

**PERSATUAN INDUSTRI KOMPUTER  
DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**  
(In Ringgit Malaysia)

**PERSATUAN INDUSTRI KOMPUTER  
DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**  
(In Ringgit Malaysia)

**Russell Bedford LC PLT**  
(LLP0030621-LCA & AF 1237)  
Chartered Accountants

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)


<b>Contents</b>	<b>Pages</b>
Statement by council members	1
Independent auditors' report	2 - 4
Statements of income and expenditure	5
Statements of financial position	6
Statements of changes in fund accounts	7
Statements of cash flows	8
Notes to the financial statements	9 - 24

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**STATEMENT BY COUNCIL MEMBERS**

The Council Members of PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA state that, in the opinion of the Council Members, the accompanying financial statements are drawn up in accordance with the rules of the Association, the provisions of the Societies Act 1966 and the Malaysian Private Entities Reporting Standard, so as to give a true and fair view of the financial position of the Group and of the Association as at 31 December 2022, and their financial performance and their cash flows for the year ended on that date.

For and on behalf of the Council Members,

  
\_\_\_\_\_  
ONG CHIN SEONG  
Chairman  
\_\_\_\_\_  
ANTHONY RAJA MICHEL DEVADOSS  
Treasurer

Kuala Lumpur

Dated: 30 JUN 2023



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**

(Registered in Malaysia)

#### **1. Report on the audit of the financial statements**

##### **1.1 Opinion**

We have audited the accompanying financial statements which comprise the statement of financial position of the Group and the Association as at 31 December 2022, and the related statements of income and expenditure, changes in fund accounts and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Association as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with the rules of the Association, the Societies Act 1966 ("Act") and the Malaysian Private Entities Reporting Standard.

##### **1.2 Basis for opinion**

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.5.

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA 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 MIA By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 1.3 Other information

Management is responsible for the other information. Other information is defined as financial and non-financial information (other than financial statements and the auditors' report thereon) included in an entity's annual report. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 material misstatement of this other information, we are required to report the fact.

### 1.4 Responsibilities of Council Members and those charged with governance for the financial statements

The Council Members are responsible for the preparation of financial statements that give a true and fair view in accordance with the rules of the Association, the provisions of the Act and the Malaysian Private Entities Reporting Standard, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Council Members are responsible for assessing the Group's and the Association'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 Council Members either intends to liquidate the Association and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### 1.5 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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 the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



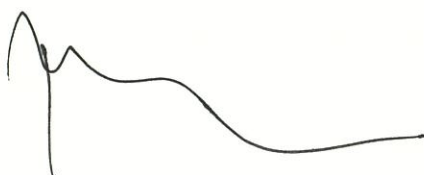
## 1.5 Auditors' responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.
- Conclude on the appropriateness of the Council Members' 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 and/or the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention on our auditors' report to the related disclosures in the financial statements 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 and the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

## 2. Engagement partner

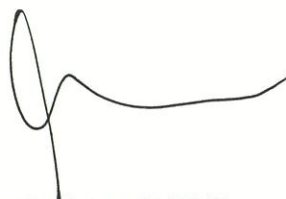
The engagement partner on the audit resulting in this independent auditors' report is Wong Lai Cheng.



RUSSELL BEDFORD LC PLT  
 LLP0030621-LCA & AF 1237  
 CHARTERED ACCOUNTANTS

Kuala Lumpur

Dated: 30 June 2023



WONG LAI CHENG  
 03458/11/2023 J  
 CHARTERED ACCOUNTANT

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**STATEMENTS OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Group		Association	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Income</b>					
Membership subscriptions and entrance fees		405,800	385,600	405,800	385,600
Events income	4	8,562,677	2,138,699	8,036,067	2,264,599
		8,968,477	2,524,299	8,441,867	2,650,199
<b>Other operating income:</b>					
Other income	5	653,193	632,542	653,193	623,133
		653,193	632,542	653,193	623,133
		9,621,670	3,156,841	9,095,060	3,273,332
Depreciation		(255,929)	(256,473)	(249,076)	(241,208)
<b>Other operating expenses:</b>					
Auditors' remuneration		27,030	15,900	12,190	8,480
Administrative expenses		328,972	294,612	273,710	250,443
Allowance for doubtful debts		157,700	-	812,489	-
Bank charges		15,944	27,494	14,918	26,254
Bad debt written off		89,500	48,735	89,500	48,735
Events operating expenses	4	5,340,445	1,025,891	5,932,209	1,053,304
International affairs	6	29,712	9,626	29,712	9,626
Fair value loss on investment properties		-	543,264	-	543,264
Membership services	7	84,893	69,760	84,893	69,760
Professional fees		124,638	120,773	114,054	111,415
Public relations		15,632	1,287	15,632	1,287
Staff costs	8	1,701,922	1,383,224	602,526	940,372
		(7,916,388)	(3,540,566)	(7,981,833)	(3,062,940)
Finance income	9	1,600	-	1,600	-
Finance cost	10	(217,193)	(179,968)	(217,193)	(179,968)
Net finance cost		(215,593)	(179,968)	(215,593)	(179,968)
<b>Surplus/(Deficit) before tax</b>		1,233,760	(820,166)	648,558	(210,784)
Income tax expense	11	-	-	-	-
<b>Surplus/(Deficit) of income over expenditure</b>		1,233,760	(820,166)	648,558	(210,784)



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	Group 2022 RM	2021 RM	Association 2022 RM	2021 RM
<b>Non current assets</b>					
Property, plant and equipment	12	4,828,868	5,079,916	4,826,126	5,070,321
Investment in a subsidiary	13	-	-	100,000	100,000
Investment properties	14	7,062,426	7,062,426	7,062,426	7,062,426
		<u>11,891,294</u>	<u>12,142,342</u>	<u>11,988,552</u>	<u>12,232,747</u>
<b>Current assets</b>					
Trade receivables	15	1,000,143	1,086,385	993,601	1,013,653
Other receivables, deposits and prepayments	16	204,904	244,222	317,619	1,070,787
Tax recoverable		30,832	30,832	30,832	30,832
Cash and cash equivalents	17	1,768,812	773,619	1,594,258	643,997
		<u>3,004,691</u>	<u>2,135,058</u>	<u>2,936,310</u>	<u>2,759,269</u>
<b>Total assets</b>		<u><u>14,895,985</u></u>	<u><u>14,277,400</u></u>	<u><u>14,924,862</u></u>	<u><u>14,992,016</u></u>
<b>Equity</b>					
Accumulated funds		<u>8,674,753</u>	<u>7,440,993</u>	<u>8,981,841</u>	<u>8,333,283</u>
<b>Total equity</b>		<u>8,674,753</u>	<u>7,440,993</u>	<u>8,981,841</u>	<u>8,333,283</u>
<b>Non current liabilities</b>					
Term loans	18	4,104,219	4,359,370	4,104,219	4,359,370
		<u>4,104,219</u>	<u>4,359,370</u>	<u>4,104,219</u>	<u>4,359,370</u>
<b>Current liabilities</b>					
Trade payables	19	350,303	563,542	241,283	555,729
Other payables and accruals	20	1,294,364	1,458,532	1,125,173	1,288,671
Bank overdraft	18	2	38	2	38
Term loans	18	472,344	454,925	472,344	454,925
		<u>2,117,013</u>	<u>2,477,037</u>	<u>1,838,802</u>	<u>2,299,363</u>
<b>Total liabilities</b>		<u>6,221,232</u>	<u>6,836,407</u>	<u>5,943,021</u>	<u>6,658,733</u>
<b>Total equity and liabilities</b>		<u><u>14,895,985</u></u>	<u><u>14,277,400</u></u>	<u><u>14,924,862</u></u>	<u><u>14,992,016</u></u>



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>Cash flows from/(used in) operating activities</b>				
Receipts from membership subscriptions and entrance fees	326,224	415,632	326,224	415,632
Receipts from events	8,431,640	1,275,541	7,902,495	1,066,248
Payments for expenditure	(1,793,837)	(1,419,035)	(943,593)	(904,765)
Payments for event expenditure	(6,213,440)	(619,677)	(6,246,655)	(497,575)
<b>Cash from/(used in) operations</b>	<b>750,587</b>	<b>(347,539)</b>	<b>1,038,471</b>	<b>79,540</b>
Other income	702,848	630,942	639,193	622,133
<b>Net cash from operating activities</b>	<b>1,453,435</b>	<b>283,403</b>	<b>1,677,664</b>	<b>701,673</b>
<b>Cash flows from/(used in) investing activities</b>				
Purchase of plant and equipment	(4,881)	(1,006)	(4,881)	(822)
Interest received from fixed deposits	1,600	-	1,600	-
Proceeds from disposal plant and equipment	-	1,600	-	1,000
Increase in fixed deposit pledged	(578)	(31,245)	(578)	(31,245)
Repayments to subsidiaries	-	-	(269,161)	(353,977)
<b>Net cash used in investing activities</b>	<b>(3,859)</b>	<b>(30,651)</b>	<b>(273,020)</b>	<b>(385,044)</b>
<b>Cash flows from/(used in) financing activities</b>				
Proceed from term loans	-	1,000,000	-	1,000,000
Repayment of term loans	(237,732)	(19,602)	(237,732)	(19,602)
Interest on term loans	(217,193)	(179,968)	(217,193)	(179,968)
<b>Net cash (used in)/from financing activities</b>	<b>(454,925)</b>	<b>800,430</b>	<b>(454,925)</b>	<b>800,430</b>
<b>Net increase in cash and cash equivalents</b>	<b>994,651</b>	<b>1,053,182</b>	<b>949,719</b>	<b>1,117,059</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>742,336</b>	<b>(310,846)</b>	<b>612,714</b>	<b>(504,345)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,736,987</b>	<b>742,336</b>	<b>1,562,433</b>	<b>612,714</b>
<b>Cash and cash equivalents are represented by:</b>				
Cash and cash equivalents (Note 17)	1,768,812	773,619	1,594,258	643,997
Less:				
- Fixed deposits pledged	(31,823)	(31,245)	(31,823)	(31,245)
- Bank overdrafts	(2)	(38)	(2)	(38)
	<b>1,736,987</b>	<b>742,336</b>	<b>1,562,433</b>	<b>612,714</b>



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**1. General information**

The Association is incorporated under the Societies Act, 1966 and its principal objectives are:

- (a) to spearhead, promote and coordinate the development of resources, professional skills and programs in the local Information and Communication Technology ("ICT") industry;
- (b) to represent the local ICT industry to the Government and private sectors locally and abroad;
- (c) to provide a local forum for solution providers to meet, discuss and solve common problems of the ICT industry and to advance programs for its development;
- (d) to foster high standards of conduct, service and performance throughout the ICT industry;
- (e) to obtain, process and disseminate relevant information to the ICT industry; and
- (f) to provide industry and trade related services to its members.

The principal activity of the subsidiaries is disclosed in Note 13.

The principal place of business of the Association is located at E1, Empire Damansara, No.2, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Council Members on 30 June 2023.

**2. Principal accounting policies**

**2.1 Statement of compliance**

The financial statements have been prepared and presented in accordance with the rules of the Association, the provisions of Societies Act 1966 and the Malaysian Private Entities Reporting Standard.

**2.2 Basis of preparation of the financial statements**

**2.2.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

**2.2.2. Significant accounting policies**

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Association and its subsidiaries listed under Note 13 made up to the end of the financial year. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

All significant inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**2.2.2. Significant accounting policies (continued)**

**Income recognition**

Members entrance fees are recognised in the statement of income and expenditure in the year in which the new members are approved.

Delegation fee or tickets entrance fees for events are recognised in the statement of income and expenditure where events take place.

Subscription fees and events organisation income are recognised in the statement of income and expenditure on an accrual basis.

Interest income is recognised in the statement of income and expenditure as it accrues, taking into account the effective yield on the asset.

**Foreign currencies**

(i) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), being the functional currency of the Group and the Association.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the statement of income and expenditure.

The principal exchange rate for every unit of foreign currency ruling at reporting date used is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	4.390	4.165

**Employee benefits**

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense in the statement of income and expenditure as incurred.

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**2.2.2. Significant accounting policies (continued)**

**Income tax**

Income tax on the surplus or deficit for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable surplus for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of income and expenditure.

Where investment property is carried at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of the investment property at the carrying amount at the reporting date unless the investment property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset if there is 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.

**Impairment of non financial assets**

The carrying amount of non financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in statement of income and expenditure in the reporting period in which it arises.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. The reversal is recognised in statement of income and expenditure.



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**2.2.2. Significant accounting policies (continued)**

**Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of an item of property, plant and equipment are recognised in statement of income and expenditure in the reporting period in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of income and expenditure.

Depreciation on property, plant and equipment is calculated on a straight line basis at the following annual rates based on their estimated useful lives:

Leasehold building	2%
Office equipment and computers	20%
Furniture and fittings	10%
Renovation	10%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

**Investment in subsidiaries**

A subsidiary is a company controlled by the Association. Control exists when the Association has the power, directly or indirectly, to govern the financial and operating policies of a company so as to derive benefits from its activities.

The Association's investment in subsidiaries are stated at cost less impairment losses, if any.

**Investment properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment properties are subsequently measured at fair value with any change therein recognised in statement of income and expenditure for the period in which they arise.

If a reliable measure of fair value is not available without undue cost or effort for an item of investment property, the item is measured at cost less accumulated depreciation and any accumulated impairment losses until a reliable measure of fair value becomes available. The carrying amount of the investment property on that date becomes its cost.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
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**2.2.2. Significant accounting policies (continued)**

**Leases**

Assets acquired under leases (including hire purchase arrangements) which transfer substantially all the risks and rewards incidental to ownership of the assets are recognised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are charged to statement of income and expenditure over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised in statement of income and expenditure on a straight line basis over the terms of the relevant lease.

**Financial instruments**

Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (normally the transaction price) plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. If the arrangement constitutes a financing transaction, the entity shall measure the financial instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**(i) Debt instruments**

Subsequent to initial recognition, 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 benchmarked 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 periods; and
- (c) prepayment option, if any, is not contingent on future events.

Gains or losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

Debt instruments are classified as current assets/liabilities, except for those having maturity dates later than 12 months after the reporting date which are classified as non current.



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**2.2.2. Significant accounting policies (continued)**

**Financial instruments (continued)**

**(ii) Equity instruments**

Investments in equity instruments are subsequently measured at fair value through profit or loss, if the shares are publicly traded or their fair value can be measured reliably without undue cost or effort. Otherwise, they are measured at cost less impairment.

Investments in equity instruments are classified as non current assets, unless they are expected to be realised within 12 months after the reporting date.

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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any newly created rights and obligations) is recognised in profit or loss.

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

The Group assesses at each reporting date whether there is any objective evidence that a financial asset, other than those classified as fair value through profit or loss, is impaired. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis on similar risk characteristics. 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.

The impairment loss is recognised in profit or loss.

If in a subsequent reporting period, the amount of impairment loss decreases and this can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**Statements of cash flows**

Statements of cash flows are prepared using the direct method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and fixed deposits pledged.

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**3. Critical accounting estimates and judgements**

In the preparation of the financial statements, the Council Members are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the Council Members and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, Council Members are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Council Members believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**4. Events income and operating expenses**

These represent income and operating expenses derived from events organised throughout the year, namely Venture Investment Chapter event (Sea Dragon), World Congress on Innovation and Technology, APICTA Awards, Training Programs, CIO Chapter events, GBS Malaysia Summit, GBS Malaysia Awards, GBS Research and PIKOM members' events.

**5. Other income**

This represents income derived from GBS Malaysia Chapter Membership Fees, rental income, research and other miscellaneous income.

**6. International affairs**

This represents expenses incurred on membership fees for Asian-Oceanian Computing Industry Organization ("ASOCIO") and the World Information Technology and Service Alliance (WITSA) while the current year expenses represent Malaysia's involvement in international affairs activities organised by ASOCIO. These activities serve to promote the Association and introduce its members and companies to international bodies.

**7. Membership services**

This represents expenses incurred on research and survey, annual general meeting, government affairs meetings, members networking sessions, members learning events, and council and committees meetings.



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**

(Registered in Malaysia)

**8. Staff costs**

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Defined contribution plan	167,754	142,135	55,001	96,529
Salaries, allowances and bonus	1,453,245	1,182,963	491,928	805,430
Other employee related expenses	80,923	58,126	55,597	38,413
	<u>1,701,922</u>	<u>1,383,224</u>	<u>602,526</u>	<u>940,372</u>

**9. Finance income**

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest income from:				
- fixed deposit with a licensed bank	578	-	578	-
- repo placement	1,022	-	1,022	-
	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>-</u>

**10. Finance cost**

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense on term loans	<u>217,193</u>	<u>179,968</u>	<u>217,193</u>	<u>179,968</u>

**11. Income tax expense**

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Expected income tax payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

A reconciliation of income tax expense applicable to surplus/(deficit) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Surplus/(Deficit) before tax	<u>1,233,760</u>	<u>(820,166)</u>	<u>648,558</u>	<u>(210,784)</u>
Taxation at statutory tax rate of 26% (2021: 26%)	(320,800)	213,200	(168,600)	54,800
Expenses not deductible for tax purposes	(89,400)	(193,300)	(256,400)	(188,800)
Income not subject to tax	79,000	41,000	79,000	41,000
Deferred tax assets not recognised	(84,800)	(153,900)	-	-
Utilisation of deferred tax previously not recognised	<u>416,000</u>	<u>93,000</u>	<u>346,000</u>	<u>93,000</u>
Income tax expense for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The tax expense in the statement of income and expenditure of the Association represents taxation at scale rates applicable for Trade Associations based on the excess of income over expenditure for the year after deduction of exemption on its statutory income from member's subscription fees pursuant to Income Tax (Exemption) No. 19 Order 2005.

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**11. Income tax expense (continued)**

Presented after appropriate offsetting as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Deferred tax assets	39,600	58,000	39,000	56,000
Deferred tax liabilities	(39,600)	(58,000)	(39,000)	(56,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax liabilities of the Group and the Association are in respect of the tax effect of excess of tax capital allowances over related depreciation of property, plant and equipment.

Deferred tax assets of the Group and the Association are in respect of the following:

	<b>Group</b>		<b>Tax effects</b>	
	<b>Gross</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unutilised business losses to be utilised up to financial year ending				
- 31 December 2028	8,118,000	8,774,000	1,986,000	2,157,000
- 31 December 2029	1,464,000	1,525,000	370,000	384,000
- 31 December 2030	590,000	590,000	143,000	143,000
- 31 December 2031	477,000	477,000	114,000	114,000
- 31 December 2032	347,000	-	83,000	-
Unutilised capital allowance	183,000	711,000	44,000	181,000
Other deductible temporary differences	-	250,000	-	60,000
	<u>11,179,000</u>	<u>12,327,000</u>	<u>2,740,000</u>	<u>3,039,000</u>
Less: Deferred tax assets recognised	(152,200)	(222,000)	(39,600)	(58,000)
Deferred tax assets not recognised	<u>11,026,800</u>	<u>12,105,000</u>	<u>2,700,400</u>	<u>2,981,000</u>

	<b>Association</b>		<b>Tax effects</b>	
	<b>Gross</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unutilised business losses to be utilised up to financial year ending				
- 31 December 2028	1,873,000	2,529,000	487,000	658,000
- 31 December 2029	923,000	923,000	240,000	240,000
- 31 December 2030	85,000	85,000	22,000	22,000
Unutilised capital allowance	-	528,000	-	137,000
	<u>2,881,000</u>	<u>4,065,000</u>	<u>749,000</u>	<u>1,057,000</u>
Less: Deferred tax assets recognised	(150,000)	(214,000)	(39,000)	(56,000)
Deferred tax assets not recognised	<u>2,731,000</u>	<u>3,851,000</u>	<u>710,000</u>	<u>1,001,000</u>

Portion of the deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these unused tax benefits.



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**12. Property, plant and equipment**

<b>Group</b>	<b>Leasehold building RM</b>	<b>Office equipment and computers RM</b>	<b>Furniture and fittings RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2021	5,768,510	723,713	544,937	698,464	7,735,624
Addition	-	1,006	-	-	1,006
Written offs	-	(5,713)	-	-	(5,713)
At 31 December 2021	5,768,510	719,006	544,937	698,464	7,730,917
Addition	-	3,381	1,500	-	4,881
At 31 December 2022	5,768,510	722,387	546,437	698,464	7,735,798
<b>Accumulated depreciation</b>					
At 1 January 2021	836,434	686,712	396,111	480,984	2,400,241
Charge for the year	115,370	18,060	53,196	69,847	256,473
Written offs	-	(5,713)	-	-	(5,713)
At 31 December 2021	951,804	699,059	449,307	550,831	2,651,001
Charge for the year	115,371	18,155	52,556	69,847	255,929
At 31 December 2022	1,067,175	717,214	501,863	620,678	2,906,930
<b>Carrying amount</b>					
At 31 December 2022	4,701,335	5,173	44,574	77,786	4,828,868
At 31 December 2021	4,816,706	19,947	95,630	147,633	5,079,916

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**12. Property, plant and equipment (continued)**

<b>Association</b>	<b>Leasehold building RM</b>	<b>Office equipment and computers RM</b>	<b>Furniture and fittings RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 January 2021	5,768,510	398,219	528,369	698,464	7,393,562
Additions	-	822	-	-	822
Written offs	-	(5,713)	-	-	(5,713)
At 31 December 2021	5,768,510	393,328	528,369	698,464	7,388,671
Additions	-	3,381	1,500	-	4,881
At 31 December 2022	5,768,510	396,709	529,869	698,464	7,393,552
<b>Accumulated depreciation</b>					
At 1 January 2021	836,434	382,193	383,243	480,985	2,082,855
Charge for the year	115,370	4,451	51,540	69,847	241,208
Written offs	-	(5,713)	-	-	(5,713)
At 31 December 2021	951,804	380,931	434,783	550,832	2,318,350
Charge for the year	115,371	12,179	51,679	69,847	249,076
At 31 December 2022	1,067,175	393,110	486,462	620,679	2,567,426
<b>Carrying amount</b>					
At 31 December 2022	4,701,335	3,599	43,407	77,785	4,826,126
At 31 December 2021	4,816,706	12,397	93,586	147,632	5,070,321

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**12. Property, plant and equipment (continued)**

At the reporting date,

- (i) the leasehold building of the Group and the Association with a carrying amount of RM4,701,335 (2021: RM4,816,706) have been charged as collateral to secure the banking facilities referred to in Note 18; and
- (ii) the strata title deed to the leasehold building have yet to be transferred to the Association by the developer.

**13. Investment in a subsidiary**

	Association 2022 RM	2021 RM
Unquoted equity shares at cost	100,000	100,000

The details of the subsidiaries are as follows:

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Group's effective interest		Principal activity
		2022	2021	
<b>Subsidiary of the Association</b>				
PIKOM Services Sdn Bhd	Malaysia	100%	100%	Event organiser
<b>Subsidiary of PIKOM Services Sdn Bhd</b>				
WCIT 2022 Sdn Bhd	Malaysia	100%	100%	Event organiser

**14. Investment properties**

	Group and Association 2022 RM	2021 RM
Leasehold building, at fair value		
At beginning	7,062,426	7,605,690
Fair value loss	-	(543,264)
At end of year	7,062,426	7,062,426

At the reporting date,

- (i) the leasehold building of the Group and the Association have been charged as collateral to secure the banking facilities referred to in Note 18; and
- (iii) the strata title deed to the leasehold building have yet to be transferred to the Association by the developer.

The fair value of investment property is determined as follows:

The fair value of investment property of the Group were stated by the directors based on professional valuations carried out by Mr Hoa Chee Guan, a registered valuer with Mohd. Nor & Partners (PJ) Sdn Bhd on 2 May 2022 by using the comparison approach of valuation.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, the property being valued is compared with sales of similar properties that have been transacted in the open market. Listing and offering may also be considered. Valuation may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size, improvements and amenities) of the property transactions used for comparison.



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**15. Trade receivables**

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Trade receivables	1,157,843	1,086,385	1,151,301	1,013,653
Less: Allowance for doubtful debts	(157,700)	-	(157,700)	-
	<u>1,000,143</u>	<u>1,086,385</u>	<u>993,601</u>	<u>1,013,653</u>

The movements in the allowance for doubtful debts account for trade receivables that are individually impaired at reporting date are as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
At beginning of year	-	-	-	-
Allowance during the year	157,700	-	157,700	-
At end of year	<u>157,700</u>	<u>-</u>	<u>157,700</u>	<u>-</u>

The Group's normal trade credit term granted are case to case basis.

**16. Other receivables, deposits and prepayments**

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Amount due from subsidiaries	-	-	794,712	868,373
Less: Allowance for doubtful debts	-	-	(654,789)	-
	-	-	139,923	868,373
Other receivables	75,379	144,725	75,379	144,725
Sundry deposits	52,885	52,885	38,685	38,685
Prepayments	76,640	46,612	63,632	19,004
	<u>204,904</u>	<u>244,222</u>	<u>317,619</u>	<u>1,070,787</u>

The movements in the allowance for doubtful debts account for other receivables that are individually impaired at reporting date are as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
At beginning of year	-	-	-	-
Allowance during the year	-	-	654,789	-
At end of year	<u>-</u>	<u>-</u>	<u>654,789</u>	<u>-</u>

The amount due from subsidiaries represents unsecured interest free advances receivable on demand.

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**17. Cash and cash equivalents**

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Cash and bank balances	736,989	242,374	562,435	112,752
Repo placement with a licensed bank	1,000,000	500,000	1,000,000	500,000
Fixed deposits with a licensed bank	31,823	31,245	31,823	31,245
	<u>1,768,812</u>	<u>773,619</u>	<u>1,594,258</u>	<u>643,997</u>

The fixed deposits with a licensed bank is pledged as collaterals to secure the term loan referred to in Note 18.

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

	<b>Group</b>		<b>Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
United States Dollar	<u>16,884</u>	<u>12,511</u>	<u>16,884</u>	<u>12,511</u>

**18. Borrowings**

	<b>Group and Association</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Term loans		
- non current portion	4,104,219	4,359,370
- current portion	472,344	454,925
	<u>4,576,563</u>	<u>4,814,295</u>
Bank overdraft	2	38
	<u>4,576,565</u>	<u>4,814,333</u>

The non current portion of term loans is payable as follows:

Later than 1 year and not later than 2 years	472,344	454,925
Later than 2 years and not later than 5 years	1,417,032	1,364,775
Later than 5 years	2,214,843	2,539,670
	<u>4,104,219</u>	<u>4,359,370</u>

The effective interest rates are as follows:

	<b>2022 %</b>	<b>2021 %</b>
Bank overdraft	7.00	7.00
Term loans	<u>5.23</u>	<u>4.24</u>

The borrowings are secured by way of a first fixed charge over the leasehold building and fixed deposits with a licensed bank of the Group and the Association as disclosed in Note 12, 14 and 17.

**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**19. Trade payables**

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Third parties	350,303	563,542	241,283	555,729

The normal trade credit terms granted to the Group are 30 to 60 days (2021: 30 to 60 days).

**20. Other payables and accruals**

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Amount due to a subsidiary	-	-	-	342,822
Amount held on behalf of APICTA	414,138	435,382	414,138	435,382
Other payables	296,396	319,171	290,932	285,979
Accruals	344,352	148,789	180,625	75,698
Deposits received	82,000	42,000	82,000	42,000
Unearned income	157,478	513,190	157,478	106,790
	<u>1,294,364</u>	<u>1,458,532</u>	<u>1,125,173</u>	<u>1,288,671</u>

Unearned income comprise excess payments received for events.

Amount due to a subsidiary represents unsecured interest free advances repayable on demand.

**21. Significant related party transactions**

	<b>Association</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
With subsidiaries:		
- Events expenditure	128,141	7,800
- Reimbursement of staff cost by a subsidiary	<u>303,431</u>	<u>178,753</u>



**PERSATUAN INDUSTRI KOMPUTER DAN MULTIMEDIA MALAYSIA**  
(Registered in Malaysia)

**22. Financial instruments**

**Categories of financial instruments**

The following table sets out the financial instruments as at the reporting date:

	<b>Group</b>		<b>Association</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>				
Amortised cost:				
- cash and cash equivalents	1,768,812	773,619	1,594,258	643,997
- trade and other receivables	1,128,407	1,283,995	1,902,377	2,065,436
	<u>2,897,219</u>	<u>2,057,614</u>	<u>3,496,635</u>	<u>2,709,433</u>
<b>Financial liabilities</b>				
Amortised cost:				
- trade and other payables	1,487,189	1,508,884	1,208,978	1,737,610
- bank overdraft	2	38	2	38
- term loan	4,576,563	4,814,295	4,576,563	4,814,295
	<u>6,063,754</u>	<u>6,323,217</u>	<u>5,785,543</u>	<u>6,551,943</u>

**23. Comparative figures**

**23.1 Reclassification**

The comparative figures for the year ended 31 December 2021 have been reclassified to arrive at their presentation for the year ended 31 December 2022. Certain comparative figures of the Group and the Association have been reclassified to conform with current year's presentation.

	<b>As previously reported RM</b>	<b>Reclassification RM</b>	<b>As restated RM</b>
<b>Group</b>			
<b>Statement of financial position as at 31 December 2021</b>			
<b>Current assets</b>			
Trade receivables	1,231,110	(144,725)	1,086,385
Other receivables and prepayment	-	144,725	144,725
<b>Association</b>			
<b>Statement of financial position as at 31 December 2021</b>			
<b>Current assets</b>			
Trade receivables	1,158,378	(144,725)	1,013,653
Other receivables and prepayment	-	144,725	144,725

The consequential changes to the prior reporting period's cash flow statements and information in the notes have also been reflected appropriately for consistency of presentation.