

Capco Consultancy (Malaysia) Sdn. Bhd.

(Registration No. 201701022188 (1236354-T))
(Incorporated in Malaysia)

**Financial statements for the year
ended 31 December 2021**

Capco Consultancy (Malaysia) Sdn. Bhd.

(Registration No. 201701022188 (1236354-T))

(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2021

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2021.

Principal activity

The Company is principally engaged in provision of management consultancy services. There has been no significant change in the nature of this principal activity during the financial year.

Ultimate holding corporation

The Company is a subsidiary of Wipro Limited, of which is incorporated in India, listed on the New York Stock Exchange and regarded by the Directors as the Company's ultimate holding corporation, during the financial year and until the date of this report.

Results

	RM
Loss for the year	<u>768,299</u>

Reserves and provisions

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

Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Kamal Deep Singh (appointed on 6 April 2022)

Ankita Sharma (appointed on 27 May 2022)

Chia Fook Kong Thomas Eugene (appointed on 6 April 2022 and resigned on 30 May 2022)

Gavin Keith James (resigned on 7 April 2022)

Marlina Binti Budin (resigned on 7 April 2022)

Thomas Joseph Keenan IV (resigned on 7 April 2022)

Directors' interests in shares

The interests in the shares and options over shares of the Company and/or of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of options over shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
<u>Interests in the ultimate holding corporation,</u>				
<u>Cardinal Holdings, LP:</u>				
Gavin Keith James				
- Preferred Units* (USD1,000 each)	500	-	(500)	-
- Profit Units* (USD0.01 each)	240,000	-	(240,000)	-

*- The ultimate holding corporation, Cardinal Holdings LP, operates a share scheme whereby eligible director of the Company are granted an option to purchase Preferred Units and Profit Units ("the Units") in the ultimate holding corporation. The Units represents interests in Cardinal Holdings LP, with Preferred Units entitle to the right to dividend payments.

The other Directors holding office at 31 December 2021 had no interest in the shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, there was no indemnity given to or professional indemnity insurance effected for Directors, officers or auditors of the Company.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

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

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Registration No. 201701022188 (1236354-T)

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 12 to the financial statements.

Signed in accordance with a resolution of the Directors:


.....
Ankita Sharma
Director


.....
Kamal Deep Singh
Director

Date: 21 JUN 2022

Capco Consultancy (Malaysia) Sdn. Bhd.
 (Registration No. 201701022188 (1236354-T))
 (Incorporated in Malaysia)

Statement of financial position as at 31 December 2021

	Note	2021 RM	2020 RM
Assets			
Plant and equipment	3	514,490	-
Right-of-use assets	4	27,876	94,780
Total non-current asset		<u>542,366</u>	<u>94,780</u>
Trade and other receivables	5	6,226,369	6,573,129
Contract assets	6	2,174,142	966,555
Current tax assets		-	357,000
Cash and bank balances		3,118,001	3,423,525
Total current assets		<u>11,518,512</u>	<u>11,320,209</u>
Total assets		<u>12,060,878</u>	<u>11,414,989</u>
Equity			
Share capital	7	11,206,000	11,206,000
Accumulated losses		(12,666,822)	(11,898,523)
Deficit in total equity attributable to owner of the Company		<u>(1,460,822)</u>	<u>(692,523)</u>
Liabilities			
Lease liability		-	30,961
Other payables	8	2,509,908	2,498,958
Total non-current liabilities		<u>2,509,908</u>	<u>2,529,919</u>
Other payables	8	10,984,670	9,505,829
Lease liability		27,122	71,764
Total current liabilities		<u>11,011,792</u>	<u>9,577,593</u>
Total liabilities		<u>13,521,700</u>	<u>12,107,512</u>
Total equity and liabilities		<u>12,060,878</u>	<u>11,414,989</u>

The notes on pages 10 to 35 are an integral part of these financial statements.

Capco Consultancy (Malaysia) Sdn. Bhd.

(Registration No. 201701022188 (1236354-T))

(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Note	2021 RM	2020 RM
Revenue	9	24,780,161	17,675,915
Other income		707,157	114,834
Staff costs		(22,543,467)	(17,027,438)
Office expenses		(208,076)	(98,092)
Professional fees		(1,574,679)	(1,016,651)
Travelling and entertainment expenses		(19,798)	(11,400)
Depreciation of plant and equipment	3	(47,560)	-
Depreciation of right-of-use assets	4	(66,904)	(66,904)
Other expenses		(1,178,190)	(2,398,361)
Results from operating activities		(151,356)	(2,828,097)
Finance income	10	71,819	253,423
Finance cost	11	(688,762)	(864,874)
Loss before tax	12	(768,299)	(3,439,548)
Tax expense	13	-	-
Loss and total comprehensive expenses for the year		<u>(768,299)</u>	<u>(3,439,548)</u>

The notes on pages 10 to 35 are an integral part of these financial statements.

Capco Consultancy (Malaysia) Sdn. Bhd.

(Registration No. 201701022188 (1236354-T))

(Incorporated in Malaysia)

Statement of changes in equity for the financial year ended 31 December 2021

	Share capital RM	Accumulated losses RM	Total equity RM
At 1 January 2020	1,000,000	(8,458,975)	(7,458,975)
Loss and total comprehensive expenses for the year	-	(3,439,548)	(3,439,548)
<i>Contribution by owner of the Company:</i>			
- Issue of ordinary share	10,206,000	-	10,206,000
Total transaction with owner of the Company	10,206,000	-	10,206,000
At 31 December 2020/1 January 2021	11,206,000	(11,898,523)	(692,523)
Loss and total comprehensive expenses for the year	-	(768,299)	(768,299)
At 31 December 2021	11,206,000	(12,666,822)	(1,460,822)

Note 7

The notes on pages 10 to 35 are an integral part of these financial statements.

Capco Consultancy (Malaysia) Sdn. Bhd.

(Registration No. 201701022188 (1236354-T))

(Incorporated in Malaysia)

Statement of cash flows for the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Loss before tax		(768,299)	(3,439,548)
<i>Adjustments for:</i>			
Depreciation of plant and equipment	3	47,560	-
Depreciation of right-of-use assets	4	66,904	66,904
Finance income	10	(71,819)	(253,423)
Finance costs	11	688,762	864,874
Unrealised (gain)/loss on foreign exchange		(443,273)	647,527
		(480,165)	(2,113,666)
Changes in working capital:			
Trade and other receivables		(1,175,820)	(1,646,803)
Other payables		760,568	404,025
Contract assets		(1,207,587)	1,114,511
Cash used in operations		(2,103,004)	(2,241,933)
Interest received		71,819	253,423
Interest paid		(688,762)	(864,874)
Tax refund		357,000	-
Net cash used in operating activities		(2,362,947)	(2,853,384)
Cash flows from investing activity			
Acquisition of plant and equipment	3	(562,050)	-
Net cash used in investing activity		(562,050)	-
Cash flows from financing activities			
Proceeds from issuance of shares		-	10,206,000
Payment of lease liability		(75,603)	(64,657)
Loan from immediate holding corporation		-	2,425,510
Advances from/(Repayment to) immediate holding corporation		99,486	(11,515,093)
Advances from related corporations		2,595,590	2,736,928
Net cash from financing activities		2,619,473	3,788,688
Net (decrease)/increase in cash and bank balance		(305,524)	935,304
Cash and bank balances at 1 January		3,423,525	2,488,221
Cash and bank balance at 31 December		3,118,001	3,423,525

Statement of cash flows for the financial year ended 31 December 2021 (continued)

Cash outflow for leases as a lessee

	Note	2021 RM	2020 RM
Included in net cash from operating activities:			
Payment relating to short-term leases	12	-	39,411
Interest paid in relation to lease liability	11	3,464	6,871
Included in net cash from financing activities:			
Payment of lease liability		<u>75,603</u>	<u>64,657</u>
Total cash outflows for leases		<u><u>79,067</u></u>	<u><u>110,939</u></u>

Reconciliation of movements of liabilities to cashflows arising from financing activities

	Lease liability RM
At 1 January 2020	167,382
Net changes from financing cash flow	<u>(64,657)</u>
At 31 December 2020/1 January 2021	102,725
Net changes from financing cash flows	<u>(75,603)</u>
At 31 December 2021	<u><u>27,122</u></u>

The notes on pages 10 to 35 are an integral part of these financial statements.

Capco Consultancy (Malaysia) Sdn. Bhd.

(Registration No. 201701022188 (1236354-T))

(Incorporated in Malaysia)

Notes to the financial statements

Capco Consultancy (Malaysia) Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Suite 25.01, Level 25,
The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Wilayah Persekutuan
Kuala Lumpur

Registered office

Suite 702, 7th Floor
Wisma Hangsam
Jalan Hang Lekir
50000 Kuala Lumpur

The Company is principally engaged in provision of management consultancy services.

Prior to 29 April 2021, the ultimate holding corporation was Cardinal Holdings, LP, a corporation incorporated in Cayman Island. On 29 April 2021, the entire ownership in the Capco Group which includes the Company held by Cardinal Holdings, LP was sold to Wipro Limited, an entity incorporated in India and listed on the New York Stock Exchange. Following this, Wipro Limited replaces Cardinal Holdings, LP as the Company's ultimate holding corporation.

The immediate holding corporation during the financial year was The Capital Markets Company BVBA which is incorporated in Belgium.

The financial statements were authorised for issue by the Board of Directors on 21 June 2022.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Company.

(b) Basis of measurement

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

The Company incurred a loss of RM768,299 for the financial year ended 31 December 2021 and, as of that date, there was a deficit in shareholder's fund of RM1,460,822. These indicate the existence of uncertainties which may cast significant doubt on the ability of the Company to continue as a going concern. The going concern basis on which the financial statements have been prepared is dependent on the continuous financial support from its immediate holding corporation, The Capital Markets Company BVBA.

At the date of this report, there is no reason for the Directors to believe that there is any significant uncertainty its immediate holding corporation will not continue its financial support. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary if the Company was unable to continue as going concern.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

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

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting year are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(g)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(g)(i)).

Financial liabilities

Financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of the ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment were measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that were directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of an item of plant and equipment have different useful lives, they were accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(c) Plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use.

The estimated useful lives are as follows:

- Office equipment 5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(d) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) Recognition and initial measurement

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(d) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. The lease liability is measured at amortised cost using the effective interest method.

(e) Contract asset

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with MFRS 9, *Financial Instruments* (see Note 2(g)(i)).

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances and are used by the Company in the management of their short-term commitments.

(g) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and cash equivalents. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

2. Significant accounting policies (continued)

(g) Impairment (continued)

(i) Financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2. Significant accounting policies (continued)

(g) Impairment (continued)

(ii) Other assets (continued)

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant accounting policies (continued)

(j) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a service to customer.

The Company transfers control of a service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Company performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(k) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

(l) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Plant and equipment

	Office equipment RM
Cost	
At 1 January 2020/31 December 2020/1 January 2021	-
Additions	562,050
At 31 December 2021	<u>562,050</u>
Depreciation	
At 1 January 2020/31 December 2020/1 January 2021	-
Depreciation for the year	47,560
At 31 December 2021	<u>47,560</u>
Carrying amounts	
At 1 January 2020/31 December 2020/1 January 2021	-
At 31 December 2021	<u>514,490</u>

4. Right-of-use assets

	Office premises RM
At 1 January 2020	161,684
Depreciation	<u>(66,904)</u>
At 31 December 2020/1 January 2021	94,780
Depreciation	<u>(66,904)</u>
At 31 December 2021	<u>27,876</u>

The Company leases office premises with furniture and fittings that run for 2 years.

4.1 Judgments and assumptions in relation to leases

The Company assessed at lease commencement by applying judgment whether it is reasonably certain to exercise the extension options. The Company considered all facts and circumstances including its past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determine the lease term.

The Company also applied judgment and assumptions in determining the incremental borrowing rate of the lease. The Company first determines the closest available borrowing rates before using judgment to determine the adjustments required to reflect the term, security, value or economic environment of the lease.

5. Trade and other receivables

	Note	2021 RM	2020 RM
Trade			
Trade receivables		2,768,629	1,705,006
Non-trade			
Amount due from related corporations	5.1	2,905,076	4,427,656
Prepayments		508,868	395,924
Other receivables		-	30,746
Deposit		43,796	13,797
		<u>3,457,740</u>	<u>4,868,123</u>
		<u>6,226,369</u>	<u>6,573,129</u>

5.1 The amount due from related corporations are unsecured, repayable on demand and is subject to interest rate of 4.79% per annum (2020: 4.79%).

6. Contract assets

	2021 RM	2020 RM
Contract assets	2,174,142	966,555

The contract assets primarily relate to the Company's rights to consideration for work completed on service contracts but not yet billed at the reporting date. Typically, the amount will be billed within 60 days and payment is expected within 30 days.

7. Share capital

	Amount 2021 RM	Number of shares 2021	Amount 2020 RM	Number of shares 2020
Ordinary shares with no par value, issued and fully paid:				
At 1 January	11,206,000	1,000,001	1,000,000	1,000,000
Issued during the year	-	-	10,206,000	1
At 31 December	<u>11,206,000</u>	<u>1,000,001</u>	<u>11,206,000</u>	<u>1,000,001</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

8. Other payables

	Note	2021 RM	2020 RM
Non-current			
Amount due to immediate holding corporation	8.1	<u>2,509,908</u>	<u>2,498,958</u>
Current			
Amount due to immediate holding corporation	8.1	632,495	675,863
Amount due to related corporations	8.2	7,629,315	6,867,674
Other payable and accruals		<u>2,722,860</u>	<u>1,962,292</u>
		<u>10,984,670</u>	<u>9,505,829</u>
		<u>13,494,578</u>	<u>12,004,787</u>

8.1 The non-current amount due to immediate holding corporation is unsecured, subject to interest at 4.79% per annum and repayable on 1 September 2025.

The current amount due to immediate holding corporation is unsecured, repayable on demand and is subject to interest rate of 4.79% per annum (2020: 4.79%).

8.2 Amount due to related corporations is unsecured, repayable on demand and is subject to interest rate of 4.79% per annum (2020: 4.79%).

9. Revenue

	2021 RM	2020 RM
Revenue from contracts with customers	<u>24,780,161</u>	<u>17,675,915</u>

9.1 Nature of services

The following information reflects the typical transactions of the Company:

Nature of services	Timing of recognition or method used to recognise revenue	Significant payment terms
Corporate consultation services	Revenue is recognised overtime based on the milestones achieved.	Credit period of 30 days from invoice date.

There is no variable consideration included in the revenue from contracts with customers.

10. Finance income

	2021 RM	2020 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost	<u>71,819</u>	<u>253,423</u>

11. Finance costs

	2021 RM	2020 RM
Interest expense of financial liabilities that are not at fair value through profit or loss	685,298	858,003
Interest expense on lease liability	<u>3,464</u>	<u>6,871</u>
	<u>688,762</u>	<u>864,874</u>

12. Loss before tax

	Note	2021 RM	2020 RM
Loss before tax is arrived after charging/(crediting):			
Auditors' remuneration		30,000	56,000
Material expenses/(income)			
Depreciation of plant and equipment	3	47,560	-
Depreciation of right-of-use assets	4	66,904	66,904
Personnel expenses:			
- Wages, salaries and others		18,712,234	13,781,001
- Contributions to Employees' Provident Fund		3,831,233	3,246,437
Realised loss on foreign exchange		356	563,214
Unrealised (gain)/loss on foreign exchange		<u>(443,273)</u>	<u>647,526</u>
Expenses arising from leases			
Expenses relating to short-term lease	12.1	<u>-</u>	<u>39,411</u>

12.1 In prior financial year, the Company leased office building and apartment. The lease was short-term and the Company had elected not to recognise right-of-use assets and lease liabilities for the office building and apartment.

13. Tax expense

There is no tax expense in the current year and previous year as the Company is in a tax loss position.

	2021 RM	2020 RM
Reconciliation of taxation		
Loss before tax	<u>(768,299)</u>	<u>(3,439,548)</u>
Income tax calculated using Malaysian tax rate of 24%	(184,392)	(825,492)
Non-deductible expenses	146,948	166,591
Effect of deferred tax not recognised	<u>37,444</u>	<u>658,901</u>
	<u>-</u>	<u>-</u>

Unrecognised deferred tax assets

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

	2021 RM	2020 RM
Unutilised tax losses		
- Expire in YA 2028	2,849,305	2,849,305
- Expire in YA 2029	2,565,141	2,565,141
- Expire in YA 2030	1,633,459	1,633,459
- Expire in YA 2031	116,248	-
Unutilised capital allowances	337,230	-
Plant and equipment	(289,670)	-
Provision	1,978,283	1,534,104
Right-of-use assets	(27,876)	(94,780)
Lease liability	27,122	102,725
Other deductible temporary differences	<u>204,254</u>	<u>647,527</u>
	<u>9,393,496</u>	<u>9,237,481</u>

The abovementioned deferred tax assets do not expire under the current tax legislation except for the unutilised tax losses. The unutilised tax losses expire according to the year of assessment (YA) as disclosed above and any amount of tax losses which is not deducted at the end of those relevant years as mentioned shall be disregarded.

Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Company can utilise the benefits there from.

14. Financial instruments

14.1 Categories of financial instruments

The table below shows the carrying amount of financial instruments as at 31 December 2021 and 31 December 2020 categorised as amortised cost ("AC").

	2021 RM	2020 RM
Financial assets		
Trade and other receivables (excluding prepayments)	5,717,501	6,177,205
Cash and bank balances	<u>3,118,001</u>	<u>3,423,525</u>
	<u>8,835,502</u>	<u>9,600,730</u>
Financial liabilities		
Other payables	<u>(13,494,578)</u>	<u>(12,004,787)</u>

14.2 Net gains and losses arising from financial instruments

	2021 RM	2020 RM
Net losses arising on:		
Financial assets at amortised cost	(60,266)	(303,324)
Financial liabilities at amortised cost	<u>(110,296)</u>	<u>(1,511,996)</u>
	<u>(170,562)</u>	<u>(1,815,320)</u>

14.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

14.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivable from customers. There are no significant changes as compared to prior year.

14. Financial instruments (continued)

14.4 Credit risk (continued)

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

The Company controls credit risk by entering into transaction only with credit worthy counterparty and exposure to credit risk is monitored on an ongoing basis.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

Management has taken reasonable steps to ensure that receivable that is neither past due nor impaired are measured at their realisable values. The amount due from customer, a licensed bank (2020: a licensed bank), of RM2,739,478 (2020: RM2,588,973) represents the primary concentration of credit risk to the Company.

This licensed bank has low credit risk. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

The following table provides information about the exposure to credit risk for trade receivables and contract assets as at 31 December 2021 which are grouped together as they are expected to have similar nature.

	Gross RM	Loss allowance RM	Net RM
2021			
Not past due	4,942,771	-	4,942,771
Trade receivables	2,768,629	-	2,768,629
Contract assets	2,174,142	-	2,174,142
	<u>4,942,771</u>	<u>-</u>	<u>4,942,771</u>
2020			
Not past due	2,661,385	-	2,661,385
1-30 days	10,176	-	10,176
	<u>2,671,561</u>	<u>-</u>	<u>2,671,561</u>
Trade receivables	1,705,006	-	1,705,006
Contract assets	966,555	-	966,555
	<u>2,671,561</u>	<u>-</u>	<u>2,671,561</u>

14. Financial instruments (continued)

14.4 Credit risk (continued)

Cash and bank balances

The cash and bank balances are held with a licensed bank. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

This licensed bank has low credit risks. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for accommodations rented. These deposits will be received at the end of the lease term. The Company manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances that is subject to interest and repayable on demand to the related corporations. The Company monitors the ability of the related corporations to repay advances on an individual basis.

As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment losses

Generally, the Company considers the advances to related corporations have low credit risk. The Company assumes that there is a significant increase in credit risk when a related corporation's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the related corporations' advances when they are payable, the Company considers the advances to be in default when the related corporations are not able to pay when demanded. The Company considers a related corporation's advance to be credit impaired when:

- The related corporation is unlikely to repay its advance to the Company in full; or
- The related corporation is continuously loss making and is having a deficit shareholders' fund.

14. Financial instruments (continued)

14.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment losses (continued)

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk for related corporations' advances as at 31 December 2021.

	Gross carrying amount RM	Impairment loss allowances RM	Net balance RM
2021			
Low credit risk	2,905,076	-	2,905,076
2020			
Low credit risk	4,427,656	-	4,427,656

14.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables and amounts due to immediate holding and related corporations.

The Company maintains a level of cash and bank balance 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

14. Financial instruments (continued)

14.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting year based on undiscounted contractual payments:

	Carrying amount RM	Contractual Interest rate %	Contractual Cash flows RM	Within 1 year RM	1 – 5 year RM
2021					
Amount due to immediate holding corporation					
- non-current	2,509,908	4.79	2,630,133	-	2,630,133
- current	632,495	4.79	662,792	662,792	-
Amount due to related corporations	7,629,315	4.79	7,994,759	7,994,759	-
Other payables	2,722,860	-	2,722,860	2,722,860	-
Lease liability	27,122	4.94	31,345	31,345	-
	<u>13,521,700</u>		<u>14,041,889</u>	<u>11,411,756</u>	<u>2,630,133</u>
2020					
Amount due to immediate holding corporation					
- non-current	2,498,958	4.79	3,097,458	-	3,097,458
- current	675,863	4.79	708,237	708,237	-
Amount due to related corporations	6,867,674	4.79	7,196,636	7,196,636	-
Other payables	1,962,292	-	1,962,292	1,962,292	-
Lease liability	102,725	4.94	106,573	75,228	31,345
	<u>12,107,512</u>		<u>13,071,196</u>	<u>9,942,393</u>	<u>3,128,803</u>

14.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's financial position or cash flows.

14.6.1 Currency risk

The Company is exposed to foreign currency risk on intercompany receivable and payables that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily Hong Kong Dollar ("HKD"), Great Britain Pound ("GBP"), Euro ("EUR"), U.S. Dollar ("USD") and Thai Baht ("THB").

Registration No. 201701022188 (1236354-T)

14. Financial instruments (continued)

14.6 Market risk (continued)

14.6.1 Currency risk (continued)

Risk management objectives, policies and processes for managing the risk

Exposure to foreign currency risk are monitored on an ongoing basis. The Company does not hedge its foreign currency risk.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year was:

	Denominated in				
	HKD RM	GBP RM	EUR RM	USD RM	THB RM
2021					
Amount due to immediate holding corporation	-	-	(3,142,403)	-	-
Amount due to related corporations	(7,180,423)	-	(23)	(23,181)	(425,688)
	<u>(7,180,423)</u>	<u>-</u>	<u>(3,142,426)</u>	<u>(23,181)</u>	<u>(425,688)</u>
2020					
Amount due from related corporations	6,781,347	2,988	(5,812,522)*	3,164,750	76,846
Amount due to immediate holding corporation	-	-	(3,174,821)	-	-
Amount due to related corporations	(4,695,700)	(1,717,004)	-	(260,967)	(438,729)
	<u>2,085,647</u>	<u>(1,714,016)</u>	<u>(8,987,343)</u>	<u>2,903,783</u>	<u>(361,883)</u>

*Balances owing will be settled on a net basis in the functional currency of the related corporation.

14. Financial instruments (continued)

14.6 Market risk (continued)

14.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2020: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Profit or loss	
	2021 RM	2020 RM
HKD	545,712	(158,509)
GBP	-	130,265
EUR	238,824	683,038
USD	1,762	(220,688)
THB	32,352	27,503

A 10% (2020: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

14.6.2 Interest rate risk

The Company's fixed rate loans are exposed to a risk of change in their fair value due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at end of the reporting period was:

	2021 RM	2020 RM
Fixed rate instruments		
Amount due from related corporations	2,905,076	4,427,656
Amount due to immediate holding corporation	(3,142,403)	(3,174,821)
Amount due to related corporations	(7,629,315)	(6,867,674)
Lease liability	(27,122)	(102,725)

14. Financial instruments (continued)

14.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in the interest rates at the end of the financial year would not affect profit or loss.

14.7 Fair value information

The carrying amounts of cash and bank balance, trade and other receivables and other payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

15. Capital management

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain creditors and market confidence and to sustain future development of the business. The Company currently relies on the continuous financial support from its immediate holding corporation to continue as a going concern.

There was no change in the Company's approach to capital management during the financial year.

16. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 5 and 8 to the financial statements.

16. Related parties (continued)**Significant related party transactions (continued)**

	2021	2020
	RM	RM
Immediate holding corporation		
Finance cost	(136,199)	(621,190)
Finance income	<u>36,854</u>	<u>-</u>
Related corporations		
Global cost	(1,498,338)	(1,147,082)
Finance cost	(549,099)	(236,813)
Finance income	34,965	253,423
Service fees	(113,316)	(13,651)
Service income	280,226	48,942
Business support service income	426,924	-
Professional fees	(108,573)	(111,904)
Delivery expense	<u>(8,903)</u>	<u>(16,667)</u>

There were no transactions with key management personnel during the financial year.

Capco Consultancy (Malaysia) Sdn. Bhd.
(Registration No. 201701022188 (1236354-T))
(Incorporated in Malaysia)

**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 5 to 35 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2021 and of its financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors:



.....
Ankita Sharma
Director



.....
Kamal Deep Singh
Director

Date: 21 JUN 2022

Capco Consultancy (Malaysia) Sdn. Bhd.
(Registration No. 201701022188 (1236354-T))
(Incorporated in Malaysia)

**Statutory declaration pursuant to
Section 251(1)(b) of the Companies Act 2016**

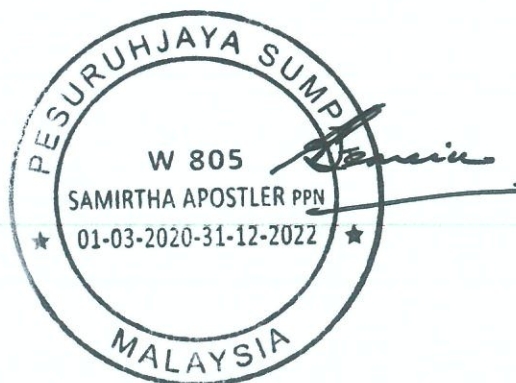
I, **Kamal Deep Singh**, the Director primarily responsible for the financial management of Capco Consultancy (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 35 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Kamal Deep Singh, Passport No: K2229735D, at Kuala Lumpur in the Federal Territory on 21 JUN 2022.

K Kamal

.....
Kamal Deep Singh

Before me:



Tkt 3, Wisma Maran
28, Medan Pasar
50050 Kuala Lumpur



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CAPCO CONSULTANCY (MALAYSIA) SDN. BHD.

(Registration No. 201701022188 (1236354-T))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capco Consultancy (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.



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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those 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 internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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.



Capco Consultancy (Malaysia) Sdn. Bhd.
(Registration No. 201701022188 (1236354-T))
Independent Auditors' Report for the
Financial Year Ended 31 December 2021

Other Matter

This report is made solely to the member of the Company 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 21 June 2022

Koh Ree Nie
Approval Number: 03339/12/2023 J
Chartered Accountant