CERTIFIED TRUE COPY

SK LIM & CO
CHARTERED ACCOUNTANTS
(AF 002437)

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SK LIM & CO
(AF002437)
Chartered Accountants

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

Directors	-	Chai Wai Fong
Company Secretary	-	Chuan Mun Ching (MIA 44795)
Auditors	-	SK Lim & Co (AF 002437) Chartered Accountants
Registered office	-	T47-M, Jalan PJU 5/21 Encorp Strand PJU 5 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan
Business office	-	Suite 20.04-20.05, 20th Floor Wisma MCA, No. 163, Jalan Ampang 50450 Kuala Lumpur

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

DIRECTOR'S REPORT

The Director hereby submit the report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the company are engaged in the provision of mobile messaging gateway solutions and services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There has been no significant changes on the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Total comprehensive loss for the financial year	(24,777)	1,427,757
Attributable to:		
Owners of the Company	(24,777)	1,427,757

DIVIDENDS

No dividends has been paid or declared by the Company since the end of the previous financial year. The Director do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There was no material transfers to or from reserves and provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There was no shares or debentures issued during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As the end of the financial year, there were no unissued shares of the Company under options.

Registration No.
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DIRECTOR

The Director who served on the Board of the Company since the date of the last report are :-

Chan Wai Fong

DIRECTOR'S INTERESTS

According to the register of Director's shareholdings, the Director's holding office at the end of the financial year and her interests in the share capital of the Company during the financial year was as follows: -

	Number of Odinary Shares			
	Balance as At 01.01.2021	**Acquired**	**Disposed**	**Balance as At 31.12.2021**
Direct Interest				
Chan Wai Fong	800,000	-	-	800,000

DIRECTOR'S BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than a benefits included in the aggregate amount of emoluments received or due and receivable by director shown in the financial statements or the fixed salary of a full-time employee of the Group and of the Company) 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.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

(b) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts and that no provision needed to be made for doubtful debts; and

(c) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and the Company in the ordinary course of business have been written down to an amount which they might be expected to realise.

OTHER STATUTORY INFORMATION - (Continued)

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

(a) which would necessitate the writing off of bad debts or the provision for doubtful debts; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

(d) not otherwise dealt with in this report of the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

The Directors state that, at the date of this report, they 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 their opinion,

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

(b) 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 the Company for the financial year in which this report is made.

DIRECTOR'S REMUNERATION

Details of Director's remuneration are set out in Note 22 to the financial statements.

INDEMNITY AND INSURANCE COST

During or since the end of the financial year, there was no indemnity coverage and insurance premium paid for any reason who is or has been the director, officer or auditor of the Company.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 22 to the financial statements.

AUDITORS

The auditors, Messrs. SK Lim & Co, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the sole Director,

Agnel+

CHAN WAI FONG
Director

Dated : 13 JUN 2022
Petaling Jaya,
Selangor Darul Ehsan

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

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

I, **CHAN WAI FONG**, being the sole Director of **MEXCOMM SDN. BHD.**, do hereby state that, in the opinion of the Director, the accompanying financial statements 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 at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Director in accordance with a resolution of the sole Director,

CHAN WAI FONG
Director

Dated : 13 JUN 2022
Petaling Jaya,
Selangor Darul Ehsan

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

I, **CHAN WAI FONG**, being the Director primarily responsible for the financial management of **MEXCOMM SDN. BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements 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)
CHAN WAI FONG)
at Petaling Jaya in the State of Selangor this)
13 JUN 2022

CHAN WAI FONG

Before me,

PESURUHJAYA SUMPAH
No. B 508
WONG CHOY YIN
1.1.2021 - 31.12.2023
MALAYSIA

Commissioner for Oaths
3 Damansara Shopping Mall
3, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

SK LIM & CO *AF 002437*
CHARTERED ACCOUNTANTS
T47-2, Jalan PJU 5/21,
Encorp Strand, Kota Damansara PJU 5,
47810 Petaling Jaya, Selangor Darul Ehsan.
T: 03-7732 5664 HP: 012 317 9880
E: sklimco2020@gmail.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MEXCOMM SDN. BHD.
(Registration No. 200701019794 (777810-D))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MEXCOMM SDN. BHD.**, which comprise the statements of financial position as at 31 December 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 9 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and its cash flows 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.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicate that the Group and the Company as at the date of its financial position on December 31,2021, its current liabilities exceeded its current assets by RM4,498,662 and RM3,163,430 respectively and its total equity is in deficit amounting to RM2,153,024 and RM594,905 respectively. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast a significant doubt on the ability of the Group's and the Company's to continues as a going concern. Our opinion is not modified in respect off this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the 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 Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 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 Group and 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 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 and 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 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.

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

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

(i) 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.

(ii) 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 of the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(iv) 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.

(v) 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 represent the underlying transactions and events in a manner that achieves fair presentation.

(vi) 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.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MEXCOMM SDN. BHD.
(Registration No. 200701019794 (777810-D))
(Incorporated in Malaysia) - (Continued)

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.

The financial statements of the Company for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants, whose report dated 2 August 2021, expressed an unmodified opinion on those statements.

SK LIM & CO
AF 002437
Chartered Accountants

Dated : 13 JUN 2022
Petaling Jaya

LIM SZE KIAT
03593/09/2023 J
Chartered Accountant

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		GROUP		COMPANY	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	5	2,338,736	2,142,571	2,337,487	2,139,257
Intangible assets	6	-	-	-	-
Right-of-use assets	7	37,305	128,369	-	-
Investment in subsidiaries	8	-	-	283,754	283,754
Other long term investments	9	150,000	-	150,000	-
Goodwill on consolidation	10	22,313	22,313	-	-
		2,548,354	2,293,253	2,771,241	2,423,011
Current assets					
Other investments	11	312,993	241,304	143,779	100,407
Trade and other receivables	12	3,312,781	3,662,857	2,593,812	2,581,175
Deposits and prepayments	13	373,105	503,665	342,456	366,371
Amount due from subsidiaries	14	-	-	5,291,548	5,233,518
Income tax paid and recoverable		237,976	249,656	-	-
Cash and bank balances	15	1,827,482	1,755,189	470,744	1,320,243
		6,064,337	6,412,671	8,842,339	9,601,714
TOTAL ASSETS		8,612,691	8,705,924	11,613,580	12,024,725
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	800,000	800,000	800,000	800,000
Translation reserve		(719,494)	414,700	-	-
Accumulated losses		(2,233,530)	(3,342,947)	(1,394,905)	(2,822,662)
TOTAL EQUITY		(2,153,024)	(2,128,247)	(594,905)	(2,022,662)
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	-	42,928	-	-
Bank borrowings	18	202,716	259,619	202,716	259,619
		202,716	302,547	202,716	259,619

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MEXCOMM SDN. BHD.
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 - (CONTINUED)

		GROUP		COMPANY	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Current liabilities					
Trade and other payables	19	10,333,162	10,243,392	6,459,416	7,659,961
Lease liabilities	17	39,934	98,316	-	-
Bank borrowings	18	56,903	54,327	56,903	54,327
Amount due to subsidiaries	14	-	-	5,356,450	5,937,891
Contract liabilities	20	133,000	135,589	133,000	135,589
Total current liabilities		10,562,999	10,531,624	12,005,769	13,787,768
TOTAL LIABILITIES		10,765,715	10,834,171	12,208,485	14,047,387
TOTAL EQUITY AND LIABILITIES		8,612,691	8,705,924	11,613,580	12,024,725

The accompanying notes form an integral part of the financial statements.

Registration No.
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MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		GROUP		COMPANY	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
REVENUE	21	6,808,062	12,569,584	6,836,111	11,759,541
COST OF SALES		(2,327,197)	(10,129,519)	(3,047,703)	(9,827,361)
GROSS PROFIT		4,480,865	2,440,065	3,788,408	1,932,180
OTHER INCOME		343,069	1,106,359	311,896	2,064,246
SELLING AND DISTRIBUTION EXPENSES		(154,084)	(144,447)	(154,084)	(136,408)
ADMINISTRATIVE EXPENSES		(2,968,782)	(2,577,016)	(2,506,118)	(2,479,053)
GENERAL EXPENSES		(573,181)	(404,879)	-	-
PROFIT BEFORE OPERATION	22	1,127,887	420,082	1,440,102	1,380,965
FINANCE COST	23	(16,927)	(20,780)	(12,345)	(10,950)
PROFIT BEFORE TAX		1,110,960	399,302	1,427,757	1,370,015
TAX EXPENSE	24	(1,543)	-	-	-
PROFIT FOR THE FINANCIAL YEAR		1,109,417	399,302	1,427,757	1,370,015
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATIONS		(1,134,194)	(14,834)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(24,777)	384,468	1,427,757	1,370,015

The accompanying notes form an integral part of the financial statements.

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital RM	Translation reserve RM	Accumulated losses RM	Total RM
Group				
Balance at 1 January 2020	800,000	429,534	(3,742,249)	(2,512,715)
Total comprehensive income for the financial year	-	(14,834)	399,302	384,468
Balance at 31 December 2020	800,000	414,700	(3,342,947)	(2,128,247)
Total comprehensive loss for the financial year	-	(1,134,194)	1,109,417	(24,777)
Balance at 31 December 2021	800,000	(719,494)	(2,233,530)	(2,153,024)
Company				
Balance at 1 January 2020	800,000	-	(4,192,677)	(3,392,677)
Total comprehensive income for the financial year	-	-	1,370,015	1,370,015
Balance at 31 December 2020	800,000	-	(2,822,662)	(2,022,662)
Total comprehensive income for the financial year	-	-	1,427,757	1,427,757
Balance at 31 December 2021	800,000	-	(1,394,905)	(594,905)

The accompanying notes form an integral part of the financial statements.

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MEXCOMM SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	1,110,960	399,302	1,427,757	1,370,015
Adjustments for :-				
Amortisation of intangible assets	-	2,000	-	2,000
Bad debts written off	-	60,043	-	60,043
Depreciation of property, plant and equipment	152,392	108,945	150,479	105,546
Depreciation of right-of-use assets	85,656	81,351	-	-
Impairment loss recovered	-	-	(91,451)	(993,925)
Finance lease interest	12,345	10,950	12,345	10,950
Forex (gain)/loss - unrealised	(180,934)	161,279	(180,934)	114,013
Interest income	(3,372)	(4,689)	(3,372)	(2,337)
Lease interest	4,582	9,218	-	-
Operating profit before working capital changes	1,181,629	828,399	1,314,824	666,305
Decrease in receivables	480,636	849,746	11,278	529,527
Increase/(Decrease) in payables	89,770	(722,969)	(1,200,545)	(899,218)
Contract liabilities	(2,589)	1,404	(2,589)	1,404
Cash generated from operation	1,749,446	956,580	122,968	298,018
Interest paid	(12,345)	(10,950)	(12,345)	(10,950)
Net cash generated from operating activities	1,737,101	945,630	110,623	287,068

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MEXCOMM SDN. BHD.

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 - (CONTINUED)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,689	4,689	3,372	2,337
Acquisition of long term investments	-	-	-	-
Acquisition of other investments	-	(100,407)	(43,372)	(100,407)
Acquisition of intangible assets	-	(2,000)	-	(2,000)
Purchase of property, plant and equipment	(348,709)	(400,016)	(348,709)	(400,016)
Net cash used in investing activities	(344,020)	(497,734)	(388,709)	(500,086)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from subsidiaries	-	-	(517,086)	801,236
Finance lease financing	-	353,000	-	353,000
Repayment of finance lease	(54,327)	(39,054)	(54,327)	(39,054)
Repayment of lease liabilities	(101,310)	(99,572)	-	-
Net cash generated from financing activities	(155,637)	214,374	(571,413)	1,115,182
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,237,444	662,270	(849,499)	902,164
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	1,755,189	1,290,642	1,320,243	418,079
Effect of exchange changes on cash and cash equivalents	(1,165,151)	(197,723)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	1,827,482	1,755,189	470,744	1,320,243
Cash and cash equivalents comprises:-				
Cash and bank balances	1,827,482	1,755,189	470,744	1,320,243

The accompanying notes form an integral part of the financial statements.

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MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company, **MEXCOMM SDN. BHD.**, is a private limited liability company incorporated and domiciled in Malaysia. The principal activities of the company are engaged in the provision of mobile messaging gateway solutions and services. The principal activity of the subsidiaries are disclosed in Note 8 to the financial statements.

The Company's registered office is located at T47-M, Jalan PJU 5/21, Encorp Strand PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. The Company's principal place of business is located at Suite 20.04-20.05, 20th Floor, Wisma MCA No.163, Jalan Ampang, 50450 Kuala Lumpur, W.P Kuala Lumpur.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM) which is also the Group's and the Company's functional currency except when otherwise indicated.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT

The consolidated financial statements of the Group and the Company have been prepared in compliance with the Malaysian Financial Reporting Standards ("MFRSs''), International Financial Reporting Standards issued by the Malaysian Accounting Standards Board ("MASB") and the provisions of the Malaysian Companies Act, 2016.

The Group and the Company as of its financial position date, its current liabilities exceeded its current assets by RM4,498,662 and RM3,163,430 respectively and its total equity is in deficit amounting to RM2,153,024 and RM594,905 respectively. This indicates the existence of a material uncertainty which may coast significant doubt about the Group's and the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding these conditions, the financial statements of the Group and of the Company have been prepared on going concern basis as the shareholder of the Group and of the Company has undertaken to provide appropriate financial support to the Group and the Company to enable it to meet their obligations as and when they fall due.

3. BASIS OF PREPARATION

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 4.

(b) Adoption of new and revised Malaysian Financial Reporting Standards, Amendment to MFRS and interpretations

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB is mandatory for the first time for the financial year beginning on or after 1 January 2020:-

(i) Amendments to MFRS 3: *Business Combination (Definition of a Business).*
(ii) Amendments to MFRS 4: *Insurance Contracts (Interest Rate Benchmark Reform - Phase 2)*
(iii) Amendments to MFRS 7: *Financial Instrument: Disclosure (Interest Rate Benchmark Reform).*
(iv) Amendments to MFRS 9: *Financial Instrument (Interest Rate Benchmark Reform).*
(v) Amendments to MFRS 16: *Leases (Covid-19-Related Rent Concessions).*
(vi) Amendments to MFRS 101: *Presentation of Financial Statements, Accounting Policies (Definition of Material).*
(vii) Amendments to MFRS 108: *Changes in Accounting Estimates and Errors (Definition of Material).*
(viii) Amendments to MFRS 139: *Financial Instrument: Recognition and Measurement (Interest Rate Benchmark Reform).*

The adoption of new or amended MFRS did not have any significant impact on the financial statements of the Company.

(c) Standards and Amendments issued but not yet effective

The following are accounting standards, interpretations and amendments of the MFRS that have been issued by the MASB but have not been adopted by the Company:-

	Effective dates for financial periods beginning on or after
Amendments to MFRS 116: *Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)*	1 January 2022
Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)*	1 January 2022
Amendments to MFRS 3: *Business Combination (Reference to the Conceptual Framework)*	1 January 2022
Annual Improvements to MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards (2018-2020)*	1 January 2022
Annual Improvements to MFRS 9: *Financial Instrument (2018-2020)*	1 January 2022

3. BASIS OF PREPARATION - (Continued)

(c) Standards and Amendments issued but not yet effective

Annual Improvements to MFRS 141: *Agriculture (2018-2020)*	1 January 2022
Amendments to MFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2023
Amendments to MFRS 15: *Revenue from Contracts with Customers*	1 January 2023
Amendments to MFRS 17: *Insurance Contracts*	1 January 2023
Amendments to MFRS 101: *Presentation of Financial Statements*	1 January 2023
Amendments to MFRS 108: *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112: *Income Taxes*	1 January 2023
Amendments to MFRS 119: *Employee Benefits*	1 January 2023
Amendments to MFRS 132: *Financial Instruments: Presentation*	1 January 2023
Amendments to MFRS 136: *Impairment of Assets*	1 January 2023
Amendments to MFRS 138: *Intangible Assets*	1 January 2023
Amendments to MFRS 140: *Investment Property*	1 January 2023
Amendments to MFRS 10: *Definition of Accounting Estimates*	Deferred until further notice
Amendments to MFRS 128: *Definition of Accounting Estimates*	Deferred until further notice

The Company intends to adopt the above MFRSs when they became effective and applicable to the Company and hence, no further disclosure is warranted.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Company.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the years presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

(a) Business combination and consolidation

(i) Business combination

The Group applied the acquisition method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identified the acquisition date of business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the Group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by MFRS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition date fair value of assets transferred, the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages, the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of the reporting period in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstance that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends after one year from the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(a) Business combination and consolidation - (Continued)

(ii) Subsidiaries and basis of consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangement, or by holding substantive potential voting rights.

The financial statements of the parent Company and all its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date of 31 December 2021.

The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to effective date of disposal.

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit and loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset. The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded at the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(b) Separate financial statements

In the separate financial statements of the Company, investments in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses. Cost at initial recognition comprises cash, and fair values of other considerations transferred and liabilities assumed, and it includes acquisition-related expenses. Dividend declared by an investee is recognised as income when the Company's right to receive dividend had been established, which is generally the date the dividend is appropriately authorised by the investee.

(c) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the interest of the Group in the net fair value of the acquiree's identifiable assets, liabilities and provision for contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years.

At each reporting date, the Group assesses whether there is any indication that goodwill may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the fair value of net identifiable assets of the associates at the date of acquisition.

The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(d) Plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are 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. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of plant and equipment.

When significant parts of an item of plant and equipment have different useful lives, they are 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" or "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 Group and 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.

(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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(d) Plant and equipment – (Continued)

(iii) Depreciation – (Continued)

The principal annual rates for the current year and comparative periods are as follows:

Furniture & fittings	7.0%
Motor Vehicle	20%
Office equipment	12.5%
Renovation	12.5 %
Computer equipment	20.0%
Leasehold building	89 years

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

(e) Impairment of non-financial assets

The carrying amounts of non-financial assets (i.e. plant and equipment and intangible assets) are reviewed at the end of each reporting year 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 from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(e) Impairment of non-financial assets – (Continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at the end of each reporting year 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.

(f) Financial instruments - (Continue)

(i) Initial recognition and measurement

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

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financial transaction. If the arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method :-

(a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;

(b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior years; and

(c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(f) Financial instruments - (Continued)

(ii) Subsequent measurement - (Continued)

Investments in non-puttable ordinary shares, and investments in non-convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows :-

(a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(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 are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. 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.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(g) Leases

(i) As lessee

The Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 4(c) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. For the Company, the lease term of the ROU assets are determined based on contractual agreements.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement
The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. Lease payments included in the measurement of the lease liability include fixed payments.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(h) Intangible assets

(i) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(i) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(l) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(m) Revenue recognition and measurement

The Group and the Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivables, which is usually the invoice price, net of any trade discounts and volume rebates given to a customers in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Group and the Company has transferred to the buyer the significant risk and rewards of ownership of the goods; (b) the Group and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable the economic benefits associated with the transaction will flow to the Group and the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

For the rendering of a construction service or for a real estate service contract with a customer that is performed over time, when the outcome of the contract can be estimated reliably, revenue is recognised over time by reference to the stage of completion of the contract at the end of the reporting period. The method used to measure the stage of completion is the proportion that costs incurred to date bear to the estimated total costs of the contract. When the outcome of a service contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Other income items of the Group and the Company are recognised using the following bases :-

(i) Interest income from a debt instrument is recognised using the effective interest method;

(ii) Dividend from an equity investment is recognised when the Group and the Company's right, as a shareholder of the investee, is established, which is the date of the divided is appropriately authorised.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(n) Employee benefits

(i) Short term employee benefits

Wages and salaries are accrued and paid on monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

(ii) Post employment benefits

The Group and the Company make statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no future payment obligations.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the years, using tax rates enacted or substantively enacted by the end of the reporting date.

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 following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and 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 years.

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 assets and liabilities 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 date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(p) Provisions

The Group and the Company recognise a liability as a provision if the outflows required to settle the liability are uncertain in timing and amount.

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

Any reimbursement attributable to a recognised provision from a counter party is not off-set against the provision but recognised separately as an assets when, and only when the reimbursement is virtually certain.

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

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

(m) Fair value measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Group and the Company establish a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if the price is observable. The active market is the principal market for the asset or liability or, in the absence of a principle market, the most advantageous market for assets or liability; and for which the Group and the Company can enter into a transaction for the assets or liability at the price in that market at the measurement date.

4. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(m) Fair value measurement - (Continued)

In the absence of an active market price, the fair value of an item is estimated by established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

5. PROPERTY, PLANT AND EQUIPMENT

Group

	Gross Carrying Amount				
	Balance at 01.01.2021	Additions	Exchange differences	Disposals	Balance at 31.12.2021
	RM	RM	RM	RM	RM
Leasehold building	1,800,000	-	-	-	1,800,000
Furniture and fittings	155,694	2,025	(800)	-	156,919
Office equipment and renovation	172,066	124,150	(5,080)	-	291,136
Computer and software	777,087	222,534	-	(5,273)	994,348
Motor vehicles	392,000	-	-	-	392,000
	3,296,847	348,709	(5,880)	(5,273)	3,634,403

	Accumulated Depreciation				
	Balance at 01.01.2021	Charge for the financial year	Exchange differences	Disposals	Balance at 31.12.2021
	RM	RM	RM	RM	RM
Leasehold building	28,518	20,130	-	-	48,648
Furniture and fittings	135,412	8,949	(855)	-	143,506
Office equipment and renovation	166,475	17,270	(4,873)	-	178,872
Computer and software	758,538	27,643	-	(5,273)	780,908
Motor vehicles	65,333	78,400	-	-	143,733
	1,154,276	152,392	(5,728)	(5,273)	1,295,667

5. PROPERTY, PLANT AND EQUIPMENT - (Continued)

	Net Carrying Amount at 31.12.2021	Net Carrying Amount at 31.12.2020	Depreciation for the year ended 31.12.2020
	RM	RM	RM
Leasehold building	1,751,352	1,771,482	20,130
Furniture and fittings	13,413	20,282	10,407
Office equipment and renovation	112,264	5,591	4,418
Computer and software	213,440	18,549	8,657
Motor vehicles	248,267	326,667	65,333
	2,338,736	2,142,571	108,945

Company

	Gross Carrying Amount			
	Balance at 01.01.2021	Additions	Disposals	Balance at 31.12.2021
	RM	RM	RM	RM
Leasehold building	1,800,000	-	-	1,800,000
Furniture and fittings	143,762	2,025	-	145,787
Office equipment and renovation	96,269	124,150	-	220,419
Computer and software	788,451	222,534	(16,637)	994,348
Motor vehicles	392,000	-	-	392,000
	3,220,482	348,709	(16,637)	3,552,554

	Accumulated depreciation			
	Balance at 01.01.2021	Charge for the financial year	Disposals	Balance at 31.12.2021
	RM	RM	RM	RM
Leasehold building	28,518	20,130	-	48,648
Furniture and fittings	123,721	8,879	-	132,600
Office equipment and renovation	93,749	15,497	-	109,246
Computer and software	769,904	27,573	(16,637)	780,840
Motor vehicles	65,333	78,400	-	143,733
	1,081,225	150,479	(16,637)	1,215,067

5. PROPERTY, PLANT AND EQUIPMENT - (Continued)

	Net Carrying Amount at 31.12.2021 RM	Net Carrying Amount at 31.12.2020 RM	Depreciation for the year ended 31.12.2020 RM
Leasehold building	1,751,352	1,771,482	20,130
Furniture and fittings	13,187	20,041	10,332
Office equipment and renovation	111,173	2,520	1,094
Computer and software	213,508	18,547	8,657
Motor vehicles	248,267	326,667	65,333
	2,337,487	2,139,257	105,546

The leasehold building of the Group and of the Company registered under the name of the Director and third party, holding in trust for the Group and the Company.

The motor vehicles of Group and of the Company held under finance lease agreements.

6. INTANGIBLE ASSETS

Group	Shortcode expenditure and database RM	Computer Software RM	Total RM
Cost			
At the beginning/ end of the financial year	338,328	12,285	350,613
Accumulated amortisation			
At the beginning/ end of the financial year	338,328	12,285	350,613
Net carrying amount			
As at 31 December 2021	-	-	-
As at 31 December 2020	-	-	-

6. INTANGIBLE ASSETS – (Continued)

Company	Shortcode expenditure and database RM	Total RM
Cost		
At the beginning/ end of the financial year	181,000	181,000
Accumulated amortisation		
At the beginning/ end of the financial year	181,000	181,000
Net carrying amount		
As at 31 December 2021	-	-
As at 31 December 2020	-	-

7. RIGHT OF USE ASSETS

Group	2021 RM	2020 RM
Cost		
At beginning of the financial year	453,066	470,993
Disposals	(5,408)	(17,927)
At end of the financial year	447,658	453,066
Accumulated depreciation		
At beginning of the financial year	324,697	243,346
Disposals	-	-
Current charges	85,656	81,351
At end of the financial year	410,353	324,697
Net carrying amount		
At end of the financial year	37,305	128,369

This comprised a lease of an office buidling facility that runs between 3 to 5 years, with an option to renew the lease on terms and conditions at the end of the financial year to be mutually agreed upon.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2021	2020
	RM	RM
Unquoted shares, at cost		
At the beginning/end of the financial year	383,754	383,754
Accumulated allowance for impairment loss		
At the beginning / end of the financial year	100,000	100,000
Net carrying amount		
At the end of the financial year	283,754	283,754

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8. INVESTMENT IN SUBSIDIARIES – (Continued)

Details of subsidiary companies :-

Name of company (Place of incorporation and domicile)	Ownership interest and voting interest 2021 %	2020 %	Principal activities
Held by the Company			
Ezymobile International Sdn. Bhd. ("EISB") (Malaysia/ Malaysia)	100	100	Provision of information technology ("IT") solutions in tele-communication industry and mobile messaging gateway solutions and services.
P.T MexComm ("PTMX") # (Indonesia/Indonesia)	90	90	Provision of IT solutions in tele-communication industry.
Mobile Holding Ltd. ("MHL") * (Thailand/Thailand)	49	49	Investment holding company.
Evolweb Sdn. Bhd. (Malaysia/Malaysia)	100	100	Mobile communication technology interactive services platforms.
Held through EISB			
PTMX # (Indonesia/Indonesia)	10	10	Provision of IT solutions in tele-communication industry.
Held through MHL			
E-G6 Solution Thailand Co. Ltd. ("E-G6") * (Thailand/Thailand)	100	100	Engaged in web design and content development.
Ezy M Holding Ltd. ("EzyM") * (Thailand/Thailand)	100	100	Investment holding company.
Held through EzyM			
MHL * (Thailand/Thailand)	51	51	Investment holding company.

Not required to be audited in the country of incorporation. The Directors have consolidated the results of these subsidiary companies based on its management financial statements which have been audited by SK Lim & Co for consolidation purpose.

* Audited by firms of chartered accountants others than SK Lim & Co.

9. OTHER LONG TERM INVESTMENTS

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unquoted shares in Malaysia	150,000	-	150,000	-

10. GOODWILL ON CONSOLIDATION

	GROUP	
	2021	2020
	RM	RM
At the beginning/end of the fianancial year	22,313	22,313

11. OTHER INVESTMENTS

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unit trust at fair value :				
At beginning of the financial year	241,304	141,514	100,407	-
Additions	69,214	100,407	43,372	100,407
Exchange differences	2,475	(617)	-	-
At end of the financial year	312,993	241,304	143,779	100,407

The fair value of the financial assets at fair value through profit or loss is determined based on the quoted market price in active market.

12. TRADE & OTHER RECEIVABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current				
Trade :				
Due from third parties	1,794,904	2,296,968	1,652,784	1,963,737
Non-Trade :				
Due from third parties	1,420,879	1,268,891	844,030	520,440
Due from a director	96,998	96,998	96,998	96,998
	1,517,877	1,365,889	941,028	617,438
Exchange differences	-	(617)	-	-
At end of the financial year	3,312,781	3,662,857	2,593,812	2,581,175

The normal trade credit terms offered by the Group and the Company range from 14 to 15 days. Other credit terms are assessed and approved on a case-by-case basis

The amount due from a director is unsecured, interest-free and repayment on demand.

13. DEPOSITS & PREPAYMENTS

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deposits	61,011	74,776	31,837	40,037
Prepayments	312,094	428,889	310,619	326,334
	373,105	503,665	342,456	366,371

14. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	COMPANY 2021 RM	COMPANY 2020 RM
Amount due from subsidiaries		
-Trade	2,912,752	2,789,227
-Non-trade	5,172,047	5,328,993
	8,084,799	8,118,220
Less : Recovery of impairment losses	(2,793,251)	(2,884,702)
	5,291,548	5,233,518
Amount due to subsidiaries		
-Non-trade	(5,356,450)	(5,937,891)

The movement in the allowance for impairment losses of amount due from subsidiaries is as follows:

	COMPANY 2021 RM	COMPANY 2020 RM
At the beginning of the financial year	2,884,702	3,878,624
Recovery during the financial year	(91,451)	(993,922)
	2,793,251	2,884,702

The trade balances due from related companies are subjected to normal trade credit terms of 14 to 45 days (2020 : 14 to 45 days)

The non- trade balances due from related companies are unsecured, interest free, repayable on demand are expected to be settled in cash.

15. CASH & CASH EQUIVALENTS

The Company's cash management policy is to use cash and bank balances, money market instruments, bank overdrafts and short-term trade financings to manage cash flows to ensure sufficient liquidity to meet the Company's obligations. The components of cash and equivalents consist of :

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash balances	11,280	13,126	7,276	7,862
Bank balances	1,748,862	1,674,723	396,128	1,245,041
Deposits placed with licensed banks	67,340	67,340	67,340	67,340
	1,827,482	1,755,189	470,744	1,320,243

The interest rate for deposits placed with licensed banks is 2.75% (2020 :2.75%) per annum with maturity period of 3 months (2020: 3 months).

16. SHARE CAPITAL

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Issued and fully paid up ordinary shares with no par value				
At the beginning and end of the financial year	800,000	800,000	800,000	800,000

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

17. LEASE LIABILITIES

The Company has entered into a non-cancellable operating lease arrangement for the use of an office building facility. The lease is for a period of 3 - 5 years.

	GROUP	
	2021	**2020**
	RM	**RM**
Non-current		
Lease liabilities	-	42,928
Current		
Lease liabilities	39,934	98,316
Future minimun lease payments:		
Not later than one year	40,600	104,748
Later than one year and not later than five years	-	43,645
Total future minimum lease payments	40,600	148,393
Less : Unexpired interest charges	(666)	(7,149)
Present value of minimum lease payments	39,934	141,244

18. BANK BORROWINGS

	GROUP & COMPANY	
	2021	**2020**
	RM	**RM**
Non-current liabilities		
Finance lease	202,716	259,619
Current liabilities		
Finance lease	56,903	54,327
	259,619	313,946

	2021	**2020**
	RM	**RM**
Future minimum finance lease payments		
-less than one year	66,672	66,672
-more than one year and less than five years	216,672	283,344
	283,344	350,016
Less: Unexpired interest charges	(23,725)	(36,070)
Present value of minimum finance lease payments	259,619	313,946

19. TRADE & OTHER PAYABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current				
Trade :				
Due to third parties	6,358,819	8,991,788	5,556,646	6,644,260
Non-Trade :				
Due to third parties	3,443,894	1,116,364	818,461	916,951
Accruals	530,449	135,240	84,309	98,750
	3,974,343	1,251,604	902,770	1,015,701
Total trade & non-trade payables	10,333,162	10,243,392	6,459,416	7,659,961

The trade balances are non-interest bearing and the normal trade credit terms offered to the Group and the Company range from 30 to 45 days.

Included in trade payables of the Group and the Company are amount of RM5,206,770 and RM5,206,770 (2020: RM8,650,132 and RM6,368,865) representing cost accrued for mobile messaging gateway solutions services rendered to the Group and the Company respectively.

20. CONTRACT LIABILITIES

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Contract liabilities relating to prepaid bulk services	133,000	135,589	133,000	135,589

21. REVENUE

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contract customers :				
Bulk services	266,674	818,038	266,674	818,038
Content revenue	6,541,388	11,732,046	6,569,437	10,922,003
Others	-	19,500	-	19,500
Total revenue	6,808,062	12,569,584	6,836,111	11,759,541

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22. PROFIT BEFORE OPERATION

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before operations is arrived at after charging :-				
Amortisation of intangible assets	-	2,000	-	2,000
Auditors' remuneration	31,614	25,393	24,080	10,443
Bad debts written off	-	60,043	-	60,043
Depreciation of plant and equipment	152,392	108,945	150,479	105,546
Depreciation - right-of-use assets	85,656	81,351	-	-
Director's remuneration:				
- Emoluments	420,000	420,000	420,000	420,000
- Employee Providend Fund	50,400	54,000	50,400	54,000
- Others	4,073	923	4,073	923
Lease rental	2,860	3,120	2,860	3,120
Forex loss- realised	-	1,156	-	1,146
Forex loss- unrelised	-	316,007	-	243,483
Rental of premises	-	5,162	-	-
Staff costs				
-wages, salaries, and others	1,262,378	1,262,633	1,262,378	1,122,582
- Employees Providend Fund	142,275	153,465	142,275	153,465
Forex gain- realised	-	(1,673)	-	(1,662)
Forex gain- unrealised	(199,768)	(153,302)	(180,934)	(129,470)
Interest Income	(12,448)	(4,689)	(3,372)	(2,337)
Impairment lossess recovered	(91,451)	(993,925)	(91,451)	(993,925)

23. FINANCIAL EXPENSES

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Finance lease interest	16,927	20,780	12,345	10,950

24. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysia income tax - current year	1,543	-	-	-

Reconciliation of income tax applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate :-

	GROUP		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation	1,110,960	399,302	1,427,757	1,370,015
Tax at the applicable tax rate of 24%(2020 : 24%)	266,630	223,500	342,662	328,804
Tax effects arising from :-				
Tax rates in foreign jurisdictions	(64,009)	(64,009)	-	-
Effects of different tax rates	373	373	-	-
Non taxable income	(1,350)	(12,892)	580	(497)
Non-deductible expenses	(60,370)	(57,864)	(578,628)	122,243
Utilisation capital allowance	-	-	12,114	-
Tax benefit recognised	(139,731)	-	223,272	-
Utlisation of unrecognised deferred tax assets	-	(89,108)	-	(450,550)
Income tax expense for the financial year	1,543	-	-	-

At the financial position date the Company has deferred tax assets not recognised the financial statements in respect of the following items :-

24. INCOME TAX EXPENSE – (Continued)

	GROUP		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unabsorbed capital allowances	-	172,869	-	-
Utilisation tax losses	1,428,246	4,917,145	1,428,246	2,493,526
	1,428,246	5,090,014	1,428,246	2,493,526

With effect from year of assessment 2019, unabsorbed tax losses and unutilized allowances in a year of assessment can be carried forward for a maximum period of 7 consecutive years of assessment, thereafter any losses and allowances will be disregarded.

25. RELATED PARTY TRANSACTIONS

a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the part exercise significant influence over the part in making financial and operational decision, or vice versa, or where the Group and the party are subject to common control. Related part may be individual or other entities.

Related parties of the Group include :

i) Subsidiaries; and
ii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

b) Related party transactions and balances

Significant related party transaction during the financial year are as follows:

	Company	
	2021	2020
	RM	RM
Subsidiaries		
Sales	909,341	2,204,198
Purchase of short messaging service content	(623,676)	(371,875)

25. RELATED PARTY TRANSACTIONS – (Continued)

c) Compensation of key management personnel

The remuneration of the key management personnel during the financial year/period is as follows :

	GROUP AND COMPANY	
	2021	**2020**
	RM	**RM**
Director :		
-Salaries, bonuses and allowances	420,000	420,000
-Employee Providend Fund	50,400	54,000
-Other emoluments	4,073	923
	474,473	474,923

26. OPERATING LEASE ARRANGEMENT

The Group and the Company have entered into non-cancellable operating lease arrangements for the use of photocopies and office building. The lease is for a period of between 3 to 5 years.

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Not later than one year	43,054	107,868	3,120	3,120
Later than one year and not later than future years	40,550	50,665	3,900	7,020
	83,604	158,533	7,020	10,140

27. FINANCIAL INSTRUMENTS

a) Classification of financial instruments in the statements of the financial position by classes of financial instruments to which they are assigned:

i) Fair value through profit or loss ("FVPL")
ii) Amortised cost

27. FINANCIAL INSTRUMENTS – (Continued)

GROUP	FVPL RM	Amortised cost RM	Total RM
31.12.2021			
Financial assets			
Other investment	312,993	-	312,993
Trade & other receivables	-	3,373,792	3,373,792
Cash & cash equivalents	-	1,827,482	1,827,482
	312,993	5,201,274	5,514,267
Financial liabilities			
Trade and other payables	-	9,802,713	9,802,713
31.12.2020			
Financial assets			
Other investment	241,304	-	241,304
Trade and other receivables	-	3,737,633	3,737,633
Cash and cash equivalents	-	1,755,189	1,755,189
			-
	241,304	5,492,822	5,734,126
Financial liabilities			
Trade and other payables	-	10,217,927	10,217,927

27. FINANCIAL INSTRUMENTS – (Continued)

COMPANY	FVPL RM	Amortised cost RM	Total RM
31.12.2021			
Financial assets			
Other investments	143,779	-	143,779
Trade and other receivables	-	2,625,649	2,625,649
Amount due form subsidiaries	-	5,291,548	5,291,548
Cash and cash equivalents	-	470,744	470,744
	143,779	8,387,941	8,531,720
Financial liabilities			
Trade and other payables#	-	6,375,107	6,375,107
Amount due to subsidiaries	-	5,356,450	5,356,450
	-	11,731,557	11,731,557
31.12.2020			
Financial assets			
Other investments	100,407	-	100,407
Trade and other receivables	-	2,621,212	2,621,212
Amount due form subsidiaries	-	5,233,518	5,233,518
Cash and cash equivalents	-	1,320,243	1,320,243
	100,407	9,174,973	9,275,380
Financial liabilities			
Trade and other payables#	-	7,634,496	7,634,496
Amount due to subsidiaries	-	5,937,891	5,937,891
	-	13,572,387	13,572,387

Financial risk management objectives and policies

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 risks, liquidity risks and foreign currency risk. The Group's and the Company's overall financial risk management objectives is to optimise value for their shareholders.

27. FINANCIAL INSTRUMENTS – (Continued)

Financial risk management objectives and policies – (Continued)

i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company that may arise on outstanding finanicial instruments should a counterparty default on its obligations. The Group and the Company are exposed to a credit risks from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial instituitions, foreign exchange transactions and other financial instruments. 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 minitoring procedures. Credit quality of a customer is assessed based on an individual credit limits are defined in accordance with this aseessment.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivabels from the date the credit was initially granted up to the reporting date. The Group has adopted a policy dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Other receivables and other financial assets

For other receivabels and other financial assets (including deposits and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets recognised in the statement of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a sigificant increase in credit risk on an ongoing basis throughout each reporting period. To asess whether there is significant increase in credit risk the Group and the Company compare the risk of default occuring on the asset as at the reporting date with the risk of default as at the date if initial recognition, It consider available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk in presumed if a debtor is mroe than 30 days pasr due in making a contractual payment.

27. FINANCIAL INSTRUMENTS – (Continued)

Financial risk management objectives and policies – (Continued)

i) Credit risk – (Continued)

Intercompany loans between entities within the Group are repayable on demand. The Group monitors the results of the subisdiaries in determining the recoverability of intercompany balances. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date if the borrower does not have sufficient liquid reserves when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the advances.

The Group and the Company consider these financial assets to have low credit risk. As at 31 December 2021, the Group and the Company did not recognise any loss allowance for impairment for other receivables and otehr financial assets.

The information about the credit risk expsoure on the Company's other financial assets as at 31 December 2021 are as follows

	Gross carrying amount RM	ECL allowance RM	Net balance RM
COMPANY			
Low credit risk	5,291,548		5,291,548
Credit impaired	2,793,251	(2,793,251)	-
	8,084,799	(2,793,251)	5,291,548

ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial oblogations due to shortage of funds. The Groups' and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their opearting cash flows by maintaining sufficient level of cash to meet thier working capital requirementsand availability of funding through an adequate amount of credit facilities.

The Group's and the Company's financial liabilities at the reporting daye either matire within one year or oare repayable on demand.

27. FINANCIAL INSTRUMENTS – (Continued)

Financial risk management objectives and policies – (Continued)

iii) Foreign currency risk

Foreign currency risk is the risk of the fluctuation in fair value or future cash flows of a financial instruments as a result of changes in foreign exchange rates.

The Group and the Company are exposure to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving the risk are primarily Indonesia Rupiah, Thai Baht, Singapore Dollar, Taiwan Dollar and United States Dollar. In the management of foreign currency risk, the Group and the Company do not hedge theses exposures by purchaing forward currency contracts.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to contain the spread of COVID-19 in Malaysia. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO ("CMCO") until 9 June 2020 and then, Recovery MCO ("RMCO") until 31 December 2021. The COVID-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts, which weakening the global economic outlook.

The Company has performed an assessment of the overall impact of the situation on the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 December 2021.

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (Continued)

The Company is unable to reasonably estimate the financial impact of COVID-19 to be disclosed in the financial statements as the situation is still on-going and the uncertainty of the outcome of the current events. The Company is taking appropriate and timely measures to minimise the impact of the outbreak on the Company's operations and anticipates that the potential financial impact of COVID-19 would be recognised in the financial statements of the Company during the financial year ending 31 December 2022.

31. COMPARATIVE FIGURE

The financial statement of the previous year which are presented for comparative purpose were examined and report on by another firm of auditors.

32. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue by the Board of Directors in accordance with a Directors' Resolution dated 13 June 2022.

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

THE ACCOMPANYING DETAILED STATEMENT OF COMPREHENSIVE INCOME

HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY

AND DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

Registration No.
200701019794 (777810-D)

MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 RM	2020 RM
REVENUE		
Transaction usage income	266,674	818,038
Reverse billings	2,755,529	10,616,295
Special project- SSDU	-	19,500
Contents	3,813,908	305,708
	6,836,111	11,759,541
LESS: COST OF SALES		
BS- Transaction cost	231,512	644,799
RB- Contents provider cost	2,124,153	8,634,529
RB-MNP query cost	31,250	43,200
RB- Server rack rental	41,025	42,347
RB- Server connection	19,200	57,410
Special project cost	-	16,876
Shortcode fee	362,100	388,200
Online advertisment cost	238,463	-
	3,047,703	9,827,361
GROSS PROFIT	3,788,408	1,932,180
ADD : OTHER INCOME		
Forex gain- realised	-	1,662
Forex gain- unrealsied	180,934	129,470
Interest income	3,372	2,337
Miscellaneous income	139	936,852
Government wages subsidy	36,000	-
Impairment lossess recovered	91,451	993,925
	311,896	2,064,246
TOTAL GROSS INCOME	4,100,304	3,996,426

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(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 - (Continued)

	2021	2020
	RM	RM
LESS : SELLING AND DISTRIBUTIONS EXPENSES		
Advertising and promotion	-	3,510
Commission	34,526	32,865
Entertainment	15,811	16,342
Petrol	60,793	62,768
Toll and parking	42,954	20,913
Travelling and lodging	-	10
	154,084	136,408
LESS: ADMINISTRATION EXPENSES		
Accounting fee	-	7,000
Amortisation of shortcode	-	2,000
Audit fee- current year	19,080	10,000
Audit fee- underprovision in prior year	5,000	443
Bad debts written off	-	60,043
Bank charges	1,257	2,623
Compound	76	-
Depreciation	150,479	105,546
Disbursement	5,000	480
Director remuneration :		
-Allowance	60,000	60,000
-Employees' providend fund	50,400	54,000
-Employment insurance scheme & SOCSO	923	923
-Salaries	360,000	360,000
-HRD Levy	3,150	-
Balance carried forward	655,365	663,058

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MEXCOMM SDN. BHD.

(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 - (Continued)

	2021 RM	2020 RM
Balance brought forward	655,365	663,058
Employee benefits:		
-Car allowances	3,400	4,800
-Handphone allowance	30,014	28,800
-Employees' providend fund	142,275	153,465
-Employment insurance scheme & SOCSO	14,722	14,344
-HRD Levy	8,447	7,781
-Medicals	10,812	37,560
-Salaries	1,011,231	1,025,539
-Staff insurance	25,951	29,899
-Staff welfare	5,484	11,419
-Subscription and membership	9,406	8,358
-Training	636	-
-Staff recruitment fee	1,635	-
Filing fees	100	110
Forex loss- realised	1,337	1,146
Forex loss- unrelaised	-	243,483
Gifts and donations	1,490	-
GST expenses	-	21,478
Insurance-general	2,932	2,850
Insurance- motor vehicle	8,668	9,140
Insurance- D'island	596	-
Lease rental	2,860	3,120
Legal fee	234,281	-
License fees	1,945	2,500
Office expenses	21	7,846
Postage and couries	533	1,243
Printing and stationery	2,581	2,372
Professional fee	62,533	19,886
Secretarial fee	960	960
SST expenses	19,353	12,747
Tax fee	2,433	10,120
Telephone and internet charges	9,998	24,206
Balance carried forward	2,271,999	2,348,230

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MEXCOMM SDN. BHD.
(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 - (Continued)

	2021 RM	2020 RM
Balance brought forward	2,271,999	2,348,230
Upkeep of :		
-Office	198,223	59,493
-D'island house	23,212	66,471
-Motor Vehicle	12,684	4,859
	2,506,118	2,479,053
FINANCE COST		
Finance lease interest	12,345	10,950
	12,345	10,950
TOTAL EXPENSES	2,672,547	2,626,411
PROFIT BEFORE TAX	1,427,757	1,370,015

The above detailed statement of comprehensive income has been prepared for management purposes only and does not form part of the audited financial statements.