cuscapi®

Annual Report 2021

CONTENTS

MISSION

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

VISION

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

OUR VALUES

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

EXCELLENCE

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

TEAM SPIRIT

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

CREATIVITY

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

INTEGRITY

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

ZEAL

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Jayakumar A/L Panneer Selvam
Executive Chairman

Dato' Sri Khazali Bin Haji Ahmad
Executive Director

Datuk Mat Noor Bin Nawi
Independent Non-Executive Director

Dato' Sheah Kok Fah
Independent Non-Executive Director

Puan Mohaini Binti Mohd Yusof
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Mat Noor Bin Nawi
Chairman

Dato' Sheah Kok Fah
Member

Puan Mohaini Binti Mohd Yusof
Member

NOMINATION AND REMUNERATION COMMITTEE

Puan Mohaini Binti Mohd Yusof
Chairperson

Dato' Sheah Kok Fah
Member

COMPANY SECRETARY

Tan Tong Lang
(SSM PC No. 201908002253)
(MAICSA 7045482)

REGISTERED OFFICE

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

CORPORATE OFFICE

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

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

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

SHARE REGISTRAR

Boardroom.com Sdn. Bhd.
[Registration No. 200801019600 (820910-X)]
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor
Tel : +603 7890 0638
Fax : +603 7890 1032

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

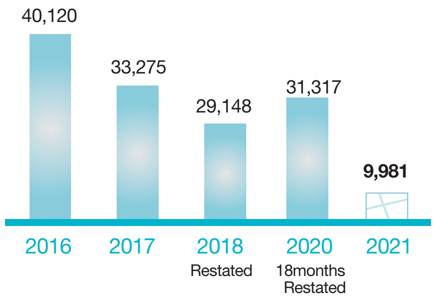
Main Market of Bursa Malaysia Securities Berhad
Stock Name : CUSCAPI
Stock Code : 0051

CORPORATE STRUCTURE

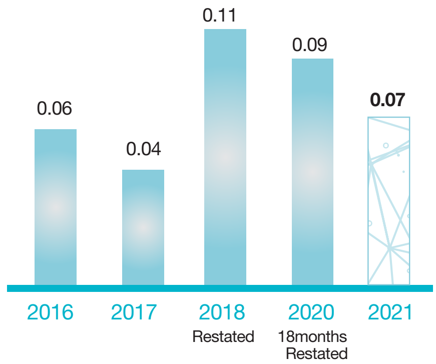
CUSCAPI BERHAD

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

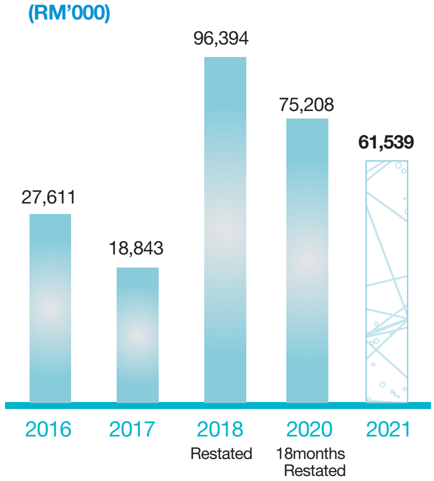
REVENUE (RM'000)



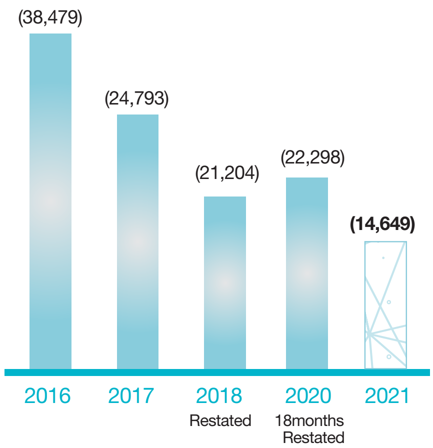
NET ASSETS PER SHARE (RM)



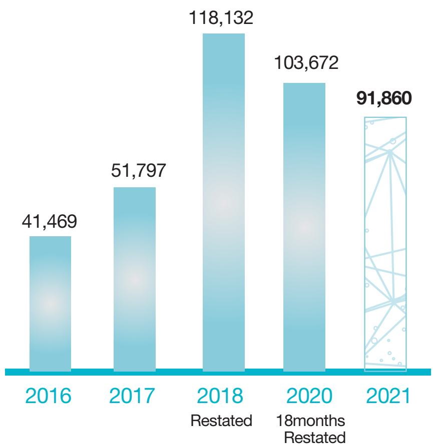
SHAREHOLDERS' EQUITY (RM'000)



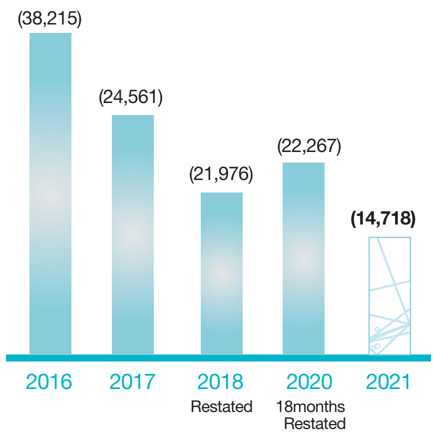
LOSS BEFORE TAX (RM'000)



TOTAL ASSETS (RM'000)



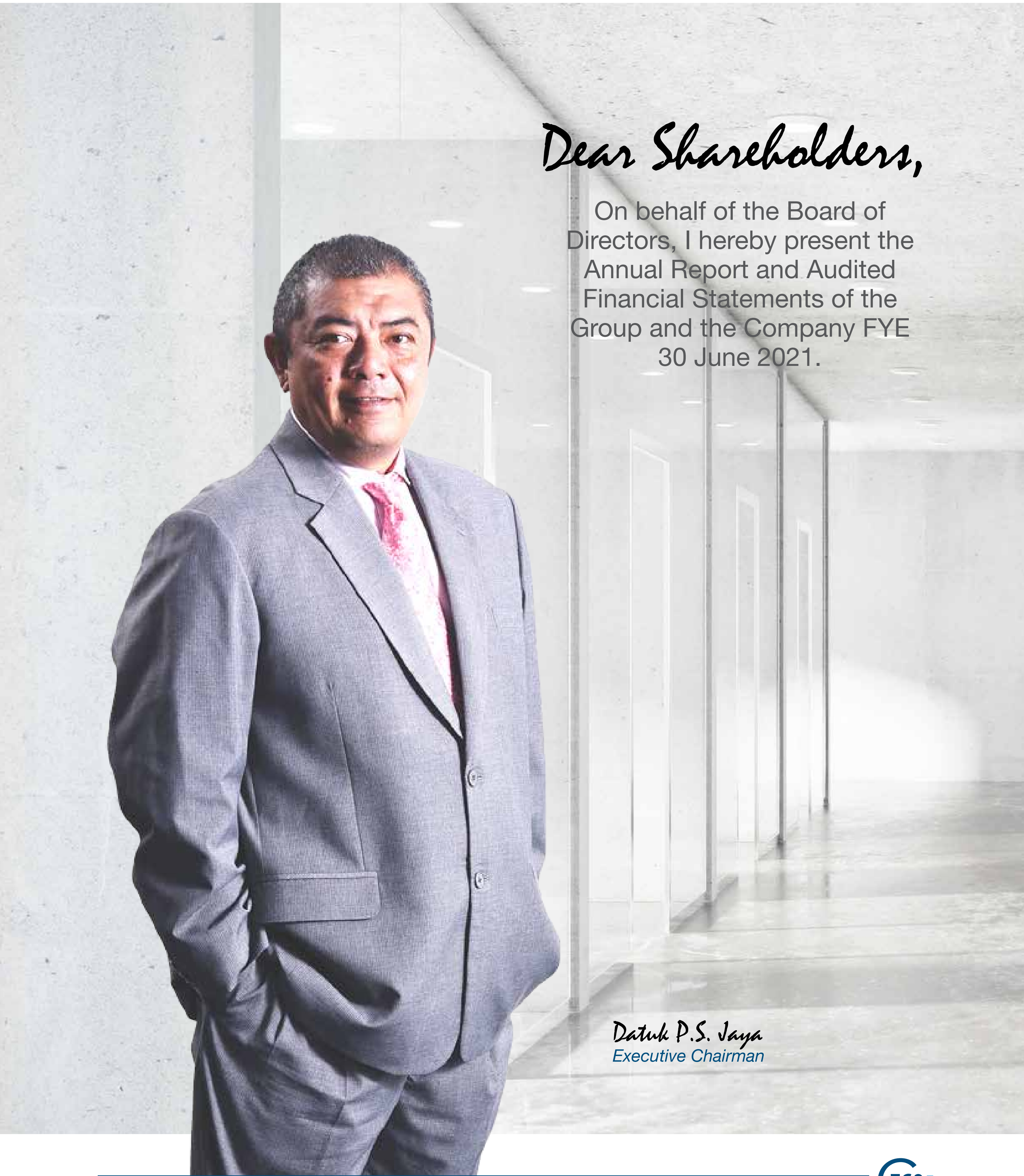
LOSS AFTER TAX (RM'000)



Notes:
[1] Cuscapi had on 19 November 2019 changed its financial year-end from 31 December to 30 June. The FPE 30 June 2020 was made up of results for 18 months covering the period from 1 January 2019 to 30 June 2020.

BOARD OF DIRECTORS

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATION AND FINANCIAL PERFORMANCE 2021



Dear Shareholders,

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of the Group and the Company FYE 30 June 2021.

Datuk P.S. Jaya
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATION AND FINANCIAL PERFORMANCE 2021

The following Management Discussion and Analysis (**“MD&A”**) provides an analysis of the financial performance of Cuscapi Berhad (**“the Company”**) and its subsidiaries (**“the Group”**) for the financial year ended 30 June 2021 (**“FYE 30 June 2021”**). In addition, the MD&A contains commentary from the Management on the performance of the Group and of the Company to give investors and shareholders a better understanding of the business, operations and financial position for the FYE 30 June 2021. The MD&A should be read in conjunction with the Company’s consolidated financial statements and notes.

1. Overview of Operations

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

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

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

1. Overview of Operations (continued)

1.1 Our operating segments are as follow: -

(a) Geographical locations

(i) Malaysia

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

(ii) South-East Asia

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

(iii) People's Republic of China

Cusapi involves in software development, the provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, the provision of project management, business and IT-related consultancy services, and the provision of contract centres for outsourcing services in the People's Republic of China.

(b) Business units

(i) Operational Cost Centre

Provides support services to all the customers for the Group.

(ii) Group Corporate

Involved in Group-level corporate services and treasury functions.

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

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

1. **Overview of Operations (continued)**

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

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

1. Overview of Operations (continued)

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

	Subsidiaries	Date and place of incorporation	Principal activities
18.	Cuscapi Guangzhou Co. Ltd.	14 February 2012 China	Dormant
19.	Cuscapi Philippines, Inc.	16 May 2012 Philippines	Investment holding
20.	Cuscapi Interactive Technology (China) Pty. Ltd.	30 August 2013 Hong Kong	Investment holding
21.	Shanghai Cuscapi Interactive Network Technology Co. Ltd.	23 December 2016 China	Software development, interactive devices solutions, restaurant management, business management solutions and other related services and products
22.	Cuscapi Blockchain Sdn. Bhd.	25 July 2018 Malaysia	To operate a cryptocurrency exchange in Philippines and other IT related business
23.	Litar Pasifika Sdn. Bhd.	15 August 2018 Malaysia	Investment holding
24.	Cuscapi (BD) Ltd	20 February 2019 Bangladesh	To market its Point of Sales Solution in Bangladesh
25.	Cuscapi Vietnam Company Limited *(formerly known as Y Tuong Technology Company Limited)*	28 January 2011 Vietnam	Computer programming, information technology service and other services related to the computer, data processing, leasing and other related activities

2. Share Performance

The following table sets out the summary of share performance for the FYE 30 June 2021:-

Date	Open	High	Low	Close	Volume
Jun/21	0.220	0.225	0.220	0.225	4,313,900
May/21	0.220	0.225	0.210	0.220	4,554,800
Apr/21	0.285	0.290	0.275	0.275	10,951,300
Mar/21	0.265	0.280	0.260	0.270	28,138,000
Feb/21	0.220	0.245	0.215	0.240	25,329,700
Jan/21	0.125	0.125	0.120	0.120	2,274,600
Dec/20	0.120	0.125	0.115	0.125	8,637,400
Nov/20	0.095	0.095	0.095	0.095	639,900
Oct/20	0.095	0.095	0.095	0.095	565,000
Sep/20	0.105	0.105	0.100	0.100	2,670,700
Aug/20	0.145	0.150	0.140	0.140	4,876,700
Jul/20	0.135	0.135	0.130	0.135	4,033,000

As of 30 June 2021, Cuscapi market capitalization at RM193.34 million in the number of shares issued at 859,269,076.

3. Financial Performance and Position

The unprecedented COVID 19 pandemic has certainly created a severe impact on Malaysia and the world economy. As a result, the Group posted revenue of approximately RM 9.98 million during the current financial year 2021 (12 months) as compared to RM31.32 million for the period ended 30 June 2020(18 months). As a result, the Group registered a pre-tax loss of RM14.65 million during the financial year ended 2021 (12 months) compared to a pre-tax loss of RM22.30 million for the period ended 30 June 2020(18 months).

3.1 Revenue by Countries

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

Country	FYE 30 JUNE 2021 RM	FPE 30 JUNE 2020[(1)] (Restated) RM
SEA	9,981,035	29,725,835
China	-	1,591,392
Total	**9,981,035**	**31,317,227**

Notes: -

(1) Cuscapi had on 19 November 2019 changed its financial year-end from 31 December to 30 June. The FPE 30 June 2020 was made up of results for 18 months covering the period from 1 January 2019 to 30 June 2020.

3.2 Revenue by Products

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

	Audited			
Product	FYE 30 JUNE 2021		FPE 30 JUNE 2020[(1)] (Restated)	
	RM	%	RM	%
Transight & C360	7,908,392	79%	24,503,103	78%
EDMS	1,977,493	20%	4,553,647	15%
CODS	-	-	1,317,785	4%
Others	95,150	1%	942,692	3%
Total	**9,981,035**	**100%**	**31,317,227**	**100%**

Notes: -

(1) Cuscapi had on 19 November 2019 changed its financial year-end from 31 December to 30 June. As a result, the FPE 30 June 2020 was made up of 18 months, covering 1 January 2019 to 30 June 2020.

3.3 Profit/(Loss) by Countries

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

Country	FYE 30 JUNE 2021	FPE 30 JUNE 2020[(1)] (Restated)
SEA	(14,049,217)	(19,046,123)
China	(599,670)	(3,251,421)
Total	**(14,648,887)**	**(22,297,544)**

Notes: -

(1) Cuscapi had on 19 November 2019 changed its financial year-end from 31 December to 30 June. As a result, the FPE 30 June 2020 was made up of 18 months, covering 1 January 2019 to 30 June 2020.

3. Financial Performance and Position (continued)

3.4 Assets, Liabilities and Liquidity

i. The Group's bank deposits and cash and bank balances increased slightly by RM0.3 million compared to the preceding year, mainly due to the increase of interest earned from fixed deposits during the FYE 30 June 2021.

ii. The decrease of other investments recorded at RM2.6 million was mainly due to the disposal of quoted shares during the FYE 30 June 2021.

iii. Trade and other payables increased by 12.4%, mainly due to an increase of other payables compared to the preceding year.

iv. The Group's inventories decreased during the FYE 30 June 2021 mainly due to written-off inventories and better planning.

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

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

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

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

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

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

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

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

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

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

i) Impact from foreign currency exchange rates

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

ii) Impact from commodity prices

The FYE 30 June 2021, our Group's financial performance was not affected by commodity prices.

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

4.2 Impact of inflation

Our Group's financial performance during the FYE 30 June 2021 was not significantly affected by inflation.

4.3 Government / Economic / Fiscal or monetary policies

The financial performance of our Group had not been materially affected by any government, economic, fiscal or monetary policies or factors for the FYE 30 June 2021.

5. Prospects

The unprecedented COVID-19 pandemic has severely impacted Malaysia and the world economy; hence, it has also impacted the Group's performance. Nevertheless, Cuscapi continues to forge innovative solutions, leveraging new technology and partnering with key technology companies to drive its organic growth for FYE2022.

With the introduction of C360Engage & Transight V solutions to the customers, Cuscapi is meeting the current requirements of a new seamless and contactless customer experience in the F&B market. The Group is determined to lead this Digital Transformation that the F&B operators can well adopt.

Barring unforeseen circumstances, Cuscapi is cautiously positive of the Group's performance moving forward.

Datuk Jayakumar A/L Panneer Selvam

Malaysian, Aged 55, Male, Executive Chairman

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

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

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

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

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

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

cuscapi®

Dato' Sri Khazali Bin Haji Ahmad

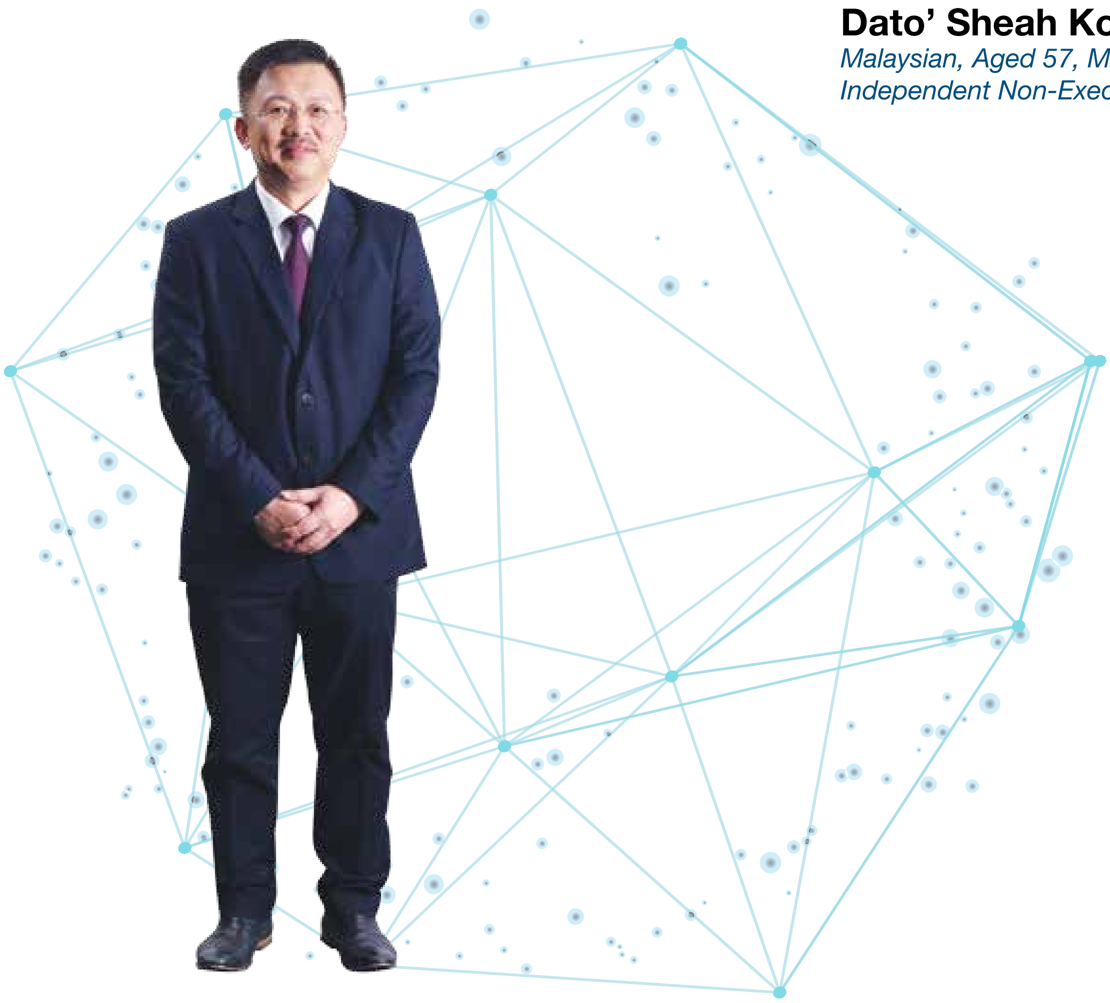
Malaysian, Aged 66, Male, Executive Director

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

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

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

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



Dato' Sheah Kok Fah

Malaysian, Aged 57, Male,
Independent Non-Executive Director

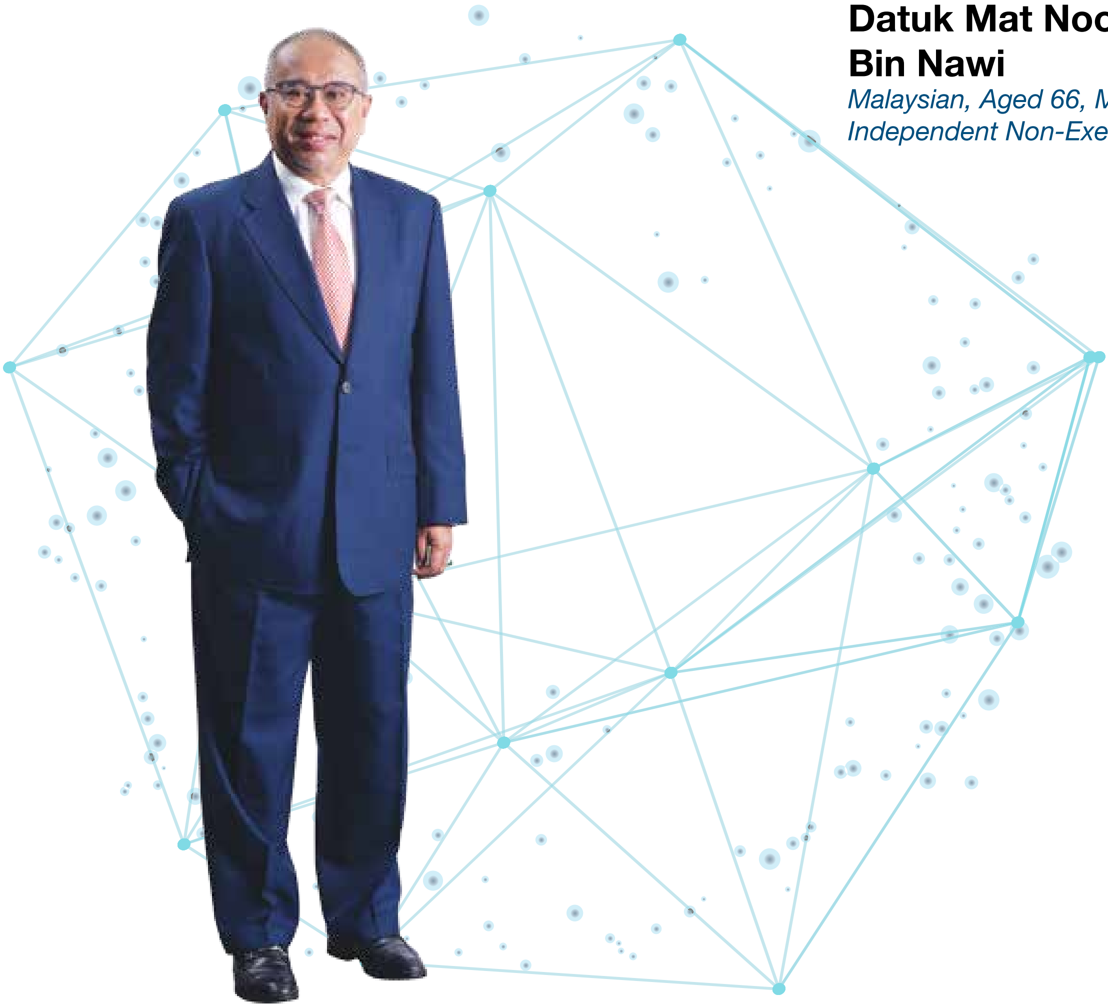
Dato' Sheah Kok Fah was appointed to the Board as an Independent Non-Executive Director of the Company on 12 April 2018. He held a Degree in LLB (Hons) from the University of Malaya and was admitted to the Bar in 1989. He is also a member of the Audit Committee and Nomination and Remuneration Committee.

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

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

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

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



Datuk Mat Noor Bin Nawi

Malaysian, Aged 66, Male,
Independent Non-Executive Director

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

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

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

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

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

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

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

Puan Mohaini Binti Mohd Yusof

Malaysian, Aged 55, Female, Independent Non-Executive Director

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

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

She has more than 29 years of experience in strategic communications, branding, event management, crisis management, media relations, advertising, publications, CSR/Foundation, Government relations, corporate sponsorship, awards submissions, and social media management. She also created several brands for MRCB Group and Media Prima Berhad. In addition, she has been actively involved in Yayasan MRCB, PINTAR Foundation and GLC Disaster Response Network (GDRN).

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

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

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

KEY SENIOR MANAGEMENT'S PROFILE

Anthony Gerald A/L R.Victor

Malaysian, Aged 52, Male,
Chief Executive Officer

Mr Anthony Gerald was appointed as Chief Executive Officer of Cuscapi Berhad on 18th September 2018. He holds a Master of Business Administration and a Diploma in IT, and Diploma in Business Management.

Anthony Gerald started his career with Shakeys Pizza in 1988 and rose rapidly through the ranks in becoming the youngest Store Manager of the company from 1992 to 1996. He was then hired by Delifrance as a Senior Area Manager for one year.

In 1997, he was appointed as F&B Director by the Mines Resort, where he was instrumental in driving the workforce towards delivering record revenue growth for the company. Subsequently, he was hired as a Business Unit Manager by Wincor Nixdorf to expand the Malaysia Retail Division into becoming the No.1 solutions provider in the country. In 2007, he was recruited by SAP Malaysia as the Regional Senior Territory Sales Manager, where he played an immense role in securing numerous multimillion Euro deals across the Retail, CPG, Chemical and Wholesale sectors. From 2011 to 2018, he was appointed the Sales Director of Wincor Nixdorf Malaysia, where he was instrumental in positioning the Malaysian operations as the No. 1 market install base.

Anthony Gerald has more than 20 years of experience in the application of information technology and business solutions across retail, hospitality, automotive, telecommunications, financial as well as public services sectors. In addition to that, he also possesses vast regional experiences covering Malaysia, Indonesia, Vietnam, Singapore, Thailand and the Philippines.

Lim Sze Yean

Malaysian, Aged 49, Male,
Chief Financial Officer

Mr Lim Sze Yean graduated with a Master Degree in Business Administration from Rutherford University in 2006. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of The Association of Chartered Certified Accountants. He is also currently an Associate Member of the Chartered Tax Institute of Malaysia (CTIM) and The Institute of Internal Auditors Malaysia (IIA). He has more than 15 years of experience in various areas of finance, including corporate finance, internal controls and risk management. He started his career as a senior auditor, and in the course of his career, he has served several public listed companies as Group Finance General Manager, Group Finance Director and Chief Financial Officer. In October 2016, Mr Lim joined Cuscapi Berhad as Finance Director and was promoted to Chief Financial Officer on 1st April 2017. He also holds the office of Director in several subsidiaries of Cuscapi Berhad.

Currently, he is the Independent Non-Executive Director of Widetech (Malaysia) Berhad.

Cuscapi Berhad is committed to providing sustainable solutions and services that will empower businesses through state-of-the-art technologies. Our dream is to build a better future where daily experiences are transformed and improved because of our expertise.

ABOUT THIS STATEMENT

This sustainability statement conveys Cuscapi's Economic, Environmental and Societal (EES) impacts on our business operations. This statement is part of our consistent effort to inform our stakeholders about the strategies and practices that the Group has adopted to integrate sustainability in our business operations and the progress that we have reached towards this endeavour.

Scope and Boundary: This statement covers all operations of Cuscapi, including subsidiaries directly controlled by the Group and those held through a majority stake.

Reporting Period: This report coincides with our financial reporting period from 1 July 2020 to 30 June 2021. Historical information from previous years is included to facilitate comparative assessments and actionable patterns.

Report Guideline: Bursa Malaysia Sustainability Reporting Guide (2nd Edition)

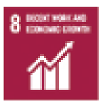
Reporting Cycle: One (1) year, coinciding with the Annual Report

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

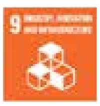
The 2030 Agenda is a plan of action endorsed by all 193 United Nations Member States in 2015. The agenda is to focus global efforts and attention on 17 pressing issues. Whilst the overall responsibility still lies with national governments, the SDGs can only be achieved with a concerted effort from businesses and other organisations.

Our main contribution to Malaysia's achievement of SDGs is providing our customers with IT services that promote sustainable development, which would generate long-term benefits for businesses and the markets they depend upon. We have also strengthened our partnerships with companies with finance technology (fintech) expertise to create more income-generating opportunities for our customers through finance infrastructures and technologies and consequently improve their efficiency.

Goal 5: Achieve gender equality and empower all women and girls.
- All employment decisions are made based on job qualifications and without discrimination for race, colour, sex, age, national origin, ancestry, religion, pregnancy, marital status or veteran status.



Goal 8: Promote inclusive and sustainable economic growth as well as provide full, productive and decent work for all.
- Cuscapi is committed to providing a work environment free of discrimination and prohibiting unlawful harassment, including sexual, racial, age, gender and religious harassment.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and boost innovation.
- The Group's business operations are concentrated on the development and innovation of advanced IT solutions.

Goal16: Promote a peaceful and inclusive society that fosters sustainable development, provide access to justice for everyone, and build effective, accountable and inclusive institutions at all levels.
- We uphold good governance practices through our Code of Ethics and Business Conduct, Whistle-Blowing Policy and Anti-Bribery and Corruption Policy.

SUSTAINABILITY GOVERNANCE

Strong leadership and clear direction are key attributes that facilitate the effective integration and management of sustainability at Cuscapi. As such, we can successfully implement sustainability strategies and strengthen our relations with our stakeholders, thereby assuring accountability.

The Board

Our commitment to sustainability begins at the top. The Board resolutely performs its governing roles to map the Group's trajectory and enhance the creation of short- and long-term sustainable value. The Board is accountable for driving sustainability governance structures that complement our business model and organisational structure. They are also given the power of oversight over these matters.

The Top Management

The CEO leads the management, development, operation and monitoring of all our operational aspects relating to sustainability. The CEO is tasked with ensuring that all activities are carried out in accordance with the Board's directives. The CEO is also the one who reports to the Board about the Group's sustainability performance status.

Heads of Departments (HODs) and Country Heads (CDs)

In our sustainability governance structures, the CEO is assisted by the HODs and the CDs. Their duties include implementing strategies, tracking performance, and engaging with our stakeholders. They review whether the sustainability issues of their respective departments are successfully managed and then report their findings to the Top Management.

Ethics and Transparency

'*We conduct ourselves in a professional and honourable manner*'

Our Code of Conduct (COC) espouses the best sustainability practices and incorporate current legal regulations and ethical conduct. The COC protects the reputation of Cuscapi Berhad because it serves as a guide on how our employees should perform daily activities. We have also released supplementary operating manuals which state the policies and procedures for routine operations. These manuals indicate the steps that employees must follow under a given set of conditions.

We condemn all acts of bribery and corruption in accordance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. Our Anti-Bribery & Anti-Corruption Policy (ABAC) elucidates our position on this matter. In addition, the Whistle-Blowing Policy provides a platform where our stakeholders can anonymously raise concerns about possible breaches of policies and other questionable practices without fear of reprisal or retaliation.

Sustainability Risk Management

The Group defines corporate sustainability as creating an overall business growth strategy that generates long-term shareholder value by maximising opportunities and managing risks arising from the company's impacts. The Group's risk management process involves cultivating excellent working relationships with our stakeholders and keeping pace with the technological advancements, product quality standards and regulatory changes in the countries we operate.

STAKEHOLDER ENGAGEMENT

Advancement in technology has reached unprecedented heights in recent years. These breakthroughs have transformed the way of life of countless people around the world every day. At Cuscapi, we achieve these technological advances through our frequent and meaningful collaborations with our stakeholders. By maintaining constant communication with them, we can keep track of their concerns, resolve any problems and propose a strategic direction that promotes sustainability. Furthermore, these engagements enable us to provide timely solutions that will positively contribute to the growth of the IT industry.

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

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

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

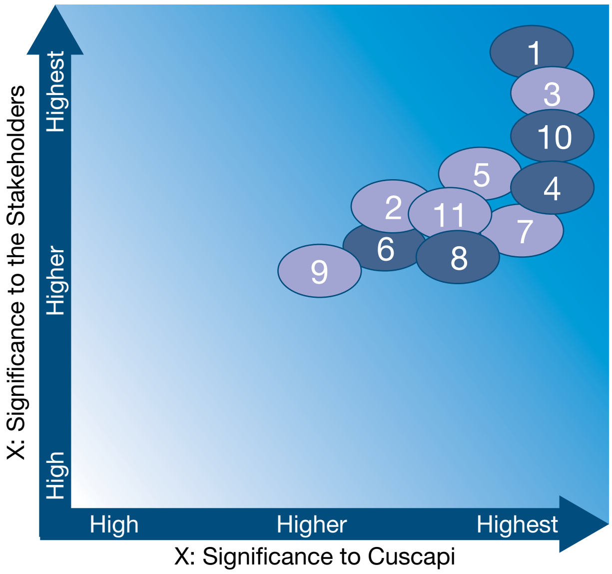
MATERIALITY

An accurate sustainability statement should reflect the EES issues that are considered most significant by the Group and our stakeholders at the time of reporting. For this reason, we conducted a materiality reassessment during the year under review to verify what themes remain material to the interests of the Group and our stakeholders.

Our latest assessment revealed that whilst most of the previously identified material themes have remained consistent with our current status, some of them has moved higher in priority. As a result, we have implemented the following changes in our material themes: added Digital Divide, Sustainable Supply Chain, and Health & Safety; combined Ethics and Governance & Compliance; and replaced Safe IT infrastructure and Information Security with IT Security & Safety.

Materiality Matrix

In the matrix below, each issue's significance level to Cuscapi Berhad and our stakeholders is plotted along the X-axis and the Y-axis, respectively. Thus, the most important themes to the Group and our stakeholders are found in the upper right-hand quadrant. These are (1) Innovate & Develop Advanced IT, (3) Customer Satisfaction, (10) Ethics, Governance & Compliance, and (5) Develop IT Professionals. Health & Safety played a major role in ensuring business continuity during the pandemic, so we gave it a high priority even though our stakeholders marked it as having only medium importance. Digital Divide appears to be of least importance, but we have incorporated IT services to mitigate this situation.



ESG THEMES

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

ECONOMY

'Provides global direct job opportunities'

Cuscapi's material sustainability themes related to the economy are Connectivity & Convenience, Innovation & Development of Advanced IT and closing the Digital Divide.

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

DIRECT ECONOMIC IMPACT

'Provides global direct job opportunities, training and capacity building'

Nowadays, Internet Technology is utilised in most industries and is a major booster of economic growth. Our direct economic contributions are reflected by our revenue and equivalent tax payments, employee salaries, new product launches, supply chain contracts and equity.

ECONOMY (CONTINUED)

Geographical Economic Impact

Furthermore, our operations provide direct job opportunities, training and capacity building on a global scale. Thus, the benefits of our IT solutions are not limited to the local economy but produce cascading global impacts. Economic opportunities do not end once a new product is launched. Instead, it lends itself to other management- and service-related industries, such as Business Process Outsourcing (BPO).

INDIRECT ECONOMIC IMPACT

'Opportunities beyond national boundaries'

Digital innovation has become a fundamental tool for interconnecting consumers and businesses. From the perspective of businesses, digitalisation improves the production process and opens up access to new markets and information. In addition, it expands growth opportunities by introducing new ways of development and productivity beyond national boundaries.

IT plays a critical role in maintaining stability. Many projects and activities now heavily rely on IT for their smooth and efficient operation. The COVID-19 pandemic imposed wide-ranging effects on various aspects of our business – from the supply chain to human resources.

'Promote digitalisation to bring improvement and growth'

The National Agenda and regulatory agencies call for digitalisation as a way of bringing improvement and growth. In response, we launched a web-based application called Electronic Dealer Management System (EDMS). The system connects assemblers, distributors and dealers with government agencies initiative to facilitate their participation in e-Eksais, NIK and e-Daftar. Through the EDMS, vehicle registration and payment of duties can be seamlessly submitted online. The introduction of the EDMS is timely during the pandemic when in-person transactions are being avoided to curb the spread of the virus. It also prevents fraudulent activities during the vehicle registration process.

CUSTOMER

'Continually adapts to new requirements and is open to integration and growth.'

Consistent with our Mission, we have implemented policies and actions to catalyse our clients' success by bringing them closer to their customers through world-class solutions and services.

Government and companies, especially small and medium enterprises (SMEs), have swiftly transitioned to technological tools to adapt to the physical limitations brought about by COVID-19. As such, IT has become the top priority, and greater investments have been channelled towards IT. In response, we have intensified our efforts to improve business efficiency and enhance customer experience by creating new platforms for e-commerce. The importance of this action is reflected in our materiality matrix, where Customer Satisfaction and IT Security and Safety are considered priority issues by the Group and our Customers.

CUSTOMER (CONTINUED)

CUSTOMER SATISFACTION

"Delivers encompassing solutions for F&B operators to stay ahead" Anthony Gerald, CEO

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

Excellence, Creativity and Zeal.

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

We ensure that our products and services meet or even exceed the standards required by our clients. We have established strict quality control policies at all stages of our operations: from design and conceptualisation to production and testing. Our product releases undergo meticulous User Acceptance Tests (UAT) prior to their delivery, and our daily activities are monitored through an internal control system to maintain excellent quality.

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

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

We maintain regular communication with our clients to understand their strategies and support their customers. These discussions help us to assess and create helpful resources that would satisfy the demands of our clients' customers. As a result, we have built a flexible system that continually adapts to new requirements and is open to integration and growth.

Serving with Zeal *delights and empowers our customers.*

We have undertaken proactive measures to identify ways of serving our customers with the most effective approach. We comprehensively review and analyse the data and identify patterns and processes to derive the most precise results.

IT SECURITY AND SAFETY

'Opportunity to strengthen our reputation'

Trust is fundamental in IT security and private data protection. At Cuscapi, we view data protection not as an additional burden but as an opportunity to strengthen our reputation, products and brand. We believe that privacy is an essential feature that builds customer trust. As such, we adhere to the Personal Data Protection Act (PDPA) in all countries where we operate.

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

OUR PEERS

We view competition as a motivation to find creative and more efficient ways of producing more innovative products and services. This kind of mindset is favourable not only to our growth as a company but also to our customers' satisfaction. To become a standout amongst our industry peers, we must focus on improving our products and business strategies to gain their approval. We believe that a fundamental source of economic development is building trust and mutual respect for one's competitors. Our role is to reinforce our competitive strength and advantages to create a fair playing field. We abide by the Competition Act 2010, which prohibits anti-competitive agreements and the abuse of dominant positions in the market.

HUMAN CAPITAL

Given that our operations are spread across different countries, we must adhere to the specific employment acts and regulations imposed by each country. We fully support the needs of our employees and put in place programmes that will develop their careers for both profitability and employability. All of our systems are adjusted for local adaptation.

DEVELOP IT PROFESSIONALS

Since IT is a constantly evolving industry, professional growth is critical in maintaining a competitive edge, increasing job satisfaction and meeting customer requirements. Therefore, our employees undergo training programmes that enhance their skills, abilities, and knowledge, leading to their holistic personal growth and contributing to the Group's success. As the COVID-19 pandemic persisted for the year under review, our training courses were mainly conducted online.

Training

TRAINING & DEVELOPMENT			
Programmes	**Objectives**	**Number of Hours**	**Number of Attendees**
Handling Full Sets of Accounts	To understand the steps of the accounting process – from the retrieval of source documents to the preparation of financial statements.	14	1
Employment Act 1955 & Regulations	To understand the fundamental law which mandates the minimum terms and conditions of employment under the Act.	8	1
ITIL V4 Foundation	To learn the foundational knowledge and skills for adopting and adapting the best practices for ITSM in the organisation.	21	1
Professional Scrum Master (PSM)	PSM is the cutting-edge course for training effective Scrum Masters or anyone coaching a product development team towards increased efficiency and effectiveness. The course includes advanced thinking for servant-leadership and behavioural shifts. Throughout the course, employees are challenged to think in terms of the Scrum principles to discern the most ideal approach when returning to the workplace.	14	1
OJT - Support Services Technical Training	To help new employees gain hands-on experience and technical knowledge about the company's products. During on-the-job training, employees use the available resources at their workplace, thereby allowing them to learn whilst integrating the new knowledge into their daily work routines.	64	1

Communication

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

HUMAN CAPITAL (CONTINUED)

DIVERSITY and INCLUSIVITY

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

The Group Equal Employment Policy:

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

At Cuscapi, we believe that combining the unique perspectives of our diverse team members enables us to devise more creative and more effective solutions. Their differences in skill and experience maximise the shared knowledge in the workplace.

Gender Ratio in the Workforce		
Period	Male	Female
2021	82	43
FPE 2020	80	41
2019	78	56

Age Group			
Period	20 – 30 years old	31 – 40 years old	41 years old and above
2021	49	46	30
FPE 2020	44	45	32

Ethnicity			
Period	2021	2020	2019
Malay	29	23	30
Chinese	27	32	41
Indian	8	10	13
Non-Malaysians	61	56	50

Gender Ratio at the Management Level						
Period	**2021**		**FPE 2020**		**2019**	
Position / Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
BOD	4	1	4	1	4	1
Managers	13	5	15	5	18	8
Executives	69	38	65	36	60	48

HEALTH AND SAFETY

COVID-19: In response to the impacts of the COVID-19 pandemic on our business, we immediately enacted emergency actions and introduced the necessary changes in working practices and organisational arrangements. We adopted safety protocols and measures under the advisement of the Ministry of Health (MOH) and the Ministry of International Trade and Industry (MITI) for the Safety of our employees. Our overseas subsidiaries followed the guidelines of the countries where they are located.

A range of new or enhanced risk areas was announced so that our business operations can continue. For example, we instituted a work-at-home setup in most of our activities, and when employees must report to the office, physical distancing, frequent sanitisation, and good hygiene are implemented. The compliance to these measures was overseen by our HR/Admin and team, who were always on standby to ensure business continuity and preparedness to handle the pandemic quickly and effectively.

Occupational Health: The Group has put in place measures that will minimise the hazards to our IT professionals' occupational safety and health. These measures are intended to prevent disorders and other illnesses that are associated with working on a desk for long hours.

HUMAN CAPITAL (CONTINUED)

HEALTH AND SAFETY (CONTINUED)

EMPLOYEE WELLBEING

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

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

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

EMPLOYEE BENEFITS

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

SUSTAINABLE SUPPLY CHAIN

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

DECENT WORK

Our commitment is to realise a truly sustainable supply chain that guarantees the proper wellbeing of the people and the Safety of the environment where we procure from. We look for partners whose beliefs are most closely aligned with our values and determine who can benefit the most from the opportunities presented. For outsourced IT services, we ensure that our outsourced employees' social and economic needs are duly addressed. We abide by the Children and Young Persons (Employment) (Amendment) Act 2010. We require that outsourced companies have instigated measures for safeguarding the health and safety and the general wellbeing of all employees.

TRANSPARENT PROCESS

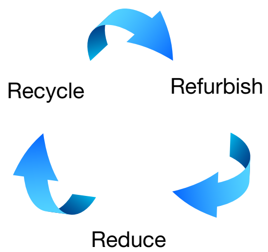
We procure services globally, which can pose as a benefit and also as a challenge. Nonetheless, we believe that as long as our practices and those of our business partners are anchored on transparent, ethical and sustainable practices, then the Group can adequately manage the economic, environmental and social dimensions of dealing with our suppliers.

ENVIRONMENT

Our nature of business is providing software technology-based services. We do not manufacture physical products.

ENVIRONMENT-FRIENDLY OPERATIONS

Our systems are empowerment tools that can reduce environmental impacts. The use of software provides a customised support system for customers and users. These systems not only offer accessibility and convenience but also reduces energy consumption. In addition, having readily available and reliable information eliminates the need for travel, which can considerably reduce the CO_2 emission associated with commuting activities.
Refurbish, Reuse and Recycle



'Refurbish, repair and recycle to extend the lifecycle.'

As an IT company, we do not directly impact the environment except for the energy we use and the hardware we purchase. Nonetheless, we believe in doing our part in protecting the environment.

In purchasing hardware, we consider environmental concerns regarding the disposal and reduced energy consumption during operations.

The two-to-five-year lifespan of a typical computer and hardware leads to unnecessary electronic waste. At Cuscapi, we refurbish, repair and recycle to extend the lifecycle until the computer, device or parts are rendered unusable. Refurbishing means that the damaged parts of an electronic device are removed and replaced with new components. We also recycle the components of an electronic device by dismantling them without damaging the parts that are still usable. The electronic waste generated at the end of a hardware's lifecycle is disposed of by a Department of Environment (DOE) certified scheduled waste contractor in a responsible and environmentally friendly manner.

ENERGY-EFFICIENT PRACTICES

The Group operates in leased offices, and our carbon footprint is limited to the energy that we consume in the office and the commute of our employees. Nonetheless, we recognise that reducing environmental impacts is essential not only for eliminating unnecessary costs but also for diminishing carbon emissions in the environment.

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

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

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

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

COMMUNITY

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

DIGITAL DIVIDE

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

CONVENIENCE AND ACCESS

The EDMS system is Cuscapi's response to the government's call for digitalisation. This system conveniently allows an online car registration process. The 360Engage enables real-time data access anywhere, thereby maintaining business continuity in cases of temporary loss of internet connectivity. The strategic partnership between Cuscapi and local partners pushed SMEs to adopt e-commerce, which was beneficial for both the community and business owners, especially during the COVID-19 pandemic.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of Cuscapi Berhad (“**Cuscapi**” or “**the Company**”) remains committed to maintaining the adequate standards of corporate governance (“**CG**”) within the Company and the subsidiaries (“**the Group**”), adhering to the principles and best practices of CG, through observing and practising the core values of Malaysian Code on Corporate Governance 2017 (“**MCCG**”) and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The Board is pleased to present the CG Overview Statement to provide shareholders and investors with an overview of the corporate governance practices of the Group under the leadership of the Board during the financial year ended 30 June 2021 (“**FYE 2021**”).

This Statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Securities and shall be read together with the CG Report as published or to be downloaded in the Company’s website at www.cuscapi.com. The CG Report details how the Company has applied each Practice as set out in the MCCG during the FYE 2021.

1. BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Leadership

a. Board Roles and Responsibilities

The Board is accountable to the stakeholders of the Group for the overall performance of the Group. The Board’s primary role is to provide strategic leadership to the Group and ensure that the Group operates within a framework of prudent and effective controls, which enables risks to be appropriately identified, assessed and managed. In addition, the Board sets the strategic direction for the Group and ensures that the necessary resources are in place for the Group to deliver its objectives and create sustainable value for its stakeholders.

Broadly, the responsibilities of the Board are inclusive of but not limited to:

- Reviewing and adopting strategic plan for the Group;
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed and to build sustainable value for shareholders;
- Identifying principal risks and ensure the implementation of appropriate risk management, internal control and mitigation measures;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior Management;
- Overseeing the development and implementation of an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also established the following two (2) board committees to assist the Board in carrying out its fiduciary duties:

(a) Audit Committee (“AC”)
(b) Nomination and Remuneration Committee (“NRC”)

The powers delegated to the board committees are set out in the Terms of Reference of each of the board committees as approved by the Board. The Board may form such other committees from time to time to promote operational efficiency. Notwithstanding these committees, the ultimate responsibility for the decision still lies with the Board.

A copy of the Terms of Reference of the board committees is available on the Company’s website at www.cuscapi.com.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1.1 Board Leadership (Continued)

b. Ethical Leadership by the Board

Code of Ethics and Business Conduct ("**the Code**")

In line with good corporate governance practices, the Group has adopted the Code to operate the Group's business ethically and uphold the highest standards of professionalism and exemplary corporate conduct.

The Code describes how the Group practice the core values and principles and is a formal document that establishes the behavioural qualities expected of the Group and all of its employees.

The details of the Code is available on the Company's website at www.cuscapi.com.

Whistleblowing Policy

The Group has also set up a whistleblowing policy to support the Company's values and to provide a transparent and confidential process for all dealings with concerns. This policy sets out the principle and grievance procedures for all stakeholders (including but not limited to, employees, customers, suppliers, government bodies and financial institutions) to raise genuine concerns of possible improprieties perpetrated with the Group. Whistle-blowers can address their concerns to the Senior Management (i.e. Chief Executive Officer or Chief Financial Officer), and if the event that reporting to Senior Management is a concern, the whistle-blowers could report directly to Executive Chairman.

The details of the Whistleblowing Policy are available on the Company's website at www.cuscapi.com.

Anti-Bribery & Anti-Corruption Policy ("**Anti-Corruption Policy**")

The Group is committed to operating its business legally, ethically, with integrity and without fear. The Board has in place an Anti-Corruption Policy to incorporate the policies and procedures on anti-corruption to promote better governance culture and ethical behaviour within the Group and prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption.

The details of the Anti-Corruption Policy are available on the Company's website at www.cuscapi.com.

c. The Role of Chairman and Chief Executive Officer ("CEO")

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The positions of Chairman of the Company and CEO are held by different individuals with distinct and separate roles to enhance governance and transparency.

The roles and responsibilities of the Chairman and CEO are clearly stated in the Board Charter to ensure a balance of power and authority.

d. Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary under the Companies Act 2016. The Company Secretary is responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular, the compliance of the Bursa Securities's MMLR, as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal, regulatory framework, new statutory requirements and best practices.

The Board has direct access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements. The Company Secretary ensure that discussions at Board and Board Committee meetings are well documented and subsequently communicated to the relevant party for appropriate action.

1. **BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**

1.1 Board Leadership (Continued)

e. Directors' Training

The Board of Cuscapi are encouraged to undergo training programmes and seminars from time to time and, when necessary, to update their knowledge and keep themselves abreast of the latest changes that may affect their roles and responsibilities.

The Board is given the liberty to determine the appropriate type of training needed for their personal development and they are highly encouraged to attend the talks and seminars organised by Bursa Malaysia, which are highly relevant to Directors and Management of the Group.

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

During the FYE 2021, the seminars, forums, conferences and training programmes attended by each Director were as follows:

Directors	Seminars/Forums/Conferences/ Training Attended	Date
Datuk Jayakumar A/L Panneer Selvam	The Section 17A MACC Act	25 August 2020
Dato' Sri Khazali Bin Haji Ahmad	The Section 17A MACC Act	25 August 2020
Dato' Sheah Kok Fah	The Section 17A MACC Act	25 August 2020
Datuk Mat Noor Bin Nawi	The Section 17A MACC Act Securities Commission (SC) Guidelines On Conduct Of Directors And Implications To Both Directors And Management	25 August 2020 23 September 2021
Pn Mohaini Binti Yusof	The Section 17A MACC Act Corporate Director Summit 2021 Governance 4.0	25 August 2020 17 August 2021

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

f. Board Charter

The Board Charter guides the Board in fulfilling its roles, duties and responsibilities, which are in line with the principles of good corporate governance.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. The Board Charter is made available on Cuscapi's website at www.cuscapi.com.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1.2 Board Dynamics

a. Board Composition

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

The current composition of the Board of Cuscapi provides an adequate mix of knowledge, skills and expertise to assist the Board in effectively discharging its stewardship and responsibilities. With their different backgrounds and specialisations, the Directors collectively bring with them a wide range of business, commercial and financial knowledge, expertise and skills essential in the Management and direction of a corporation with a regional presence.

b. Diversity of Board and Senior Management

The Board acknowledges the importance and benefits of boardroom diversity regarding age, gender, nationality, ethnicity and socio-economic background. However, the Board views that while promoting boardroom diversity is essential, the standard selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.

The NRC is responsible for screening and conducting an initial selection, including an external search, before recommending the Board on the new appointment. For the appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting (“**AGM**”).

c. Board Meetings

The Board meets at least four (4) times a year to facilitate the discharge of its responsibilities. Additional or special Board Meetings are convened as and when necessary to consider and deliberate on any urgent proposals or matters arising under their purview and requires the Board’s review or consideration.

The Board meetings are conducted in accordance with a structured formal agenda prepared by the Company Secretary in consultation with the Management. The notice and agenda for a Board meeting are transmitted to each Board member at least seven (7) days in advance of the meeting to allow the Directors to review the Board papers so that matters arising could be deliberated adequately at the Board meetings, and the Board could make appropriate decisions.

Senior Management and appointed advisers of the Company may be required to attend the Board meetings as and when necessary to provide the Board with explanation and clarifications to facilitate informed decision making on any matters.

During the FYE 2021, a total of six (6) Board meetings were held, and the attendance of each Director is set out herein below:

Name of Directors	Attendance	Percentage of Attendance
Datuk Jayakumar A/L Panneer Selvam	6/6	100%
Dato’ Sri Khazali Bin Haji Ahmad	6/6	100%
Dato' Sheah Kok Fah	6/6	100%
Datuk Mat Noor Bin Nawi	6/6	100%
Pn Mohaini Binti Yusof	6/6	100%

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1.2 Board Dynamics (Continued)

c. Board Meetings (Continued)

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in MMLR. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities, which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

d. Tenure of Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensuring that the Independent Directors are able to exercise independent judgment and act in the best interests of the Group. The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completing the nine (9) years' term, an Independent Director may continue to serve on the Board as an Independent Director subject to shareholder's approval. If the Board retains the Independent Director after the twelfth (12^{th}) year, the Board should seek annual shareholders' approval through a two-tier voting process.

In view of this, the Board has undertaken an annual assessment to assess the independence of the independent directors.

Currently, there is no Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

1.3 Nomination and Remuneration Committee

The present NRC consists of two (2) Independent Non-Executive Directors. The members of NRC are as follows: -

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

The roles and responsibilities of the NRC are governed by its Terms of Reference, and a copy could be found at Company's website at www.cuscapi.com.

During the FYE 2021, the NRC had undertaken the following activities:

(a) Conducted an annual assessment of the performance of the Board as a whole for the financial period ended 30 June 2020 and made its recommendation to the Board.
(b) Conducted an annual assessment of the Independent Directors and made its recommendation to the Board.
(c) Reviewed and recommended the re-election of the retiring Directors for Board's approval.
(d) Reviewed composition of Board and its Board Committees.
(e) Reviewed and recommended Directors' fees payable to Non-Executive Directors for Board's approval.
(f) Reviewed and recommended Directors' benefits payable to the Directors for the Board's approval.

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1.3 Nomination and Remuneration Committee (Continued)

a. Annual Evaluation

The NRC is responsible for evaluating the performance and effectiveness of the entire Board, the board committees, and individual directors yearly. The evaluation process is led by the NRC Chairperson and supported by the Company Secretary via questionnaires.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility, and the effectiveness of the Chairman of the respective Board Committees.

Based on the annual assessment conducted, the NRC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. In addition, all assessments and evaluations carried out by the NRC in the discharge of its functions were adequately documented.

b. Re-election of Directors

In accordance with the Constitution and in compliance with the MMLR, all the Directors are required to retire from office at least once in every three (3) years and shall be eligible for re-election. The Constitution also requires that at least one-third (1/3) of the Board retire at each AGM and may offer themselves for re-election.

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

c. Directors' Remuneration

The Board acknowledges that disclosure of remuneration of the Directors and Senior Management on an individual basis provides transparency and enables the stakeholders to assess whether the remuneration commensurate with their individual performance, considering the Company's performance.

For the FYE 2021, the fees and remuneration packages of the Directors of the Company are as follows:

Directors	Fees (RM)	Allowance (RM)	Benefits -in-kind (RM)	Other Emoluments (RM)
Datuk Jayakumar A/L Panneer Selvam	20,000	6,000	-	-
Dato' Sri Khazali Bin Haji Ahmad	120,000	6,000	-	-
Dato' Sheah Kok Fah	20,000	6,000	-	-
Datuk Mat Noor Bin Nawi	20,000	6,000	-	-
Pn Mohaini Binti Yusof	120,000	6,000	-	-
Total	**300,000**	**30,000**	**-**	**-**

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1.3 Nomination and Remuneration Committee (Continued)

d. Remuneration of Senior Management

The remuneration paid to the Senior Management during the financial year is under review, as follows: -

Range of Remuneration	Number of Senior Management
Below RM100,000	-
RM100,001 – RM300,000	4
RM300,001 – RM500,000	1
More than RM500,000	1

e. Remuneration Procedure

The remuneration of each Director reflects the responsibility and commitment, which goes with the Board membership. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to individual and corporate performances while ensuring that the level of remuneration is commensurate with the market, the experience and the level of responsibilities undertaken. For Non-Executive Directors, the level of fees is linked to the contribution and level of responsibilities undertaken by the individual Director, including the time spent on the Group's matters and the size of the Group's business.

The NRC recommends to the Board the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way in determining their own individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The shareholders approve the Directors' fees during the AGM of the Company.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 Establishment and Effectiveness of the Audit Committee

a. Audit Committee

The AC of Cuscapi consists of three (3) Independent Non-Executive Directors. The AC is chaired by an Independent Non-Executive Director, Datuk Mat Noor Bin Nawi, who is not the Chairman of the Board.

The AC is fully informed about significant matters related to the Company's audit and its financial statements. The AC also reviewed the internal audit programme and invited the internal auditors to the meeting to discuss the internal audit findings. Besides, such discussion also served as an avenue for the AC to appropriately communicate its insights, views and concerns about relevant transactions and events to the internal and external auditors.

The Board took note of Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. Thus, the AC shall observe the said application if a former key audit partner is appointed to the Board of the Company.

The roles and responsibilities of the AC are governed by its Terms of Reference, and a copy could be found at Company's website at www.cuscapi.com.

The report of the AC, the list of committee members and its activities conducted during the FYE 2021 are set out on pages 46 to 47 of this Annual Report.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

2.1 Establishment and Effectiveness of the Audit Committee (Continued)

b. Risk Management and Internal Control

The Board acknowledges its overall responsibilities in establishing a sound risk management framework and internal control system within the Group. The risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It provides reasonable assurance against material misstatement of financial information and records or against financial losses or fraud.

The Board oversees the Group risk management framework and policies, ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of significant risks it is willing to take achieving its strategic objectives.

Further details on the features of the risk management and internal control framework and the adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control on pages 42 to 45 of this Annual Report.

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

3.1 Encourage Engagement with Shareholders and other Stakeholders

a. Effective, Transparent and Regular Communication

The Board acknowledges the importance of being accountable to the shareholders and investing public via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the Bursa Securities' website.The Company's annual reports and other circulars to shareholders and, where appropriate, ad hoc press statements and Company's website at www.cuscapi.com which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's significant developments, overviews of financial performance and progress throughout the year.

b. Annual General Meeting

The Company's General Meetings are the principal forum for interaction between the Management and its private and institutional investors. The Board will ensure that the Company's general meetings are conducted efficiently, with the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The Board has adopted the recommendation of the MCCG for the Notice of the AGM to be given to the shareholders at least twenty-eight (28) days prior to the meeting so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM, wherever possible. In addition, shareholders are given the opportunity to seek clarifications on the Group's performance, business activities, and prospects and communicate their expectations and concerns of the Group.

COMPLIANCE STATEMENT

The Board is of the view that the Group upholds adequate CG and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

This Statement was approved by the Board on 14 October 2021.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

AUDIT FEE AND NON-AUDIT FEES

The amount of audit fee and non-audit fee paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 30 June 2021 are as follows:-

Type of fees	Group (RM)	Company (RM)
Audit fees	349,280	93,000
Non-audit fees	6,000	6,000
Total	**355,280**	**99,000**

MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest, which were still subsisting at the end of the financial year ended 30 June 2021 or entered into since the end of the previous financial period.

UTILISATION OF PROCEEDS

The Company did not implement any fund-raising exercise during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

There was no RRPT of a revenue or trading nature during the financial year ended 30 June 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Directors are responsible to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Company and its subsidiaries ("**Group**") in accordance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the provisions of the Companies Act, 2016 ("**the Act**") and applicable Approved Accounting Standards in Malaysia.

In preparing the financial statements for the year ended 30 June 2021, the Board considers that:

(a) all applicable approved accounting standards in Malaysia, such as Malaysian Financial Reporting Standards and International Financial Reporting Standards have been adhered to;

(b) the Group has used appropriate accounting policies and has consistently applied them;

(c) reasonable and prudent judgments and estimates were made; and

(d) the financial statements were prepared on the going concern basis as the Board has a reasonable expectation, having made enquiries, that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Group keeps proper accounting records and other records which are closed with reasonable accuracy at any time the financial position of the Group.

The Directors are collectively responsible to ensure that the financial statements comply with the MMLR of Bursa Securities, the provisions of the Act and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the Group's assets and minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2021, appropriate accounting policies were used and applied consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

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

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

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

2. BOARD RESPONSIBILITY

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

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

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

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

3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

During the financial year ended 30 June 2021, the Chief Executive Officer in charge of the day-to-day management of the Company following the instructions and orders given by the Board. The Chief Executive Officer sets the framework of the internal control environment by providing leadership and direction to senior managers and reviewing how they control the business. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Company. The Chief Executive Officer and Senior Management meet regularly in respect of such matters.

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

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

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

4. INTERNAL AUDIT FUNCTION

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

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

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

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

5. OTHER KEY INTERNAL CONTROL ELEMENTS

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

Board Meetings

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

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

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

The approval of capital and revenue proposals above certain limits is reserved for the Board. Other investment decisions are delegated for approval following authority limits.

Group Policies and Guidelines

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

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

5. OTHER KEY INTERNAL CONTROL ELEMENTS (CONTINUED)

Formalised Strategic Planning and Operating Plan Processes

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

Reporting and Review

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

Monitoring

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

Procedures and Control Environment

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

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

Quality and Ability of Employee

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

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

6. WEAKNESSES IN INTERNAL CONTROL

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

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

7. CONCLUSION

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

This statement is made in accordance with the resolution of the Board of Directors dated 14 October 2021.

AUDIT COMMITTEE REPORT

The Board of Directors ("**Board**") of Cuscapi Berhad ("**Cuscapi**" or "**the Company**") is pleased to present the Audit Committee ("**AC**") Report for the financial year ended 30 June 2021 ("**FYE 2021**").

The AC with delegated oversight responsibilities assists the Board in ensuring that the paramount interest of the shareholders and other stakeholders of the Company and its subsidiaries ("**Group**") are well protected.

A. COMPOSITION

The AC of the Company consists of three (3) members, all of whom are Independent Non-Executive Directors. The AC comprises the following members:

Chairman: Datuk Mat Noor Bin Nawi, *Independent Non-Executive Director*

Members: Dato' Sheah Kok Fah, *Independent Non-Executive Director*
Pn Mohaini Binti Mohd Yusof, *Independent Non-Executive Director*

The AC composition is in line with Paragraph 15.09 of the Main Market Listing Requirement ("**MMLR**"). The AC meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance.

Collectively, the members of AC have the relevant experiences and expertise in finance and accounting and have carried out their duties in accordance with the terms of reference of the AC. The profile of the AC members is contained in the Profile of Directors as set out on page 15 to 19 of this Annual Report.

B. TERM OF REFERENCE

The principal objective of the AC is to assist the Board in meeting its responsibilities relating to the accounting and reporting practices of the Group. The duties and responsibilities of the AC are as per the Terms of Reference of the AC, which can be found on the Company's website at www.cuscapi.com.

C. MEETINGS AND ATTENDANCE

The AC conducted five (5) meetings during the FYE 2021, and the attendance of the AC members is set out as below:-

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

The meetings were structured through the use of agendas which were distributed to the AC with sufficient notification. The AC members are provided with notices and agenda about seven (7) days before the meeting. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

The Company Secretaries or the representatives were present at all the meetings. In addition, upon invitation, the executive board members, members of management, and representatives of the external auditors and internal auditors also attended specific AC meetings to facilitate direct communication and provide clarifications on audit issues and the operations of the Group.

The minutes of each AC meeting was recorded and tabled for confirmation at the next following AC meeting. The AC Chairman reported to the Board on the key matters deliberated during the AC meetings for the Board's consideration and decision.

D. SUMMARY OF WORK

During the FYE 2021, in line with their Term of Reference, the activities of the AC included, among others, the following:-

a) **Financial Results**

- Reviewed and recommended the quarterly results of the Group (including announcements) and the annual financial statements of the Group and of the Company for the Board's approval.
- Deliberated on significant matters raised by the External Auditors, including financial reporting issues, significant judgements made by Senior Management, significant and unusual events or transactions and management's reports and updates on actions recommended by the External Auditors for improvement.
- Deliberated on changes or implementation of significant accounting changes and compliance with accounting standards and other legal requirements.

b) **Internal Audit**

- Reviewed and approved the internal audit plan and the Internal Auditors' scope of work.
- Reviewed and discussed with the Internal Auditors its audit findings and issues arising during the audit.
- Reviewed the adequacy and effectiveness of corrective actions taken by Senior Management on all significant matters raised by the Internal Auditors.
- Recommended Internal Auditor's fees to the Board for approval.
- Met the Internal Auditors to have a frank and candid dialogue and exchange free and honest views and opinions.

c) **External Audit**

- Reviewed and approved the External Auditor's scope of work and audit plan before commencement of the annual audit.
- Reviewed and discussed with the External Auditors the audit results, the audit report, and findings noted during its audit and reported the same to the Board.
- Evaluated the independence and performance of the External Auditors and recommended its fees and re-appointment to the Board for approval.
- Met the External Auditors without the presence of Executive Directors and Senior Management to have a frank and candid dialogue and exchange free and honest views and opinions.

d) **Annual Report**

- Reviewed relevant statements/ reports, including financial statements of this Annual Report.
- Reviewed the Corporate Governance Report as required by Paragraph 15.25 of MMLR.

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional firm named Crowe Governance Sdn. Bhd. ("**Internal Auditors**").

The Internal Auditors of the Group reports directly to the AC and assist the AC in identifying and managing risks to enhance the internal control system. The AC reviews and approves the internal audit plan and the scope of the internal audit covering the relevant areas within the Group from time to time.

The total costs incurred by the Internal Auditors in discharging its functions and responsibilities in respect of the FYE 2021 was RM30,400.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out on page 42 to 45 of this Annual Report.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Loss for the year attributable to:		
Owners of the Company	14,694,307	9,728,684
Non-controlling interests	23,824	-
Loss for the financial year	14,718,131	9,728,684

DIVIDENDS

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

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

RESERVES AND PROVISIONS

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

SUBSIDIARIES

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

There is no qualified auditors' report on the financial statements of any subsidiary for the financial year in which this report is made, 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 year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

DIRECTORS

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

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

* Directors of the Company and certain subsidiaries.

DIRECTORS OF SUBSIDIARIES

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

Anthony Gerald A/L R.Victor
Lim Sze Yean
Filomena Villa
Jayson Torente
Lee Poh Kwan
Leslie Ann Parcon
Satrio Boediarto

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.7.2020	**Bought**	**Sold**	**At 30.6.2021**
Direct interests:				
Datuk Jayakumar A/L Panneer Selvam	35,000,700	41,031,500	(8,000,000)	68,032,200
Dato' Sheah Kok Fah	1,500,000	-	(800,000)	700,000
Indirect interests:				
Datuk Jayakumar A/L Panneer Selvam^	136,926,700	-	-	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 year held any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 year was RM11,908.

OTHER INFORMATION

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

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

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

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

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

(ii) which would render the values attributed to the current assets in the financial statements misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial 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.

OTHER INFORMATION (CONTINUED)

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 33 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 year.

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: 14 October 2021

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STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM (Restated)
NON-CURRENT ASSETS					
Property, plant and equipment	5	8,895,875	10,013,681	1,388,932	2,435,298
Investment property	6	10,112,400	10,112,400	10,112,400	10,112,400
Right-of-use assets	7	2,120,824	3,301,902	1,592,696	2,095,653
Investments in subsidiaries	8	-	-	20,884,565	21,371,885
Other investments	9	18,042,625	20,686,000	1,642,625	4,186,000
Intangible assets	10	988,390	5,134,691	-	-
		40,160,114	49,248,674	35,621,218	40,201,236
CURRENT ASSETS					
Inventories	12	17,682,523	18,747,790	-	-
Trade and other receivables	13	16,740,641	18,433,067	2,176,476	3,888,427
Prepayments		340,657	431,513	118,236	193,118
Current tax asset		168,700	329,925	63,612	43,350
Cash and short-term deposits	14	16,767,770	16,481,485	16,072,781	15,519,053
		51,700,291	54,423,780	18,431,105	19,643,948
TOTAL ASSETS		91,860,405	103,672,454	54,052,323	59,845,184
EQUITY					
Share capital	15	181,114,569	181,114,569	181,114,569	181,114,569
Other reserves	16	12,814,995	12,756,007	126,565	162,000
Accumulated losses		(132,390,568)	(118,662,181)	(154,310,571)	(145,547,807)
Equity attributable to owners of the Company		61,538,996	75,208,395	26,930,563	35,728,762
Non-controlling interest		(71,849)	(48,025)	-	-
TOTAL EQUITY		61,467,147	75,160,370	26,930,563	35,728,762
NON-CURRENT LIABILITIES					
Provision and retirement benefits obligations		175,834	153,140	-	-
Lease liabilities	7	1,671,282	2,636,986	1,354,494	1,856,822
		1,847,116	2,790,126	1,354,494	1,856,822
CURRENT LIABILITIES					
Trade and other payables	17	27,812,111	24,747,519	25,264,938	21,821,299
Lease liabilities	7	717,094	974,439	502,328	438,301
Current tax liabilities		16,937	-	-	-
		28,546,142	25,721,958	25,767,266	22,259,600
TOTAL LIABILITIES		30,393,258	28,512,084	27,121,760	24,116,422
TOTAL EQUITY AND LIABILITIES		91,860,405	103,672,454	54,052,323	59,845,184

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 1.7.2020 to 30.6.2021 (12 months) RM	Group 1.1.2019 to 30.6.2020 (18 months) RM (Restated)	Company 1.7.2020 to 30.6.2021 (12 months) RM	Company 1.1.2019 to 30.6.2020 (18 months) RM (Restated)
Revenue	18	9,981,035	31,317,227	1,124,557	3,635,157
Direct cost of sales	19	(10,051,498)	(29,693,152)	-	-
Amortisation of intangible assets		(3,827,354)	(3,508,408)	-	-
Gross (loss)/profit		(3,897,817)	(1,884,333)	1,124,557	3,635,157
Other income	20	489,830	417,260	611,948	3,369,603
Administrative expenses		(9,962,422)	(17,474,704)	(9,277,998)	(8,594,506)
Other operating expenses	21				
- Impairment loss on investment in subsidiaries		-	-	(487,320)	(10,706,348)
- Impairment loss on goodwill		-	(1,704,163)	-	-
- Impairment loss on intellectual property		(318,947)	-	-	-
- Loss allowance on amounts owing by subsidiaries		-	-	(1,640,961)	(14,732,490)
- Loss allowance on trade and other receivables		(850,374)	(312,181)	-	-
- Bad debts written off		(51,111)	(854,630)	-	-
		(14,590,841)	(21,812,751)	(9,669,774)	(27,028,584)
Finance income	22	235,422	686,250	228,938	659,898
Finance costs	23	(293,468)	(1,171,043)	(287,848)	(540,056)
Net finance (costs)/income		(58,046)	(484,793)	(58,910)	119,842
Loss before tax	24	(14,648,887)	(22,297,544)	(9,728,684)	(26,908,742)
Income tax (expense)/credit	26	(69,244)	30,085	-	111,966
Loss for the financial year/period		(14,718,131)	(22,267,459)	(9,728,684)	(26,796,776)

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STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 1.7.2020 to 30.6.2021 (12 months) RM	Group 1.1.2019 to 30.6.2020 (18 months) RM (Restated)	Company 1.7.2020 to 30.6.2021 (12 months) RM	Company 1.1.2019 to 30.6.2020 (18 months) RM (Restated)
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Fair value gain/(loss) on other investments		830,485	1,819,558	930,485	1,354,852
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		201,726	(796,828)	-	-
Other comprehensive income for the financial year/period		1,032,211	1,022,730	930,485	1,354,852
Total comprehensive loss for the financial year/period		(13,685,920)	(21,244,729)	(8,798,199)	(25,441,924)
Loss for the financial year/period attributable to:					
Owners of the Company		(14,694,307)	(22,217,923)	(9,728,684)	(26,796,776)
Non-controlling interest		(23,824)	(49,536)	-	-
		(14,718,131)	(22,267,459)	(9,728,684)	(26,796,776)
Total comprehensive loss attributable to:					
Owners of the Company		(13,662,096)	(21,195,193)	(8,798,199)	(25,441,924)
Non-controlling interest		(23,824)	(49,536)	-	-
		(13,685,920)	(21,244,729)	(8,798,199)	(25,441,924)
Basic/diluted loss per share (sen):	27	(1.71)	(2.59)		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Attributable to owners of the Company							
Group	**Share capital RM**	**Fair value reserve RM**	**Exchange reserve RM**	**Statutory reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling Interest RM**	**Total equity RM**
At 1 July 2020	181,114,569	626,706	11,906,837	222,464	(118,662,181)	75,208,395	(48,025)	75,160,370
Total comprehensive loss for the financial year								
Loss for the financial period	-	-	-	-	(14,694,307)	(14,694,307)	(23,824)	(14,718,131)
Fair value gain on other investments	-	830,485	-	-	-	830,485	-	830,485
Exchange difference on translation of foreign operation	-	-	194,423	-	-	194,423	-	194,423
Total comprehensive loss	-	830,485	194,423	-	(14,694,307)	(13,669,399)	(23,824)	(13,693,223)
Transfer of fair value reserve upon disposal of equity instruments at FVTOCI	-	(965,920)	-	-	965,920	-	-	-
At 30 June 2021	181,114,569	491,271	12,101,260	222,464	(132,390,568)	61,538,996	(71,849)	61,467,147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Attributable to owners of the Company								
Group	**Note**	**Share capital RM**	**Fair value reserve RM**	**Exchange reserve RM**	**Employees' share option reserve RM**	**Statutory reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling Interest RM**	**Total equity 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		-	-	-	-	-	(22,217,923)	(22,217,923)	(49,536)	(22,267,459)
Fair value gain on other investments		-	1,819,558	-	-	-	-	1,819,558	-	1,819,558
Exchange difference on translation of foreign operation		-	-	(787,564)	-	-	-	(787,564)	-	(787,564)
Total comprehensive loss		-	1,819,558	(787,564)	-	-	(22,217,923)	(21,185,929)	(49,536)	(21,235,465)
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	11,906,837	-	222,464	(118,662,181)	75,208,395	(48,025)	75,160,370

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Attributable to owners of the Company			
Company	**Share capital RM**	**Fair value reserve RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2020	181,114,569	162,000	(145,547,807)	35,728,762
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(9,728,684)	(9,728,684)
Fair value gain on other investment, representing other comprehensive income for the financial year	-	930,485	-	930,485
Total comprehensive loss	-	930,485	(9,728,684)	(8,798,199)
Transfer of fair value reserve upon disposal of equity instruments at FVTOCI	-	(965,920)	965,920	-
At 30 June 2021	181,114,569	126,565	(154,310,571)	26,930,563

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Company	Share capital RM	Fair value reserve RM	Employees' share option reserve RM	Accumulated losses RM	Total equity RM
	← Attributable to owners of the Company →				
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	-	-	-	(26,796,776)	(26,796,776)
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	-	(26,796,776)	(25,441,924)
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	-	(145,547,807)	35,728,762

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(14,648,887)	(22,297,544)	(9,728,684)	(26,908,742)
Adjustments for:				
Amortisation of intangible assets	3,827,354	3,508,408	-	-
Depreciation	2,321,537	4,007,326	1,559,341	2,171,704
Loss allowance on investment in subsidiaries	-	-	487,320	10,706,348
Loss allowance on amounts owing by subsidiaries	-	-	1,640,961	14,732,490
Impairment loss on intangible assets	318,947	-	-	-
Impairment loss on goodwill on consolidation	-	1,704,163	-	-
Loss allowance on trade and other receivables	850,374	312,181	-	-
Interest expenses	293,468	1,171,043	287,848	540,056
Interest income	(235,422)	(686,250)	(228,938)	(659,898)
Inventories written down	54,579	355,502	-	-
Inventories written off	325,417	244,449	-	-
Loss on disposal of property, plant and equipment	38,303	44,785	-	-
Gain on disposal of property, plant and equipment	-	(7,499)	-	(7,499)
Gain on early termination of lease	(85,922)	-	-	-
Bad debts written off	51,111	854,630	-	-
Property, plant and equipment written off	26,829	107,783	7,436	1,808
Unrealised (gain)/loss on foreign exchange differences	(191,244)	433,268	3,789,389	(2,417,402)
Dividend income	(74,000)	(132,500)	(74,000)	(132,500)
Operating loss before changes in working capital	(7,127,556)	(10,380,255)	(2,259,327)	(1,973,635)
Changes in working capital:				
Inventories	685,271	(2,147,597)	-	-
Trade and other receivables	1,078,178	(8,896,192)	166,249	6,330,294
Trade and other payables	(1,442,633)	2,586,029	(176,963)	(8,165,862)
Cash flows used in operations	(6,806,740)	(18,838,015)	(2,270,041)	(3,809,203)
Interest paid	(1,228)	(125,777)	-	(5,798)
Net income tax refunded/(paid)	108,918	510,446	(20,262)	22,719
Net cash used in operating activities	(6,699,050)	(18,453,346)	(2,290,303)	(3,792,282)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 1.7.2020 to 30.6.2021 (12 months) RM	Group 1.1.2019 to 30.6.2020 (18 months) RM	Company 1.7.2020 to 30.6.2021 (12 months) RM	Company 1.1.2019 to 30.6.2020 (18 months) RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of right-of-use assets	(a)	-	(11,850)	-	-
Fixed deposit held as security value		(113,665)	(15,546,123)	(227,467)	(15,432,321)
Investment in subsidiary companies	8	-	(339,529)	-	(557,325)
Advances to subsidiaries		-	-	(2,473,259)	(18,262,272)
Purchase of property, plant and equipment		(376,654)	(2,854,804)	(17,454)	(2,285,199)
Proceeds from disposal of property, plant and equipment		-	7,500	-	7,500
Purchase of intellectual property		-	(7,654,709)	-	-
Proceeds from disposal investment property		-	889,800	-	889,800
Proceeds from disposal other investments		3,473,860	1,026,002	3,473,860	1,026,002
Dividend received from other investment		74,000	132,500	74,000	132,500
Interest received		235,422	686,250	228,938	659,898
Net cash flows generated from/ (used in) investing activities		3,292,963	(23,664,963)	1,058,618	(33,821,417)
CASH FLOWS FROM FINANCING ACTIVITIES	(b)				
Advances from a director		4,800,000	-	4,800,000	-
Repayment to subsidiaries		-	-	(2,487,282)	(2,526,440)
Payment of lease liabilities		(1,133,305)	(2,070,818)	(726,149)	(1,089,223)
Interest paid		(4,427)	(3,967)	-	-
Net cash flow generated from/(used in) financing activities		3,662,268	(2,074,785)	1,586,569	(3,615,663)
NET CHANGES IN CASH AND CASH EQUIVALENTS		256,181	(44,193,094)	354,884	(41,229,362)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		935,362	45,128,456	86,732	41,316,094
EFFECT OF CHANGES IN EXCHANGE RATE		(83,561)	-	(28,623)	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD		1,107,982	935,362	412,993	86,732

	Note	Group 1.7.2020 to 30.6.2021 (12 months) RM	Group 1.1.2019 to 30.6.2020 (18 months) RM	Company 1.7.2020 to 30.6.2021 (12 months) RM	Company 1.1.2019 to 30.6.2020 (18 months) RM
Analysis of cash and cash equivalents:					
Short-term deposits placed with licensed banks		15,697,513	15,549,044	15,697,513	15,435,242
Cash and bank balances		1,070,257	932,441	375,268	83,811
		16,767,770	16,481,485	16,072,781	15,519,053
Less:					
Fixed deposit held as security value	14	(15,659,788)	(15,546,123)	(15,659,788)	(15,432,321)
		1,107,982	935,362	412,993	86,732

Note (a)

Reconciliation of additions of right-of-use assets

	Group 2021 RM	Group 2020 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

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

2020	1.1.2019 RM	Cash flows RM	Foreign exchange movement RM	30.6.2020 RM
Amounts owing to subsidiaries	21,441,117	(2,526,440)	769,196	19,683,873

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

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

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

(a) Application of new or revised standards

In the current financial year, the Group and the Company have applied a number of new amendments that become effective mandatorily for the financial periods beginning on or after 1 July 2020.

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

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

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

		Effective for the financial period beginning on or after
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023

2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for the financial period beginning on or after
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

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

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

Changes of interests in subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Changes of interests in subsidiaries (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 is not depreciated as the property is not yet available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment property (continued)

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

(i) Goodwill

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

(ii) Research and development cost

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 year.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(j) **Financial instruments (continued)**

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

(i) Subsequent measurement (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

(iii) Derecognition of financial assets (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue and other income recognition (continued)

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 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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) Employee benefits (continued)

(iii) Defined benefit plans (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currencies (continued)

(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 fixed deposits held as security values.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 year.

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical Judgement

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

(i) Other investments

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(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

2021	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
Cost						
At 1 July 2020	14,994,140	474,712	1,027,983	4,618,601	2,749,755	23,865,191
Additions	304,280	-	-	72,374	-	376,654
Disposals/Written-off	(871,831)	(248,014)	-	(1,217,964)	(254,737)	(2,592,546)
Exchange differences	(205,262)	(3,690)	220	(777)	31,799	(177,710)
At 30 June 2021	14,221,327	223,008	1,028,203	3,472,234	2,526,817	21,471,589
Accumulated depreciation and impairment loss						
At 1 July 2020	7,829,952	452,157	334,649	3,455,870	1,778,882	13,851,510
Depreciation charge for the financial year	222,650	4,344	160,000	455,263	589,837	1,432,094
Disposals/Written-off	(841,780)	(242,360)	-	(1,191,582)	(251,692)	(2,527,414)
Exchange differences	(204,998)	(3,027)	219	(72,580)	99,910	(180,476)
At 30 June 2021	7,005,824	211,114	494,868	2,646,971	2,216,937	12,575,714
Carrying amount						
At 1 July 2020	7,164,188	22,555	693,334	1,162,731	970,873	10,013,681
At 30 June 2021	7,215,503	11,894	533,335	825,263	309,880	8,895,875

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

2020	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
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

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company

2021	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
Cost						
At 1 July 2020	220,964	221,813	965,000	2,669,546	1,521,977	5,599,300
Additions	-	-	-	17,454	-	17,454
Disposals/Written-off	(162,921)	(106,483)	-	(399,191)	-	(668,595)
At 30 June 2021	58,043	115,330	965,000	2,287,809	1,521,977	4,948,159
Accumulated depreciation and impairment loss						
At 1 July 2020	192,394	219,023	271,665	1,689,888	791,032	3,164,002
Depreciation charge for the financial year	5,895	461	160,000	388,305	501,723	1,056,384
Disposals/Written-off	(156,251)	(106,345)	-	(398,563)	-	(661,159)
At 30 June 2021	42,038	113,139	431,665	1,679,630	1,292,755	3,559,227
Carrying amount						
At 1 July 2020	28,570	2,790	693,335	979,658	730,945	2,435,298
At 30 June 2021	16,005	2,191	533,335	608,179	229,222	1,388,932

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2020	Equipment RM	Furniture and fittings RM	Motor vehicles RM	Computers RM	Renovation RM	Total RM
Cost						
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

(a) Included in property, plant and equipment of the Group is REV hardware equipment (“REV”) with carrying amount of RM6,615,101 (2020: RM6,615,101) which were acquired under deferred payment terms. Please refer to Note 32 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 (2020: RM6,615,101) were held by third party.

6. INVESTMENT PROPERTY

	Group and Company	
	2021	2020
	RM	RM
At cost		
At 1 July 2020/1 January 2019	10,112,400	11,002,200
Disposal	-	(889,800)
At 30 June 2021/2020	10,112,400	10,112,400

The total estimated fair value of investment property is amounting to RM10,200,000 (2020: RM10,112,400).

Investment property comprises a commercial property which the Certificate of Completion and Compliance has not obtained and is not available for use as at end of the financial year.

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.

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

The management has applied the followings assumptions in the valuation:

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

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

In the prior financial year, the fair value of the investment property has been arrived with reference to the recent selling price of RM600 per square foot from the agreement.

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

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

<u>The Group and the Company as Lessee</u>

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Right-of-use assets				
At 1 July 2020/1 January 2019	3,301,902	4,186,305	2,095,653	2,850,088
Additions	-	643,040	-	-
Lease modification	(291,635)	-	-	-
Depreciation	(889,443)	(1,527,443)	(502,957)	(754,435)
At 30 June 2021/ 2020	2,120,824	3,301,902	1,592,696	2,095,653

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Properties	2,066,257	3,230,965	1,592,696	2,095,653
Motor vehicle	54,567	70,937	-	-
	2,120,824	3,301,902	1,592,696	2,095,653

Lease liabilities:

Current	717,094	974,439	502,328	438,301
Non-current	1,671,282	2,636,986	1,354,494	1,856,822
	2,388,376	3,611,425	1,856,822	2,295,123

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Properties	873,073	1,516,530	502,957	754,435
Motor vehicle	16,370	10,913	-	-
	889,443	1,527,443	502,957	754,435

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

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	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 July 2020/1 January 2019	3,611,425	4,186,305	2,295,123	2,850,088
Cash flows:				
Lease payment	(1,133,305)	(2,070,818)	(726,149)	(1,089,223)
Interest paid	(4,427)	(3,967)	-	-
Non-cash:				
Additions	-	631,190	-	-
Lease modification	(377,557)	-	-	-
Finance cost	292,240	868,715	287,848	534,258
At 30 June 2021/2020	2,388,376	3,611,425	1,856,822	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 RM228,904 and RM10,080 (2020: 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 year (including fixed, variable, short-term and low-value assets lease payments) amounting to RM1,601,423 and RM771,414 (2020:RM2,467,005 and RM1,135,977) respectively.

<u>The Group as Lessor</u>

Included in the carrying amount of property, plant and equipment is point-of-sales equipment amounted to RM557,727 (2020: RM435,480) 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	
	2021 RM	2020 RM
In the first year	601,320	602,644
In the second year	601,320	602,644
In the third year	601,320	-
In the fourth year	601,320	-
In the fifth year	350,770	-
	2,756,050	1,205,288

8. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
At cost		
Unquoted shares	42,354,796	42,354,796
Capital contributions	1,354,356	1,354,356
	43,709,152	43,709,152
Less: Impairment loss	(22,824,587)	(22,337,267)
	20,884,565	21,371,885

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

Details of the subsidiaries are as follows:

Name of the Company	Principal place of business and country of incorporation	Ownership interest/ Voting rights 2021 %	Ownership interest/ Voting rights 2020 %	Principal activities
Direct subsidiaries				
Cuscapi Innovation Lab Sdn. Bhd.	Malaysia	100	100	Software development
Cuscapi Consulting Services Sdn. Bhd.	Malaysia	100	100	Provision of project management, business and IT related consultancy services
Cuscapi Malaysia Sdn. Bhd.^	Malaysia	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cuscapi Interactive Solutions Sdn. Bhd.	Malaysia	100	100	Provision of software development, interactive devices solutions, restaurant management and business management solutions
Cuscapi Solutions Sdn. Bhd.	Malaysia	100	100	Software development
Cuscapi Outsourcing Sdn. Bhd.	Malaysia	100	100	Provision of a contract centre for outsourcing services
Cuscapi Blockchain Sdn. Bhd.	Malaysia	100	100	To operate a cryptocurrency exchange in Philippines and other IT related business.
Litar Pasifika Sdn. Bhd.	Malaysia	100	100	Investment holding

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of the Company	Principal place of business and country of incorporation	Ownership interest/ Voting rights 2021 %	2020 %	Principal activities
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	47.82	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cuscapi (BD) Ltd.+	Bangladesh	100	100	To market its Point of Sales Solution in Bangladesh
Cuscapi Vietnam Company Limited *(formerly known as Y Tuong Technology Company Limited)*+	Vietnam	70	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
Subsidiaries of Cuscapi International Pte. Ltd.				
PT Cuscapi Indonesia* +	Indonesia	52.18	52.18	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services
Cuscapi Singapore Pte. Ltd. * +	Singapore	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Cuscapi (Thailand) Co. Ltd.+	Thailand	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of the Company	Principal place of business and country of incorporation	Ownership interest/ Voting rights		Principal activities
		2021 %	2020 %	
Subsidiaries of Cuscapi Hong Kong Ltd.				
Cuscapi Beijing Co. Ltd.+	China	100	100	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Cuscapi Shanghai Co. Ltd.+	China	100	100	Provision of restaurant managemement and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Cuscapi Suzhou Co. Ltd.+	China	100	100	Software development
Cuscapi Guangzhou Co. Ltd.+	China	100	100	Dormant
Cuscapi Philippines, Inc*+	Philippines	99.99	99.99	Investment holding
Cuscapi Interactive Technology (China) Pty Ltd+	Hong Kong	100	100	Investment holding
Subsidiary of Cuscapi Philippines, Inc.				
Tills N Labels System Marketing, Inc*+	Philippines	99.99	99.99	Provision of restaurant management and business management solutions, remedial services for restaurant management hardware and related software implementation and support services, project management business and IT related consultancy services
Subsidiary of Cuscapi Interactive Technology (China) Pty Ltd				
Shanghai Cuscapi Interactive Network Technology Co. Ltd. +	China	100	100	Software development, interactive devices solutions, restaurant management, business management solutions and other related services and products

* Audited by an independent member firm of Mazars

\+ Audited by auditors other than Mazars PLT

^ The auditors' report on the financial statements of Cuscapi Malaysia Sdn. Bhd. contains a qualified opinion relating to the dispute over trade payables and Defence and Counter Claim as disclosed in Note 32 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(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	
	2021 RM	**2020 RM**
At 1 July 2020/1 January 2019	22,337,267	11,630,919
Impairment loss during the financial year/period	487,320	10,706,348
At 30 June 2021/2020	22,824,587	22,337,267

As at the reporting date, there are evidence in internal reporting that indicates that the economic performance of certain subsidiaries are worse than expected. The management has performed impairment testing accordingly and this led to the recognition of an impairment loss of RM487,320 (2020: RM10,706,348) in profit or loss. The recoverable amount has been determined based on the net assets of the subsidiaries, being an approximation of their minimum recoverable amounts determined by management.

(b) Non-controlling interests in subsidiaries

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

(c) Acquisition of subsidiaries

(i) In the prior financial period, 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) In the prior financial period, 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) In the prior financial period, 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.

(d) Incorporation of new wholly-owned subsidiaries

(i) In the prior financial period, 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.

9. OTHER INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets designated at fair value through other comprehensive income				
At fair value:				
Quoted shares (a)	1,642,625	4,186,000	1,642,625	4,186,000
Unquoted shares in KOMMS (b)	16,400,000	16,500,000	-	-
	18,042,625	20,686,000	1,642,625	4,186,000

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

(b) The Group holds 20% (2020: 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 the valuation report conducted by an independent professional firm. The valuation of KOMMS was derived at based on the discounted cash flows using the assumptions prepared by KOMMS, with a discount rate of 14.61% (2020: 13.71%). The valuation is highly dependent on the assumptions prepared by KOMMS and the discount rate used on the discounted cash flows.

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

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

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

Reconciliation of Level 3 Fair Value Measurement

	Group	
	2021 RM	2020 RM
At 1 July 2020/1 January 2019	16,500,000	16,000,000
(Loss)/Gain recognised in other comprehensive income	(100,000)	500,000
At 30 June 2021/2020	16,400,000	16,500,000

9. OTHER INVESTMENTS (CONTINUED)

Details of Level 3 fair value measurements are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Discounted future cash flows.	Discount rate of 14.61%	The higher the discount rate, the lower the fair value.
	Projected sales volume	The higher the projected sales volume, the higher the fair value.

10. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Intellectual property RM	Development cost RM	Total RM
Cost				
At 1 January 2019	2,344,330	-	50,461,251	52,805,581
Additions	348,223	7,654,709	-	8,002,932
Exchange differences	-	-	319,165	319,165
At 30 June 2021/2020	2,692,553	7,654,709	50,780,416	61,127,678
Accumulated amortisation				
At 1 January 2019	-	-	32,675,463	32,675,463
Charge for the financial period	-	3,508,408	-	3,508,408
Exchange differences	-	-	319,165	319,165
At 30 June 2020	-	3,508,408	32,994,628	36,503,036
Charge for the financial year	-	3,827,354	-	3,827,354
At 30 June 2021	-	7,335,762	32,994,628	40,330,390
Accumulated impairment losses				
At 1 January 2019	-	-	17,785,788	17,785,788
Impairment loss for the financial period	1,530,052	-	-	1,530,052
At 30 June 2020, as previously stated	1,530,052	-	17,785,788	19,315,840
Prior year adjustments	174,111	-	-	174,111
At 30 June 2020, as restated	1,704,163	-	17,785,788	19,489,951
Impairment loss for the financial year	-	318,947	-	318,947
At 30 June 2021	1,704,163	318,947	17,785,788	19,808,898
Net carrying amount				
At 30 June 2021	988,390	-	-	988,390
At 30 June 2020	988,390	4,146,301	-	5,134,691

10. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on Consolidation

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

	Group	
	2021 RM	2020 RM (Restated)
Cuscapi Solutions Sdn. Bhd.	988,390	988,390

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

	2021	2020
Discount rates	14%	14%
Sales growth rates	10% - 100%	10% - 100%

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

In the prior 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 in the prior financial period.

During the current financial year, as a result of unexpected poor performance of the Group, management carried out an impairment test on the intellectual property. The impairment test led to the recognition of an impairment loss of RM318,947 (2020: RMNil) in profit or loss. The recoverable amount of the intellectual property has been determined on the basis of its value in use.

10. INTANGIBLE ASSETS (CONTINUED)

(c) Development costs

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

11. DEFERRED TAX ASSETS/(LIABILITIES)

The Group and the Company have not recognised any deferred tax assets and liabilities during the financial year (2020: Nil).

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Taxable temporary difference	(8,782,362)	(9,616,833)	(77,855)	(796,886)
Unutilised tax losses	31,712,654	26,676,900	6,036,109	3,660,220
Unutilised capital allowances	10,390,761	9,818,430	1,553,768	1,209,260
Leases	288,684	324,477	264,126	199,470
Unrealised foreign exchange	544,918	736,162	3,789,389	-
Allowance for doubtful debts	5,563,422	4,741,959	-	-
Other deductible temporary differences	598,487	73,775	-	-
	40,316,564	32,754,870	11,565,537	4,272,064
Deferred tax assets not recognised at 24% (2020: 24%)	9,675,975	7,861,169	2,775,729	1,025,295

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Expire in 2025	23,162,686	23,162,686	3,209,512	3,209,512
Expire in 2026	1,757,107	1,757,107	225,354	225,354
Expire in 2027	1,757,107	1,757,107	225,354	225,354
Expire in 2028	5,035,754	-	2,375,889	-
	31,712,654	26,676,900	6,036,109	3,660,220

12. INVENTORIES

	Group 2021 RM	Group 2020 RM
Point of sales related equipment, components and parts	17,682,523	18,747,790
Recognised in statements of comprehensive income:		
Inventories at cost recognised as cost of sales	1,285,290	7,683,043
Inventories written off	325,417	244,449
Write down of inventories to net realisable value	54,579	355,502
	1,665,286	8,282,994

Included in inventories of the Group is REV hardware equipment ("REV") with carrying amount of RM15,451,976 (2020: RM15,451,976) which acquired under deferred payment terms. Please refer to Note 32 to the financial statements for further details.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Trade (a)				
Trade receivables	9,195,047	9,808,611	7,300	7,300
Amounts owing by subsidiaries	-	-	26,623,772	25,889,479
	9,195,047	9,808,611	26,631,072	25,896,779
Less: Loss allowance for trade receivables	(5,193,979)	(4,374,142)	(7,300)	(7,300)
Loss allowance for amounts owing by subsidiaries	-	-	(25,483,584)	(24,672,750)
	4,001,068	5,434,469	1,140,188	1,216,729

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

		Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Non-trade					
Contract assets		53,207	-	101,394	101,130
Other receivables		47,030	142,754	332	8,041
SST/GST refundable		31,322	95,587	-	3,271
Amounts owing by subsidiaries (b)		-	-	111,840,519	112,630,976
Sundry advances		342,621	341,856	-	-
Deposits		12,634,836	12,786,218	161,355	165,465
		13,109,016	13,366,415	112,103,600	112,908,883
Less:	Loss allowance for other receivables	(369,443)	(367,817)	-	-
	Loss allowance for amounts owing by subsidiaries	-	-	(111,067,312)	(110,237,185)
		12,739,573	12,998,598	1,036,288	2,671,698
Total trade and other receivables		16,740,641	18,433,067	2,176,476	3,888,427

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
United States Dollar ("USD")	311,198	518,718	-	763,810
Philippine Peso ("PHP")	812,297	623,801	-	-
China Renmimbi ("RMB")	46,215	194,107	-	-
Thai Baht ("THB")	150,632	258,206	-	-
Singapore Dollar ("SGD")	214,323	579,539	-	674,893
Vietnamese Dong ("VND")	10,367	31,927	-	-
Indonesia Rupiah ("IDR")	871,588	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 (2020: 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.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
At 1 July 2020/1 January 2019				
- 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
Movement during the financial year/ period:				
- Trade receivables				
Loss allowance for the financial year/period	850,374	583,323	-	-
Exchange differences	(30,537)	174,969	-	-
Reversal of loss allowance	-	(281,231)	-	-
	819,837	477,061	-	-
- Other receivables				
Loss allowance for the financial year/period	-	10,089	-	-
Exchange differences	1,626	16,413	-	-
	1,626	26,502	-	-
- Amounts owing by subsidiaries				
Loss allowance for the financial year/period	-	-	3,505,898	17,953,854
Reversal of loss allowance	-	-	(1,864,937)	(3,221,364)
	-	-	1,640,961	14,732,490
At 30 June 2021/ 2020				
- Trade receivables	5,193,979	4,374,142	7,300	7,300
- Other receivables	369,443	367,817	-	-
- Amounts owing by subsidiaries	-	-	136,550,896	134,909,935
	5,563,422	4,741,959	136,558,196	134,917,235

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	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM
Cash and bank balances	1,070,257	932,441	375,268	83,811
Short-term deposits placed with licensed banks	15,697,513	15,549,044	15,697,513	15,435,242
	16,767,770	16,481,485	16,072,781	15,519,053

Short term deposits of the Group and the Company amounting to RM15,659,788 and RM15,659,788 (2020: RM15,546,123 and RM15,432,321) 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 (2020: 1 month) which bear interest rate of 1.40% (2020: 2.70%) per annum.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	80,362	121,494	25,438	27,287
RMB	41,596	69,829	-	-
SGD	32,539	124,425	-	-
PHP	89,425	62,845	-	-
THB	25,246	11,920	-	-
IDR	18,420	58,010	-	-
VND	27,428	-	-	-
Bangladeshi Taka (“BDT”)	199,539	213,953	-	-

15. SHARE CAPITAL

	Group and Company	
	Number of Ordinary shares	Amount RM
Issued and fully paid		
At 1 July 2020/1 January 2019 and 30 June 2021/2020	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.

16. OTHER RESERVES

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM
Exchange reserve (a)	12,101,260	11,906,837	-	-
Fair value reserve (b)	491,271	626,706	126,565	162,000
Statutory reserve (c)	222,464	222,464	-	-
	12,814,995	12,756,007	126,565	162,000

(a) Exchange reserve

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

(b) Fair value reserve of financial assets at FVTOCI

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

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

(c) Statutory reserve

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

17. TRADE AND OTHER PAYABLES

	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
Trade				
Trade payables (a)	18,248,035	19,378,317	596,864	335,424
Non-trade				
Other payables	1,383,356	1,949,419	1,122,013	1,468,160
SST/GST payable	395,576	318,205	-	20,466
Amounts owing to subsidiaries (b)	-	-	18,504,475	19,683,873
Amount owing to a director (c)	4,800,000	-	4,800,000	-
Accrued operating expenses	1,518,276	1,801,476	241,586	312,876
Refundable deposits	294,922	258,961	-	500
Contract liabilities (d)	1,171,946	1,041,141	-	-
	9,564,076	5,369,202	24,668,074	21,485,875
Total trade and other payables	27,812,111	24,747,519	25,264,938	21,821,299

(a) Included in trade payables is an amount of RM14,932,452 (2020: RM15,578,339) 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 32 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 (2020: 30 to 120 days) from the date of invoices.

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

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

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

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 July 2020/1 January 2019	1,041,141	1,732,849	-	-
Consideration received	1,599,325	1,887,302	-	-
Recognition of revenue	(1,468,520)	(2,579,010)	-	-
At 30 June 2021/2020	1,171,946	1,041,141	-	-

17. TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	15,623,239	15,358,170	10,497,504	10,715,536
SGD	323,028	540,051	987,907	987,907
RMB	413,872	1,012,313	-	-
PHP	1,846,052	1,682,782	-	-
THB	491,274	535,635	-	-
HKD	10,668	28,140	-	-
VND	107,181	162,104	-	-
IDR	450,782	645,318	-	-

18. REVENUE

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM (Restated)	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM (Restated)
Revenue from contracts with customers				
(i) Recognised at a point in time				
- Sale of goods	3,675,220	14,237,796	-	-
(ii) Recognised over time				
- Services	5,709,355	12,633,793	-	-
- Management fees	-	-	1,124,557	3,635,157
	9,384,575	26,871,589	1,124,557	3,635,157
Rental income from POS equipment	596,460	4,445,638	-	-
	9,981,035	31,317,227	1,124,557	3,635,157

19. DIRECT COST OF SALES

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
Cost of goods sold	1,665,591	8,282,994	-	-
Other direct costs	8,385,907	21,410,158	-	-
	10,051,498	29,693,152	-	-

20. OTHER INCOME

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM (Restated)	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM (Restated)
Gain on disposal of property, plant and equipment	-	7,499	-	7,499
Gain on early termination of lease	85,922	-	-	-
Dividend income	74,000	132,500	74,000	132,500
Unrealised gain on foreign exchange	191,244	-	-	2,417,402
Rental income	-	-	520,753	812,202
Wages subsidy	106,134	254,602	-	-
Sundry income	32,530	22,659	17,195	-
	489,830	417,260	611,948	3,369,603

21. OTHER OPERATING EXPENSES

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM (Restated)	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM (Restated)
Impairment loss on investments in subsidiaries	-	-	487,320	10,706,348
Impairment loss on goodwill	-	1,704,163	-	-
Impairment loss on intellectual property	318,947	-	-	-
Loss allowance on amounts owing by subsidiaries	-	-	1,640,961	14,732,490
Loss allowance on trade and other receivables	850,374	312,181	-	-
Bad debts written off	51,111	854,630	-	-
	1,220,432	2,870,974	2,128,281	25,438,838

22. FINANCE INCOME

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
Interest income on short-term deposits placed with licensed banks	235,422	686,250	228,938	659,898

23. FINANCE COSTS

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
Interest expenses on				
- lease liabilities	292,240	868,715	287,848	534,258
- late payment	1,228	125,777	-	5,798
- deferred payment	-	176,551	-	-
	293,468	1,171,043	287,848	540,056

24. LOSS BEFORE TAX

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

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
Amortisation of intangible assets	3,827,354	3,508,408	-	-
Auditors' remuneration:				
- Statutory:				
- current year	473,373	575,758	93,000	116,000
- over provision in prior year	(96,473)	(3,113)	-	(7,600)
- Non statutory:				
- current year	6,000	6,000	6,000	6,000
Deposit forfeited	-	180,131	-	180,131
Depreciation of property, plant and equipment	1,432,094	2,479,883	1,056,384	1,417,269
Depreciation of right-of-use assets	889,443	1,527,443	502,957	754,435
Inventories written down	54,579	355,502	-	-
Inventories written off	325,417	244,449	-	-
Loss on disposal of property, plant and equipment	38,303	44,785	-	-
Property, plant and equipment written off	26,829	107,783	7,436	1,808
Lease expenses for short-term and low-value assets	463,691	392,220	45,265	46,754
Realised loss/(gain) on foreign exchange	14,705	(6,950)	-	-
Unrealised loss on foreign exchange	-	433,268	3,789,389	-

25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	**1.1.2019 to 30.6.2020 (18 months) RM**	**1.7.2020 to 30.6.2021 (12 months) RM**	**1.1.2019 to 30.6.2020 (18 months) RM**
Salaries, allowances, bonuses and overtime	7,845,053	15,538,972	1,717,607	2,676,655
Defined contribution plans	673,583	1,435,002	209,296	323,640
Other staff related expenses	468,906	844,550	119,475	160,325
	8,987,542	17,818,524	2,046,378	3,160,620

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

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	**1.1.2019 to 30.6.2020 (18 months) RM**	**1.7.2020 to 30.6.2021 (12 months) RM**	**1.1.2019 to 30.6.2020 (18 months) RM**
Directors of the Company				
Executive Directors:				
- Salaries, fees, allowances and bonus	140,000	100,000	140,000	100,000
- Defined contribution plan	12,000	16,000	12,000	16,000
	152,000	116,000	152,000	116,000
Non-executive Directors:				
- Directors' fees	160,000	180,000	160,000	180,000
- Allowances	18,000	16,000	18,000	16,000
	178,000	196,000	178,000	196,000
Directors of the subsidiaries				
Executive Directors:				
- Salaries, allowances and bonus	1,038,813	1,905,371	-	-
- Defined contribution plan	105,820	188,424	-	-
- Other emoluments	10,296	15,899	-	-
	1,154,929	2,109,694	-	-
Total directors' remuneration	1,484,929	2,421,694	330,000	312,000

26. INCOME TAX (EXPENSE)/CREDIT

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

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
Current income tax:				
- Current income tax charge	(77,678)	(75,381)	-	-
- Adjustment in respect of prior years	8,434	105,466	-	111,966
	(69,244)	30,085	-	111,966
Income tax (expense)/ credit recognised in profit or loss	(69,244)	30,085	-	111,966

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

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

Countries	2021 %	2020 %
(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	20.00	30.00
(g) Vietnam	20.00	20.00
(h) Bangladesh	20.00	20.00

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

	Group		Company	
	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM	1.7.2020 to 30.6.2021 (12 months) RM	1.1.2019 to 30.6.2020 (18 months) RM
Loss before tax	(14,648,887)	(22,297,544)	(9,728,684)	(26,908,742)
Tax at Malaysian statutory income tax rate of 24% (2020: 24%)	3,515,733	5,351,411	2,334,884	6,458,098
Income not subject to tax	17,760	99,295	470,005	1,338,571
Non-deductible expenses	(1,796,365)	(3,137,975)	(1,054,455)	(7,486,902)
Origination of deferred tax assets not recognised in the financial statements	(1,814,806)	(2,388,112)	(1,750,434)	(309,767)
Adjustment in respect of current income tax of prior years	8,434	105,466	-	111,966
Income tax (expense)/credit	(69,244)	30,085	-	111,966

27. LOSS PER SHARE

Basic loss per ordinary share

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

	Group	
	1.7.2020 to 30.6.2020 (12 months) RM	**1.1.2019 to 30.6.2020 (18 months) RM (Restated)**
Loss attributable to owners of the Company (RM)	(14,694,307)	(22,217,923)
Weighted average number of ordinary shares for basic loss per share	859,269,076	859,269,076
Basic loss per ordinary share (sen)	(1.71)	(2.59)

Diluted loss per share

The diluted loss per ordinary share of the current financial year and previous financial period 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 year/period 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 year.

28. 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:

2021	**Amortised cost RM**	**FVTOCI RM**
Financial assets		
Group		
Other investments	-	18,042,625
Trade and other receivables (exclude SST refundable and contract assets)	16,656,112	-
Cash and short-term deposits	16,767,770	-
	33,423,882	18,042,625
Company		
Other investments	-	1,642,625
Trade and other receivables (exclude SST refundable and contract assets)	2,075,082	-
Cash and short-term deposits	16,072,781	-
	18,147,863	1,642,625

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

2021	Amortised cost RM	FVTOCI RM
Financial liabilities		
Group		
Trade and other payables (exclude SST/GST payable and contract liabilities)	26,244,589	-
Company		
Trade and other payables (exclude SST payable)	25,264,938	-

2020	Amortised cost RM	FVTOCI RM
Financial assets		
Group		
Other investments	-	20,686,000
Trade and other receivables (exclude SST/GST refundable and contract assets)	18,337,480	-
Cash and short-term deposits	16,481,485	-
	34,818,965	20,686,000
Company		
Other investments	-	4,186,000
Trade and other receivables (exclude SST/GST refundable and contract assets)	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)	23,388,173	-
Company		
Trade and other payables (exclude SST/GST payable)	21,800,833	-

(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 and foreign currency 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.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(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 three (2020: one) customers representing approximately 44% (2020: 42%) 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			
2021			
Not past due	-	513,527	-
1 to 30 days past due	-	1,571,131	-
31 to 60 days past due	-	581,735	-
61 to 90 days past due	-	289,228	-
91 to 120 days past due	-	645,139	-
Over 120 days past due	93%	5,594,287	(5,193,979)
		9,195,047	(5,193,979)
Group			
2020			
Not past due	-	-	-
1 to 30 days past due	-	1,500,336	-
31 to 60 days past due	-	852,270	-
61 to 90 days past due	-	73,959	-
91 to 120 days past due	-	41,412	-
Over 120 days past due	60%	7,340,634	(4,374,142)
		9,808,611	(4,374,142)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

Credit risk concentration profile (continued)

Company 2021	Expected credit loss rate	Gross carrying amount RM	Loss allowance RM
Not past due	-	-	-
1 to 30 days past due	-	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
Over 120 days past due	96%	26,631,072	(25,490,884)
		26,631,072	(25,490,884)

Company 2020	Expected credit loss rate	Gross carrying amount RM	Loss allowance RM
Not past due	-	-	-
1 to 30 days past due	-	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
Over 120 days past due	95%	25,896,779	(24,680,050)
		25,896,779	(24,680,050)

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.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Amounts owing by subsidiaries

At the reporting date, the Company has a significant concentration of credit risk in the form of outstanding balances from one (2020: one) subsidiary representing approximately 100% (2020: 75%) of the total amounts owing by subsidiaries.

Management assesses the credit risk of amounts owing by subsidiaries with reference to the financial position, business performance of the subsidiaries and probability of default.

The amounts owing by subsidiaries are considered to have low credit risk as the Company has control over the operating, investing and financing activities of its subsidiaries. The use of advances to assist with the subsidiaries' cash flow management is in line with the Group's treasury management. There has been no significant increase in the credit risk of the amounts owing by subsidiaries since initial recognition.

Management has assessed and concluded that any credit risk in respect of amounts owing by subsidiaries to be considered insignificant.

Other financial assets

For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and reputable licensed financial institutions. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Corporate guarantee

The Company has granted corporate guarantee of RM14,932,452 (2020: RM15,401,788) 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.

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.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

		Contractual cash flows			
Group	**Carrying amount RM**	**On demand or within 1 years RM**	**Between 1 to 5 years RM**	**More than 5 years RM**	**Total RM**
2021					
Trade and other payables (exclude SST/GST payable and contract liabilities)	26,244,589	26,244,589	-	-	26,244,589
Lease liabilities	2,388,376	913,547	1,870,036	-	2,783,583
2020					
Trade and other payables (exclude SST/GST payable and contract liabilities)	23,388,173	23,388,173	-	-	23,388,173
Lease liabilities	3,611,425	1,407,994	3,154,284	-	4,562,278
Company					
2021					
Trade and other payables (exclude SST/GST payable)	25,264,938	25,264,938	-	-	25,264,938
Lease liabilities	1,856,822	726,149	1,573,322	-	2,299,471
Corporate guarantee	-	14,932,452	-	-	14,932,452
Company					
2020					
Trade and 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

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(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 2021	United States Dollar RM	Singapore Dollar RM	China Renminbi RM	Philippine Peso RM	Thai Baht RM	Indonesia Rupiah RM
Trade and other receivables	311,198	214,323	46,215	812,297	150,632	871,588
Cash and short-term deposits	80,362	32,539	41,596	89,425	25,246	18,420
Trade and other payables	(15,623,239)	(323,028)	(413,872)	(1,846,052)	(491,274)	(450,782)
	(15,231,679)	(76,166)	(326,061)	(944,330)	(315,396)	439,226
2020						
Trade and other receivables	518,718	579,539	194,107	623,801	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)	(1,682,782)	(535,635)	(645,318)
	(14,717,958)	163,913	(748,377)	(996,136)	(265,509)	446,349

	United States Dollar RM	Singapore Dollar RM
Company **2021**		
Cash and short-term deposits	25,438	-
Trade and other payables	(10,497,504)	(987,907)
	(10,472,066)	(987,907)
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)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly USD, SGD, RMB, PHP, THB and IDR.

The following tables demonstrates the sensitivity to a reasonably possible change in the respective foreign currencies, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year/period.

	Group		Company	
	2021 Increase/ (Decrease) RM	**2020 Increase/ (Decrease) RM**	**2021 Increase/ (Decrease) RM**	**2020 Increase/ (Decrease) RM**
Effects on profit or loss and equity				
USD				
- strengthen by 3%	(456,950)	(441,539)	(314,162)	(298,333)
RMB				
- strengthen by 3%	(9,782)	(22,451)	-	-
PHP				
- strengthen by 3%	(28,330)	(29,884)	-	-
THB				
- strengthen by 3%	(9,462)	(7,965)	-	-
IDR				
- strengthen by 3%	13,177	13,390	-	-

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments measured at fair value:

Group 2021	Carrying amount Total RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial asset					
Other investments	18,042,625	1,642,625	-	16,400,000	18,042,625
2020					
Other investments	20,686,000	4,186,000	-	16,500,000	20,686,000
Company					
2021					
Financial asset					
Other investments	1,642,625	1,642,625	-	-	1,642,625
2020					
Other investments	4,186,000	4,186,000	-	-	4,186,000

Level 3 fair value

<u>Fair value of financial instruments carried at fair value</u>

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 year (2020: no transfer in either directions).

29. 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.

29. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company 1.7.2020 to 30.6.2021 (12 months) RM	Company 1.1.2019 to 30.6.2020 (18 months) RM (Restated)
Management fees		
- Cuscapi Malaysia Sdn. Bhd.	754,014	3,244,900
- Cuscapi Solutions Sdn. Bhd.	370,543	384,367
- Cuscapi Consulting Services Sdn. Bhd.	-	5,890
	1,124,557	3,635,157

(c) Compensation of key management personnel

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

	Group 1.7.2020 to 30.6.2021 (12 months) RM	Group 1.1.2019 to 30.6.2020 (18 months) RM	Company 1.7.2020 to 30.6.2021 (12 months) RM	Company 1.1.2019 to 30.6.2020 (18 months) RM
Key management personnel's remuneration				
- salaries and other emoluments	2,836,656	2,534,953	1,378,912	1,890,301
Post-employment benefits:				
- defined contribution plan	284,367	270,539	128,254	192,707
	3,121,023	2,805,492	1,507,166	2,083,008

30. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt convenants.

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Total liabilities	30,393,258	28,512,084	27,121,760	24,116,422
Equity attributable to owners of the Company	61,540,442	75,208,395	26,930,563	35,728,762
Debt-to-equity ratio	49%	38%	101%	67%

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

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

31. 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.

31. SEGMENTAL INFORMATION (CONTINUED)

(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.

31. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment Malaysia RM	South East Asia RM	People's Republic of China RM	Business Unit Segment Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2021									
Revenue									
Revenue from external customers		6,003,215	3,977,820	-	-	-	9,981,035	-	9,981,035
Inter-company revenue	A	479,132	58,512	-	1,360,800	1,124,557	3,023,001	(3,023,001)	-
		6,482,347	4,036,332	-	1,360,800	1,124,557	13,004,036	(3,023,001)	9,981,035
Results									
Included in the measure of segment profit/(loss) are:									
Interest income		5,953	199	225	107	228,938	235,422	-	235,422
Interest expense		(4,447)	(20,194)	-	-	(287,848)	(312,489)	19,021	(293,468)
Amortisation of intangible assets		(3,827,354)	-	-	-	-	(3,827,354)	-	(3,827,354)
Depreciation of property, plant and equipment		(197,748)	(162,003)	(4,295)	(11,664)	(1,056,384)	(1,432,094)	-	(1,432,094)
Depreciation of right-of-use assets		(16,370)	(168,053)	-	-	(502,957)	(687,380)	(202,063)	(889,443)
Loss on disposal of property, plant and equipment		-	(2,057)	(36,246)	-	-	(38,303)	-	(38,303)
Impairment loss on intangible assets		(318,947)	-	-	-	-	(318,947)	-	(318,947)
Loss allowance on trade and other receivables		(33,580)	(783,516)	(33,278)	-	-	(850,374)	-	(850,374)
Inventories written down		(54,579)	-	-	-	-	(54,579)	-	(54,579)
Inventories written off		-	(325,417)	-	-	-	(325,417)	-	(325,417)

31. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment Malaysia RM	South East Asia RM	People's Republic of China RM	Business Unit Segment Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2021									
Results									
Property, plant and equipment written off		(10,898)	-	(8,476)	(19)	(7,436)	(26,829)	-	(26,829)
Lease expenses for short-term and low-value assets		-	(255,005)	(141,209)	(22,212)	(45,265)	(463,691)	-	(463,691)
Realised (loss)/gain on foreign exchange		(5,685)	(55,655)	-	(447)	-	(61,787)	47,082	(14,705)
Unrealised gain/(loss) on foreign exchange		8,148	(684,197)	(5,767)	(159,308)	(3,789,389)	(4,630,513)	4,821,757	191,244
Segment (loss)/profit	B	(7,886,546)	(4,855,215)	(530,326)	(2,083,522)	(9,728,686)	(25,084,295)	10,435,408	(14,648,887)
Income tax (expense)/credit		(67,705)	(1,539)	-	-	-	(69,244)	-	(69,244)
(Loss)/Profit for the financial year		(7,954,251)	(4,856,754)	(530,326)	(2,083,522)	(9,728,686)	(25,153,539)	10,435,408	(14,718,131)
Assets									
Segment assets		48,196,979	32,355,296	5,869,976	3,414,050	54,033,660	143,869,961	(52,386,210)	91,483,751
Addition to non-current assets		293,466	30,267	-	35,467	17,454	376,654	-	376,654
Total Assets	C	48,490,445	32,385,563	5,869,976	3,449,517	54,051,114	144,246,615	(52,386,210)	91,860,405
Liabilities									
Segment liabilities		85,135,423	46,414,898	49,036,519	26,704,425	27,120,551	234,411,816	(204,018,558)	30,393,258

31. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment Malaysia RM	South East Asia RM	People's Republic of China RM	Business Unit Segment Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2020									
Revenue									
Revenue from external customers		19,931,314	9,794,521	1,591,392	-	-	31,317,227	-	31,317,227
Inter-company revenue	A	1,052,447	-	-	858,896	3,635,157	5,546,500	(5,546,500)	-
		20,983,761	9,637,804	1,591,392	858,896	3,635,157	36,863,727	(5,546,500)	31,317,227
Results									
Included in the measure of segment profit/(loss) are:									
Interest income		23,896	975	804	677	659,898	686,250	-	686,250
Interest expense		(180,817)	(158,826)	(40)	-	(540,056)	(879,739)	(291,304)	(1,171,043)
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		-	-	-	(1,704,163)	-	(1,704,163)	-	(1,704,163)
Loss allowance on trade and other receivables		(79,737)	(221,867)	(488)	(10,089)	-	(312,181)	-	(312,181)
Inventories written down		(345,466)	(10,036)	-	-	-	(355,502)	-	(355,502)
Inventories written off		-	(244,449)	-	-	-	(244,449)	-	(244,449)

31. SEGMENTAL INFORMATION (CONTINUED)

	Note	Geographical Segment			Business Unit Segment				
		Malaysia RM	South East Asia RM	People's Republic of China RM	Operational Cost Centre RM	Group Corporate RM	Total RM	Eliminations and adjustments RM	Consolidated RM
Group									
2020									
Results									
Property, plant and equipment written off		(99,821)	-	(4,774)	(1,380)	(1,808)	(107,783)	-	(107,783)
Lease expenses for short-term and low-value assets		-	(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	(10,502,840)	(4,629,187)	(350,480)	(2,469,259)	(26,908,744)	(44,860,510)	22,562,966	(22,297,544)
Income tax (expense)/credit		(38,694)	(43,188)	-	-	111,967	30,085	-	30,085
(Loss)/Profit for the financial period		(10,541,534)	(4,672,375)	(350,480)	(2,469,259)	(26,796,777)	(44,830,425)	22,562,966	(22,267,459)
Assets									
Segment assets		46,554,863	35,362,814	9,437,636	12,292,469	59,527,936	163,175,718	(64,347,884)	98,827,834
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	36,252,226	9,405,747	12,240,937	59,783,682	168,020,338	(64,347,884)	103,672,454
Liabilities									
Segment liabilities		81,491,950	43,623,670	49,652,508	30,369,693	24,054,918	229,192,739	(200,680,655)	28,512,084

31. SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

A. Inter-company revenue

Inter-company revenue are eliminated on consolidation.

B. Reconciliation of profit or loss

	2021 RM	2020 RM
Inter-segment income	17,631,227	41,599,605
Unallocated amount:		
- Other corporate expenses	(7,195,819)	(19,036,639)
	10,435,408	22,562,966

C. Reconciliation of assets

	2021 RM	2020 RM
Inter-segment assets	52,386,210	64,347,884

Geographical information

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

	Revenue RM	Non-current assets RM
2021		
Malaysia	6,003,215	38,061,743
South East of China	3,977,820	593,504
People's Republic of China	-	1,504,867
	9,981,035	40,160,114
2020		
Malaysia	19,931,314	47,838,237
South East of China	9,794,521	971,603
People's Republic of China	1,591,392	438,834
	31,317,227	49,248,674

Information about major customers

For Malaysia segment, revenue from one customer represented approximately RM1,911,875 (2020: RM8,885,375) for the Group's total revenue.

32. MATERIAL LITIGATION

During the financial year, the Group is not engaged in any material litigation either as plaintiff or defendant and the directors of the Company do not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries which might materially and adversely affect the position or business of the Group, except for the following:

As announced on 25 September 2018, the Company and its wholly-owned subsidiary, Cuscapi Malaysia Sdn. Bhd. ("Cuscapi Malaysia") was served with a Writ of Summons and received a Statement of Claim dated 5 September 2018 by Hitachi Digital Services (Singapore) Pte. Ltd. ("Hitachi Singapore"). 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 Cuscapi Berhad and a Director in both the Company and Cuscapi 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 Cuscapi 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 Cuscapi 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.

On 31 December 2020, the High Court Judge allowed the claim commenced by Hitachi Singapore against the Company and Cuscapi Malaysia for a sum of USD3,596,448 together with 5% interest and dismissed the Company and Cuscapi Malaysia's counter claim with cost of RM180,000 against the Defendants in the Counter Claim.

The High Court Judge has granted a consequential order that the sum of RM15,014,835 which has been paid by the Company into the fixed deposit with a licensed bank, together with the accrued interest be uplifted and paid to Hitachi Singapore.

The Company and Cuscapi Malaysia filed an appeal against the judgement which was granted on 31 December 2020 ("Appeal") and filed a notice of motion to stay the execution of judgement on 8 February 2021 ("Stay Motion").

On 31 March 2021, the Court of Appeal allowed the Stay Application with the condition that the sum of RM15,014,835 paid by the Company to the licensed bank be deposited in the same account pending the full and final disposal of Appeal. As of the date of this report, the Court of Appeal fixed the hearing on 18 February 2022.

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.

32. MATERIAL LITIGATION (CONTINUED)

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 2021, 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 RM14,932,452. 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.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Group's and the Company's operations have been disrupted/suspended temporarily as a result of the relevant government's measures in response to the COVID-19 pandemic since early 2020. The directors are cognizant of the challenges posed by these events and the potential impact they have on the Company's financial position, financial performance and cash flows. The most significant financial impact would be due to a reduction in revenue by approximately 43% compare to financial period from 1 July 2019 to 30 June 2020. The directors will continuously assess the situation and put in place measures to minimise impact to the Company. As the situation is still evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably as at the date of this report.

34. PRIOR YEAR ADJUSTMENTS

During the current financial year, management discovered several accounting errors and errors that were not material in prior accounting periods. Accordingly, the comparative information were restated as follows:

(a) Overstatement of intangible assets due to under recognition of impairment loss on goodwill amounted to RM174,111.

(b) Understatement of trade and receivables due to under recognition of revenue amounted to RM165,981.

(c) Reclassification of trade and other payable and current tax liabilities amounted to RM13,495 and RM9,330 respectively to current tax assets.

(d) Reclassification of trade and other payables amounted to RM99,212 to provision and retirement benefits obligation.

(e) Understatement of cash and short-term deposits of RM3,236 for salaries expenses.

(f) Understatement of trade and other payables due to notional interest for unwinding of discounted value amounted to RM176,551.

(g) Reclassification of reversal of loss allowance on trade receivables of RM281,231 from other income to other operating expenses.

(h) Understatement of management fee from a subsidiary amounted to RM101,130.

(i) Reclassification of reversal of loss allowance on amounts owing by subsidiaries of RM3,221,364 from other income to other operating expenses.

34. PRIOR YEAR ADJUSTMENTS (CONTINUED)

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				
2020				
Statements of Financial Position				
Intangible assets	(a)	5,308,802	(174,111)	5,134,691
Trade and other receivables	(b)	18,267,086	165,981	18,433,067
Current tax assets	(c)	325,760	4,165	329,925
Cash and short-term deposits	(e)	16,478,249	3,236	16,481,485
Other reserve	(b)	(12,746,743)	(9,264)	(12,756,007)
Accumulated losses		118,471,472	190,709	118,662,181
Provision and retirement benefits obligation	(d)	53,928	99,212	153,140
Trade and other payables	(c),(d), (f)	(24,656,685)	(90,834)	(24,747,519)
Current tax liabilities	(c)	(9,330)	9,330	-
2020				
Statements of Comprehensive Income				
Revenue	(b)	31,160,510	156,717	31,317,227
Other income	(g)	698,491	(281,231)	417,260
Other operating expenses				
- Impairment loss on goodwill	(a)	(1,530,052)	(174,111)	(1,704,163)
- Loss allowance on trade and other receivables	(g)	(593,412)	281,231	(312,181)
Finance costs	(f)	(994,492)	176,551	(1,171,043)
Company				
2020				
Statements of Financial Position				
Trade and other receivables	(h)	3,787,297	101,130	3,888,427
Accumulated losses		145,648,937	(101,130)	145,547,807
Statements of Comprehensive Income				
Revenue	(h)	3,534,027	101,130	3,635,157
Other income	(i)	6,590,967	(3,221,364)	3,369,603
Other operating expenses				
- Loss allowance on amounts owing by subsidiaries	(i)	(17,953,854)	3,221,364	(14,732,490)

35. COMPARATIVE FIGURES

During the previous financial period, the Company changed its financial year end from 31 December to 30 June. The previous financial statements of the Group and of the Company were 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 eighteen (18) months financial period from 1 January 2019 to 30 June 2020, are not comparable.

36. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 14 October 2021.

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 52 to 125 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 2021 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

....
DATUK JAYAKUMAR A/L PANNEER SELVAM
Director

....
DATUK MAT NOOR BIN NAWI
Director

Kuala Lumpur
Date: 14 October 2021

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 52 to 125 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,

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Cuscapi Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 125.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

Referring to Note 32 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 2021.

Due to the circumstances and consideration described in Note 32 to the financial statements,

(a) The physical existence of property, plant and equipment 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 2021, the Company has investments in subsidiaries at carrying amount of RM20.9 million. Management assessed the investments in subsidiaries and determine whether there is any indication of impairment. If such an indication exists, management estimates the recoverable amount. Determining the recoverable amount requires management to estimate the future cash flows to be generated; and to determine a suitable discount rate in order to calculate the present value of those cash flows. The bases and assumptions used in the calculation of recoverable amount involve a significant degree of management judgement. Due to the significant management judgement involved and the 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 reviewed impairment assessment performed by management including whether any indicator of impairment identified.

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, 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 recoverable amount, taking into consideration of internal and external data.

(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:

Included in the other investments of the Group as at 30 June 2021 is an amount of RM16.4 million from unquoted shares measured at fair value. The fair value of this investment is based on the discounted cash flows model.

Management's assessment of the fair value of this investment involve estimation and significant judgement relating to the assumptions used. 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 2021. 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.

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

- 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

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
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

....
YAP CHING SHIN
02022/03/2022 J
Chartered Accountant

Kuala Lumpur

Date: 14 October 2021

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2021

Total Issued Share : 859,269,076 Ordinary Shares
Types of Shares : Ordinary Share
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2021

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	100	4,113	0.0005
100 to 1,000	490	331,246	0.0385
1,001 to 10,000	1,325	8,785,558	1.0224
10,001 to 100,000	1,645	66,050,353	7.6868
100,001 to less than 5% of issued shares	444	595,895,306	69.3491
5% and above of issued shares	2	188,202,500	21.9026
Total	**4,006**	**859,269,076**	**100.0000**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Datuk Jayakumar A/L Panneer Selvam	68,032,200	7.917	142,952,900[#]	16.637
2.	Dato' Sri Khazali Bin Haji Ahmad	-	-	-	-
3.	Datuk Mat Noor Bin Nawi	-	-	-	-
4.	Dato' Sheah Kok Fah	700,000	0.081	-	-
5.	Pn Mohaini Binti Mohd Yusof	-	-	-	-

[#] *Deemed interested by virtue of his interest in Ultimate Quality Success Sdn Bhd and Rosetta Partners Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Ultimate Quality Success Sdn Bhd	129,452,900	15.065	-	-
2.	Transight Systems Sdn Bhd	64,775,800	7.539	-	-
3.	Datuk Jayakumar A/L Panneer Selvam	68,032,200	7.917	142,952,900[#]	16.637

[#] *Deemed interested by virtue of his interest in Ultimate Quality Success Sdn Bhd and Rosetta Partners Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2021)

	Names	No. of Shares	Percentage of Shareholdings (%)
1.	PACIFIC TRUSTEES BERHAD FOR ULTIMATE QUALITY SUCCESS SDN BHD	123,426,700	14.3642
2.	TRANSIGHT SYSTEMS SDN BHD	64,775,800	7.5385
3.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	38,000,000	4.8879
4.	AURA FOKUS SDN BHD	38,000,000	4.4224
5.	PACIFIC TRUSTEES BERHAD FOR DATUK JAYAKUMAR A/L PANNEER SELVAM	33,640,700	3.9150
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	31,031,500	3.6114
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THARREARN	27,000,000	3.1422
8.	AIX SHARES SDN BHD	24,956,000	2.9043
9.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON (MY4348)	20,000,000	2.7929
10.	RHB NOMINEES (TEMPATAN) SDN BHD CAROLYN WONG TARNN YOONG	20,000,000	2.3276
11.	ELPIS MODELS MANAGEMENT SDN BHD	19,478,100	2.2668
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG (MY1989)	16,000,000	1.8620
13.	RHB NOMINEES (TEMPATAN) SDN BHD TAN AH LOY @ TAN MAY LING	16,000,000	1.8620
14.	PACIFIC TRUSTEES BERHAD FOR ROSETTA PARTNERS SDN BHD	13,500,000	1.5711
15.	MAYBANK NOMINEES (TEMPATAN) SDN PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD.	9,040,000	1.0521
16.	CHIANG KAI LOON	8,412,300	0.9790
17.	YAP SWEE SANG	8,100,000	0.9427
18.	AMANAHRAYA TRUSTEES BERHAD AFFIN HWANG TACTICAL FUND	7,151,000	0.8322
19.	RHB NOMINEES (TEMPATAN) SDN BHD CHAN SHOOK FUN	7,000,000	0.8146
20.	QUEK TEE KIAM	6,895,600	0.8025
21.	ELPIS MODELS MANAGEMENT SDN BHD	6,520,200	0.7588
22.	ULTIMATE QUALITY SUCCESS SDN BHD	6,026,200	0.7013
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON	5,541,500	0.6449
24.	SON TONG LEONG	5,203,200	0.6055
25.	ANG CHIN JOO	4,531,806	0.5274
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HONG SING	4,441,800	0.5169
27.	ROSE VISION SDN BHD	4,271,100	0.4971
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH CHENG HOE (M01)	4,100,000	0.4771
29.	YEE YOK SEN	4,065,400	0.4731
30.	K MAYAH A/P KUPPUSAMY @ NAGHURAN	4,017,900	0.4676

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Second Annual General Meeting ("**42nd AGM**") of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 December 2021 at 2.30 p.m. or at any adjournment thereof for the following purposes:

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note to Ordinary Business**
2.	To re-elect the following Directors who retire pursuant to Clause 105 of the Company's Constitution and who being eligible, have offered themselves for re-election: -	
	(a) Datuk Jayakumar A/L Panneer Selvam	**Ordinary Resolution 1**
	(b) Datuk Mat Noor Bin Nawi	**Ordinary Resolution 2**
3.	To approve the payment of Directors' fees amounting to RM300,000 to the Directors of the Company for the financial year ended 30 June 2021.	**Ordinary Resolution 3**
4.	To approve the payment of meeting allowances to the Directors up to an amount of RM90,000 from the 42nd AGM up to the conclusion of the Forty-Third (43rd) Annual General Meeting.	**Ordinary Resolution 4**
5.	To re-appoint Messrs Mazars PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.	**Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 — **Ordinary Resolution 6**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 & SSM PC No. 201908002253)
Company Secretary

Selangor
Dated : 29 October 2021

NOTES:

1. The Company's 42nd AGM will be held as a virtual meeting through live streaming and online remote voting using RPV Facilities. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely using RPV Facilities provided by Agmo Studio Sdn Bhd via its Vote2U online website at *https://web.vote2u.app*.

2. In compliance with Section 327(2) of the Act, the Chairman of the meeting shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia's Guidance Note, the Broadcast Venue will be strictly limited to only essential individuals for organizing and conducting the virtual AGM.

   No shareholders and proxies will be allowed to be physically present nor enter the Broadcast Venue.

3. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, voting at the 42nd AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify poll results, respectively. Shareholders and proxies will be voting remotely using RPV Facilities via Vote2U at *https://web.vote2u.app*

4. A member entitled to attend and vote at this virtual meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the virtual meeting shall have the same rights as the member to speak at the Meeting.

5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

6. Where a member is an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. In the case of an individual, the Form of Proxy shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

8. For the purpose of determining a member who shall be entitled to attend the 42nd AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 8 December 2021. Only a depositor whose name appears on the Record of the Depositor as at 8 December 2021 shall be entitled to attend the said virtual meeting or appoint proxies to attend and/or vote on his/her behalf.

9. To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, Boardroom.com Sdn. Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time set for holding the virtual meeting (not later than Tuesday, 14 December 2021 at 2.30 p.m.) or any adjournment thereof.

Explanatory Notes to Ordinary Business:

a. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2021

   This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

Explanatory Notes to Special Business:

a. Ordinary Resolution 6 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

   This proposed resolution is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 18 December 2020 ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

   The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting.

   Unless revoked or varied by the Company in a general meeting, this authority will expire at the conclusion of the next Annual General Meeting of the Company.

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CUSCAPI BERHAD
[Registration No. 197801006160 (43190-H)]
FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We ______________________________ I.C./Passport/Company No. ______________________

of ____

being a member/members of CUSCAPI BERHAD hereby appoint ______________________________

I.C./Passport/Company No. ______________________ Email Address: ______________________

Contact No. ______________________ of ______________________

____

or failing him/her, ______________________ I.C./Passport/Company No. ______________________

Email Address: ______________________ Contact No. ______________________

of ____

or* the CHAIRMAN OF THE MEETING* as *my/our Proxy(ies) to vote for *me/us and act on *my/our behalf at the Forty-Second Annual General Meeting ("**42nd AGM**") of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan, on Thursday, 16 December 2021 at 2.30 p.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
ORDINARY RESOLUTION 1	To re-elect Datuk Jayakumar A/L Panneer Selvam who retires in accordance with Clause 105 of the Company's Constitution		
ORDINARY RESOLUTION 2	To re-elect (b) Datuk Mat Noor Bin Nawi who retires in accordance with Clause 105 of the Company's Constitution		
ORDINARY RESOLUTION 3	To approve the payment of Directors' fees amounting to RM300,000 to the Directors of the Company for the financial year ended 30 June 2021.		
ORDINARY RESOLUTION 4	To approve the payment of meeting allowances to the Directors up to an amount of RM90,000 from the 42nd AGM until the conclusion of the Forty-Third (43rd) Annual General Meeting.		
ORDINARY RESOLUTION 5	To re-appoint Messrs Mazars PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.		
ORDINARY RESOLUTION 6	To grant authority to Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Signed this............. day of 2021

....
Signature of Shareholder(s)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ……………………….…….
Percentage : ………………………….…..%

Second Proxy
No. of Shares: …………………….………
Percentage : …………………………..….%

NOTES:
1. The Company's 42nd AGM will be held as a virtual meeting through live streaming and online remote voting using RPV Facilities. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely using RPV Facilities provided by Agmo Studio Sdn Bhd via its Vote2U online website at *https://web.vote2u.app*.
2. In compliance with Section 327(2) of the Act, the Chairman of the meeting shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia's Guidance Note, the Broadcast Venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM.
   No shareholders and proxies will be allowed to be physically present nor enter the Broadcast Venue.
3. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, voting at the 42nd AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the poll results, respectively. Shareholders and proxies will be voting remotely using RPV Facilities via Vote2U at *https://web.vote2u.app*.
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5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. Where a member is an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. In the case of an individual, the Form of Proxy shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
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AFFIX STAMP

The Share Registrar of

CUSCAPI BERHAD
[Registration No. 197801006160 (43190-H)]
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor

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CUSCAPI BERHAD 197801006160(43190-H)

Level 27 & 28, Block N, Empire City Damansara,
No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor, Malaysia.

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WWW.CUSCAPI.COM