Finance cost	868,715	-	534,258	-
	-----	-----	-----	-----
At 30 June 2020/31				
December 2018	3,611,425	-	2,295,123	-
	=====	=====	=====	=====

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.

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 RM56,754 and RM38,082 for short-term leases.

Total cash outflows for leases of the Group and of the Company during the current financial period (including fixed, variable, short-term and low-value assets lease payments) amounting to RM2,467,005 and RM1,135,977 respectively.

The Group as Lessor

Included in the carrying amount of property, plant and equipment is point-of-sales equipment amounted to RM435,480 (31.12.2018: RM789,730) subject to operating leases as lessor. The point-of-sales equipment are leased out typically for periods of 1 to 3 years.

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

	Group	
	30.6.2020	31.12.2018
	RM	RM
In the first year	602,644	4,445,638
In the second year	602,644	602,644
In the third year	-	602,644
	-----	-----
	1,205,288	5,650,926
	=====	=====

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	30.6.2020	31.12.2018
	RM	RM
		(Restated)
At cost		
Unquoted shares	43,708,132	32,800,785
Less: Impairment loss	(22,336,247)	(11,629,899)
	-----	-----
	21,371,885	21,170,886
	=====	=====

Details of the subsidiaries are as follows:

Name of the Company	Principal place of business and country of incorporation	Ownership interest/Voting rights		Principal activities
		30.6.2020 %	31.12.2018 %	
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

Name of the Company	Principal place of business and country of incorporation	Ownership interest/Voting rights		Principal activities
		30.6.2020 %	31.12.2018 %	
Direct subsidiaries				
Cuscapi International Sdn. Bhd.	Malaysia	100	100	Investment holding
Cuscapi International Pte. Ltd.* +	Singapore	100	100	Investment holding
PT Cuscapi Indonesia * +	Indonesia	47.82	0.53	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	-	To market its Point of Sales Solution in Bangladesh
Y Tuong Technology Company Limited+	Vietnam	70	-	Computer programming, information technology service and other services related to the computer, data processing, leasing and other related activities
Subsidiary of Cuscapi International Sdn. Bhd.				
Cuscapi Hong Kong Ltd.+	Hong Kong	100	100	Investment holding

Name of the Company	Principal place of business and country of incorporation	Ownership interest/Voting rights		Principal activities
		30.6.2020 %	31.12.2018 %	
Subsidiaries of Cusapi International Pte. Ltd.				
PT Cusapi Indonesia* +	Indonesia	52.18	99.47	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cusapi 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
Cusapi (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

Name of the Company	Principal place of business and country of incorporation	Ownership interest/Voting rights		Principal activities
		30.6.2020 %	31.12.2018 %	
Subsidiaries of Cusapi Hong Kong Ltd.				
Cusapi 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
Cusapi 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
Cusapi Suzhou Co. Ltd. ⁺	China	100	100	Software development
Cusapi Guangzhou Co. Ltd. ⁺	China	100	100	Dormant
Cusapi Philippines, Inc. ⁺	Philippines	99.99	99.99	Investment holding
Cusapi Interactive Technology (China) Pty Ltd ⁺	Hong Kong	100	100	Investment holding

Name of the Company	Principal place of business and country of incorporation	Ownership interest/Voting rights		Principal activities
		30.6.2020 %	31.12.2018 %	
Subsidiary of Cusapi 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 Cusapi Interactive Technology (China) Pty Ltd				
Shanghai Cusapi Interactive Network Technology Co. Ltd.+	China	100	100	Software development, interactive devices solutions, restaurant management, business management solutions and other related services and products

* Audited by an independent member firm of Mazars

+ Audited by auditors other than Mazars PLT

^ The auditors' report on the financial statements of Cusapi Malaysia Sdn. Bhd. contains a qualified opinion relating to the dispute over trade payables and Defence and Counter Claim as disclosed in Note 34 to the financial statements.

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

	Company	
	30.6.2020	31.12.2018
	RM	RM
		(Restated)
At 1 January 2019/2018	11,629,899	1,395,959
Impairment loss during the financial period/year	10,706,348	6,507,514
	-----	-----
At 30 June 2020/31 December 2018, as previously stated	22,336,247	7,903,473
Prior year adjustments	-	3,726,426
	-----	-----
At 30 June 2020/ 31 December 2018, as restated	22,336,247	11,629,899
	=====	=====

- (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.

- (c) Acquisition of subsidiaries

- (i) On 31 May 2019, the Company increased its equity interest in Cuscapi Interactive Solutions Sdn. Bhd. ("CISSB") from RM100 to RM10,000,000 by way of subscribing 9,999,900 ordinary shares of RM1 each in CISSB through the capitalisation of amount owing by CISSB amounting RM9,999,900 to the Company.
- (ii) On 16 September 2019, the Company subscribed a total of 83,100 ordinary shares in PT Cuscapi Indonesia, at an issue price of RM4.213 for a total consideration equivalent to RM350,122, by way of debt capitalisation of amount owing by PT Cuscapi Indonesia to the Company. Accordingly, the Company holds 47.82% direct (31.12.2018: 0.53% direct) equity interest in PT Cuscapi Indonesia.
- (iii) On 3 October 2019, the Company entered into a share sales and purchase agreement with three individuals for purchasing a total of 70% of the ordinary shares in Y Tuong Technology Company Limited for a total cash consideration equivalent to RM351,750.

- (iv) In the prior year, the Company entered into a share purchase agreement with Litaran Pasifik Sdn. Bhd. for the share acquisition of the equity interest in Litar Pasifika Sdn. Bhd. which holds 20% equity stake in Konsortium Multimedia Swasta Sdn. Bhd. (“KOMMS”) for a total consideration of RM16,000,000.

Effects of acquisition on cash flows:

	Group	
	30.6.2020	31.12.2018
	RM	RM
Consideration paid in cash	351,750	16,000,000
Less: Cash and cash equivalents of subsidiary acquired	(12,221)	-
	-----	-----
Net cash outflow on acquisition	339,529	16,000,000
	=====	=====

(d) Incorporation of new wholly-owned subsidiaries

- (i) On 20 February 2019, the Company had incorporated a new wholly-owned subsidiary, namely Cuscapi (BD) Ltd in Bangladesh with paid-up share capital of 205,575 ordinary shares equivalent to RM205,575. The primary business activity is to market its Point of Sales Solution in Bangladesh.
- (ii) In the prior year, the Company had incorporated a new wholly-owned subsidiary, namely Cuscapi Blockchain Sdn. Bhd. in Malaysia with paid-up share capital of 100 ordinary shares equivalent to RM100. The primary business activity is to operate a cryptocurrency exchange in Philippines upon obtaining a license issued by Cagayan Economic Zone Authority Zone Authority (“CEZA”) and other IT related business.

9. OTHER INVESTMENTS

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
Financial assets designated at fair value through other comprehensive income				
At fair value:				
Quoted shares	4,186,000	3,835,000	4,186,000	3,835,000
Unquoted shares in KOMMS (a)	16,500,000	16,000,000	-	-
Other unquoted shares	-	35,294	-	-
	-----	-----	-----	-----
	20,686,000	19,870,294	4,186,000	3,835,000
	=====	=====	=====	=====

- (a) The Group holds 20% (31.12.2018: 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 an other investment, instead of an associated company.

The fair value was based on update from the previous valuation report conducted by an independent professional firm in the prior year. The valuation of KOMMS was derived at based on the discounted cash flows using the assumptions prepared by KOMMS, with a discount rate of 13.71% (31.12.2018: 12.26%). 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.

- (b) 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.

10. INTANGIBLE ASSETS

Group	Goodwill on Consolidation RM	Intellectual Property RM	Development cost RM	Total RM
Cost				
At 1 January 2018	2,521,726	-	51,390,163	53,911,889
Currency translation differences	(177,396)	-	(928,912)	(1,106,308)
At 31 December 2018	2,344,330	-	50,461,251	52,805,581
Additions	348,223	7,654,709	-	8,002,932
Currency translation differences	-	-	319,165	319,165
At 30 June 2020	2,692,553	7,654,709	50,780,416	61,127,678
Accumulated amortisation				
At 1 January 2018	-	-	32,189,265	32,189,265
Charge for the financial year	-	-	979,183	979,183
Currency translation differences	-	-	(492,985)	(492,985)
At 31 December 2018	-	-	32,675,463	32,675,463
Charge for the financial period	-	3,508,408	-	3,508,408
Currency translation differences	-	-	319,165	319,165
At 30 June 2020	-	3,508,408	32,994,628	36,503,036

Group	Goodwill on Consolidation RM	Intellectual Property RM	Development cost RM	Total RM
Accumulated impairment losses				
At 1 January 2018	-	-	15,433,896	15,433,896
Impairment loss for the financial year	-	-	2,737,436	2,737,436
Currency translation differences	-	-	(385,544)	(385,544)
	-----	-----	-----	-----
At 31 December 2018	-	-	17,785,788	17,785,788
Impairment loss for the financial period	1,530,052	-	-	1,530,052
	-----	-----	-----	-----
At 30 June 2020	1,530,052	-	17,785,788	19,315,840
	-----	-----	-----	-----
Net carrying amount				
At 30 June 2020	1,162,501	4,146,301	-	5,308,802
	=====	=====	=====	=====
At 31 December 2018	2,344,330	-	-	2,344,330
	=====	=====	=====	=====

(a) Goodwill on Consolidation

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

	Group	
	30.6.2020 RM	31.12.2018 RM
Cuscapi Solutions Sdn. Bhd.	988,390	988,390
Tills N Labels System Marketing, Inc	-	1,355,940
Y Tuong Technology Company Limited	174,111	-
	-----	-----
	1,162,501	2,344,330
	=====	=====

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:

	30.6.2020	31.12.2018
Discount rates	14%	14%
Sales growth rates	10% - 100%	8% - 15%
	=====	=====

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 possible change in the above key assumptions applied is not likely to materially cause recoverable amount to be lower than its carrying amount.

(b) Intellectual Property

During the financial period, 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.

The intellectual property is amortised over its estimated useful lives of approximately two (2) years.

The recoverable amount has been determined based on value in use calculation using cash flows projections covering a period of five years from financial budgets approved by the directors. The Group applies the discount rate of 14% to the cash flows projections.

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

(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. The remaining amortisation periods at the end of the financial period is nil (31.12.2018: Nil).

The amortisation of development cost of the Group amounting to RM Nil (31.12.2018: RM979,183) is included in cost of sales in the statements of comprehensive income.

The impairment loss amounting to RM Nil (31.12.2018: RM2,737,436) was recognised in other operating expenses in the statements of comprehensive income.

11. DEFERRED TAX ASSETS/(LIABILITIES)

The components of deferred tax assets and liabilities prior to off-setting are as follows:

	Group	
	30.6.2020	31.12.2018
	RM	RM
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	-----	-----
	-	-
	=====	=====

Presented after appropriate offsetting as follows:

	Group	
	30.6.2020	31.12.2018
	RM	RM
At 1 January 2019/2018	-	602,614
Currency realignment	-	12,675
Recognised in profit or loss	-	(615,289)
	-----	-----
At 30 June 2020/31 December 2018	-	-
	=====	=====

The deferred tax assets and deferred tax liabilities are attributable to:

	Group	
	30.6.2020	31.12.2018
	RM	RM
Unabsorbed capital allowances	-	36,206
Differences between the carrying amounts of property, plant and equipment and their tax bases	-	(36,206)
	-----	-----
	-	-
	=====	=====

The deferred tax assets not recognised in the financial statements are in respect of the following temporary differences:

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
Taxable temporary difference	(7,591,181)	(4,795,197)	(479,798)	(542,462)
Unutilised tax losses	28,908,576	23,162,685	5,031,698	3,209,512
Unutilised capital allowances	9,561,908	4,435,031	1,260,753	314,317
Leases	253,540	-	128,525	-
Unrealised foreign exchange	1,325,427	534,962	-	-
Other deductible temporary differences	850,928	21,253	-	-
	-----	-----	-----	-----
	33,309,198	23,358,734	5,941,178	2,981,367
	=====	=====	=====	=====
Deferred tax assets not recognised at 24% (31.12.2018: 24%)	7,994,208	5,606,096	1,425,883	715,528
	=====	=====	=====	=====

Pursuant to the applicable tax legislation, unutilised tax losses will expire as follow:

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
Expire in 2025	23,162,686	23,162,685	3,209,512	3,209,512
Expire in 2026	2,872,945	-	911,093	-
Expire in 2027	2,872,945	-	911,093	-
	-----	-----	-----	-----
	28,908,576	23,162,685	5,031,698	3,209,512
	=====	=====	=====	=====

12. INVENTORIES

	Group	
	30.6.2020	31.12.2018
	RM	RM
Point of sales related equipment, components and parts	18,747,790	17,200,144
	=====	=====
Recognised in statements of comprehensive income:		
Inventories at cost recognised as cost of sales	7,683,043	6,359,759
Inventories written off	244,449	608,226
Write down of inventories to net realisable value	355,502	-
Reversal of inventories written down	-	(390,597)
	-----	-----
	8,282,994	6,577,388
	=====	=====

Included in inventories of the Group is REV hardware equipment ("REV") with carrying amount of RM15,451,976 (31.12.2018: RM15,451,976) which acquired under deferred payment terms. Please refer to Note 34 to the financial statements for further details.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
		(Restated)		(Restated)
Trade				
Trade receivables	9,642,630	13,347,043	7,300	7,300
Amounts owing by subsidiaries	-	-	16,401,201	16,401,201
	-----	-----	-----	-----
	9,642,630	13,347,043	16,408,501	16,408,501
Less: Loss allowance for trade receivables	(4,374,142)	(3,897,081)	(7,300)	(7,300)
Loss allowance for amounts owing by subsidiaries	-	-	(16,401,201)	(16,401,201)
	-----	-----	-----	-----
	5,268,488	9,449,962	-	-
	-----	-----	-----	-----

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
		(Restated)		(Restated)
Non-trade				
Other receivables	142,754	323,372	8,041	309,531
SST/GST refundable	95,587	141,828	3,271	3,173
Amounts owing by subsidiaries	-	-	122,119,254	107,097,270
Sundry advances	341,856	421,863	-	60,495
Deposits	12,786,218	1,050,724	165,465	451,121
	-----	-----	-----	-----
	13,366,415	1,937,787	122,296,031	107,921,590
Less: Loss allowance for other receivables	(367,817)	(341,315)	-	-
Loss allowance for amounts owing by subsidiaries	-	-	(118,508,734)	(103,776,244)
	-----	-----	-----	-----
	12,998,598	1,596,472	3,787,297	4,145,346
	-----	-----	-----	-----
 Total trade and other receivables	 18,267,086	 11,046,434	 3,787,297	 4,145,346
	=====	=====	=====	=====

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

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
		(Restated)		(Restated)
United States Dollar ("USD")	518,718	751,040	763,810	874,952
Philippine Peso ("PHP")	457,820	1,630,674	-	-
China Renmimbi ("RMB")	194,107	604,588	-	-
Thai Baht ("THB")	258,206	70,429	-	-
Singapore Dollar ("SGD")	579,539	1,456,811	674,893	674,893
Vietnamese Dong ("VND")	31,927	-	-	-
Indonesia Rupiah ("IDR")	1,033,657	-	-	-
	=====	=====	=====	=====

- (a) Trade receivables are non-interest bearing and normal trade credit terms offered by the Group and the Company ranging from 30 to 60 days (31.12.2018: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.
- (b) Amounts owing by subsidiaries are unsecured, non-interest bearing and receivable on demand.
- (c) The movements in loss allowance for trade and other receivables of the Group and of the Company:

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
				(Restated)
At 1 January 2019/2018				
- Trade receivables	3,897,081	2,929,189	7,300	7,300
- Other receivables	341,315	341,371	-	-
- Amounts owing by subsidiaries	-	-	120,177,445	78,739,227
	4,238,396	3,270,560	120,184,745	78,746,527
Movement during the financial period/year:				
- Trade receivables				
Loss allowance for the financial period/year	583,322	1,000,234	-	-
Currency realignment	174,970	16,696	-	-
Reversal of loss allowance	(281,231)	(49,038)	-	-
	477,061	967,892	-	-
- Other receivables				
Loss allowance for the financial period/year	10,089	-	-	-
Currency realignment	16,413	(56)	-	-
	26,502	(56)	-	-

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
- Amounts owing by subsidiaries				
Loss allowance for the financial year	-	-	17,953,854	42,399,404
Reversal of loss allowance	-	-	(3,221,364)	(961,186)
	-----	-----	-----	-----
	-	-	14,732,490	41,438,218
	-----	-----	-----	-----
At 30 June 2020/ 31 December 2018				
- Trade receivables	4,374,142	3,897,081	7,300	7,300
- Other receivables	367,817	341,315	-	-
- Amounts owing by subsidiaries	-	-	134,909,935	120,177,445
	-----	-----	-----	-----
	4,741,959	4,238,396	134,917,235	120,184,745
	=====	=====	=====	=====

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.

14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
Cash and bank balances	929,205	28,631,654	83,811	24,819,292
Short-term deposits placed with licensed banks	15,549,044	16,496,802	15,435,242	16,496,802
	-----	-----	-----	-----
	16,478,249	45,128,456	15,519,053	41,316,094
	=====	=====	=====	=====

Short term deposits of the Group and the Company amounting to RM15,546,123 and RM15,432,321 (31.12.2018: RMNil and RMNil) respectively are held as security value and pledged to licensed banks as performance guarantee which are not available for general use.

The short-term deposits have maturity period of 1 month (31.12.2018: 1 month to 3 months) which bear interest rate of 2.70% (31.12.2018: 3.00% to 3.55%) per annum.

The foreign currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
USD	121,494	2,741,776	27,287	2,556,979
RMB	69,829	132,212	-	-
SGD	124,425	138,954	-	-
PHP	62,845	275,746	-	-
THB	11,920	61,072	-	-
IDR	58,010	-	-	-
Bangladeshi Taka ("BDT")	213,953	-	-	-
	=====	=====	=====	=====

15. SHARE CAPITAL

	Group and Company			
	30.6.2020		31.12.2018	
	Number of Ordinary shares	Amount RM	Number of Ordinary shares	Amount RM
Issued and fully paid				
At 1 January 2019/2018	859,269,076	181,114,569	496,445,011	72,846,301
Issued during the financial period/year	-	-	200,000,000	50,000,000
Warrant exercised	-	-	161,576,351	57,886,383
Conversion of ESOS	-	-	1,247,714	381,885
	-----	-----	-----	-----
At 30 June 2020/ 31 December 2018	859,269,076	181,114,569	859,269,076	181,114,569
	=====	=====	=====	=====

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.

In the prior financial year, the Company:

- (i) issued 200,000,000 new ordinary shares at a price of RM0.25 per ordinary share for working capital purposes;
- (ii) issued 1,247,714 new ordinary shares arising from the exercise of 1,247,714 Employees' Share Options; and
- (iii) issued 161,576,351 new ordinary shares arising from the exercise of 161,576,351 warrants.

The new ordinary shares issued in the prior financial year rank pari passu in all respects with the existing ordinary of the Company.

16. OTHER RESERVES

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
Exchange reserve (a)	11,897,573	12,694,401	-	-
Employees' share option reserve (b)	-	7,788	-	7,788
Fair value reserve (c)	626,706	597,000	162,000	597,000
Statutory reserve (d)	222,464	222,464	-	-
	-----	-----	-----	-----
	12,746,743	13,521,653	162,000	604,788
	=====	=====	=====	=====

(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) Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees as disclosed in Note 28 to the financial statements. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(c) 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.

(d) 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.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
		(Restated)		(Restated)
Trade				
Trade payables (a)	19,201,766	17,137,779	335,424	-
	-----	-----	-----	-----
Non-trade				
Other payables	1,949,419	1,328,933	1,468,160	322,529
SST/GST payable	318,205	21,013	20,466	20,466
Amounts owing to subsidiaries (b)	-	-	19,683,873	21,441,117
Accrued operating expenses	1,887,193	1,033,580	312,876	148,876
Refundable deposits	258,961	376,436	500	6,722
Contract liabilities (c)	1,041,141	1,732,849	-	-
	-----	-----	-----	-----
	5,454,919	4,492,811	21,485,875	21,939,710
	-----	-----	-----	-----
Total trade and other payables	24,656,685	21,630,590	21,821,299	21,939,710
	=====	=====	=====	=====

- (a) Included in trade payables is an amount of RM15,401,788 (31.12.2018: RM14,874,909) payable to a supplier for the acquisition of equipment by one of the subsidiaries. This amount is subject to 6% interest bearing over 3 years of deferred payment terms.

However as disclosed in Note 34 to the financial statements, there is a dispute over the trade payable and the Group had filed a Defence and Counter Claim on 29 October 2018.

The remaining trade payables are non-interest bearing and credit terms granted are ranging from 30 to 120 days (31.12.2018: 30 to 120 days) from the date of invoices.

- (b) Amount owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.
- (c) 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 being recognised as revenue over the service period.

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
At 1 January 2019/ 2018	1,732,849	1,013,711	-	-
Consideration received	1,887,302	2,897,401	-	-
Recognition of revenue	(2,579,010)	(2,178,263)	-	-
	-----	-----	-----	-----
At 30 June 2020/31 December 2018	1,041,141	1,732,849	-	-
	=====	=====	=====	=====

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

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
		(Restated)		(Restated)
USD	15,358,170	16,045,540	10,715,536	10,908,784
SGD	540,051	101,644	987,907	1,115,678
RMB	1,012,313	984,321	-	-
PHP	1,768,499	1,765,956	-	-
THB	535,635	431,598	-	-
HKD	28,140	28,457	-	-
VND	162,104	-	-	-
IDR	645,318	327,348	-	-
	=====	=====	=====	=====

18. REVENUE

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
				(Restated)
Revenue from contracts with customers				
(i) Recognised at a point in time				
- Sale of goods	14,237,796	13,375,726	-	-
(ii) Recognised over time				
- Services	12,477,076	10,915,782	-	-
- Management fees	-	-	3,534,027	3,341,013
	-----	-----	-----	-----
	26,714,872	24,291,508	3,534,027	3,341,013
Rental income from POS equipment	4,445,638	4,856,804	-	-
	-----	-----	-----	-----
	31,160,510	29,148,312	3,534,027	3,341,013
	=====	=====	=====	=====

19. DIRECT COST OF SALES

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
		(Restated)		
Cost of goods sold	8,282,994	6,577,388	-	-
Other direct costs	21,410,158	19,302,474	-	-
	-----	-----	-----	-----
	29,693,152	25,879,862	-	-
	=====	=====	=====	=====

20. OTHER INCOME

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
				(Restated)
Gain on disposal of property, plant and equipment	7,499	128,877	7,499	62,963
Reversal of loss allowance on trade receivables	281,231	49,038	-	-
Reversal of loss allowance on amounts owing by subsidiaries	-	-	3,221,364	961,186
Reversal of inventories written down	-	390,597	-	-
Government incentive received	-	267,641	-	-
Dividend income	132,500	-	132,500	-
Unrealised gain on foreign exchange	-	-	2,417,402	-
Rental income	-	-	812,202	428,743
Sundry income	277,261	44,389	-	1,040
	-----	-----	-----	-----
	698,491	880,542	6,590,967	1,453,932
	=====	=====	=====	=====

21. OTHER OPERATING EXPENSES

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
				(Restated)
Impairment loss on investments in subsidiaries	-	-	10,706,348	10,233,940
Impairment loss on goodwill	1,530,052	-	-	-
Impairment loss on development costs	-	2,737,436	-	-
Loss allowance on amounts owing by subsidiaries	-	-	17,953,854	42,399,404
Impairment loss on property, plant and equipment	-	302,307	-	-
Loss allowance on trade and other receivables	593,412	1,000,234	-	-
Bad debts written off	854,630	-	-	-
	-----	-----	-----	-----
	2,978,094	4,039,977	28,660,202	52,633,344
	=====	=====	=====	=====

22. FINANCE INCOME

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Interest income on short-term deposits placed with licensed banks	686,250	964,604	659,898	959,220
	=====	=====	=====	=====

23. FINANCE COSTS

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Interest expenses on				
- lease liabilities	868,715	-	534,258	-
- late payment	125,777	135,744	5,798	3,750
- deferred payment	-	502,492	-	-
	-----	-----	-----	-----
	994,492	638,236	540,056	3,750
	=====	=====	=====	=====

24. LOSS BEFORE TAX

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

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Amortisation of intangible assets	3,508,408	979,183	-	-
Auditors' remuneration:				
-Statutory:				
- current year	575,758	394,371	116,000	58,000
- over in prior year	(3,113)	-	(7,600)	-
-Non statutory:				
- current year	6,000	7,000	6,000	7,000
Deposit forfeited	180,131	-	180,131	-
Depreciation of property, plant and equipment	2,479,883	2,938,107	1,417,269	166,043
Depreciation of right-of-use assets	1,527,443	-	754,435	-
Inventories written down	355,502	-	-	-
Inventories written off	244,449	608,226	-	-
Loss on disposal of property, plant and equipment	44,785	265,255	-	-
Property, plant and equipment written off	107,783	234,259	1,808	-
Lease expenses for short-term and low-value assets	392,220	-	46,754	-
Rental of premises	-	3,030,118	-	614,988
Realised (gain)/loss on foreign exchange	(6,950)	(389,161)	-	8,537

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Unrealised loss/(gain) on foreign exchange	433,268	(124,826)	-	1,117,466
	=====	=====	=====	=====

25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
		(Restated)		(Restated)
Salaries, allowances, bonuses and overtime	15,538,972	14,317,756	2,676,655	1,596,430
Defined contribution plans	1,435,002	1,747,046	323,640	191,949
Other staff related expenses	844,550	1,366,408	160,325	160,346
	-----	-----	-----	-----
	17,818,524	17,431,210	3,160,620	1,948,725
	=====	=====	=====	=====

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

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
- Salaries, allowances and bonus	100,000	-	100,000	-
- Defined contribution plan	16,000	-	16,000	-
	-----	-----	-----	-----
	116,000	-	116,000	-
	-----	-----	-----	-----
Non-executive Directors:				
- Directors' fees	180,000	39,333	180,000	39,333
- Allowances	16,000	20,000	16,000	20,000
	-----	-----	-----	-----
	196,000	59,333	196,000	59,333
	-----	-----	-----	-----

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Directors of the subsidiaries				
Executive Directors:				
- Salaries, allowances and bonus	1,905,371	821,599	-	-
- Defined contribution plan	188,424	89,782	-	-
- Other emoluments	15,899	1,391	-	-
	-----	-----	-----	-----
	2,109,694	912,772	-	-
	-----	-----	-----	-----
Total directors' remuneration	2,421,694	972,105	312,000	59,333
	=====	=====	=====	=====

26. INCOME TAX CREDIT/(EXPENSE)

The major components of income tax credit/(expense) are as follows:

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
Current income tax:				
- Current income tax charge	(75,381)	(154,142)	-	(125,247)
- Adjustment in respect of prior years	105,466	(2,723)	111,966	-
	-----	-----	-----	-----
	30,085	(156,865)	111,966	(125,247)
	-----	-----	-----	-----
Deferred tax:				
(Reversal)/Origination of temporary differences	-	(615,289)	-	-
	-----	-----	-----	-----
Income tax credit/(expense) recognised in profit or loss	30,085	(772,154)	111,966	(125,247)
	=====	=====	=====	=====

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (31.12.2018: 24%) of the estimated assessable profit for the financial period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial period, the income tax rates applicable to the foreign subsidiaries are as follow:

Countries	30.6.2020	31.12.2018
	%	%
(a) China	25.00	25.00
(b) Singapore	17.00	17.00
(c) Indonesia	25.00	25.00
(d) Hong Kong	16.50	16.50
(e) Thailand	20.00	20.00
(f) Philippines	30.00	30.00
(g) Vietnam	20.00	-
(h) Bangladesh	20.00	-
	=====	=====

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

	Group		Company	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018
	to	to	to	to
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	(18 months)	(12 months)	(18 months)	(12 months)
	RM	RM	RM	RM
		(Restated)		(Restated)
Loss before tax	(22,106,835)	(21,204,343)	(27,009,872)	(53,350,223)
	=====	=====	=====	=====
Tax at Malaysian statutory income tax rate of 24% (31.12.2018: 24%)	5,305,640	5,089,042	6,482,369	12,804,054
Income not subject to tax	99,295	105,512	1,338,571	-
Non-deductible expenses	(3,092,204)	(4,357,124)	(7,110,585)	(12,916,900)
Origination of deferred tax assets not recognised in the financial statements	(2,388,112)	(1,612,839)	(710,355)	(12,401)
Adjustment in respect of current income tax of prior years	105,466	(2,723)	111,966	-
Adjustment in respect of deferred tax of prior years	-	5,978	-	-
	-----	-----	-----	-----
Income tax credit/(expense)	30,085	(772,154)	111,966	(125,247)
	=====	=====	=====	=====

27. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share are based on the loss for the financial period/year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period/year, calculated as follows:

	Group	
	30.6.2020	31.12.2018 (Restated)
Loss attributable to owners of the Company (RM)	(22,027,214)	(21,976,497)
	=====	=====
Weighted average number of ordinary shares for basic loss per share	859,269,076	777,931,111
	=====	=====
Basic loss per ordinary share (sen)	(2.56)	(2.82)
	=====	=====

Diluted loss per share

The diluted loss per ordinary share of the current financial period and previous financial year are equal to the basic loss per ordinary share as it is anti-dilutive.

The loss per share amount is not adjusted for the following ordinary share transactions occurred during the end of the financial period/year to the date of the report:

- (i) the conversion of ESOS and warrants into new ordinary shares; and
- (ii) issue of new ordinary shares and new warrants.

This is because such transactions do not affect the amount of capital used to produce profit or loss for the financial period.

28. EMPLOYEE BENEFITS

Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 18 January 2011, the ESOS to be granted to eligible senior executives and employees has been approved.

The salient features of the ESOS are as follows:

- (i) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed an amount equivalent to twenty percent (20%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time;
- (ii) The new shares to be allotted upon the exercise of the options shall, upon issue and allotment, rank pari-passu in all respects with the existing issued and paid-up ordinary share capital of the Company;
- (iii) An Eligible Person is any executive director or employee of the Company or the Group who at the date of offer:
 - (a) has attained the age of eighteen (18) years;
 - (b) in the case of an employee (including executive directors), is employed by and on the payroll of the Group and whose employment has been confirmed in writing or has been in employment of the Group for a period of at least twelve (12) full months of continuous service where the employee is employed by the Group on a contract basis; and
 - (c) in the case of a non-executive director, is duly elected as a member of the Board of Directors of the companies within the Group with a director fee.
- (iv) The persons to whom the options have been granted under the ESOS have no right to participate in any employees' share option scheme of any other company within the Group;
- (v) Not more than 50% of the shares issued pursuant to the ESOS shall be allocated, in aggregate, to the directors and senior management of the Group. In addition, not more than 10% of the shares shall be allocated to any Eligible Person who, either singly or collectively, through persons connected to him/her, holds 20% or more in the issued and paid-up capital (excluding treasury shares) of the Company; and
- (vi) The option price is the higher of:
 - (a) the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give; or
 - (b) the par value of the shares.

On 7 February 2011, 30 June 2011, 28 February 2012, 26 February 2013 and 15 August 2017, the Company granted 9,790,200 share options, 1,576,500 share options, 9,967,500 share options, 7,056,600 share options and 10,549,781 share options respectively, under the ESOS. These options expired on 23 January 2014, except for options granted on 15 August 2017 which expired on 14 August 2018, and one-third of these options are exercisable on or after every anniversary from the date of the acceptance of the offer up to the date of the options expiry.

On 26 November 2013 and 10 February 2017, pursuant to Clause 20.2 of the By-Laws of ESOS (“By-Laws”), the Board of Directors has approved the extension of the ESOS scheme for three (3) years. The latest extension is to 23 January 2020. All existing outstanding options granted shall therefore be exercisable up to the extended period, except for the share options granted on 15 August 2017 which expired on 14 August 2018.

Movement of share options during the financial period/year

The following table illustrates the number (“No.”) and weighted average exercise prices (“WAEP”) of, and movements in, share options during the financial period/year:

	Group			
	No.	30.6.2020 WAEP	No.	31.12.2018 WAEP
At 1 January 2019/2018	440,414	0.27	2,388,657	0.27
Lapsed	(440,414)	0.27	(700,529)	0.27
Exercised	-	-	(1,247,714)	0.27
	-----	-----	-----	-----
At 30 June 2020/31 December 2018	-	-	440,414	0.27
	=====	=====	=====	=====
Exercisable at 30 June 2020/31 December 2018	-	-	440,414	0.27
	=====	=====	=====	=====

The options outstanding at 30 June 2020 have exercise prices of RMNil (31.12.2018: RM0.21 to RM0.30) and the weighted average remaining contractual life for the share options outstanding as at 30 June 2020 was Nil (31.12.2018: 1 year).

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

Fair value of share options and assumptions

Weighted average fair value of share option at grant date (RM)	0.0861
Weighted average share price (RM)	0.2633
Option life (years)	1
Risk-free rate (%)	3.522
Expected dividend (%)	0.00
Expected volatility (%)	74.434

29. 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:

	Amortised cost RM	FVTOCI RM
30.6.2020		
Financial assets		
Group		
Other investments	-	20,686,000
Trade and other receivables (exclude SST/GST refundable)	18,171,499	-
Cash and short-term deposits	16,478,249	-
	-----	-----
	34,649,748	20,686,000
	=====	=====
Company		
Other investments	-	4,186,000
Trade and other receivables (exclude SST/GST refundable)	3,784,026	-
Cash and short-term deposits	15,519,053	-
	-----	-----
	19,303,079	4,186,000
	=====	=====
Financial liabilities		
Group		
Trade and other payables (exclude SST/GST payable and contract liabilities)	23,297,339	-
	=====	=====
Company		
Other payables (exclude SST/GST payable)	21,800,833	-
	=====	=====
31.12.2018		
Financial assets		
Group		
Other investments	-	19,870,294
Trade and other receivables (exclude GST refundable)	10,904,606	-
Cash and short-term deposits	45,128,456	-
	-----	-----
	56,033,062	19,870,294
	=====	=====

31.12.2018	Amortised cost RM	FVTOCI RM
Financial assets		
Company		
Other investments	-	3,835,000
Trade and other receivables (exclude GST refundable and non-refundable deposits)	4,142,173	-
Cash and short-term deposits	41,316,094	-
	-----	-----
	45,458,267	3,835,000
	=====	=====
Financial liabilities		
Group		
Trade and other payables (exclude GST payable and contract liabilities)	19,876,728	-
	=====	=====
Company		
Other payables (exclude GST payable)	21,919,244	-
	=====	=====

(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 interest rate 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.

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 one (31.12.2018: one) customer representing approximately 42% (31.12.2018: 35%) of the total trade receivables.

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Expected credit loss rate	Gross carrying amount RM	Loss allowance RM
Group			
30.6.2020			
Not past due	0%	-	-
1 to 30 days past due	0%	1,500,336	-
31 to 60 days past due	0%	852,270	-
61 to 90 days past due	0%	73,959	-
91 to 120 days past due	0%	41,412	-
Over 120 days past due	61%	7,174,653	(4,374,142)
		-----	-----
		9,642,630	(4,374,142)
		=====	=====
31.12.2018			
Not past due	0%	134,786	-
1 to 30 days past due	0%	1,850,439	-
31 to 60 days past due	2%	4,050,004	(62,641)
61 to 90 days past due	0%	-	-
91 to 120 days past due	0%	875,540	-
Over 120 days past due	60%	6,436,274	(3,834,440)
		-----	-----
		13,347,043	(3,897,081)
		=====	=====

Company	Expected credit loss rate	Gross carrying amount RM	Loss allowance RM
30.6.2020			
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 120 days past due	100%	16,408,501	(16,408,501)
		-----	-----
		16,408,501	(16,408,501)
		=====	=====
31.12.2018			
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 120 days past due	100%	16,408,501	(16,408,501)
		-----	-----
		16,408,501	(16,408,501)
		=====	=====

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 concentrations of credit risk in the Group and the Company, 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.

Other financial assets

For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. 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.

Corporate guarantee

The Company has granted corporate guarantee of RM15,401,788 (31.12.2018: RM14,883,900) to a supplier of a subsidiary.

(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 and lease liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities 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.

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:

Group	Contractual cash flows				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 to 5 years RM	More than 5 years RM	
30.6.2020					
Trade and other payables (exclude SST/GST payable and contract liabilities)	23,297,339 =====	23,297,339 =====	- =====	- =====	23,297,339 =====
Lease liabilities	3,611,425 =====	1,407,994 =====	3,154,284 =====	- =====	4,562,278 =====
31.12.2018					
Trade and other payables (exclude GST payable and contract liabilities)	19,876,728 =====	19,876,728 =====	- =====	- =====	19,876,728 =====
Company					
30.06.2020					
Other payables (exclude SST/GST payable)	21,800,833 =====	21,800,833 =====	- =====	- =====	21,800,833 =====
Lease liabilities	2,295,123 =====	726,149 =====	2,299,471 =====	- =====	3,025,620 =====
Corporate guarantee	- =====	14,874,909 =====	- =====	- =====	14,874,909 =====

Company	Contractual cash flows				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 to 5 years RM	More than 5 years RM	
31.12.2018					
Other payables (exclude GST payable)	21,919,244	21,919,244	-	-	21,919,244
	=====	=====	=====	=====	=====
Corporate guarantee	-	14,883,900	-	-	14,883,900
	=====	=====	=====	=====	=====

(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.

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 30.6.2020	United States Dollar RM	Singapore Dollar RM	China Renminbi RM	Philippine Peso RM	Thai Baht RM	Indonesia Rupiah RM
Trade and other receivables	518,718	579,539	194,107	457,820	258,206	1,033,657
Cash and short-term deposits	121,494	124,425	69,829	62,845	11,920	58,010
Trade and other payables	(15,358,170)	(540,051)	(1,012,313)	(1,768,499)	(535,635)	(645,318)
	-----	-----	-----	-----	-----	-----
	(14,717,958)	163,913	(748,377)	(1,247,834)	(265,509)	446,349
	=====	=====	=====	=====	=====	=====
31.12.2018						
Trade and other receivables	751,040	1,456,811	604,588	1,630,674	70,429	-
Cash and short-term deposits	2,741,776	138,954	132,212	275,746	61,072	-
Trade and other payables	(16,045,540)	(101,644)	(984,321)	(1,765,956)	(431,598)	(327,348)
	-----	-----	-----	-----	-----	-----
	(12,552,724)	1,494,121	(247,521)	140,464	(300,097)	(327,348)
	=====	=====	=====	=====	=====	=====

	United States Dollar RM	Singapore Dollar RM
Company 30.6.2020		
Trade and other receivables	763,810	674,893
Cash and short-term deposits	7,287	-
Trade and other payables	(10,715,536)	(987,907)
	-----	-----
	(9,944,439)	(313,014)
	=====	=====
31.12.2018		
Trade and other receivables	874,952	674,893
Cash and short-term deposits	2,556,979	-
Trade and other payables	(10,908,784)	(1,115,678)
	-----	-----
	(7,476,853)	(440,785)
	=====	=====

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 total equity and profit for the financial period/year.

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM	RM	RM
Effects on profit or loss and equity				
USD				
- strengthen by 3%	(441,539)	(376,582)	(297,733)	(224,306)
	=====	=====	=====	=====
SGD				
- strengthen by 3%	4,917	44,824	(9,390)	(13,224)
	=====	=====	=====	=====

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM	RM	RM
RMB				
- strengthen by 3%	(22,451)	(7,426)	-	-
	=====	=====	=====	=====
PHP				
- strengthen by 3%	(37,435)	(4,214)	-	-
	=====	=====	=====	=====
THB				
- strengthen by 3%	(7,965)	(9,003)	-	-
	=====	=====	=====	=====
IDR				
- strengthen by 3%	13,391	(9,820)	-	-
	=====	=====	=====	=====

A 3% weakening of the RM against the respective foreign currencies as at the end of the financial period/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.

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arise primarily from their deposits placed with licensed banks and lease liabilities.

The Group's and the Company's policy to manage their interest rate risk is by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

The following table demonstrates the interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as the end of the reporting period.

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
<i>Fixed rate instruments</i>				
Financial asset				
Short-term deposits placed with licensed banks	2,921	5,653,625	2,921	5,653,625
	=====	=====	=====	=====
Financial liability				
Lease liabilities	55,983	-	-	-
	=====	=====	=====	=====
<i>Floating rate instruments</i>				
Financial asset				
Short-term deposits placed with licensed banks	15,546,123	10,843,177	15,432,321	10,843,177
	=====	=====	=====	=====
Financial liability				
Lease liabilities	3,555,442	-	2,295,123	-
	=====	=====	=====	=====

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore, a change in interest rates at the reporting date would not affect profit or loss and equity.

(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	Fair value of financial instruments carried at fair value			Total
		Level 1	Level 2	Level 3	
30.6.2020	Total	RM	RM	RM	RM
Financial asset	RM				
Other investments	20,686,000	4,186,000	-	16,500,000	20,686,000
31.12.2018					
Other investments	19,870,294	3,835,000	-	16,035,294	19,870,294
Company					
30.6.2020					
Financial asset					
Other investments	4,186,000	4,186,000	-	-	4,186,000
31.12.2018					
Other investments	3,835,000	3,835,000	-	-	3,835,000

Level 3 fair valueFair 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 weighted average cost of capital 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 of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial period (31.12.2018: no transfer in either directions).

30. CAPITAL AND OTHER COMMITMENTS

(a) Commitments

	Group and Company	
	30.6.2020	31.12.2018
	RM	RM
Approved and contracted for:		
- Investment property under construction	-	9,001,800
	=====	=====

(b) Operating leases commitments - as lessee

The Group and the Company lease number of equipment under operating leases for average lease term between five to ten years, with option to renew the lease at the end of the lease term.

Future minimum rentals payable under non-cancellable operating lease at the reporting date is as follows:

	Group 31.12.2018 RM
- Not later than one year	80,506
- More than one year but not later than two years	94,900

	175,406
	=====

The Group leases rental equipment from suppliers under operating leases. These non-cancellable leases will expire in 2019. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The leases of equipment are used mainly for a project and server for its customer.

31. RELATED PARTIES

(a) Identify 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	
	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM (Restated)
Management fees		
- Cuscapi Malaysia Sdn. Bhd.	3,162,974	3,155,143
- Cuscapi Solutions Sdn. Bhd.	365,163	15,035
- Cuscapi Innovation Lab Sdn. Bhd.	-	15,056
- Cuscapi Consulting Services Sdn. Bhd.	5,890	155,779
	-----	-----
	3,534,027	3,341,013
	=====	=====

(c) Compensation of key management personnel

The remuneration of key management personnel, which includes the directors' remuneration is disclosed as below:

	Group		Company	
	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.1.2018 to 31.12.2018 (12 months) RM
Key Management Personnel's remuneration				
- salaries and other emoluments	2,534,953	1,998,215	1,890,301	589,867
Post-employment benefits:				
- defined contribution plan	270,539	216,402	192,707	64,530
	-----	-----	-----	-----
	2,805,492	2,214,617	2,083,008	654,397
	=====	=====	=====	=====

32. 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 covenants.

The debt-to-equity ratio of the Group and the Company as at the end of reporting period were as follows:

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
		(Restated)		(Restated)
Total liabilities	28,331,368	21,738,082	24,116,422	21,985,607
	-----	-----	-----	-----
Equity attributable to owners of the Company	75,341,815	96,394,324	35,627,632	61,170,686
	-----	-----	-----	-----
Debt-to-equity ratio	38%	23%	68%	36%
	=====	=====	=====	=====

There were no changes in the Group's approach to capital management during the financial period.

The Group and the Company are not subject to any externally imposed capital requirements.

33. 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.

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, 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.

(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.

	Note	Geographical Segment			Business Unit Segment		Total RM	Elimination and adjustments RM	Consolidated RM
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM			
Group									
30.6.2020									
Revenue									
Revenue from external customers		19,931,314	9,637,804	1,591,392	-	-	31,160,510	-	31,160,510
Inter-company revenue	A	1,052,447	-	-	858,896	3,534,027	5,445,370	(5,445,370)	-
		20,983,761	9,637,804	1,591,392	858,896	3,534,027	36,605,880	(5,445,370)	31,160,510
Results									
<i>Included in the measure of segment profit/(loss) are:</i>									
Interest income		23,896	975	804	677	659,898	686,250	-	686,250
Interest expense		(4,266)	(158,826)	(40)	-	(540,056)	(703,188)	(291,304)	(994,492)
Amortisation of intangible assets		(3,508,408)	-	-	-	-	(3,508,408)	-	(3,508,408)
Deposit forfeited		-	-	-	-	(180,131)	(180,131)	-	(180,131)
Depreciation of property, plant and equipment		(714,906)	(296,779)	(26,972)	(23,957)	(1,417,269)	(2,479,883)	-	(2,479,883)
Depreciation of right-of-use assets		(10,913)	(253,011)	-	-	(754,435)	(1,018,359)	(509,084)	(1,527,443)
Gain on disposal of property, plant and equipment		-	-	-	-	7,499	7,499	-	7,499
Loss on disposal of property, plant and equipment		-	(33,173)	(6,859)	(4,753)	-	(44,785)	-	(44,785)
Impairment loss on intangible assets		-	-	-	(1,530,052)	-	(1,530,052)	-	(1,530,052)
Loss allowance on trade and other receivables		(360,968)	(221,867)	(488)	(10,089)	-	(593,412)	-	(593,412)
Inventories written down		(345,466)	(10,036)	-	-	-	(355,502)	-	(355,502)
Inventories written off		-	(244,449)	-	-	-	(244,449)	-	(244,449)

	Note	Geographical Segment			Business Unit Segment		Total RM	Elimination and adjustments RM	Consolidated RM
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM			
Group									
30.6.2020									
Results									
Property, plant and equipment written off		(99,821)	-	(4,774)	(1,380)	(1,808)	(107,783)	-	(107,783)
Rental of premises		-	(245,556)	(76,555)	(23,355)	(46,754)	(392,220)	-	(392,220)
Realised (loss)/gain on foreign exchange		(12,085)	29,865	51	(19)	-	17,812	(10,862)	6,950
Unrealised (loss)/gain on foreign exchange		(473,593)	525,330	(15,814)	275,432	2,417,402	2,728,757	(3,162,025)	(433,268)
Segment (loss)/profit	B	(10,225,159)	(4,615,029)	(350,480)	(2,469,259)	(27,009,874)	(44,669,801)	22,562,966	(22,106,835)
Income tax (expense)/credit		(38,694)	(43,188)	-	-	111,967	30,085	-	30,085
(Loss)/Profit for the financial period		(10,263,853)	(4,658,217)	(350,480)	(2,469,259)	(26,897,907)	(44,639,716)	22,562,966	(22,076,750)
Assets									
Segment assets		46,554,863	35,189,432	9,437,636	12,292,469	59,426,806	162,901,206	(64,072,643)	98,828,563
Addition to non-current assets		3,782,883	889,412	(31,889)	(51,532)	255,746	4,844,620	-	4,844,620
Total Assets	C	50,337,746	36,078,844	9,405,747	12,240,937	59,682,552	167,745,826	(64,072,643)	103,673,183
Liabilities									
Segment liabilities		81,214,269	43,619,505	49,652,508	30,369,693	24,054,918	228,910,893	(200,579,525)	28,331,368

	Note	Geographical Segment			Business Unit Segment			Elimination and adjustments RM	Consolidated RM
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM	Total RM		
Group									
31.12.2018									
Revenue									
Revenue from external customers		17,547,329	7,772,489	3,828,494	-	-	29,148,312	-	29,148,312
Inter-company revenue	A	755,295	11,426	1,659,398	240,090	3,086,031	5,752,240	(5,752,240)	-
<hr/>									
		18,302,624	7,783,915	5,487,892	240,090	3,086,031	34,900,552	(5,752,240)	29,148,312
<hr/>									
Results									
<i>Included in the measure of segment profit/(loss) are:</i>									
Interest income		2,914	1,015	644	811	959,220	964,604	-	964,604
Interest expense		(634,204)	(126)	(156)	-	(3,750)	(638,236)	-	(638,236)
Amortisation of intangible assets		(979,183)	-	-	-	-	(979,183)	-	(979,183)
Depreciation of property, plant and equipment		(2,217,364)	(259,977)	(209,947)	(84,776)	(166,043)	(2,938,107)	-	(2,938,107)
Gain on disposal of property, plant and equipment		2,749	4,087	59,078	-	62,963	128,877	-	128,877
Loss on disposal of property, plant and equipment		-	(75,755)	(7,491)	(182,009)	-	(265,255)	-	(265,255)
Impairment loss on intangible assets		(844,136)	-	-	(1,893,300)	-	(2,737,436)	-	(2,737,436)
Loss allowance on property, plant and equipment		-	-	(302,307)	-	-	(302,307)	-	(302,307)
Loss allowance on trade and other receivables		(112,069)	(835,863)	(52,302)	-	-	(1,000,234)	-	(1,000,234)
Inventories written off		(193,018)	(415,208)	-	-	-	(608,226)	-	(608,226)
Property, plant and equipment written off		(157,838)	-	-	(76,421)	-	(234,259)	-	(234,259)

	Note	Geographical Segment			Business Unit Segment			Elimination and adjustments RM	Consolidated RM
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM	Total RM		
Group									
31.12.2018									
Results									
Rental of premises		(867,719)	(599,026)	(921,508)	(455,620)	(186,245)	(3,030,118)	-	(3,030,118)
Reversal of loss allowance on inventories written down		-	-	390,597	-	-	390,597	-	390,597
Reversal of loss allowance on trade receivables		49,038	-	-	-	-	49,038	-	49,038
Realised (loss)/gain on foreign exchange		397,698	-	-	-	(8,537)	389,161	-	389,161
Unrealised (loss)/gain on foreign exchange		(519,471)	(153,249)	(1,517,407)	(274,297)	(1,117,466)	(3,581,890)	3,706,716	124,826
Segment (loss)/profit	B	(9,750,893)	(2,736,459)	(22,488,136)	(19,338,710)	(53,350,223)	(107,664,421)	86,460,078	(21,204,343)
Income tax (expense)/credit		(4,859)	(645,316)	-	3,268	(125,247)	(772,154)	-	(772,154)
(Loss)/ Profit for the financial year		(9,755,752)	(3,381,775)	(22,488,136)	(19,335,442)	(53,475,470)	(108,436,575)	86,460,078	(21,976,497)
Assets									
Segment assets		32,169,459	35,730,167	9,673,493	30,128,101	85,316,501	193,017,721	(84,722,662)	108,295,059
Addition to non-current assets		9,767,147	29,522	14,097	24,391	2,190	9,837,347	-	9,837,347
Total Assets	C	41,936,606	35,759,689	9,687,590	30,152,492	85,318,691	202,855,068	(84,722,662)	118,132,406
Liabilities									
Segment liabilities		71,604,272	39,311,181	49,106,295	45,447,863	24,148,005	229,617,616	(207,879,534)	21,738,082

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

	30.6.2020 RM	31.12.2018 RM (Restated)
Inter-segment income	41,599,605	78,698,758
Unallocated amount:		
- Other corporate expenses	(19,036,639)	7,761,320
	-----	-----
	22,562,966	86,460,078
	=====	=====

C. Reconciliation of assets

	30.6.2020 RM	31.12.2018 RM (Restated)
Inter-segment assets	64,072,643	84,722,662
	=====	=====

Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
30.6.2020		
Malaysia	19,931,314	47,838,237
South East of China	9,637,804	1,145,714
People's Republic of China	1,591,392	438,834
	-----	-----
	31,160,510	49,422,785
	=====	=====
31.12.2018		
Malaysia	17,547,329	40,983,660
South East of China	7,772,489	1,897,000
People's Republic of China	3,828,494	110,886
	-----	-----
	29,148,312	42,991,546
	=====	=====

Information about major customers

For Malaysia segment, revenue from one customer represented approximately RM8,885,375 (31.12.2018: RM6,937,151) for the Group's total revenue.

34. MATERIAL LITIGATION

During the financial period, 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 as follows:

As announced on 25 September 2018, the Company and its wholly-owned subsidiary, Cuscap Malaysia Sdn. Bhd. (“Cuscap 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”). In view of the legal advice, the Board of Director of the Company is of the opinion that the Companies are in a position to dispute the liability of USD3,600,248 or any part thereof.

The Group is rigorously contesting the alleged claims and is of the view that Hitachi Singapore’s claims are without merit and had on 29 October 2018 filed a Defence and Counter Claims through its solicitor against Hitachi Singapore, Her Chor Siong, the former Chief Executive Officer of Cuscap Berhad and a Director in both the Company and Cuscap Malaysia at that material time and Ong Chin Hui, the Chief Executive Officer of Hitachi Singapore and a shareholder with a large number of shares in the Company at that material time.

Broadly, the Companies had in their Defence and Counter Claim claimed, among others:

- (i) that Her Chor Siong, Ong Chin Hui and/or Hitachi Singapore are involved in a scheme to defraud and cause losses to the Companies as well as make secret profits arising from the arrangements entered into with Hitachi Singapore;
- (ii) that Her Chor Siong had breached his fiduciary duties towards the Companies;
- (iii) that Ong Chin Hui had dishonestly assisted Her Chor Siong in his breach of fiduciary duties towards the Companies;
- (iv) that Hitachi Singapore had dishonestly assisted Her Chor Siong in his breach of fiduciary duties towards the Companies;
- (v) that Hitachi Singapore had knowingly received monies from Cuscap Malaysia by reason of Her Chor Siong’s breach of his fiduciary duties towards the Companies;
- (vi) that the agreement for the purchase of REV hardware equipment and corporate guarantee entered into in 2016 (being the subject matter of Hitachi Singapore’s claim) are null and void and unenforceable;
- (vii) that the Companies are not liable to Hitachi Singapore for any sums whatsoever;
- (viii) that Hitachi Singapore is liable to repay Cuscap Malaysia USD2,793,335;
- (ix) that as against the Defendants in the Counter Claim and each of them, the Judgment Sum of USD2,793,335;
- (x) that damages are to be assessed against the Defendants in the Counter Claim;
- (xi) that the interest rate of 5% per annum on any sum found to be due to the Companies from the date of judgment until the date of full satisfaction; and costs on a solicitors-client basis; and
- (xii) that such further orders as the Court deems fit and proper be made.

In order to protect the Companies’ interests in this matter, the Company had also lodged a police report in Malaysia on 28 December 2018.

It is difficult to estimate the impact of this dispute on the Companies' finances and operations at this juncture as the final outcome is dependent on the Court's decision.

The Board of Directors of the Company will continue to take all necessary actions and pursue all available remedies to defend and protect the Companies' position.

As at 30 June 2020, the carrying amount of the REV hardware equipment included in Property, Plant and Equipment and Inventories of the Group amounted to RM6,615,101 and RM15,451,976 respectively and the corresponding unpaid sum included in Trade Payables of the Group amounted to RM15,401,788. The management is in the midst of retrieving the REV hardware equipment held by a customer under Property, Plant and Equipment amounting to RM6,615,101.

In view of the dispute over trade payable and Defence and Counter Claim detailed above, there are indication of impairment on the carrying amount of Property, Plant and Equipment and Inventories. However, as the matter is pending a decision by the Court, the Board of Directors is of the view that no impairment is required on the recoverable amount of the Property, Plant and Equipment and no write down to the net realisable values of the inventories.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) Incorporation of new wholly-owned subsidiary

On 20 February 2019, the Company had incorporated a new wholly-owned subsidiary, namely Cuscapi (BD) Ltd in the People's Republic of Bangladesh.

Cuscapi (BD) Ltd was incorporated as a company limited by shares under the Companies Act of 1994 of Bangladesh with authorised share capital of TK. 100,000,000 divided into 1,000,000 ordinary shares of TK 100 each. The paid-up capital of the company is BD TK 4,150,000 representing 41,500 shares equivalent to USD 50,000 or RM205,575.

The intended principles activities of Cuscapi (BD) Ltd is to market its Point of Sales Solution in Bangladesh.

(b) Acquisition of a subsidiary

On 3 October 2019, the Company entered into a share sales and purchase agreement with three individuals for purchasing a total of 70% of the existing ordinary shares in Y Tuong Technology Company Limited, a company incorporated in Vietnam, for a total cash consideration equivalent to RM351,750.

	RM
Consideration paid	351,750
Less: Net assets acquired	(3,527)

Goodwill on consolidation	348,223
	=====

(c) COVID-19 pandemic

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted businesses, customers and the Group's operations directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is challenging to determine the duration of the impact on the business.

The directors are actively monitoring and managing the Group's operations to minimise any potential business risk, if any, that may arise from COVID-19.

36. ADOPTION OF NEW STANDARD**MFRS 16 Leases**

Prior to the adoption of MFRS 16, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. Generally, lease expenses arising from operating leases were recognised in profit or loss on straight-line basis over the lease terms.

MFRS 16 replaced MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. Upon adoption MFRS 16, distinction between finance and operating leases for lessees are no longer applicable. All leases are brought onto the statements of financial position by recognising the corresponding right-of-use assets and lease liabilities, except for some limited exemptions. Generally, lease liabilities are measured at the present value of the future lease payments. Upon initial recognition, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The corresponding finance costs and depreciation are recognised in profit or loss over the lease term. The Group and the Company applied the standard retrospectively with cumulative effect of initially applying this standard as at 1 January 2019 (date of initial application) recognised as an adjustment to the retained earnings as at initial application date according to the transitional provisions. Accordingly, the comparative information has not been restated, and it is reported in accordance with MFRS 117.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 13.71%.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 as at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application, and the lease liabilities recognised in the statements of financial position at the date of initial application:

	Group RM	Company RM
Operating lease commitments as at 31 December 2018	175,406	-
Short term and low-value assets leases	(175,406)	-
Future lease payment relating to lease renewal period	5,825,884	4,114,843
Effect of discounting using incremental borrowing rate	(1,639,579)	(1,264,755)
	-----	-----
Lease liabilities recognised as at 1 January 2019	4,186,305	2,850,088
	=====	=====

37. PRIOR YEAR ADJUSTMENTS

During the current financial period, management discovered several accounting errors that related to prior accounting periods. Accordingly, the comparative information were restated as follows:

- (a) Reclassification of advances received from customers of RM120,140 from trade and other receivables to trade and other payables.
- (b) Overstatement of direct cost of sales by RM12,475 due to early recognition and adjusted to prepayments.
- (c) Underprovision of unrealised foreign exchange loss on trade payable amounted to RM410,375.
- (d) Overstatement of investments in subsidiaries due to under recognition of net impairment loss amounted to RM2,368,229.
- (e) Understatement of trade and other receivables due to omission of management fee receivables from a subsidiary amounted to RM254,982 and offset with over recognition of net loss allowance amounted to RM398,857.
- (f) Understatement of trade and other payables due to reversal of loss allowance on amounts owing to subsidiaries amounted to RM1,120,747.
- (g) Understatement of revenue due to omission of management fee income from a subsidiary amounted to RM254,982.
- (h) Reclassification of rental income amounted to RM428,743 from administrative expenses to other income for fair presentation of the financial statements and in conformity with the presentation and classification of current financial period and reversal of loss allowance in trade and other receivables amounted to RM642,794.

- (i) Overstatement of administrative expenses due to reclassification of rental income amounted to RM428,743.
- (j) Under-provision of impairment loss on investments in subsidiaries by RM3,726,426 and under-provision of loss allowance on trade and other receivables by RM1,289,121.

The financial effects arising from the prior year adjustments and reclassification are as follows:

	Note	Reported previously RM	Prior year adjustments RM	Restated RM
Group				
31 December 2018				
<u>Statements of Financial</u>				
<u>Position</u>				
Trade and other receivables	(a)	10,926,294	120,140	11,046,434
Prepayments	(b)	902,833	12,475	915,308
Accumulated losses		97,843,998	397,900	98,241,898
Trade and other payables	(c)	(21,100,075)	(530,515)	(21,630,590)
		=====	=====	=====
<u>Statements of</u>				
<u>Comprehensive Income</u>				
Direct cost of sales	(b)	(25,892,337)	12,475	(25,879,862)
Administrative expenses	(c)	(20,250,168)	(410,375)	(20,660,543)
		=====	=====	=====
Company				
31 December 2018				
<u>Statements of Financial</u>				
<u>Position</u>				
Investments in subsidiaries	(d)	23,539,115	(2,368,229)	21,170,886
Trade and other receivables	(e)	4,289,221	(143,875)	4,145,346
Accumulated losses		116,915,820	3,632,851	120,548,671
Trade and other payables	(f)	(20,818,963)	(1,120,747)	(21,939,710)
		=====	=====	=====
<u>Statements of</u>				
<u>Comprehensive Income</u>				
Revenue	(g)	3,086,031	254,982	3,341,013
Other income	(h)	382,395	1,071,537	1,453,932
Administrative expenses	(i)	(6,038,551)	(428,743)	(6,467,294)
Other operating expenses	(j)	(47,617,797)	(5,015,547)	(52,633,344)
		=====	=====	=====

38. COMPARATIVE FIGURES

During the financial period, the Company changed its financial year end from 31 December to 30 June. The current financial statements of the Group and of the Company are prepared for the financial period of eighteen (18) months from 1 January 2019 to 30 June 2020. As a result, the comparative information stated in the statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes to the financial statements, which were prepared for a twelve (12) months financial period ended 31 December 2018, are not comparable.

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 14 October 2020.

CUSCAPI BERHAD
(Incorporated in Malaysia)

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 14 to 117 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 2020 and financial performance and cash flows of the Group and of the Company for the financial period from 1 January 2019 to 30 June 2020 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:

CUSCAPI BERHAD
(Incorporated in Malaysia)

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 14 to 117 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: