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**13. ACCOUNTANTS' REPORT**

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**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT ON THE  
COMBINED FINANCIAL STATEMENTS**

**Russell Bedford LC PLT**  
(LLP-0030621-LCA & AF 1237)  
Chartered Accountants

**13. ACCOUNTANTS' REPORT (CONT'D)**

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**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)

<b>Contents</b>	<b>Pages</b>
Reporting accountants' report	1 - 3
Combined statements of comprehensive income	4
Combined statements of financial position	5
Combined statements of changes in equity	6 - 7
Combined statements of cash flows	8 - 10
Notes to the combined financial statements	11 - 62
Statement by directors	63

**13. ACCOUNTANTS' REPORT (CONT'D)**



**Russell Bedford LC PLT**

(LLP0030621-LCA & AF1237)

**Chartered Accountants**

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Date: 24 November 2023

The Board of Directors

**KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)

H-G-03A, Glomac Square

Jalan SS6/16A

Kelana Jaya

47301 Petaling Jaya

Dear Sirs

**REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF KUCINGKO BERHAD** (formerly known as Kucingo Sdn Bhd)

**Opinion**

We have audited the combined financial statements of the Kucingko Berhad (formerly known as Kucingo Sdn Bhd) ("Kucingko" or "the Company") and its combining entities as defined in Note 2.2.1 (collectively referred to as the "Group"), which comprises the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the financial period 1 January 2023 to 30 June 2023, and notes to the combined financial statements, including a summary of significant accounting policies as set out on page 13 to 24.

The combined financial statements of the Group have been prepared for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the combined financial statements give a true and fair view of the combined financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, and of their combined financial performance and their combined cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the financial period 1 January 2023 to 30 June 2023 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards and the Prospectus Guidelines as issued by the Securities Commission Malaysia.

**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 the Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements section of our reporting accountants' report.

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.

**13. ACCOUNTANTS' REPORT (CONT'D)****Responsibilities of the directors for the combined financial statements**

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

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Reporting accountants' responsibilities for the audit of the combined financial statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 the combined 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:

- Identify and assess the risks of material misstatement of the combined 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 directors.
- Conclude on the appropriateness of the director's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the combined 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

### 13. ACCOUNTANTS' REPORT (CONT'D)



#### Reporting accountants' responsibilities for the audit of the combined financial statements (continued)

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements of the Group 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 combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other matters

The comparative information in respect of the combined statements of comprehensive income, combined statements of changes in equity, combined statements of cash flow and the relevant notes to the combined financial statements for the financial period 1 January 2022 to 30 June 2022 have not been audited.

#### Restriction on distribution and use

This report is made solely to comply with the Prospectus Guidelines as issued by the Securities Commission Malaysia and for the inclusion in the prospectus to be issued in connection with the admission of Kucingko to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and for no other purposes and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

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

LEW CHUI HOONG  
03481/01/2024 J  
CHARTERED ACCOUNTANT

Kuala Lumpur

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

		Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Revenue	4	11,028,261	12,482,914	23,485,035	17,675,422	14,922,805
Other operating income		410,720	855,486	948,449	782,864	697,195
Changes in inventories		(29,264)	(31,278)	(60,345)	(65,997)	(20,658)
Staff costs	5	(5,071,484)	(4,457,206)	(9,404,425)	(7,712,751)	(7,376,079)
Depreciation		(520,309)	(527,296)	(1,030,437)	(1,045,011)	(1,319,468)
Allowance for expected credit loss, net of recovery		-	-	-	1,288,390	-
Other operating expenses		(2,042,106)	(1,755,552)	(4,544,834)	(2,824,085)	(2,011,913)
<b>Profit from operations</b>	6	3,775,818	6,567,068	9,393,443	8,098,832	4,891,882
Finance income	7	107,706	71,332	185,095	169,041	111,492
Finance costs	8	(76,191)	(56,696)	(144,391)	(116,753)	(112,955)
Net finance income/(costs)		31,515	14,636	40,704	52,288	(1,463)
<b>Profit before tax</b>		3,807,333	6,581,704	9,434,147	8,151,120	4,890,419
Income tax expense	9	(786,142)	(602,862)	(1,454,854)	(1,666,736)	(1,213,046)
<b>Net profit/Total comprehensive income for the period/year</b>		3,021,191	5,978,842	7,979,293	6,484,384	3,677,373
<b>Net profit/(loss)/ Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company		3,021,191	5,978,842	7,979,293	6,486,667	3,679,913
Non controlling interest		-	-	-	(2,283)	(2,540)
		3,021,191	5,978,842	7,979,293	6,484,384	3,677,373

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
<b>Non current assets</b>					
Plant and equipment	10	1,481,530	1,060,776	901,877	1,282,807
Right of use assets	11	2,826,206	2,884,599	1,576,483	2,189,231
Investment in subsidiaries	12	-	-	5,449	5,449
Goodwill	13	62,819	62,819	62,819	62,819
Deferred tax assets	14	12,500	12,500	12,500	62,300
		<u>4,383,055</u>	<u>4,020,694</u>	<u>2,559,128</u>	<u>3,602,606</u>
<b>Current assets</b>					
Inventories	15	4,390	3,801	3,378	-
Trade receivables	16	4,282,821	1,976,051	2,923,350	1,241,055
Other receivables, deposits and prepayments	17	739,012	973,979	1,783,013	1,787,720
Contract assets	4	629,775	760,460	-	-
Tax recoverable		-	-	1,083	1,083
Fixed deposits with licensed banks	18	7,175,000	9,675,000	9,760,000	7,647,159
Cash and bank balances	19	1,750,643	5,826,158	2,108,908	6,600,231
		<u>14,581,641</u>	<u>19,215,449</u>	<u>16,579,732</u>	<u>17,277,248</u>
<b>Total assets</b>		<u>18,964,696</u>	<u>23,236,143</u>	<u>19,138,860</u>	<u>20,879,854</u>
<b>Equity</b>					
Share capital	20	2	-	-	-
Invested equity	20	6,611,427	6,611,427	6,611,427	2,959,176
Retained earnings		5,991,915	9,174,851	7,906,308	12,080,337
<b>Equity attributable to owners of the Group</b>		<u>12,603,344</u>	<u>15,786,278</u>	<u>14,517,735</u>	<u>15,039,513</u>
Non-controlling interests		-	-	22,436	24,719
<b>Total equity</b>		<u>12,603,344</u>	<u>15,786,278</u>	<u>14,540,171</u>	<u>15,064,232</u>
<b>Non current liabilities</b>					
Borrowings	21	394,985	498,137	680,376	874,380
Lease liabilities	22	2,382,039	2,457,922	1,089,852	1,639,990
		<u>2,777,024</u>	<u>2,956,059</u>	<u>1,770,228</u>	<u>2,514,370</u>
<b>Current liabilities</b>					
Trade payables	23	116,352	5,016	1,747	30,789
Other payables and accruals	24	2,156,557	2,606,304	1,505,703	2,159,822
Contract liabilities	4	108,675	921,857	169,514	-
Borrowings	21	204,435	200,868	194,004	125,620
Lease liabilities	22	533,311	497,379	550,138	591,102
Tax payable		464,998	262,382	407,355	393,919
		<u>3,584,328</u>	<u>4,493,806</u>	<u>2,828,461</u>	<u>3,301,252</u>
<b>Total liabilities</b>		<u>6,361,352</u>	<u>7,449,865</u>	<u>4,598,689</u>	<u>5,815,622</u>
<b>Total equity and liabilities</b>		<u>18,964,696</u>	<u>23,236,143</u>	<u>19,138,860</u>	<u>20,879,854</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
 (Formerly known as Kucingo Sdn Bhd)  
 (Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY**

<b>Audited</b>	<b>Invested equity RM</b>	<b>Retained earnings RM</b>	<b>Equity attributable to owners of the Company RM</b>	<b>Non controlling interest RM</b>	<b>Total RM</b>
At 1 January 2020	2,959,176	10,116,746	13,075,922	27,259	13,103,181
Dividends (Note 25)	-	(1,716,322)	(1,716,322)	-	(1,716,322)
Net profit/(loss)/Total comprehensive income/(loss) for the year	-	3,679,913	3,679,913	(2,540)	3,677,373
At 31 December 2020	2,959,176	12,080,337	15,039,513	24,719	15,064,232
Transactions with owners:					
Issue of shares (Note 20)	3,652,251	-	3,652,251	-	3,652,251
Dividends (Note 25)	-	(10,660,696)	(10,660,696)	-	(10,660,696)
Total transactions with owners	3,652,251	(10,660,696)	(7,008,445)	-	(7,008,445)
Net profit/(loss)/Total comprehensive income/(loss) for the year	-	6,486,667	6,486,667	(2,283)	6,484,384
At 31 December 2021	6,611,427	7,906,308	14,517,735	22,436	14,540,171
Transactions with owners:					
Dividends (Note 25)	-	(6,703,186)	(6,703,186)	-	(6,703,186)
Acquisition of non controlling interest	-	(7,564)	(7,564)	(22,436)	(30,000)
Total transactions with owners	-	(6,710,750)	(6,710,750)	(22,436)	(6,733,186)
Net profit/Total comprehensive income for the year	-	7,979,293	7,979,293	-	7,979,293
At 31 December 2022	6,611,427	9,174,851	15,786,278	-	15,786,278



**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)**

<b>Audited</b>	<b>Share capital RM</b>	<b>Invested equity RM</b>	<b>Retained earnings RM</b>	<b>Total RM</b>	
At 1 January 2023	-	6,611,427	9,174,851	15,786,278	
Transactions with owners:					
Issue of shares (Note 20)	2	-	-	2	
Dividends (Note 25)	-	-	(6,204,127)	(6,204,127)	
Total transactions with owners	2	-	(6,204,127)	(6,204,125)	
Net profit/Total comprehensive income for the period	-	-	3,021,191	3,021,191	
At 30 June 2023	<u>2</u>	<u>6,611,427</u>	<u>5,991,915</u>	<u>12,603,344</u>	
		<b>Equity attributable to owners of the Company RM</b>	<b>Non controlling interest RM</b>	<b>Total RM</b>	
<b>Unaudited</b>	<b>Invested equity RM</b>	<b>Retained earnings RM</b>			
At 1 January 2022	6,611,427	7,906,308	14,517,735	22,436	14,540,171
Transactions with owners:					
Dividends (Note 25)	-	(4,253,875)	(4,253,875)	-	(4,253,875)
Acquisition of non controlling interest	-	(7,564)	(7,564)	(22,436)	(30,000)
Total transactions with owners	-	(4,261,439)	(4,261,439)	(22,436)	(4,283,875)
Net profit/Total comprehensive income for the period	-	5,978,842	5,978,842	-	5,978,842
At 30 June 2022	<u>6,611,427</u>	<u>9,623,711</u>	<u>16,235,138</u>	<u>-</u>	<u>16,235,138</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**COMBINED STATEMENTS OF CASH FLOWS**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
<b>Cash flows from/(used in) operating activities</b>					
Profit before tax	3,807,333	6,581,704	9,434,147	8,151,120	4,890,419
Adjustments for:					
Bad debts recovered	-	-	-	(1,288,390)	-
Deposits written off	-	-	-	-	1,000
Depreciation	520,309	527,296	1,030,437	1,045,011	1,319,468
Dividend income	-	(278,951)	(278,951)	-	-
Gain on					
- derecognition of lease liabilities	-	(24,851)	(24,851)	-	-
- disposal of plant and equipment	(3,259)	(10,847)	(13,149)	(3,220)	(4,960)
- disposal of subsidiaries	-	-	(5,829)	-	-
Interest expense	76,191	56,696	144,391	116,753	112,955
Interest income	(107,706)	(71,332)	(185,095)	(169,041)	(111,492)
<b>Operating profit before working capital changes</b>	4,292,868	6,779,715	10,101,100	7,852,233	6,207,390
Increase in inventories	(589)	(1,033)	(423)	(3,378)	-
(Increase)/Decrease in trade and other receivables	(2,115,075)	627,538	941,417	(381,848)	759,695
Changes in contract assets/liabilities	(682,497)	(169,514)	(8,117)	169,514	-
(Decrease)/Increase in trade and other payables	(412,111)	382,589	1,103,870	(683,161)	740,324
<b>Cash generated from operating activities</b>	1,082,596	7,619,295	12,137,847	6,953,360	7,707,409
Income tax paid	(583,526)	(719,380)	(1,599,827)	(1,603,500)	(3,539,337)
Income tax refunded	-	1,083	1,083	-	-
<b>Net cash from operating activities</b>	499,070	6,900,998	10,539,103	5,349,860	4,168,072

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**COMBINED STATEMENTS OF CASH FLOWS (continued)**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
<b>Cash flows from/(used in) investing activities</b>					
Purchase of plant and equipment	(637,931)	(218,753)	(565,534)	(51,333)	(59,462)
Subscription of shares in a subsidiary	-	(30,000)	(30,000)	-	-
Advances to subsidiaries of Inspidea	-	-	-	(7,350)	(15,877)
Repayments from/ (Advances to) a company in which the directors have interest	43,272	(183,250)	(427,454)	-	-
Decrease/(Increase) in fixed deposits with maturity of more than 3 months	-	150,000	150,000	(1,500,000)	-
Decrease in fixed deposits pledged	-	220,000	220,000	-	-
Dividend received	-	278,951	278,951	-	-
Proceeds from disposal of plant and equipment	3,259	10,847	13,149	3,220	4,960
Interest received	107,706	71,332	185,095	169,041	111,492
<b>Net cash (used in)/from investing activities</b>	<b>(483,694)</b>	<b>299,127</b>	<b>(175,793)</b>	<b>(1,386,422)</b>	<b>41,113</b>
<b>Cash flows from/(used in) financing activities</b>					
Dividends paid	(6,204,127)	(3,000,227)	(5,449,538)	(10,660,696)	(1,716,322)
Proceeds from issuance of shares	2	-	-	3,652,251	-
Proceeds from borrowings	-	-	-	-	1,000,000
Repayments of borrowings	(99,585)	(78,527)	(175,375)	(125,620)	-
Repayments of lease liabilities	(284,690)	(315,415)	(591,756)	(591,102)	(570,887)
Advances from/ (Repayments to) a director	73,700	-	-	-	(638)
Interest paid	(76,191)	(56,696)	(144,391)	(116,753)	(112,955)
<b>Net cash used in financing activities</b>	<b>(6,590,891)</b>	<b>(3,450,865)</b>	<b>(6,361,060)</b>	<b>(7,841,920)</b>	<b>(1,400,802)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,575,515)</b>	<b>3,749,260</b>	<b>4,002,250</b>	<b>(3,878,482)</b>	<b>2,808,383</b>
<b>Cash and cash equivalents at beginning period/year</b>	<b>13,401,158</b>	<b>9,398,908</b>	<b>9,398,908</b>	<b>13,277,390</b>	<b>10,469,007</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>6,825,643</b>	<b>13,148,168</b>	<b>13,401,158</b>	<b>9,398,908</b>	<b>13,277,390</b>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**COMBINED STATEMENTS OF CASH FLOWS (continued)**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
<b>Cash and cash equivalents comprise:</b>					
Cash and bank balances	1,750,643	4,573,168	5,826,158	2,108,908	6,600,231
Fixed deposits with licensed banks	7,175,000	10,675,000	9,675,000	9,760,000	7,647,159
	<u>8,925,643</u>	<u>15,248,168</u>	<u>15,501,158</u>	<u>11,868,908</u>	<u>14,247,390</u>
Less: Fixed deposits pledged with licensed bank	(750,000)	(750,000)	(750,000)	(970,000)	(970,000)
Less: Fixed deposits with initial maturity of more than 3 months	(1,350,000)	(1,350,000)	(1,350,000)	(1,500,000)	-
	<u>6,825,643</u>	<u>13,148,168</u>	<u>13,401,158</u>	<u>9,398,908</u>	<u>13,277,390</u>

**Reconciliation of liabilities arising from financing activities**

Audited	1.1.2023 RM	Cash flows RM	Non cash changes RM	30.6.2023 RM
Amount due to a director	-	73,700	-	73,700
Lease liabilities	2,955,301	(284,690)	244,739	2,915,350
Borrowings	699,005	(99,585)	-	599,420
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Unaudited	1.1.2022 RM	Cash flows RM	Non cash changes RM	30.6.2022 RM
Lease liabilities	1,639,990	(315,415)	(507,302)	817,273
Borrowings	874,380	(78,527)	-	795,853
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Audited	1.1.2022 RM	Cash flows RM	Non cash changes RM	31.12.2022 RM
Lease liabilities	1,639,990	(591,756)	1,907,067	2,955,301
Borrowings	874,380	(175,375)	-	699,005
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Audited	1.1.2021 RM	Cash flows RM	Non cash changes RM	31.12.2021 RM
Lease liabilities	2,231,092	(591,102)	-	1,639,990
Borrowings	1,000,000	(125,620)	-	874,380
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Audited	1.1.2020 RM	Cash flows RM	Non cash changes RM	31.12.2020 RM
Amount due to a director	638	(638)	-	-
Lease liabilities	2,801,979	(570,887)	-	2,231,092
Borrowings	-	1,000,000	-	1,000,000
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. General information**

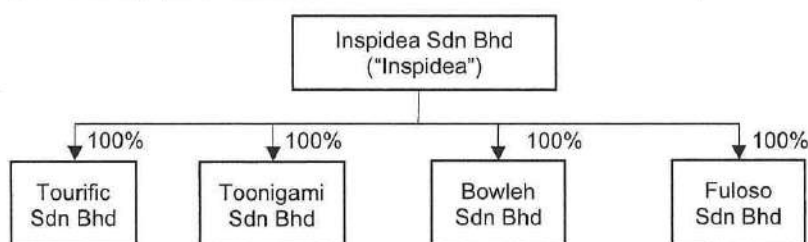
The Company was incorporated on 23 March 2023 under the Companies Act 2016 as a private limited liability company under the name of Kucingo Sdn Bhd. The Company was incorporated for the purpose of being an investment holding company and listing vehicle for the Group pursuant to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities Malaysia Berhad ("listing"). On 24 July 2023, the Company changed its name to Kucingko Sdn Bhd. On 11 September 2023, the Company was converted to a public limited company and assumed its current name of Kucingko Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at H-G-03A, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya.

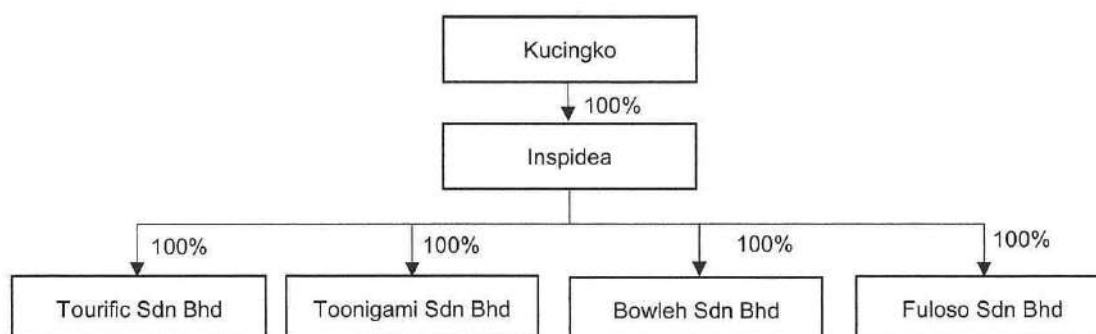
**1.1 Group structure**

The group structure prior to the pre-listing reorganisation and prior to the listing (also referred to as "Inspidea Group") is as follows:



On 21 November 2023, the Company had entered into a conditional share sale agreement with the shareholders of Inspidea to acquire the entire equity interest in Inspidea comprising 4,910,703 ordinary shares for a total purchase consideration of RM9,560,000. The purchase consideration is to be satisfied by the issuance of 399,999,997 new ordinary shares in of Kucingko Berhad (formerly known as Kucingo Sdn Bhd) ("Kucingko") ("Shares") to parties nominated by the shareholders of Inspidea at an issue price of RM0.0239 per Share.

The corporate structure of Kucingko Berhad (formerly known as Kucingo Sdn Bhd) ("Kucingko") and its subsidiaries (hereinafter referred to as the "Group") following the completion of acquisition of Inspidea is as follows:



### 13. ACCOUNTANTS' REPORT (CONT'D)

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

#### 1.2 List of entities and principal activities prior to the listing

Company	Note	Country of incorporation	Effective equity interest				Principal activity
			30.6.2023	31.12.2022	31.12.2021	31.12.2020	
Inspidea Sdn Bhd		Malaysia	N/A	N/A	N/A	N/A	Animation entertainment production and distribution
Tourific Sdn Bhd		Malaysia	100.00%	100.00%	100.00%	100.00%	Computer software development and internet services
Toonigami Sdn Bhd		Malaysia	100.00%	100.00%	100.00%	100.00%	Provision of computer animation solutions and services
TSSRM Sdn Bhd ("TSSRM")	(c)	Malaysia	-	-	100.00%	100.00%	Provision of computer animation solutions and services
Fuloso Sdn Bhd ("Fuloso")		Malaysia	100.00%	100.00%	70.00%	70.00%	Provision of games and content development and production, marketing and distribution of games and digital content
Bowleh Sdn Bhd ("Bowleh")		Malaysia	99.99%	99.99%	99.99%	99.99%	Restaurant operator
Tapestream Pte Ltd ("Tapestream")	(b)	Singapore	-	-	100.00%	100.00%	Publishing of gaming software and applications and provision of computer animation solutions and services
Arboratory Limited ("Arboratory")	(a)	Hong Kong	-	-	100.00%	100.00%	Publishing of computer software development and application
<b>Subsidiary of Arboratory Limited</b>							
Tessereum Limited ("TSR")	(a)	Hong Kong	-	-	96.56%	-	Developing digital contents, games, web-based apps and mobile based apps

There have been no significant changes in the nature of the principal activities during these financial years and financial period under review.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**1.2 List of entities and principal activities prior to the listing (continued)**Notes:

- (a) On 30 June 2022, Inspidea declared a special single tier interim dividend in specie via a share distribution of 2,348,830 shares in Arboratory to the existing shareholders of Inspidea. Upon completion of the share dividend distribution, Inspidea ceased to have control in Arboratory and Arboratory ceased to be a subsidiary of Inspidea.
- (b) On 15 December 2022, Inspidea disposed of its entire shareholdings in Tapestream for a cash consideration of RM96,625. As a result of the disposal, Tapestream ceased to be a subsidiary of Inspidea.
- (c) On 31 December 2022, Inspidea entered into a Share Sale Agreement ("SSA") with Arboratory to dispose Inspidea's 100% equity holdings in TSSRM for a cash consideration of RM391,203. Pursuant to the SSA, Inspidea ceased to have control in TSSRM and TSSRM ceased to be a subsidiary of Inspidea.

**2. Principal accounting policies****2.1 Statement of compliance**

The combined financial statements have been prepared and presented in accordance with the Malaysian Financial Reporting Standards ("MFRS") and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

**2.2 Basis of preparation of the combined financial statements****2.2.1 Basis of preparation and accounting**

The combined financial statements of the Company for the financial years ended ("FYE") 31 December 2020, 31 December 2021 and 31 December 2022 (collectively referred as "relevant financial years") and financial period ended ("FPE") 30 June 2023 have been prepared pursuant to the listing which consist of the financial statements of the following entities under common control for each of the financial years/period.

Entities under common control	31.12.2020	31.12.2021	31.12.2022	30.6.2023	Accounting standards applied
Kucingko Berhad (formerly known as Kucingo Sdn Bhd)	+	+	+	#	>
Inspidea Sdn Bhd	*	*	*	#	>
Tourific Sdn Bhd	*	*	*	#	>
Toonigami Sdn Bhd	*	*	*	#	>
Fuloso Sdn Bhd	*	*	*	#	>
Bowleh Sdn Bhd	*	*	*	#	>

The audited financial statements of all the companies within the Group for the relevant financial years reported above were not subject to any qualification or modification.

- + No financial statements were available as the Company was incorporated on 23 March 2023
- \* The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Russell Bedford LC PLT
- # The financial statements of the Group for the financial period ended 30 June 2023 were audited by Russell Bedford LC PLT for the purpose of inclusion into the combined financial statements of the Group
- > The audited financial statements of all the companies within the Group for the relevant financial years/FPE were prepared in accordance with the MFRS and IFRS

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.1 Basis of preparation and accounting (continued)**

The Group has excluded all business and activity that will not form part of the new legal group of Kucingko Berhad (formerly known as Kucingo Sdn Bhd) from the combined financial statements (carve out basis). As TSSRM, Tapestream, Arboratory and TSR have been disposed of in FYE 31 December 2022, the financial statements of these entities are not included in the combined financial statements for FYE 31 December 2020, 31 December 2021, 31 December 2022 and FPE 30 June 2023.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements of the Group had the relevant proposed transaction to legally constitute the Group been incorporated in the consolidated financial statements for the respective years. Consequently, the financial information from the combined financial statements do not purport to predict the financial position, results of operations and cash flows of the combining entities during the reporting periods.

The Group has adopted the new and revised MFRS and their related interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRS and IC Interpretations does not result in significant changes in accounting policies of the Group.

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application.

**2.2.2 Significant accounting policies****Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM").

**Basis of combination****(i) Combining entities**

The combined financial statements of the Group comprises the financial statements of the combining entities as disclosed in Note 2.2.1.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreement, ultimate collective power to govern the financial statements 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 common 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 relevant periods were prepared in a manner as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substances of the combining companies, which were under common control throughout the relevant period.

The identified assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.



**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Basis of combination (continued)****(ii) Business combination**

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

For each business combination, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the combined statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which control is obtained, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of Inspidea, and are presented within equity in the combined statement of financial position, separately from equity attributable to owners of Inspidea. Non-controlling interests are presented in the combined statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of Inspidea. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in Inspidea's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of Inspidea.

Upon the loss of control of a subsidiary, the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary are derecognised. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If any interest in the previous subsidiary is retained, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an equity instrument financial asset depending on the level of influence retained.

**(iii) Transactions eliminated on combination**

All intra-group balances, income and expenses and unrealised gain and losses resulting from intra-group transactions are eliminated in full.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Revenue from contracts with customers**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance 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.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

**Contract assets and liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A contract asset is stated at cost less accumulated impairment losses, if any.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Foreign currencies**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at the reporting date are as follows:

	30.6.2023	31.12.2022	31.12.2021	31.12.2020
	RM	RM	RM	RM
Australian Dollar	3.100	-	-	-
Canadian Dollar	3.120	3.120	3.289	3.153
Euro	4.973	4.680	4.805	4.941
Hong Kong Dollar	0.530	0.530	0.534	0.518
United States Dollar	4.667	4.567	4.239	4.017

**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 of the Group. 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 as incurred.

**Income tax**

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Income tax (continued)**

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 profit or loss.

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 assets**

The carrying amount of assets subject to accounting for impairment (primarily non financial asset) are 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. Impairment loss is recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 profit or loss.

**Plant and equipment and depreciation**

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. All other repairs and maintenance are charged to profit or loss during 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 assets and is recognised in profit or loss.

Depreciation on plant and equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives:

Furniture and fittings	12%
Office equipment	12% - 33%
Renovation	12%
Motor vehicle	33%

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Plant and equipment and depreciation (continued)**

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

**Investment in subsidiaries**

A subsidiary is a company controlled by Inspidea. Control exists when Inspidea has power over its investee, exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Inspidea's investment in subsidiaries is stated at cost less impairment losses, if any.

**Goodwill on consolidation**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over Inspidea's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities. Goodwill is subsequently measured at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

**Inventories**

Inventories consist of food and beverages are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first in first out basis. Cost of inventories comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**Leases****As a lessee****i) Right of use assets**

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Office premises	3 – 10 years
Apartment	3 – 4 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Leases (continued)****As a lessee (continued)**

## ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, 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 recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

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 do not contain a purchase option, 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**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue or other operating income, as appropriate, in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Segment information**

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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Financial instruments**

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

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, 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. A trade receivable without significant financing component is initially measured at the transaction price.

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 in profit or loss.

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

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

**(i) Financial assets at amortised cost**

A financial asset is classified at amortised cost if it meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

**(ii) Financial liabilities at amortised cost**

Financial liabilities are classified at amortised cost if they are not:

- a) contingent consideration of an acquirer in a business combination;
- b) financial guarantee contracts;
- c) loan commitments;
- d) designated at fair value through profit or loss; or
- e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Financial instruments (continued)****(iii) Equity instruments**

Equity instruments issued by the Group are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

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 new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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.

**Expected credit losses**

The Group recognises an allowance for expected credit losses ("ECL") for financial assets at amortised cost and contract assets.

ECL are generally based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost are deducted from the gross carrying amount of the assets.



**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Expected credit losses (continued)***Low credit risk*

A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

*Significant increase in credit risk*

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, 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.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

*Definition of default*

The Group considers a debt instrument to be in default when:

- a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or
- b) The financial asset is more than 90 days past due.

*Credit impaired financial assets*

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

- a) Significant financial difficulties of the debtor;
- b) A breach of contract, such as a default or past due event;
- c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
- e) Disappearance of an active market for that financial asset because of financial difficulties.

*Write off*

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**2.2.2 Significant accounting policies (continued)****Current versus non-current classification**

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period; or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**Statements of cash flows**

Statements of cash flows is prepared using the indirect method.

Cash equivalents are short term deposits with maturities of three months or less, 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 cash flow statements, cash and cash equivalents are presented net of pledged fixed deposits and fixed deposits with maturity of more than three months.

**3. Critical accounting estimates and judgements**

In the preparation of the financial statements, the directors 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 directors 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, management is 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.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**3. Critical accounting estimates and judgements (continued)**

Management believes 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. Revenue****4.1 Disaggregation of revenue**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
<b>Type of goods or services</b>					
Rendering of services	10,988,808	12,434,630	23,389,717	17,587,710	14,877,692
Sales of goods	39,453	48,284	95,318	87,712	45,113
	<u>11,028,261</u>	<u>12,482,914</u>	<u>23,485,035</u>	<u>17,675,422</u>	<u>14,922,805</u>
	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
<b>Geographical markets</b>					
Australia	277,307	145,608	145,608	350,768	5,061,740
Canada	3,110,292	3,228,669	7,166,073	7,953,627	5,887,222
France	1,262,124	71,235	160,142	4,282,436	1,699,532
Hong Kong	-	-	-	-	238,327
Japan	-	-	-	53,290	-
Malaysia	39,453	48,284	95,318	87,712	45,113
Mexico	-	-	-	-	10,807
Netherlands	-	1,122,598	1,122,598	1,454,008	-
Singapore	64,740	-	-	-	122,595
United Kingdom	1,344,642	-	68,554	-	362,947
United States of America	4,929,703	7,866,520	14,726,742	3,493,581	1,494,522
	<u>11,028,261</u>	<u>12,482,914</u>	<u>23,485,035</u>	<u>17,675,422</u>	<u>14,922,805</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**4.1 Disaggregation of revenue (continued)**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	39,453	48,284	95,318	87,712	45,113
Services transferred at a point in time	10,988,808	12,434,630	23,389,717	17,587,710	14,877,692
Total revenue from contracts with customers	<u>11,028,261</u>	<u>12,482,914</u>	<u>23,485,035</u>	<u>17,675,422</u>	<u>14,922,805</u>

**4.2 Contract balance**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Contract liabilities	<u>108,675</u>	<u>921,857</u>	<u>169,514</u>	<u>-</u>
Contract assets	<u>629,775</u>	<u>760,460</u>	<u>-</u>	<u>-</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date.

The contract liabilities primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received the consideration in advance or has billed the customers.

The following table provides information of the contract balance:

	Audited 1.1.2023 to 30.6.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
At beginning of period/year	(161,397)	(169,514)	-	-
Advance consideration received/Billings issued during the period/year	(4,187,307)	(5,097,125)	(742,019)	-
Revenue recognised during the period/year	<u>4,869,804</u>	<u>5,105,242</u>	<u>572,505</u>	<u>-</u>
At end of period/year	<u>521,100</u>	<u>(161,397)</u>	<u>(169,514)</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**4.3 Performance obligations**

Nature of goods and services	Satisfaction of performance obligations	Significant payment terms
Animation entertainment production and distribution	Revenue is recognised at a point in time when the services are rendered	Generally due within 30 to 45 days from billing date
Sale of food and beverages	Revenue recognised upon delivery of product	Cash basis

**4.4 Transaction price allocated to the remaining performance obligations**

For practical expediency, no information is provided on the remaining performance obligations as at reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

**4.5 Financing components**

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

**5. Staff costs**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Defined contribution plan	554,102	380,572	809,107	682,288	763,514
Other employee related expenses	129,801	105,815	278,620	188,860	227,607
Salaries, allowance and bonus	4,387,581	3,970,819	8,316,698	6,841,603	6,384,958
	<u>5,071,484</u>	<u>4,457,206</u>	<u>9,404,425</u>	<u>7,712,751</u>	<u>7,376,079</u>

The key management personnel comprises executive directors of the combined entities and whose remuneration is analysed as follows:

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Total remuneration	<u>206,249</u>	<u>212,540</u>	<u>571,836</u>	<u>372,240</u>	<u>272,700</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**6. Profit from operations**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Profit from operations is arrived at after charging/ (crediting)					
Auditors' remuneration					
- current period/ year	8,335	12,753	57,106	45,074	41,000
- under/(over) provision in prior years	-	-	6,316	-	(1,016)
Bad debts recovered	-	-	-	(1,288,390)	-
Deposits written off	-	-	-	-	1,000
Expenses relating to short term leases on premises	23,000	-	9,000	1,274	10,611
Directors' remuneration of Inspidea Group					
- fees	-	13,200	126,400	90,000	-
- other than fees	206,249	199,340	445,436	282,240	272,700
Dividend income	-	(278,951)	(278,951)	-	-
Realised loss/(gain) on foreign exchange	(76,053)	(91,330)	22,961	(53,078)	(54,172)
Gain on:					
- derecognition of lease liabilities	-	(24,851)	(24,851)	-	-
- disposal of plant and equipment	(3,259)	(10,847)	(13,149)	(3,220)	(4,960)
- disposal of subsidiaries of Inspidea	-	-	(5,829)	-	-
Rental income	(22,000)	(35,644)	(54,944)	(60,487)	(6,200)

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**7. Finance income**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Interest income from fixed deposits	107,706	71,332	185,095	169,041	111,492

**8. Finance costs**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Interest expense on:					
Lease liabilities	64,710	41,785	116,144	82,498	107,113
Term loan	11,481	14,911	28,247	34,255	5,842
	76,191	56,696	144,391	116,753	112,955

**9. Income tax expense**

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Expected current income tax payable					
- current period/year	(786,142)	(602,862)	(1,435,752)	(1,607,622)	(1,185,109)
- under provision in prior years	-	-	(19,102)	(9,314)	(80,237)
	(786,142)	(602,862)	(1,454,854)	(1,616,936)	(1,265,346)
Deferred tax (Note 14)					
- current period/year	-	-	-	(13,000)	44,200
- (over)/under provision in prior years	-	-	-	(36,800)	8,100
	-	-	-	(49,800)	52,300
	(786,142)	(602,862)	(1,454,854)	(1,666,736)	(1,213,046)

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**9. Income tax expense (continued)**

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Profit before tax	3,807,333	6,581,704	9,434,147	8,151,120	4,890,419
Taxation at statutory tax rate of 24%	(913,760)	(1,579,600)	(2,264,200)	(1,956,300)	(1,173,700)
Expenses not deductible for tax purposes	(65,677)	(32,162)	(52,252)	(43,422)	(208,000)
Effect of lower tax rate for small and medium sized industries	46,195	42,000	42,000	42,000	34,300
Income not subject to tax	171,000	161,300	94,900	352,200	126,291
Deferred tax assets not recognised	(23,900)	(22,400)	(43,200)	(49,100)	-
Tax incentives	-	828,000	787,000	34,000	80,200
Under provision of current tax in prior years	-	-	(19,102)	(9,314)	(80,237)
(Over)/Under provision of deferred tax in prior years	-	-	-	(36,800)	8,100
Income tax expense for the period/year	(786,142)	(602,862)	(1,454,854)	(1,666,736)	(1,213,046)



**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**10. Plant and equipment**

<b>Audited Cost</b>	<b>Furniture and fittings RM</b>	<b>Office equipment RM</b>	<b>Motor vehicle RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
At 1 January 2020	581,452	5,851,996	-	2,663,129	9,096,577
Additions	-	49,962	-	9,500	59,462
Disposals	-	(28,450)	-	-	(28,450)
Write offs	-	(3,925)	-	-	(3,925)
At 31 December 2020	581,452	5,869,583	-	2,672,629	9,123,664
Additions	2,375	48,651	-	307	51,333
Disposals	-	(11,359)	-	-	(11,359)
Write offs	-	(64,623)	-	-	(64,623)
At 31 December 2021	583,827	5,842,252	-	2,672,936	9,099,015
Additions	-	265,284	-	300,250	565,534
Disposals	-	(222,947)	-	-	(222,947)
At 31 December 2022	583,827	5,884,589	-	2,973,186	9,441,602
Additions	-	377,963	73,700	186,268	637,931
Disposals	-	(12,370)	-	-	(12,370)
At 30 June 2023	583,827	6,250,182	73,700	3,159,454	10,067,163
<b>Accumulated depreciation</b>					
At 1 January 2020	422,008	5,022,367	-	1,722,137	7,166,512
Charge for the year	42,647	461,743	-	202,330	706,720
Disposals	-	(28,450)	-	-	(28,450)
Write offs	-	(3,925)	-	-	(3,925)
At 31 December 2020	464,655	5,451,735	-	1,924,467	7,840,857
Charge for the year	34,152	222,563	-	175,548	432,263
Disposals	-	(11,359)	-	-	(11,359)
Write offs	-	(64,623)	-	-	(64,623)
At 31 December 2021	498,807	5,598,316	-	2,100,015	8,197,138
Charge for the year	28,461	206,148	-	172,026	406,635
Disposals	-	(222,947)	-	-	(222,947)
At 31 December 2022	527,268	5,581,517	-	2,272,041	8,380,826
Charge for the period	10,086	116,916	2,027	88,148	217,177
Disposals	-	(12,370)	-	-	(12,370)
At 30 June 2023	537,354	5,686,063	2,027	2,360,189	8,585,633
<b>Carrying amount</b>					
At 30 June 2023	46,473	564,119	71,673	799,265	1,481,530
At 31 December 2022	56,559	303,072	-	701,145	1,060,776
At 31 December 2021	85,020	243,936	-	572,921	901,877
At 31 December 2020	116,797	417,848	-	748,162	1,282,807

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**11. Right of use assets**

<b>Audited Cost</b>	<b>Office premises RM</b>	<b>Apartment RM</b>	<b>Total RM</b>
At 1 January 2020/ 31 December 2020	2,499,633	302,346	2,801,979
Derecognition upon lease completion	(103,415)	-	(103,415)
At 31 December 2021	2,396,218	302,346	2,698,564
Lease modifications	(918,897)	-	(918,897)
Additions	2,414,369	-	2,414,369
At 31 December 2022	3,891,690	302,346	4,194,036
Lease modifications	-	244,739	244,739
At 30 June 2023	3,891,690	547,085	4,438,775
<b>Accumulated depreciation</b>			
At 1 January 2020	-	-	-
Charge for the year	508,692	104,056	612,748
At 31 December 2020	508,692	104,056	612,748
Charge for the year	508,692	104,056	612,748
Derecognition upon lease completion	(103,415)	-	(103,415)
At 31 December 2021	913,969	208,112	1,122,081
Charge for the year	529,568	94,234	623,802
Lease modifications	(436,446)	-	(436,446)
At 31 December 2022	1,007,091	302,346	1,309,437
Charge for the period	262,344	40,788	303,132
At 30 June 2023	1,269,435	343,134	1,612,569
<b>Carrying amount</b>			
At 30 June 2023	2,622,255	203,951	2,826,206
At 31 December 2022	2,884,599	-	2,884,599
At 31 December 2021	1,482,249	94,234	1,576,483
At 31 December 2020	1,990,941	198,290	2,189,231

### 13. ACCOUNTANTS' REPORT (CONT'D)

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

#### 12. Investment in subsidiaries

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
<b>Unquoted shares, at cost</b>				
At beginning of period/year	-	5,449	5,449	5,449
Subscription of shares in subsidiaries	-	1,730,198	-	-
Disposal of subsidiaries	-	(481,999)	-	-
Transfer of shares via share dividend	-	(1,253,648)	-	-
At end of period/year	-	-	5,449	5,449

The details of the subsidiaries are as follows:

Subsidiaries of Inspidea	Country of incorporation	30.6.2023	Group's effective interest			Principal activity
			31.12.2022	31.12.2021	31.12.2020	
TSSRM Sdn Bhd	Malaysia	-	-	100%	100%	Provision of computer animation solutions and services
Tapestream Pte Ltd *	Singapore	-	-	100%	100%	Publishing of gaming software and applications and provision of computer animation solutions and services
Arboratory Limited #	Hong Kong	-	-	100%	100%	Publishing of computer software development and application
<b>Subsidiary of Arboratory Limited</b>						
Tessereum Limited #	Hong Kong	-	-	96.56%	-	Developing digital contents, games, web-based apps and mobile based apps

\* No statutory audit requirement

# The financial statements of the subsidiary is not audited by Russell Bedford LC PLT

The financial statements of the above subsidiaries are not included in the combined financial statements as explained in Note 2.2.1.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**12.1 Acquisition and subscription of shares in subsidiaries of Inspidea**

- (a) On 29 January 2021, a subsidiary of Inspidea, Arboratory, incorporated a subsidiary, TSR by subscribing to 12,000 ordinary shares and 5,500 Convertible Preference shares representing 96.56% of the issued and paid up share capital of TSR for a total cash consideration of HKD562,000. TSR is principally involved in developing digital contents, games, web-based apps and mobile based apps.
- (b) On 15 February 2022, Inspidea further subscribed for an additional 105,900 ordinary shares in TSSRM for RM105,900 by way of capitalisation of amount due from TSSRM. The equity interest of Inspidea in TSSRM remain unchanged.
- (c) On 29 June 2022, Inspidea further subscribed for an additional 2,338,830 ordinary shares in Arboratory for RM1,248,328 by way of capitalisation of amount due from Arboratory. The equity interest of Inspidea in Arboratory remain unchanged.
- (d) On 30 November 2022, Inspidea further subscribed for additional 375,970 ordinary shares in TSSRM for RM375,970 by way of capitalisation of amount due from TSSRM. The equity interest of Inspidea in TSSRM remain unchanged.

**12.2 Disposal of subsidiaries of Inspidea**

The disposal of subsidiaries of Inspidea is explained in Note 1.2.

**13. Goodwill**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
<b>Cost</b>				
At beginning/end of period/year	62,819	62,819	62,819	62,819

**14. Deferred tax assets**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
At beginning of period/year	12,500	12,500	62,300	10,000
Recognised in profit or loss (Note 9)				
- current period/year	-	-	(13,000)	44,200
- (over)/under provision in prior years	-	-	(36,800)	8,100
At end of period/year	12,500	12,500	12,500	62,300

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**14. Deferred tax assets (continued)**

Presented after appropriate offsetting as follows:

	<b>Audited</b> <b>30.6.2023</b> RM	<b>Audited</b> <b>31.12.2022</b> RM	<b>Audited</b> <b>31.12.2021</b> RM	<b>Audited</b> <b>31.12.2020</b> RM
Deferred tax assets	12,500	12,500	14,800	66,700
Deferred tax liabilities	-	-	(2,300)	(4,400)
	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>62,300</u>

Deferred tax liabilities are in respect of the following:

	<b>Audited</b> <b>30.6.2023</b> RM	<b>Audited</b> <b>31.12.2022</b> RM	<b>Audited</b> <b>31.12.2021</b> RM	<b>Audited</b> <b>31.12.2020</b> RM
Tax effects of excess of capital allowances over related depreciation of plant and equipment	-	-	(2,300)	(4,400)

Deferred tax assets are in respect of the following:

	<b>Audited</b> <b>30.6.2023</b> RM	<b>Audited</b> <b>31.12.2022</b> RM	<b>Audited</b> <b>31.12.2021</b> RM	<b>Audited</b> <b>31.12.2020</b> RM
<b>Gross</b>				
Excess of depreciation of plant and equipment over related tax capital allowances	9,000	8,000	-	-
Unutilised tax losses to be utilised up to financial year ending				
- 31 December 2029	111,600	111,600	79,200	79,200
- 31 December 2030	128,900	128,900	106,300	160,300
- 31 December 2031	56,100	56,100	57,500	-
- 31 December 2032	153,500	153,500	-	-
- 30 June 2033	98,000	-	-	-
Unabsorbed capital allowances	85,000	81,000	72,700	38,300
	<u>642,100</u>	<u>539,100</u>	<u>315,700</u>	<u>277,800</u>
Less: Deferred tax assets recognised	(52,100)	(52,100)	(61,700)	(277,800)
Deferred tax assets not recognised	<u>590,000</u>	<u>487,000</u>	<u>254,000</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**14. Deferred tax assets (continued)**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
<b>Tax effect</b>				
Excess of depreciation of plant and equipment over related tax capital allowances	2,000	2,000	-	-
Unutilised tax losses to be utilised up to financial year ending				
- 31 December 2029	26,800	26,800	19,000	19,000
- 31 December 2030	30,900	30,900	25,500	38,500
- 31 December 2031	13,500	13,500	13,800	-
- 31 December 2032	36,800	36,800	-	-
- 30 June 2033	23,500	-	-	-
Unabsorbed capital allowances	20,400	19,500	17,400	9,200
	<u>153,900</u>	<u>129,500</u>	<u>75,700</u>	<u>66,700</u>
Less: Deferred tax assets recognised	<u>(12,500)</u>	<u>(12,500)</u>	<u>(14,800)</u>	<u>(66,700)</u>
Deferred tax assets not recognised	<u>141,400</u>	<u>117,000</u>	<u>60,900</u>	<u>-</u>

Portion of 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 tax benefits.

**15. Inventories**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Food and beverage at cost	4,390	3,801	3,378	-

Inventories of the Group recognised as an expense during the financial period/year are as follows:

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Amount of inventories recognised as an expense	<u>29,264</u>	<u>31,278</u>	<u>60,345</u>	<u>65,997</u>	<u>20,658</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**16. Trade receivables**

	<b>Audited</b> <b>30.6.2023</b> <b>RM</b>	<b>Audited</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>31.12.2020</b> <b>RM</b>
Amount due from subsidiaries of Inspidea	-	-	-	247,116
Third parties	4,282,821	1,976,051	2,923,350	993,939
	<u>4,282,821</u>	<u>1,976,051</u>	<u>2,923,350</u>	<u>1,241,055</u>

The Group's normal trade credit terms range from 30 days to 45 days (31.12.2022: 30 days to 45 days; 31.12.2021: 30 days to 45 days; 31.12.2020: 30 days to 45 days).

The following table details the credit risk exposure on the Group's trade receivables.

	<b>Audited</b> <b>30.6.2023</b> <b>RM</b>	<b>Audited</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>31.12.2020</b> <b>RM</b>
Not impaired or past due	2,042,976	1,663,001	1,604,458	1,241,055
1 – 30 days past due not impaired	1,641,678	136,425	836,638	-
31 – 60 days past due not impaired	598,167	176,625	160,313	-
More than 60 days past due not impaired	-	-	321,941	-
	<u>4,282,821</u>	<u>1,976,051</u>	<u>2,923,350</u>	<u>1,241,055</u>

The foreign currency exposure profile of trade receivables is as follows:

	<b>Audited</b> <b>30.6.2023</b> <b>RM</b>	<b>Audited</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>31.12.2020</b> <b>RM</b>
Australian Dollar	128,943	-	-	-
Canadian Dollar	-	-	294,686	496,502
Euro	1,262,124	-	-	274,019
Hong Kong Dollar	-	-	-	247,116
United States Dollar	2,891,754	1,976,051	2,601,879	223,418

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**17. Other receivables, deposits and prepayments**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Amount due from subsidiaries of Inspidea				
- outstanding sales consideration for software	-	-	1,238,740	1,238,740
- unsecured interest free advances receivable on demand	-	-	113,538	106,188
Amount due from companies in which the directors have interest				
- proceeds on disposal of other investments	487,828	487,828	-	-
- unsecured interest free advances receivable on demand	6,262	49,534	-	-
Deposits	184,695	184,932	175,549	176,822
Prepayments	60,227	251,685	255,186	265,970
	<u>739,012</u>	<u>973,979</u>	<u>1,783,013</u>	<u>1,787,720</u>

**18. Fixed deposits with licensed banks**

Fixed deposits with licensed banks of the Group of RM750,000 (31.12.2022: RM750,000; 31.12.2021: RM970,000; 31.12.2020: RM970,000) have been pledged with licensed banks to secure for the facilities granted to the Group.

**19. Cash and bank balances**

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

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Canadian Dollar	312	312	315	404,282
Euro	950	950	310,429	387,011
Hong Kong Dollar	53	53	-	-
United States Dollar	427,917	3,870,935	170,993	649,250
	<u>427,917</u>	<u>3,870,935</u>	<u>170,993</u>	<u>649,250</u>



**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**20. Share capital and invested equity****(i) Share capital**

	Audited 30.6.2023 No. of shares	Audited 30.6.2023 RM
<b>Ordinary shares</b>		
At beginning of period	-	-
Issued during the period*	2	2
At end of period	<u>2</u>	<u>2</u>

\* The financial statements of the Company had not been included in the combined financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as the Company was only incorporated on 23 March 2023 to facilitate the listing. The RM2 issue of shares above is the Company's subscriber shares on the incorporation of the Company.

**(ii) Invested equity**

	Audited 30.6.2023 No. of shares	Audited 31.12.2022 No. of shares	Audited 31.12.2021 No. of shares	Audited 31.12.2020 No. of shares
<b>Ordinary shares</b>				
At beginning of period/ year	2,331,861	2,331,861	559,176	559,176
Issued during the period/ year	-	-	1,772,685	-
At end of period/year	2,331,861	2,331,861	2,331,861	559,176
<b>Convertible Preference Share ("CPS")</b>				
At beginning of period/ year	88,509	88,509	24,000	24,000
Issued during the period/ year	-	-	64,509	-
At end of period/year	88,509	88,509	88,509	24,000
	<u>2,420,370</u>	<u>2,420,370</u>	<u>2,420,370</u>	<u>583,176</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**20. Share capital and invested equity (continued)****(ii) Invested equity (continued)**

	<b>Audited 30.6.2023 RM</b>	<b>Audited 31.12.2022 RM</b>	<b>Audited 31.12.2021 RM</b>	<b>Audited 31.12.2020 RM</b>
<b>Ordinary shares</b>				
At beginning of period/ year	2,331,861	2,331,861	559,176	559,176
Issued during the period/ year	-	-	1,772,685	-
At end of period/year	2,331,861	2,331,861	2,331,861	559,176
<b>Convertible Preference Share ("CPS")</b>				
At beginning of period/ year	4,279,566	4,279,566	2,400,000	2,400,000
Issued during the period/ year	-	-	1,879,566	-
At end of period/year	4,279,566	4,279,566	4,279,566	2,400,000
	<u>6,611,427</u>	<u>6,611,427</u>	<u>6,611,427</u>	<u>2,959,176</u>

For the purpose of these combined financial statements, the invested equity represents the share capital of Inspidea.

The holders of ordinary shares are entitled to receive dividends as and when declared by Inspidea. All ordinary shares carry one vote per share without restrictions.

The terms of the CPS are as follows:

**(a) Conversion right**

The holders of the CPS will have the option at any time to convert all or any portion of CPS at the applicable conversion ratio into new ordinary shares.

**(b) Conversion ratio**

The CPS shall be convertible into fully paid-up ordinary shares equivalent to a specified percentage of the enlarged capital of Inspidea pursuant to the terms of the Shareholders Agreement dated 28 November 2005, Supplemental Shareholders Agreement dated 18 November 2018 and Supplemental Shareholders Agreement dated 21 April 2021 (collectively referred to as "Agreements").

**(c) Dividends**

The holders of CPS are entitled to participate in dividends of Inspidea with the ordinary shareholders on an "as if converted" basis for any dividend declared, pursuant to the terms of the Agreements.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**20. Share capital and invested equity (continued)****(ii) Invested equity (continued)****(d) Voting right**

The holders of CPS shall have the right to the relevant number of votes equivalent to the number of ordinary shares into which the CPS are convertible on any resolutions at any general meeting of Inspidea upon:

- (i) any resolution which attempts to vary the rights attached to the CPS howsoever;
- (ii) any resolution for the winding up of Inspidea;
- (iii) which in the opinion of any holder of the CPS will affect the interest of such holder in any manner whatsoever; and/or
- (iv) in any event, pursuant to the applicable provisions of the Companies Act 2016.

**(e) Preference**

In the event of a liquidation, dissolution, winding up or distribution in specie of the assets of Inspidea, the holders of CPS shall be ranked in priority to the ordinary shareholders of Inspidea for payment of up to the total issue price of the CPS held.

**21. Borrowings**

	<b>Audited 30.6.2023 RM</b>	<b>Audited 31.12.2022 RM</b>	<b>Audited 31.12.2021 RM</b>	<b>Audited 31.12.2020 RM</b>
Non current portion:				
Term loan	394,985	498,137	680,376	874,380
Current portion:				
Term loan	204,435	200,868	194,004	125,620
	<u>599,420</u>	<u>699,005</u>	<u>874,380</u>	<u>1,000,000</u>
The non current portion of term loan is payable as follows:				
Later than 1 year and not later than 2 years	211,682	208,013	200,905	194,004
Later than 2 years and not later than 5 years	183,303	290,124	479,471	624,404
Later than 5 years	-	-	-	55,972
	<u>394,985</u>	<u>498,137</u>	<u>680,376</u>	<u>874,380</u>

The term loan is secured by way of:

- (i) Guarantee cover for 80% of the facility and interest from the Government of Malaysia under Special Relief Facility Scheme administered by Syarikat Jaminan Pembiayaan Perniagaan for an aggregate tenure of five years commencing on the date one day after the expiry of the moratorium period; and
- (ii) Joint and several guarantee by certain directors of Inspidea.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**21. Borrowings (continued)**

The effective interest rate is as follows:

	Audited 30.6.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %	Audited 31.12.2020 %
Term loan	4.20	4.20	4.20	4.20

**22. Lease liabilities**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Current portion	533,311	497,379	550,138	591,102
Non current portion	2,382,039	2,457,922	1,089,852	1,639,990
	<u>2,915,350</u>	<u>2,955,301</u>	<u>1,639,990</u>	<u>2,231,092</u>

The non current portion of  
lease liabilities is  
payable as follows:

Later than 1 year and not later than 2 years	500,518	408,572	473,268	550,138
Later than 2 years and not later than 5 years	868,182	908,855	616,584	1,089,852
Later than 5 years	1,013,339	1,140,495	-	-
	<u>2,382,039</u>	<u>2,457,922</u>	<u>1,089,852</u>	<u>1,639,990</u>

	Audited 30.6.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %	Audited 31.12.2020 %
Weighted average effective interest rate	4.20	4.20	4.20	4.20

The Group had total cash outflows for leases of RM372,400 (31.12.2022: RM716,900; 31.12.2021: RM674,874; 31.12.2020: RM688,611; 30.6.2022: RM357,200).

**23. Trade payables**

The normal trade credit terms granted to the Group is 30 days (31.12.2022: 30 days; 31.12.2021: 30 days; 31.12.2020: 30 days).

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**24. Other payables and accruals**

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Software subscription license payable to a company in which the directors have interest	401,603	202,983	-	-
Amount due to a director	73,700	-	-	-
Other payables and accruals	1,681,254	2,403,321	1,505,703	2,159,822
	<u>2,156,557</u>	<u>2,606,304</u>	<u>1,505,703</u>	<u>2,159,822</u>

The foreign currency exposure profile of other payables and accruals is as follows:

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Hong Kong Dollar	401,603	202,983	-	-

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**25. Dividends**

	Amount of dividend			
	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Single tier second interim dividend of RM0.58 per ordinary shares for year 2019	-	-	-	324,322
Single tier second interim dividend of RM58.00 per CPS for year 2019	-	-	-	1,392,000
Single tier interim dividend of RM5.54 per ordinary shares for year 2020	-	-	3,502,981	-
Special single tier interim dividend of RM11.32 per ordinary shares for year 2020	-	-	7,157,715	-
Single tier interim dividend of RM17.80 per CPS for year 2021	-	1,575,460	-	-
Single tier interim dividend of RM0.61 per ordinary share for year 2021	-	1,424,767	-	-
Special single tier interim dividend of RM7.44 per CPS for year 2021*	-	658,350	-	-
Special single tier interim dividend of RM0.26 per ordinary share for year 2021*	-	595,298	-	-
Single tier final dividend of RM14.50 per CPS for year 2021	-	1,283,380	-	-
Single tier final dividend of RM0.50 per ordinary shares for year 2021	-	1,165,931	-	-
Single tier final dividend of RM36.90 per CPS	3,265,982	-	-	-
Single tier final dividend of RM1.26 per ordinary share	2,938,145	-	-	-
	<u>6,204,127</u>	<u>6,703,186</u>	<u>10,660,696</u>	<u>1,716,322</u>

\* The dividends were declared and paid in specie via a share dividend distribution of 2,348,830 shares in Arboratory to the existing shareholders of Inspidea.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**26. Significant related party disclosures****26.1 Identities of related parties**

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

Related parties of the Group include:

- (i) Combining entities as disclosed in Note 2.2.1 of these combined financial statements;
- (ii) Companies in which the directors have interest; and
- (iii) Key management personnel who are defined as those personnel having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

**26.2 Related party transactions**

Significant transactions with related parties are as follows:

	Audited 1.1.2023 to 30.6.2023 RM	Unaudited 1.1.2022 to 30.6.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
With companies in which the directors have interest:					
Subscription of software license	401,602	384,404	789,551	762,840	732,780
Rendering of service	-	-	-	-	369,711
Reimbursement of staff costs	88,089	97,109	417,953	-	-
Dividend income	-	278,951	278,951	-	-

**26.3 Compensation of key management personnel**

The key management personnel comprise directors of the combined entities whose remuneration are disclosed in Note 5.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**27. Segment information**

For management purposes, the Group is organised into business units based on the nature of business and has four reportable operating segments as follows:

- |  |   |
|--|---|
| Animation services                     | - Animation entertainment production and distribution   |
| Information Technology ("IT") services | - Software and hardware distribution, IT and network infrastructure support and technology training |
| Food and beverage                      | - Restaurant operator   |
| Others                                 | - Investment holding and other businesses that do not fall into above segments                      |

All the above reportable segments operate in Malaysia.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.



**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)

(Incorporated in Malaysia)

**27.1 Business segment**

The following table provides an analysis of Group's revenue, results, assets, liabilities and other information by business segment.

<b>Audited</b> <b>1 January 2023 to 30 June 2023</b>	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Revenue</b>						
External revenue	10,988,808	-	39,453	-	-	11,028,261
Inter-segment revenue	120,256	579,668	28,402	-	(728,326)	-
Total revenue	<u>11,109,064</u>	<u>579,668</u>	<u>67,855</u>	<u>-</u>	<u>(728,326)</u>	<u>11,028,261</u>
<b>Results</b>						
Profit/(Loss) from operations	3,856,632	37,506	(109,214)	(1,365)	(7,741)	3,775,818
Finance income	104,850	2,053	-	803	-	107,706
Finance costs	(76,191)	-	-	-	-	(76,191)
Profit/(Loss) before tax	<u>3,885,291</u>	<u>39,559</u>	<u>(109,214)</u>	<u>(562)</u>	<u>(7,741)</u>	<u>3,807,333</u>
Income tax expense	(779,902)	(6,077)	-	(163)	-	(786,142)
Net profit/(loss) for the period	<u>3,105,389</u>	<u>33,482</u>	<u>(109,214)</u>	<u>(725)</u>	<u>(7,741)</u>	<u>3,021,191</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**27.1 Business segment (continued)**

<b>Unaudited 1 January 2022 to 30 June 2022</b>	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Revenue</b>						
External revenue	12,434,630	-	48,284	-	-	12,482,914
Inter-segment revenue	147,876	235,134	39,140	-	(422,150)	-
<b>Total revenue</b>	<b>12,582,506</b>	<b>235,134</b>	<b>87,424</b>	<b>-</b>	<b>(422,150)</b>	<b>12,482,914</b>
<b>Results</b>						
Profit/(Loss) from operations	7,125,668	(70,139)	(105,300)	(1,243)	(381,918)	6,567,068
Finance income	70,631	615	-	86	-	71,332
Finance costs	(56,696)	-	-	-	-	(56,696)
<b>Profit/(Loss) before tax</b>	<b>7,139,603</b>	<b>(69,524)</b>	<b>(105,300)</b>	<b>(1,157)</b>	<b>(381,918)</b>	<b>6,581,704</b>
Income tax expense	(602,862)	-	-	-	-	(602,862)
<b>Net profit/(loss) for the period</b>	<b>6,536,741</b>	<b>(69,524)</b>	<b>(105,300)</b>	<b>(1,157)</b>	<b>(381,918)</b>	<b>5,978,842</b>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

27.1 **Business segment (continued)**

<b>Audited</b> <b>1 January 2022 to 31 December 2022</b>	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Revenue</b>						
External revenue	23,389,717	-	95,318	-	-	23,485,035
Inter-segment revenue	282,365	913,748	69,131	-	(1,265,244)	-
<b>Total revenue</b>	<b>23,672,082</b>	<b>913,748</b>	<b>164,449</b>	<b>-</b>	<b>(1,265,244)</b>	<b>23,485,035</b>
<b>Results</b>						
Profit/(Loss) from operations	9,408,873	(288)	(201,952)	(6,929)	193,739	9,393,443
Finance income	182,637	1,707	-	751	-	185,095
Finance costs	(144,391)	-	-	-	-	(144,391)
Profit/(Loss) before tax	9,447,119	1,419	(201,952)	(6,178)	193,739	9,434,147
Income tax expense	(1,454,321)	(380)	-	(153)	-	(1,454,854)
<b>Net profit/(loss) for the year</b>	<b>7,992,798</b>	<b>1,039</b>	<b>(201,952)</b>	<b>(6,331)</b>	<b>193,739</b>	<b>7,979,293</b>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

27.1 Business segment (continued)

Audited 1 January 2021 to 31 December 2021	Animation services RM	IT services RM	Food and beverage RM	Others RM	Elimination RM	Total RM
<b>Revenue</b>						
External revenue	17,587,710	-	87,712	-	-	17,675,422
Inter-segment revenue	208,374	804,630	63,360	-	(1,076,364)	-
Total revenue	<u>17,796,084</u>	<u>804,630</u>	<u>151,072</u>	<u>-</u>	<u>(1,076,364)</u>	<u>17,675,422</u>
<b>Results</b>						
Profit/(Loss) from operations	8,278,093	53,766	(111,506)	(8,147)	(113,374)	8,098,832
Finance income	166,404	1,799	-	838	-	169,041
Finance costs	(116,753)	-	-	-	-	(116,753)
Profit/(Loss) before tax	8,327,744	55,565	(111,506)	(7,309)	(113,374)	8,151,120
Income tax expense	(1,616,256)	(13,380)	(36,800)	(300)	-	(1,666,736)
Net profit/(loss) for the year	6,711,488	42,185	(148,306)	(7,609)	(113,374)	6,484,384
Non-controlling interests	2,283	-	-	-	-	2,283
Net profit/(loss) attributable to owners of the Company	<u>6,713,771</u>	<u>42,185</u>	<u>(148,306)</u>	<u>(7,609)</u>	<u>(113,374)</u>	<u>6,486,667</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

27.1 **Business segment** (continued)

<b>Audited</b> <b>1 January 2020 to 31 December 2020</b>	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Revenue</b>						
External revenue	14,877,692	-	45,113	-	-	14,922,805
Inter-segment revenue	-	581,174	70,990	-	(652,164)	-
<b>Total revenue</b>	<b>14,877,692</b>	<b>581,174</b>	<b>116,103</b>	<b>-</b>	<b>(652,164)</b>	<b>14,922,805</b>
<b>Results</b>						
Profit/(Loss) from operations	5,157,032	(108,064)	(135,297)	(8,912)	(12,877)	4,891,882
Finance income	109,063	1,983	-	446	-	111,492
Finance costs	(112,955)	-	-	-	-	(112,955)
Profit/(Loss) before tax	5,153,140	(106,081)	(135,297)	(8,466)	(12,877)	4,890,419
Income tax expense	(1,264,903)	25,057	26,800	-	-	(1,213,046)
Net profit/(loss) for the year	3,888,237	(81,024)	(108,497)	(8,466)	(12,877)	3,677,373
Non-controlling interests	2,540	-	-	-	-	2,540
Net profit/(loss) attributable to owners of the Company	<b>3,890,777</b>	<b>(81,024)</b>	<b>(108,497)</b>	<b>(8,466)</b>	<b>(12,877)</b>	<b>3,679,913</b>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
 (Formerly known as Kucingo Sdn Bhd)  
 (Incorporated in Malaysia)

**27.1 Business segment (continued)**

<b>Audited 30.6.2023</b>	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Assets and liabilities</b>						
Segment assets	19,009,844	424,739	119,393	69,814	(659,094)	18,964,696
Segment liabilities	6,235,764	148,539	699,789	2,081	(724,821)	6,361,352
<b>Other information</b>						
Capital expenditure on plant and equipment and right of use assets	900,785	-	400	-	(18,515)	882,670
Depreciation	510,240	-	11,180	-	(1,111)	520,309

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
 (Formerly known as Kucingo Sdn Bhd)  
 (Incorporated in Malaysia)

**27.1 Business segment (continued)**

<b>Audited</b> <b>31.12.2022</b>	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Assets and liabilities</b>						
Segment assets	23,307,413	295,628	130,109	73,019	(570,026)	23,236,143
Segment liabilities	7,434,595	52,910	601,291	4,563	(643,494)	7,449,865
<b>Other information</b>						
Capital expenditure on plant and equipment and right of use assets	2,989,782	-	-	-	(9,879)	2,979,903
Depreciation	987,878	-	45,852	-	(3,293)	1,030,437
<b>Audited</b> <b>31.12.2021</b>						
<b>Assets and liabilities</b>						
Segment assets	19,732,766	253,864	171,611	79,592	(1,098,973)	19,138,860
Segment liabilities	4,774,560	12,185	440,841	4,805	(633,702)	4,598,689
<b>Other information</b>						
Capital expenditure on plant and equipment	190,749	-	340	-	(139,756)	51,333
Depreciation	1,011,379	-	53,087	-	(19,455)	1,045,011
<b>Audited</b> <b>31.12.2020</b>						
<b>Assets and liabilities</b>						
Segment assets	21,017,247	246,950	276,623	85,896	(746,862)	20,879,854
Segment liabilities	5,762,084	47,456	397,547	3,500	(394,965)	5,815,622
<b>Other information</b>						
Capital expenditure on plant and equipment	52,127	-	7,335	-	-	59,462
Depreciation	1,266,905	-	52,563	-	-	1,319,468

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
 (Formerly known as Kucingo Sdn Bhd)  
 (Incorporated in Malaysia)

**27.1 Business segment (continued)**

<b>Audited</b> 1 January 2023 to 30 June 2023	<b>Animation services RM</b>	<b>IT services RM</b>	<b>Food and beverage RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Non-cash items other than depreciation</b>						
Not applicable	-	-	-	-	-	-
<b>Unaudited</b> 1 January 2022 to 30 June 2022						
<b>Non-cash items other than depreciation</b>						
Gain on derecognition of lease liabilities	(24,851)	-	-	-	-	(24,851)
<b>Audited</b> 1 January 2022 to 31 December 2022						
<b>Non-cash items other than depreciation</b>						
Allowance for expected credit loss	431,965	-	-	-	(431,965)	-
Impairment loss of investment in a subsidiary	149,999	-	-	-	(149,999)	-
Gain on derecognition of lease liabilities	(24,851)	-	-	-	-	(24,851)
<b>Audited</b> 1 January 2021 to 31 December 2021						
<b>Non-cash items other than depreciation</b>						
Not applicable	-	-	-	-	-	-
<b>Audited</b> 1 January 2020 to 31 December 2020						
<b>Non-cash items other than depreciation</b>						
Deposits written off	1,000	-	-	-	-	1,000



**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)**27.2 Customers segment information**

Revenue from transactions with major customers arising from animation services segment that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	<b>Audited</b> 1.1.2023 to 30.6.2023 RM	<b>Unaudited</b> 1.1.2022 to 30.6.2022 RM	<b>Audited</b> 1.1.2022 to 31.12.2022 RM	<b>Audited</b> 1.1.2021 to 31.12.2021 RM	<b>Audited</b> 1.1.2020 to 31.12.2020 RM
Customer A	2,926,299	5,135,621	8,895,297	7,885,946	4,925,429
Customer B	2,808,928	1,785,077	4,320,895	1,918,290	3,775,158
Customer C	2,053,604	1,746,961	4,274,563	-	2,386,002
Customer D	1,262,124	1,284,207	2,458,859	-	-
	<u>9,050,955</u>	<u>9,951,866</u>	<u>19,949,614</u>	<u>9,804,236</u>	<u>11,086,589</u>

**28. Financial instruments and financial risk management****28.1 Categories of financial instruments**

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

	<b>Audited</b> 30.6.2023 RM	<b>Audited</b> 31.12.2022 RM	<b>Audited</b> 31.12.2021 RM	<b>Audited</b> 31.12.2020 RM
<b>Financial assets</b>				
Amortised cost				
- trade and other receivables	4,961,606	2,698,345	4,451,177	2,762,805
- fixed deposits with licensed banks	7,175,000	9,675,000	9,760,000	7,647,159
- cash and bank balances	1,750,643	5,826,158	2,108,908	6,600,231
	<u>13,887,249</u>	<u>18,199,503</u>	<u>16,320,085</u>	<u>17,010,195</u>
<b>Financial liabilities</b>				
Amortised cost				
- trade and other payables	2,272,909	2,611,320	1,507,450	2,190,611
- borrowings (floating rate)	599,420	699,005	874,380	1,000,000
- lease liabilities (fixed rate)	2,915,350	2,955,301	1,639,990	2,231,092
	<u>5,787,679</u>	<u>6,265,626</u>	<u>4,021,820</u>	<u>5,421,703</u>

**28.2 Financial risk management objectives and policies**

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**28.2 Financial risk management objectives and policies (continued)****Foreign exchange risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The carrying amounts of monetary assets and monetary liabilities denominated in currency other than the functional currency of the Group companies at the reporting date are disclosed in the respective notes to the financial statements.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group companies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency, profit before tax will increase/(decrease) by:

	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>30.6.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2022</b> <b>to</b> <b>30.6.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2020</b> <b>to</b> <b>31.12.2020</b> <b>RM</b>
Australian Dollar	12,900	-	-	-	-
Canadian Dollar	-	76,800	31	29,500	90,078
Euro	126,300	100	95	31,043	66,103
Hong Kong Dollar	(40,200)	(38,400)	(20,293)	-	24,712
United States Dollar	332,000	464,300	584,699	277,287	87,267

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency.

**Interest rate risk management**

The Group's primary interest rate risk relates to interest bearing debts. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

No sensitivity analysis is prepared as the Group is not exposed to interest rate risk. The interest rates on interest bearing debts are fixed.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**28.2 Financial risk management objectives and policies (continued)****Credit risk management**

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Audited 30.6.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Bank balances with two financial institutions	7,293,693	14,325,194	9,184,990	12,593,916

The Group's credit risk grading framework for ECL model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

## i) Trade receivables and contract assets

For trade receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. Where appropriate, the Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. In determining the ECL of other trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**28.2 Financial risk management objectives and policies (continued)****Credit risk management (continued)**

## ii) Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

## iii) Cash and bank balances (including fixed deposits)

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

### 13. ACCOUNTANTS' REPORT (CONT'D)

#### KUCINGKO BERHAD

(Formerly known as Kucingo Sdn Bhd)

(Incorporated in Malaysia)

#### 28.2 Financial risk management objectives and policies (continued)

##### Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Contractual cash flows (including interest payments)					
	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
<b>Audited</b>						
<b>30.6.2023</b>						
Non interest bearing debts	2,272,909	2,272,909	2,272,909	-	-	-
Interest bearing debts	599,420	629,428	222,132	222,132	185,164	-
Lease liabilities	2,915,350	3,376,500	645,000	591,000	1,045,500	1,095,000
	<u>5,787,679</u>	<u>6,278,837</u>	<u>3,140,041</u>	<u>813,132</u>	<u>1,230,664</u>	<u>1,095,000</u>
<b>Audited</b>						
<b>31.12.2022</b>						
Non interest bearing debts	2,611,320	2,611,320	2,611,320	-	-	-
Interest bearing debts	699,005	740,440	222,132	222,132	296,176	-
Lease liabilities	2,955,301	3,465,000	612,000	504,000	1,104,000	1,245,000
	<u>6,265,626</u>	<u>6,816,760</u>	<u>3,445,452</u>	<u>726,132</u>	<u>1,400,176</u>	<u>1,245,000</u>

**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**  
(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**28.2 Financial risk management objectives and policies (continued)**

**Liquidity risk management (continued)**

	Carrying amount RM	Contractual cash flows (including interest payments)				
		Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
<b>Audited 31.12.2021</b>						
Non interest bearing debts	1,507,450	1,507,450	1,507,450	-	-	-
Interest bearing debts	874,380	962,612	222,132	222,132	518,348	-
Lease liabilities	1,639,990	1,760,900	608,400	510,000	642,500	-
	<u>4,021,820</u>	<u>4,230,962</u>	<u>2,337,982</u>	<u>732,132</u>	<u>1,160,848</u>	<u>-</u>
<b>Audited 31.12.2020</b>						
Non interest bearing debts	2,190,611	2,190,611	2,190,611	-	-	-
Interest bearing debts	1,000,000	1,110,700	148,088	222,132	666,396	74,084
Lease liabilities	2,231,092	2,434,500	673,600	608,400	1,152,500	-
	<u>5,421,703</u>	<u>5,735,811</u>	<u>3,012,299</u>	<u>830,532</u>	<u>1,818,896</u>	<u>74,084</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**28.3 Capital structure and capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity that are managed as capital.

The debt-to-adjusted capital ratios at the end of each reporting period were as follows:

	<b>Audited</b> <b>30.6.2023</b> <b>RM</b>	<b>Audited</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>31.12.2020</b> <b>RM</b>
Total debts	3,514,770	3,654,306	2,514,370	3,231,092
Less: Cash and bank balances and fixed deposits	(8,925,643)	(15,501,158)	(11,868,908)	(14,247,390)
Net cash	<u>(5,410,873)</u>	<u>(11,846,852)</u>	<u>(9,354,538)</u>	<u>(11,016,298)</u>
Total equity/Adjusted capital	<u>12,603,344</u>	<u>15,786,278</u>	<u>14,540,171</u>	<u>15,064,232</u>
Debt-to-adjusted capital ratio (times)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

There were no changes in the Group's approach to capital management during these reporting periods.

**29. Fair value measurements****29.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of the Group's term loan and lease liabilities approximate their carrying amounts. Term loan is a floating rate instrument that is re-priced to market interest rates on or near reporting date. Lease liabilities approximate their carrying amounts as these instruments were entered/initially recognised with interest rates which are reasonable approximation of the market interest rates on or near reporting date.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**30. Events subsequent to the reporting period**

On 27 July 2023, Inspidea acquired 1 ordinary share owned by the non controlling interest in Bowleh for a cash consideration of RM1. With the acquisition, Bowleh became a wholly owned subsidiary of Inspidea.



**13. ACCOUNTANTS' REPORT (CONT'D)**

**KUCINGKO BERHAD**

(Formerly known as Kucingo Sdn Bhd)  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

The directors nominated by KUCINGKO BERHAD (formerly known as Kucingo Sdn Bhd) state that, in the opinion of the directors, the combined financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, and of their financial performance and their cash flows for the years ended on 31 December 2020, 31 December 2021, 31 December 2022 and for the financial period 1 January 2023 to 30 June 2023.

Signed on behalf of the Board of Directors of Kucingko Berhad (formerly known as Kucingo Sdn Bhd) in accordance with a resolution of the directors,



OOI KOK HONG



SEE CHIN JOO

Kuala Lumpur

Dated.

24 NOV 2023