ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Accountants' Report on the Combined Financial Statements

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of financial position

	Note	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Assets					
Plant and equipment	3	115,866	95,170	48,451	19,190
Right-of-use assets	4	2,744	3,078	3,121	1,258
Intangible assets	5	945	971	1,027	1,360
Contract assets	7	163	192	-	-
Total non-current assets		119,718	99,411	52,599	21,808
Inventories	8	9,376	10,597	11,387	3,199
Contract assets	7	9,993	7,005	4,662	11,698
Contract costs	7	853	385	3,355	1,777
Trade and other receivables	9	26,559	15,363	17,320	21,820
Current tax assets		-	-	1,430	-
Prepayments and other assets		541	368	4,808	212
Fixed deposits with licensed banks	10	6,962	6,844	1,547	-
Cash and cash equivalents	11	10,557	23,145	12,320	10,480
Total current assets		64,841	63,707	56,829	49,186
Total assets		184,559	163,118	109,428	70,994
Equity					
Share capital	12	1,000	1,000	1,000	750
Invested equity	13	3,000	3,000	3,000	3,000
Retained earnings		57,374	49,920	26,683	14,014
Total equity attributable to owners of the Group		61,374	53,920	30,683	17,764
Liabilities					
Loans and borrowings	14	65,314	55,239	31,987	13,583
Lease liabilities		2,132	2,417	2,457	837
Deferred tax liabilities	15	4,291	2,863	634	1
Total non-current liabilities		71,737	60,519	35,078	14,421
Loans and borrowings	14	28,734	19,814	5,551	392
Lease liabilities		743	772	724	430
Trade and other payables	16	20,152	26,105	37,379	37,671
Contract liabilities	7	22	19	13	-
Current tax liabilities		1,797	1,969	-	316
Total current liabilities		51,448	48,679	43,667	38,809
Total liabilities		123,185	109,198	78,745	53,230
Total equity and liabilities		184,559	163,118	109,428	70,994

The notes on pages 8 to 67 are an integral part of these combined financial statements.

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of profit or loss and other comprehensive income

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Revenue	17	40,740	33,992	79,759	47,538	37,212
Cost of sales		(11,780)	(9,327)	(26,400)	(22,378)	(30,378)
Gross profit		28,960	24,665	53,359	25,160	6,834
Other income		347	146	537	1,087	268
Administrative expenses		(7,802)	(4,742)	(10,979)	(8,531)	(4,979)
Net reversal/(loss) on impairment of financial instruments and contract assets	20	398	(22)	(1,123)	(156)	(3)
Results from operating activities		21,903	20,047	41,794	17,560	2,120
Finance income	18	78	14	205	264	163
Finance costs	19	(1,133)	(132)	(1,063)	(203)	(97)
Profit before tax	20	20,848	19,929	40,936	17,621	2,186
Tax expense	21	(5,394)	(4,912)	(11,699)	(4,952)	(616)
Profit and total comprehensive income for the period/ year		15,454	15,017	29,237	12,669	1,570
Basic earnings per ordinary share (Sen)	22	386	375	731	325	104
Diluted earnings per ordinary share (Sen)	22	386	375	731	325	104

The notes on pages 8 to 67 are an integral part of these combined financial statements.

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of changes in equity

		Non-distributable		*Distributable*	
Audited	**Note**	**Share capital RM'000**	**Invested equity RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2019		750	-	2,744	3,494
Business combinations	28	-	3,000	9,700	12,700
Profit and total comprehensive income for the financial year		-	-	1,570	1,570
At 31 December 2019/ 1 January 2020		750	3,000	14,014	17,764
Issuance of ordinary shares		250	-	-	250
Profit and total comprehensive income for the financial year		-	-	12,669	12,669
At 31 December 2020/ 1 January 2021		1,000	3,000	26,683	30,683
Profit and total comprehensive income for the financial year		-	-	29,237	29,237
Dividend paid	23	-	-	(6,000)	(6,000)
At 31 December 2021/ 1 January 2022		1,000	3,000	49,920	53,920
Profit and total comprehensive income for the financial period		-	-	15,454	15,454
Dividend paid	23	-	-	(8,000)	(8,000)
At 30 June 2022		1,000	3,000	57,374	61,374
Unaudited					
At 31 December 2020/ 1 January 2021		1,000	3,000	26,683	30,683
Profit and total comprehensive income for the financial period		-	-	15,017	15,017
At 30 June 2021		1,000	3,000	41,700	45,700
		Note 12	Note 13		

The notes on pages 8 to 67 are an integral part of these combined financial statements.

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of cash flows

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Cash flows from operating activities						
Profit before tax		20,848	19,929	40,936	17,621	2,186
Adjustments for:						
Depreciation of plant and equipment	3	3,374	1,478	4,476	911	243
Depreciation of right-of-use assets	4	431	400	842	671	283
Amortisation of intangible assets	5	411	357	735	539	175
Plant and equipment written off		-	-	-	-	53
Gain on disposal of plant and equipment		-	(10)	(10)	-	-
Gain on lease modification		(5)	-	(3)	-	-
Income from rental concession		-	-	(38)	(38)	-
Finance income	18	(78)	(14)	(205)	(264)	(163)
Finance costs	19	1,133	132	1,063	203	97
Net (reversal)/loss on impairment of financial instruments and contract assets	20	(398)	22	1,123	156	3
Reversal of allowance for slow moving inventories	8	-	-	-	(7)	-
Unrealised foreign exchange gain/(loss)	20	454	378	(14)	(548)	(8)
Operating profit before changes in working capital		26,170	22,672	48,905	19,244	2,869
Inventories		1,221	3,705	790	(8,188)	(778)
Trade and other receivables		(11,172)	(5,662)	1,915	4,345	8,059
Prepayments and other assets		(173)	4,702	4,440	(4,589)	(16)
Trade and other payables		(6,407)	(17,685)	(11,259)	255	1,476
Contract assets		(2,585)	(5,556)	(3,617)	7,036	(10,432)
Contract costs		(468)	(1,065)	2,970	(1,578)	(1,777)
Contract liabilities		3	(13)	6	13	-
Increase through business combination	28	-	-	-	-	5,019
Cash generated from operations		6,589	1,098	44,150	16,538	4,420
Interest received		78	14	205	264	163
Tax paid		(4,138)	(620)	(6,071)	(6,065)	(257)
Net cash from operating activities		2,529	492	38,284	10,737	4,326

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of cash flows (continued)

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Cash flows from investing activities						
Acquisition of plant and equipment	(ii)	(23,016)	(16,021)	(49,178)	(29,042)	(1,670)
Acquisition of intangible assets	5	(385)	(316)	(679)	(206)	(20)
Proceeds on disposal of plant and equipment		-	-	10	2	-
Change in pledged deposits		(118)	(3,598)	(5,297)	(1,547)	-
Net cash used in investing activities		(23,519)	(19,935)	(55,144)	(30,793)	(1,690)
Cash flows from financing activities						
Proceeds from issuance of shares		-	-	-	250	-
Drawdown of loans and borrowings		21,205	19,559	37,990	23,201	1,961
Repayment of loans and borrowings		(5,445)	(3,146)	(9,632)	(489)	-
Drawdown of revolving credits		470	-	7,424	-	-
Drawdown of invoice financing		1,920	-	-	-	-
Payment of lease liabilities		(406)	(369)	(750)	(582)	(262)
Repayment of hire purchase liabilities		(209)	(127)	(284)	(125)	(59)
Dividends paid to Owner of the Company	23	(8,000)	-	(6,000)	-	-
Interest paid		(1,133)	(132)	(1,063)	(203)	(97)
Net cash from financing activities		8,402	15,785	27,685	22,052	1,543
Net change in cash and cash equivalents		(12,588)	(3,658)	10,825	1,996	4,179
Cash and cash equivalents at 1 January		23,145	12,320	12,320	10,324	6,145
Cash and cash equivalents at 30 June/31 December		10,557	8,662	23,145	12,320	10,324

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of cash flows (continued)

Notes to the combined statement of cash flows

(i) Cash and cash equivalents

Cash and cash equivalents included in the combined statements of cash flows comprise the following combined statements of financial position balances:

	Note	30.6.2022 RM'000 Audited	30.6.2021 RM'000 Unaudited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Deposits with licensed banks	11	4,806	3,503	10,255	7,099	8,903
Cash and bank balances	11	5,751	5,159	12,890	5,221	1,577
		10,557	8,662	23,145	12,320	10,480
Less: Bank overdraft	14	-	-	-	-	(156)
		10,557	8,662	23,145	12,320	10,324

(ii) Acquisition of plant and equipment

During the financial period/ year, the Group acquired plant and equipment as follows:

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Paid in cash		23,016	16,021	49,178	29,042	1,670
In the form of hire purchase		153	235	294	98	93
		23,169	16,256	49,472	29,140	1,763

(iii) Cash outflows for leases as a lessee

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Included in net cash from operating activities:						
Payment relating to short-term leases	20	-	-	-	4	3
Payment relating to leases of low-value assets	20	8	2	15	13	8
Included in net cash from financing activities:						
Payment of lease liabilities		406	369	750	582	262
Interest paid in relation to lease liabilities	19	78	89	173	130	15
Total cash outflows for leases		492	460	938	729	288

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Combined statements of cash flows (continued)

Notes to the combined statement of cash flows (continued)

(iv) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Invoice financing RM'000	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2019	-	-	-	147	-	147
Increase through business combination	-	-	10,706	692	120	11,518
Net changes from financing cash flows	-	-	1,896	(76)	(277)	1,543
Interest	-	-	65	17	15	97
Borrowing cost capitalised	-	-	279	-	-	279
Addition	-	-	-	93	1,409	1,502
At 31 December 2019/ 1 January 2020	-	-	12,946	873	1,267	15,086
Net changes from financing cash flows	-	-	22,663	(149)	(712)	21,802
Interest	-	-	49	24	130	203
Borrowing cost capitalised	-	-	1,034	-	-	1,034
Addition	-	-	-	98	2,534	2,632
Other changes	-	-	-	-	(38)	(38)
At 31 December 2020/ 1 January 2021	-	-	36,692	846	3,181	40,719
Net changes from financing cash flows	-	7,424	27,509	(325)	(923)	33,685
Interest	-	-	849	41	173	1,063
Borrowing cost capitalised	-	99	1,624	-	-	1,723
Addition	-	-	-	294	865	1,159
Derecognition	-	-	-	-	(69)	(69)
Other changes	-	-	-	-	(38)	(38)
At 31 December 2021/ 1 January 2022	-	7,523	66,674	856	3,189	78,242
Net changes from financing cash flows	1,920	259	14,939	(232)	(484)	16,402
Interest	-	211	821	23	78	1,133
Borrowing cost capitalised	-	-	901	-	-	901
Addition	-	-	-	153	163	316
Derecognition	-	-	-	-	(71)	(71)
At 30 June 2022	1,920	7,993	83,335	800	2,875	96,923

The notes on pages 8 to 67 are an integral part of these combined financial statements.

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Notes to the combined financial statements

ITMAX System Berhad ("ITMAX System" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 30-G & 30-3 Jalan Radin Bagus 3
Bandar Baru Seri Petaling
57000 Kuala Lumpur

Registered office
Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Prior to 31 December 2021, the Company was principally engaged in the business of information technology services, supply, install and maintenance of traffic light systems and supply of equipment and accessories related to transportation and other engineering services. During the financial year ended 31 December 2021, the Company changed its principal business activities to video surveillance and analytics services, telecommunication and network infrastructure services and supply, installation and maintenance of traffic management systems and street lighting systems. Subsequent to 31 December 2021, the Company changed its principal activities to business of supply and installation and provision of public space networked systems and investment holding.

The ultimate holding company during the financial period was Akasia Rafflesia Sdn Bhd (formerly known as ITMAX Holding Sdn Bhd), a private limited liability company incorporated and domiciled in Malaysia. On 25 October 2022, Sena Holdings Sdn Bhd, a company incorporated in Malaysia, acquired the Company from Akasia Rafflesia Sdn Bhd and became the ultimate holding company of the Company.

The principal activities of the Company's combining entity, Sena Traffic Systems Sdn Bhd ("STS") are disclosed in Note 6 to the combined financial statements. The Company and STS are collectively referred to as the "Group".

1. Basis of preparation

(a) Statement of compliance

The combined financial statements of the Group have been prepared solely in connection with the listing of and quotation for the entire enlarged issued ordinary shares in the Company ("Shares") on the Main Market of Bursa Malaysia Securities Berhad ("Listing") and for no other purpose.

The combined financial statements of the Group for the financial periods ended 30 June 2022 and 30 June 2021 and for the financial years ended 31 December 2021, 2020 and 2019 consist of the financial statements of the Company, for the period from 1 January 2019 to 30 June 2022, and its combining entity, STS, for the period from 1 October 2019 to 30 June 2022, as the Company and STS are under the common control of Tan Sri Dato' (Dr.) Tan Boon Hock (referred to as the "Controlling Shareholder") from 1 October 2019 as disclosed in Note 6.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The combined financial statements of the Group for the financial periods ended 30 June 2022 and 30 June 2021 and for the financial years ended 31 December 2021, 2020 and 2019 were prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative year presented or, if later, at the date that common control was established.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exist when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the financial periods ended 30 June 2022 and 30 June 2021 and for the financial years ended 31 December 2021, 2020 and 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants.

Changes in accounting policy

The Group has adopted MFRS 16, *Leases* which is effective for annual periods beginning on or after 1 January 2019.

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. MFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any as an adjustment to the retained earnings at 1 January 2019. The impact of the adoption of MFRS16 is disclosed in Note 30.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment *to MFRS 16, Leases – Lease Liability in a Sale and Leaseback*

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

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

The Group plans to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2023 for the accounting standards and amendments that are effective for annual period beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

(b) Basis of measurement

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

(c) Functional and presentation currencies

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the combined 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 period in which the estimates are revised and in any future periods 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 combined financial statements other than those disclosed in the following notes:

- Note 4 – Extension options and incremental borrowing rate in relation to leases
- Note 25.4 – Measurement of expected credit loss ("ECL")

2. Significant accounting policies

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

(a) Basis of combination

(i) Combining entities

The combined financial statements comprise the financial statements of the Company and its combining entity, STS, which are under common control as disclosed in Note 1(a). The financial statements used in the preparation of the combined financial statements are prepared as of the same reporting date as the Company.

The Company and STS are entities under common control of the Controlling Shareholder and are accounted for as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities of the entities are recognised at the carrying amounts recognised in the respective entities' financial statements. The components of equity of the entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.

The Controlling Shareholder controls an entity when the shareholder is exposed, or have rights, to variable returns from the shareholder's involvement with the entity and have the ability to affect those returns through the shareholder's power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholder also considers he has de facto power over an investee when, despite not having the majority of voting rights, he has the current ability to direct the activities of the investee that significantly affect the investee's return.

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(ii) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

(b) Foreign currency

Foreign currency transactions

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

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

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Amortised cost

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

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

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

Financial liabilities

Financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition (continued)

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

(iv) Offsetting

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

(d) Plant and equipment

(i) Recognition and measurement

Asset under construction is stated at cost. Other 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that 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" and "other operating expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Plant and equipment (continued)

(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 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. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Telecommunication towers	20 years
• Network equipment	7 - 20 years
• Plant and equipment	5 years
• Furniture, fixtures and fittings	5 years
• Motor vehicles	5 years
• Renovation	5 years

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

(e) Leases

(i) Definition of a lease

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

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

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

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

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group recognises lease payments received under finance lease as income on a straight-line basis over the lease term as part of "finance income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Licenses

Licenses acquired by the Group, which have finite useful lives, are classified as intangible assets and measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in cost of sales and administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation (continued)

The estimated useful life of licenses and development costs for the current and comparative periods are as follows:

- Development costs 6 years
- Licenses 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/Contract liability

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

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract costs

Cost to fulfil a contract

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

2. Significant accounting policies (continued)

(i) Contract costs (continued)

Cost to fulfil a contract (continued)

These contract costs are initially measured at cost and is recognised in profit or loss in a manner that is consistent with the pattern of revenue recognition to which the contract cost relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group 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.

(k) Impairment

(i) Financial assets

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

The Group measures loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

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

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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

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

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

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

(ii) Other assets

The carrying amounts of the other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exist, then the asset's recoverable amount is estimated.

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

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

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

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

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

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

(l) Equity instruments

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

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

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

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

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(ii) State plans

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

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue and other income

(i) Revenue from contracts with customers

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

The Group transfers control of a good or service at a point in time unless one of the following over-time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(ii) Rental income

Revenue from rental of subleased right-of-use assets is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Interest income

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

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(q) 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 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 year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. Significant accounting policies (continued)

(q) Income tax (continued)

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 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 period.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax 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 period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2. Significant accounting policies (continued)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director and Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

3. Plant and equipment

	Note	Tele-communication towers RM'000	Network equipment RM'000	Plant and equipment RM'000	Furnitures, fixtures and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Asset under construction RM'000	Total RM'000
Cost									
At 1 January 2019		-	-	218	19	288	-	4,914	5,439
Additions		-	-	41	12	306	-	1,404	1,763
Borrowing costs capitalised at the rate of 5.95% - 6.50% per annum		-	-	-	-	-	-	279	279
Write-off		-	-	(155)	(14)	-	-	-	(169)
Transfer		-	5,216	-	-	-	-	(5,216)	-
Acquisition through business combination	28	-	-	289	32	1,097	67	11,684	13,169
At 31 December 2019/1 January 2020		-	5,216	393	49	1,691	67	13,065	20,481
Additions		-	-	166	14	98	-	28,862	29,140
Borrowing costs capitalised at the rate of 4.40% - 5.65% per annum		-	-	-	-	-	-	1,034	1,034
Write-off		-	-	(1)	-	-	-	-	(1)
Transfer		1,385	8,446	-	-	-	-	(9,831)	-
Disposal		-	-	(4)	-	-	-	-	(4)
At 31 December 2020/ 1 January 2021		1,385	13,662	554	63	1,789	67	33,130	50,650
Additions		252	-	240	29	412	11	48,528	49,472
Borrowing costs capitalised at the rate of 4.38% - 4.46% per annum		-	-	-	-	-	-	1,723	1,723
Write-off		-	-	(1)	-	-	-	-	(1)
Transfer		-	59,884	-	-	-	-	(59,884)	-
Disposal		-	-	-	-	(70)	-	-	(70)
At 31 December 2021/1 January 2022		1,637	73,546	793	92	2,131	78	23,497	101,774
Additions		306	-	414	83	-	28	22,338	23,169
Borrowing costs capitalised at the rate of 4.38% - 4.65% per annum		-	-	-	-	-	-	901	901
Transfer		-	149	-	-	-	-	(149)	-
At 30 June 2022		1,943	73,695	1,207	175	2,131	106	46,587	125,844

3. Plant and equipment (continued)

	Note	Tele-communication towers RM'000	Network equipment RM'000	Plant and equipment RM'000	Furnitures, fixtures and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Asset under construction RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2019		-	-	112	15	151	-	-	278
Depreciation for the year		-	65	24	3	150	1	-	243
Write-off		-	-	(102)	(14)	-	-	-	(116)
Acquisition through business combinations	28	-	-	163	18	646	59	-	886
At 31 December 2019/1 January 2020		-	65	197	22	947	60	-	1,291
Depreciation for the year		29	472	75	11	320	4	-	911
Write off		-	-	(1)	-	-	-	-	(1)
Disposal		-	-	(2)	-	-	-	-	(2)
At 31 December 2020/1 January 2021		29	537	269	33	1,267	64	-	2,199
Depreciation for the year		78	4,007	101	12	274	4	-	4,476
Write off		-	-	(1)	-	-	-	-	(1)
Disposal		-	-	-	-	(70)	-	-	(70)
At 31 December 2021/1 January 2022		107	4,544	369	45	1,471	68	-	6,604
Depreciation for the period		46	3,089	84	14	137	4	-	3,374
At 30 June 2022		153	7,633	453	59	1,608	72	-	9,978
Carrying amounts									
At 31 December 2019/1 January 2020		-	5,151	196	27	744	7	13,065	19,190
At 31 December 2020/1 January 2021		1,356	13,125	285	30	522	3	33,130	48,451
At 31 December 2021/1 January 2022		1,530	69,002	424	47	660	10	23,497	95,170
At 30 June 2022		1,790	66,062	754	116	523	34	46,587	115,866

4. Right-of-use assets

	Note	Land RM'000	Building RM'000	Total RM'000
At 1 January 2019		-	992	992
Additions		-	417	417
Depreciation		-	(283)	(283)
Acquisition through business combinations	28	-	132	132
At 31 December 2019/1 January 2020		-	1,258	1,258
Additions		1,745	789	2,534
Depreciation		(99)	(572)	(671)
At 31 December 2020/1 January 2021		1,646	1,475	3,121
Additions		108	757	865
Depreciation		(187)	(655)	(842)
Derecognition		-	(66)	(66)
At 31 December 2021/1 January 2022		1,567	1,511	3,078
Additions		-	163	163
Depreciation		(100)	(331)	(431)
Derecognition		-	(66)	(66)
At 30 June 2022		1,467	1,277	2,744

The Group leases a number of leasehold land and office buildings that run between 1 year and 7 years, with an option to renew the leases after that date.

4.1 Extension options

Some leases of leasehold land and office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include all extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. All extension options have been considered in the recognition of lease liabilities. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determined the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Intangible assets

	Licenses RM'000	Development cost RM'000	Total RM'000
Cost			
At 1 January 2019	100	-	100
Acquisition through business combination (Note 28)	-	3,283	3,283
Additions	20	-	20
At 31 December 2019/1 January 2020	120	3,283	3,403
Additions	5	201	206
At 31 December 2020/1 January 2021	125	3,484	3,609
Additions	18	661	679
At 31 December 2021/1 January 2022	143	4,145	4,288
Additions	1	384	385
At 30 June 2022	144	4,529	4,673
Amortisation			
At 1 January 2019	22	-	22
Acquisition through business combination (Note 28)	-	1,846	1,846
Amortisation for the year	24	151	175
At 31 December 2019/1 January 2020	46	1,997	2,043
Amortisation for the year	31	508	539
At 31 December 2020/1 January 2021	77	2,505	2,582
Amortisation for the year	23	712	735
At 31 December 2021/ 1 January 2022	100	3,217	3,317
Amortisation for the period	9	402	411
At 30 June 2022	109	3,619	3,728
Carrying amounts			
At 1 January 2019	78	-	78
At 31 December 2019/1 January 2020	74	1,286	1,360
At 31 December 2020/1 January 2021	48	979	1,027
At 31 December 2021/1 January 2022	43	928	971
At 30 June 2022	35	910	945

6. Combining entity

The details of the combing entity are as follows:

Combining entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %	2020 %	2019 %
STS	Malaysia	Research and development on systems and application software, design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems	100	100	100	100

7. Contracts with customers

7.1 Contract assets/(liabilities)

	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Non-current				
Contract assets	163	192	-	-
Current				
Contract assets	9,993	7,005	4,662	11,698
	10,156	7,197	4,662	11,698
Contract liabilities	(22)	(19)	(13)	-

The contract assets relate to the Group's rights to consideration for work completed on service contract, pending approval from customers, but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and up to 5 years (2021: 30 days and up to 5 years ; 2020: 30 days and 2019: 30 days) and payment is expected within 30 days.

The contract liabilities primarily relate to the advance consideration received from a customer for service contract. The contract liabilities are expected to be recognised as revenue over a period of 30 days.