

Registration No.: 201401016624 (1092710-H)

ICOP CONSTRUCTION (M) SDN BHD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2020

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ICOP CONSTRUCTION (M) SDN BHD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors hereby submit their report together with the audited financial statements of the Company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of sub-contracting work for all types of construction work and hiring of machineries and equipment.

RESULTS

	RM
Loss for the year	<u>(2,531,137)</u>

DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the year.

SHARE OPTIONS

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

DIRECTORS

The directors of the Company in office at any time during the year are:

Cheng Chin Keong
Petrucco Vittorio

DIRECTORS' BENEFITS

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

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remunerations received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholding under section 59 of the Companies Act, 2016, the interests of directors in office at the end of the year in the ordinary shares of the Company and its related corporations during the year are as follows:

<u>Share in Holding Company</u> <u>I.CO.P.S.p.A.</u>	Number of Ordinary Shares				At 31.12.2020
	At 1.1.2020	Addition	Bought	Sold	
Petrucco Vittorio	3,977,900	4,861,878	-	-	8,839,778

<u>Indirect interest</u> <u>DJSJ Corporate Sdn Bhd</u>	Number of Ordinary Shares			At 31.12.2020
	At 1.1.2020	Bought	Sold	
Cheng Chin Keong	8,000	-	-	8,000

None of the other directors in office at the end of the year have interest in shares of the Company or its related corporations during the year ended 31 December 2020.

By virtue of his interest in the holding company, I.CO.P.S.p.A., Petrucco Vittorio is deemed to be interested in shares of the Company and all the subsidiaries of the holding company.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the year are as follows:

	2020 RM
Remunerations	923,869
Contribution to defined contribution plan	94,264
	<u>1,018,133</u>

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that the no bad debts need to be written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

- (a) any charge on the assets of the Company which has arisen since the end of the year and secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the year.

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

In the opinion of the directors:

- (a) the results of the operations of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Company for the year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 15 to the financial statements.

HOLDING COMPANY

The holding Company is I.COP. S.P.A, a company incorporated in Italy.

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AUDITORS

The retiring auditors, Messrs. C.C. Lee & Associates, Chartered Accountants, have indicated their willingness to be re-appointed

On behalf of the Board of Directors

CHENG CHIN KEONG

Director

PETRUCCO VITTORIO

Director

Kuala Lumpur

Date:

ICOP CONSTRUCTION (M) SDN BHD
(Incorporated in Malaysia)

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

The directors of **ICOP CONSTRUCTION (M) SDN BHD** state that, in their opinion, the financial statements set out on pages 9 to 31 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and financial performance of the Company for the year ended 31 December 2020.

On behalf of the Board of Directors

CHENG CHIN KEONG
Director

PETRUCCO VITTORIO
Director

Kuala Lumpur
Date:

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

I, **Cheng Chin Keong, I/C No. 761207-02-5077**, the director primarily responsible for the financial management of **ICOP CONSTRUCTION (M) SDN BHD**, do solemnly and sincerely declare that the financial statements set out on pages 9 to 31 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above-named)
Cheng Chin Keong, I/C No. 761207-02-5077)
at Kuala Lumpur in the state of the Federal Territory)
on

Cheng Chin Keong, I/C No. 761207-02-5077

Before me,

COMMISSIONER FOR OATHS

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ICOP CONSTRUCTION (M) SDN BHD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ICOP CONSTRUCTION (M) SDN BHD**, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention in Note 2 to the financial statements, which indicates that the Company incurred a net loss of RM2,531,137 during the year ended 31 December 2020 and, as of that date, the Company's current liabilities exceeded its current assets by RM6,670,898. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

C.C. LEE & ASSOCIATES
No. AF: 0805
Chartered Accountants

LEE CHEE CHUAN
01461/11/2022 (J)
Partner

Kuala Lumpur
Date:

ICOP CONSTRUCTION (M) SDN BHD
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	4	<u>4,549,037</u>	<u>8,779,244</u>
CURRENT ASSETS			
Amount due from customers on contracts	5	2,107,425	3,089,553
Trade receivables	6	26,973,193	21,136,254
Other receivables, deposits and prepayments	7	6,554,143	1,372,902
Cash and bank balances		<u>7,935</u>	<u>101,900</u>
		<u>35,642,696</u>	<u>25,700,609</u>
TOTAL ASSETS		<u><u>40,191,733</u></u>	<u><u>34,479,853</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	8	1,000,000	1,000,000
Accumulated losses		<u>(3,487,842)</u>	<u>(956,705)</u>
(CAPITAL DEFICIENCY)/SHAREHOLDERS' EQUITY		<u>(2,487,842)</u>	<u>43,295</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	9	191,552	-
Finance lease payables	10	<u>174,429</u>	<u>260,222</u>
		<u>365,981</u>	<u>260,222</u>
CURRENT LIABILITIES			
Trade payables	11	37,223,173	29,520,990
Other payables and accruals	12	4,955,977	4,230,209
Amount owing to a director	13	35,350	331,968
Finance lease payables	10	85,794	93,169
Taxation		<u>13,300</u>	<u>-</u>
		<u>42,313,594</u>	<u>34,176,336</u>
TOTAL LIABILITIES		<u><u>42,679,575</u></u>	<u><u>34,436,558</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>40,191,733</u></u>	<u><u>34,479,853</u></u>

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

ICOP CONSTRUCTION (M) SDN BHD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
REVENUE	14	19,745,655	18,950,297
Cost of sales		<u>(19,435,243)</u>	<u>(18,936,859)</u>
Gross profit		310,412	13,438
Other operating income		205,561	993,939
Administrative expenses		(27,200)	(14,800)
Other operating expenses		<u>(2,737,111)</u>	<u>(799,272)</u>
(Loss)/profit from operations		(2,248,338)	193,305
Finance costs		<u>(77,947)</u>	<u>(38,946)</u>
(Loss)/profit before tax	15	(2,326,285)	154,359
Income tax expense	16	<u>(204,852)</u>	<u>(9)</u>
(Loss)/profit for the year		<u><u>(2,531,137)</u></u>	<u><u>154,350</u></u>

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

ICOP CONSTRUCTION (M) SDN BHD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital RM	Accumulated losses RM	Total RM
As at 1 January 2019	1,000,000	(1,111,055)	(111,055)
Profit for the year	<u>-</u>	<u>154,350</u>	<u>154,350</u>
As at 31 December 2019	1,000,000	(956,705)	43,295
Loss for the year	<u>-</u>	<u>(2,531,137)</u>	<u>(2,531,137)</u>
As at 31 December 2020	<u><u>1,000,000</u></u>	<u><u>(3,487,842)</u></u>	<u><u>(2,487,842)</u></u>

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

ICOP CONSTRUCTION (M) SDN BHD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(2,326,285)	154,359
Adjustments for:			
Depreciation of property, plant and equipment		916,690	1,535,416
Gain on disposal of property, plant and equipment		(205,561)	(88,969)
Impairment loss on receivables		136,254	126,911
Interest expense		17,579	20,261
Loss/(gain) on foreign exchange (unrealised)		1,742,933	(895,728)
Operating profit before working capital changes		281,610	852,250
Decrease in amount due from customers on contracts		982,128	3,994,642
Increase in trade receivables		(5,897,956)	(10,563,631)
Increase in other receivables, deposits and prepayments		(662,655)	(766,903)
Increase in trade payables		5,716,014	4,934,343
Increase/(decrease) in other payables and accruals		673,450	(136,541)
(Decrease)/increase in amount owing to a director		(296,618)	299,186
Cash from/(used in) operations		795,973	(1,386,654)
Interest paid		(17,579)	(20,261)
Income tax paid		-	(36)
Net cash from/(used in) operating activities		778,394	(1,406,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	357,854
Purchase of property, plant and equipment		(779,191)	(19,431)
Net cash (used in)/from investing activities		(779,191)	338,423
CASH FLOWS FROM FINANCING ACTIVITY			
Payment of finance lease payables		(93,168)	(89,617)
Net cash used in financing activity		(93,168)	(89,617)
Net decrease in cash and cash equivalents		(93,965)	(1,158,145)
Cash and cash equivalents at beginning of the year		101,900	1,260,045
Cash and cash equivalents at end of the year	17	7,935	101,900

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

ICOP CONSTRUCTION (M) SDN BHD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at No.1115, 11th Floor, Block A, Lobby 4, Damansara Intan, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. T1-09-05 & T1-09-06, 8trium Tower 1, Jalan Cempaka SD 12/5, Bandar Sri Damansara, 52200 Kuala Lumpur.

The principal activities of the Company consist of sub-contracting work for all types of construction work and hiring of machineries and equipment.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

The financial statements of the Company were authorised for issue by the Board of Directors on

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard (“MPERS”) and the requirements of the Companies Act, 2016.

The financial statements of the have been prepared under the historical cost convention, unless otherwise disclosed in significant accounting policies and on the basis of accounting principles applicable to a going concern.

The Company incurred net loss after tax of RM2,531,137 during the financial year and its current liabilities exceeded current assets by RM6,670,898 as at 31 December 2020. A significant proportion of the current liabilities relate to payables which by their nature is repayable on demand.

The directors believe that the Company will have sufficient financial resources to meet their respective obligations as and when they fall due, or make such arrangements that will ensure that the ability of the Company to carry on their respective activities as a going concern will not be significantly impaired.

Based on the above, the financial statements of the Company have been prepared on the going concern basis. The directors believe that the validity of this basis is not vitiated and, therefore, is an appropriate basis for the preparation of the financial statements of the Company. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The principal accounting policies adopted are set out below:

2.1 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

	<u>Rate</u>
Machineries	10%
Site equipment	10%
Motor vehicles	20%
Furniture and fittings	10%
Office equipment	5% - 10%
Air conditioner	10%
Renovation	10%
Computer & software	40%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

2.2 IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL, INVENTORIES AND FINANCIAL ASSETS

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

2.3 FOREIGN CURRENCY

i) Foreign Currency ~ Foreign Currency Transactions

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

ii) Foreign Currencies ~ Exchange Differences On Net Investment In Foreign Operations

Exchange differences arising on monetary items that forms part of the Company's net investment in foreign operations are recognised in the profit or loss in the separate financial statements of the Company. In the financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under the heading of translation reserves. They are not recognised in profit or loss on disposal of the net investment.

iii) Foreign Currencies ~ Foreign Operations

Assets and liabilities of foreign operations, including goodwill arising on the acquisition and any fair value adjustments, are translated to the presentation currency at the closing rate at the end of the reporting period. Income and expenses are translated at exchange rates at the date of the transactions. All resulting exchange differences are recognised in other comprehensive income and reported as a component of equity. They are not subsequently reclassified to profit or loss.

2.4 FINANCIAL ASSETS

Financial assets are recognised in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

i) Financial Assets That Are Debt Instruments Measured At Amortised Cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

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ii) *Financial Assets That Are Equity Instruments Measured At Cost Less Impairment*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

iii) *Impairment Of Financial Assets*

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

iv) Derecognition Of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statements of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

2.6 LIABILITIES AND EQUITY

i) Classification Of Liabilities And Equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

ii) Equity Instruments

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

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Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

2.7 LEASES

i) Finance Leases

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

The Company initially recognise its rights of use and obligations under finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtained ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.

ii) Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

2.8 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

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After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

i) Financial Liabilities Measured At Amortised Cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

ii) Loan Commitments Measured At Cost Less Impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

iii) Derecognition Of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

2.9 REVENUE

i) Construction contracts

When the outcome of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Stage of completion is determined based on the proportion that contract costs incurred for the work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probably will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as expense immediately, with a corresponding provision for an onerous contract.

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The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings the balance is shown as amounts due from customers on constructions contracts under trade and other receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under trade and other payables.

2.10 RELATED PARTY TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and other who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

2.11 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company have no realistic alternative but to make the payments.

ii) Defined Contribution Plan

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

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2.12 BORROWING COSTS

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

2.13 INCOME TAX

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any futures periods affected.

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

4 PROPERTY, PLANT AND EQUIPMENT

	As at 1 January 2020 RM	Additions RM	Disposals RM	As at 31 December 2020 RM
<u>Cost</u>				
Air conditioner	51,245	4,565	-	55,810
Computers & software	59,241	-	-	59,241
Furniture and fittings	43,936	1,689	-	45,625
Machineries	13,552,102	-	(6,821,180)	6,730,922
Motor vehicles	731,213	-	-	731,213
Office equipment	30,496	12,525	-	43,021
Renovation	128,409	630,618	-	759,027
Site equipment	79,017	129,794	-	208,811
	<u>14,675,659</u>	<u>779,191</u>	<u>(6,821,180)</u>	<u>8,633,670</u>

	As at 1 January 2020 RM	Charges for the year RM	Disposals RM	As at 31 December 2020 RM
<u>Accumulated Depreciation</u>				
Air conditioner	19,425	5,581	-	25,006
Computers & software	59,241	-	-	59,241
Furniture and fittings	20,157	4,563	-	24,720
Machineries	5,266,718	673,092	(2,728,472)	3,211,338
Motor vehicles	442,632	132,367	-	574,999
Office equipment	12,140	4,303	-	16,443
Renovation	50,126	75,903	-	126,029
Site equipment	25,976	20,881	-	46,857
	<u>5,896,415</u>	<u>916,690</u>	<u>(2,728,472)</u>	<u>4,084,633</u>

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	2020	2019
	RM	RM
<u>Carrying Amounts</u>		
Air conditioner	30,804	31,820
Computers & software	-	-
Furniture and fittings	20,905	23,779
Machineries	3,519,584	8,285,384
Motor vehicles	156,214	288,581
Office equipment	26,578	18,356
Renovation	632,998	78,283
Site equipment	161,954	53,041
	<u>4,549,037</u>	<u>8,779,244</u>

The carrying amount of motor vehicles of the Company amounting to RM156,215 (2019: RM282,179) are acquired under finance lease arrangement and the liabilities have not been fully settled as at reporting date.

The carrying amount of motor vehicles of the Company amounting to RM71,172 (2019: RM142,343) are registered under the directors' name holding in trust for the Company.

5 AMOUNT DUE FROM CUSTOMERS ON CONTRACTS

	2020	2019
	RM	RM
Cost incurred on contract to date	57,174,894	38,617,275
Profit recognised less losses	<u>2,336,467</u>	<u>2,130,559</u>
	59,511,361	40,747,834
Progress billings	<u>(57,403,936)</u>	<u>(37,658,281)</u>
Amount due from customers on contracts	<u>2,107,425</u>	<u>3,089,553</u>

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6 TRADE RECEIVABLES

	2020	2019
	RM	RM
Trade receivables	10,958,099	8,369,428
Amount owing by related company	9,980,222	9,980,222
Amount owing by holding company	<u>1,051,372</u>	<u>1,030,601</u>
	21,989,693	19,380,251
Retention sum	<u>5,246,665</u>	<u>1,882,914</u>
	27,236,358	21,263,165
Less: Impairment losses	<u>(263,165)</u>	<u>(126,911)</u>
	<u><u>26,973,193</u></u>	<u><u>21,136,254</u></u>
Movement in allowance for impairment of receivables:-		
At 1 January	126,911	-
Charge for the financial year	<u>136,254</u>	<u>126,911</u>
At 31 December	<u><u>263,165</u></u>	<u><u>126,911</u></u>

The credit terms of trade receivables range from 30 to 90 days from the date of invoice.

7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2020	2019
	RM	RM
Other receivables	16,951	7,569
Deposits	502,975	508,265
Prepayments	46,733	15,083
Amount owing by related companies	1,397,310	841,985
Amount owing by holding company	<u>4,590,174</u>	<u>-</u>
	<u><u>6,554,143</u></u>	<u><u>1,372,902</u></u>

The amount owing by holding company and related companies are unsecured, interest-free and repayable on demand.

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8 SHARE CAPITAL

	Number of shares		2020 RM	2019 RM
	2020 Units	2019 Units		
Issued and fully paid ordinary shares				
At beginning and end of the year	1,000,000	1,000,000	1,000,000	1,000,000

9 DEFERRED TAX LIABILITIES

	Property, plant and equipment RM	Others RM	Total RM
<u>Deferred Tax Liabilities</u>			
Charge to profit or loss	583,909	(392,357)	191,552
At 31 December 2020	583,909	(392,357)	191,552

10 FINANCE LEASE PAYABLES

	2020 RM	2019 RM
Minimum lease payments		
Not later than 1 year	98,375	110,700
Later than 1 year and not later than 5 years	184,694	283,068
	283,069	393,768
Future finance charges	(22,846)	(40,377)
Present value of finance lease	260,223	353,391
Present value of finance lease is analysed as follows:		
Not later than 1 year	85,794	93,169
Later than 1 year and not later than 5 years	174,429	260,222
	260,223	353,391

The Company obtains finance lease facilities to finance the acquisition of motor vehicles. The remaining lease terms is ranging from 1 to 4 years as at 31 December 2020. Implicit interest rates of the finance lease ranging from 5.15% - 7.95% are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period.

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11 TRADE PAYABLES

	2020	2019
	RM	RM
Trade payables	3,139,482	2,612,006
Retention sum	963,028	643,530
Amount owing to holding company	30,812,388	23,953,777
Amount owing to related companies	<u>2,308,275</u>	<u>2,311,677</u>
	<u>37,223,173</u>	<u>29,520,990</u>

The credit terms granted to the Company range from 30 to 90 days from the date of invoice.

12 OTHER PAYABLES AND ACCRUALS

	2020	2019
	RM	RM
Other payables	969,346	294,844
Amount owing to holding company	2,193,970	2,204,755
Accruals	183,610	121,559
Provision	<u>1,609,051</u>	<u>1,609,051</u>
	<u>4,955,977</u>	<u>4,230,209</u>

The amount owing to holding company is unsecured, interest-free and repayable on demand.

The holding company has indicated their intention to provide financial support to enable the Company to continue its business operation.

13 AMOUNT OWING TO A DIRECTOR

This amount is unsecured, interest-free and repayable on demand except for the loan amounting to RM185,000 which carried interest rates at 25.32%.

14 REVENUE

Revenue represents the total invoiced value of sales net of discount and returns.

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15 (LOSS)/PROFIT BEFORE TAXATION

15.1 DISCLOSURE ITEMS

	2020	2019
	RM	RM
This is stated after charging:		
Auditors' remuneration		
- statutory audit - current	15,000	8,000
- statutory audit - underprovided	7,000	5,000
Depreciation of property, plant and equipment	916,690	1,535,416
Directors' remunerations - other than fee	1,018,133	961,933
EPF	83,074	60,551
Finance lease interest	17,579	20,261
Hire of machinery	2,963,880	1,813,196
Impairment loss on receivables	136,254	126,911
Loss on foreign exchange (realised)	12,118	-
Loss on foreign exchange (unrealised)	1,742,933	-
Rental	85,410	81,900
Rental - crane and generator	2,726,127	2,066,022
Rental of office equipment	8,136	8,136
	<u> </u>	<u> </u>
And crediting:		
Gain on disposal of property, plant and equipment	205,561	88,969
Gain on foreign exchange (realised)	-	9,242
Gain on foreign exchange (unrealised)	-	895,728
	<u> </u>	<u> </u>

15.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	2020	2019
	RM	RM
Total key management personnel compensation	<u>1,018,133</u>	<u>961,933</u>

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16 INCOME TAX EXPENSE

	2020	2019
	RM	RM
Current year expense	13,300	-
Deferred taxation	191,552	-
Tax overprovided in prior years	-	9
	<u>204,852</u>	<u>9</u>

The effective rate of income tax is higher than the statutory rate of tax applicable mainly due to temporary differences between depreciation charges in respect of property, plant and equipment and the corresponding capital allowances claimed during the year, and utilisation of unabsorbed loss brought forward from previous years.

As at 31 December 2020, the Company has unabsorbed loss and capital allowances of approximately RM NIL (2019: RM234,800) and RM NIL (2019: RM3,939,800) respectively to be agreed by Director General of Inland Revenue to offset against future profit arising from business operation.

Domestic income is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

The deferred tax assets are not recognised in the statement of financial position as the Company is uncertain of the extent that it is probable the taxable profit will be available against which the deductible temporary differences can be utilised.

	2020	2019
	RM	RM
Difference between:		
Carrying value of qualifying property, plant and equipment and the corresponding tax written down value	-	1,327,295
Unused tax losses and capital allowances	-	(1,001,919)
Other	-	25,947
	<u>-</u>	<u>351,323</u>

17 CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Cash on hand and at bank	<u>7,935</u>	<u>101,900</u>

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18 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	RM	RM
Purchases of property, plant and equipment	779,191	100,431
Less: Purchases made directly by finance lease	<u>-</u>	<u>(81,000)</u>
Purchases of property, plant and equipment by cash	<u><u>779,191</u></u>	<u><u>19,431</u></u>

19 OPERATING LEASE COMMITMENT

The total minimum lease payments under non-cancellable operating leases of the Company for the leasing of certain of the office premises is as follows:

	2020	2019
	RM	RM
Within one year	48,000	61,750
Between two to five years	<u>42,000</u>	<u>-</u>
	<u><u>90,000</u></u>	<u><u>61,750</u></u>

20 RELATED PARTY TRANSACTIONS

	2020	2019
	RM	RM
Freight and forwarding	67,374	-
Gain on disposal of property, plant and equipment	205,561	88,969
Hire of machinery	2,963,880	-
Insurance	30,220	-
Purchases	1,402,602	836,551
Spare parts of machinery	<u>350,550</u>	<u>-</u>

21 CAPITAL COMMITMENTS

As at the reporting date, the Company has the following commitments for the acquisition of the property, plant and equipment:

	2020	2019
	RM	RM
Contracted but not provided for	<u><u>2,521,792</u></u>	<u><u>-</u></u>

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22 FINANCIAL INSTRUMENTS

	2020	2019
	RM	RM
<u>Financial assets</u>		
Financial assets that are debt instruments measured at amortised cost	<u>33,121,817</u>	<u>22,087,708</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	<u>40,682,062</u>	<u>32,705,948</u>

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DETAILED INCOME STATEMENT
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	2020	2019
	RM	RM
REVENUE	19,745,655	14,530,641
Rental of machinery	-	4,419,656
	<u>19,745,655</u>	<u>18,950,297</u>
LESS: COST OF SALES		
Opening work-in-progress	3,089,553	7,084,195
Accommodation	-	32,504
Custom duty	161,936	139,633
Depreciation of property, plant and equipment	673,092	1,355,210
Directors' remunerations - other than fee	1,018,133	961,933
Electricity and water	8,339	11,351
EPF	83,074	60,551
Freight and forwarding	290,168	994,190
Fuel and lubricants	774,392	938,097
Hire of machinery	2,963,880	1,813,196
Loose tools	19,927	(64,072)
Medical fee	39,860	7,238
Petrol, parking and toll	41,119	43,032
Printing and stationery	-	517
Purchases	2,529,648	2,719,631
Rental	46,500	43,500
Rental - crane and generator	2,726,127	2,066,022
Salaries and wages	3,027,406	2,393,223
Secretarial and filing fees	1,966	1,354
Security fees	81,292	103,401
Socso	34,562	23,175
Spare parts of machinery	2,892,198	876,003
Staff welfare	109,953	34,849
Sub-contract wages	774,449	-
Transportation	26,519	21,192
Travelling	390	154,225
Upkeep of computer	1,777	3,697
Upkeep of machinery	-	1,483
Upkeep of motor vehicles	46,670	57,129
Upkeep of office	2,148	1,811
Upkeep of office equipment	2,000	7,420
Upkeep of site office	49,851	72,787

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

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DETAILED INCOME STATEMENT
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	2020	2019
	RM	RM
Visa and work permit	25,739	67,935
Less: Closing work-in-progress	<u>(2,107,425)</u>	<u>(3,089,553)</u>
	<u>19,435,243</u>	<u>18,936,859</u>
GROSS PROFIT	310,412	13,438
ADD: OTHER OPERATING INCOME		
Gain on disposal of property, plant and equipment	205,561	88,969
Gain on foreign exchange (realised)	-	9,242
Gain on foreign exchange (unrealised)	<u>-</u>	<u>895,728</u>
	<u>205,561</u>	<u>993,939</u>
	515,973	1,007,377
LESS: ADMINISTRATIVE AND OPERATING EXPENSES	<u>(2,842,258)</u>	<u>(853,018)</u>
(LOSS)/PROFIT BEFORE TAX	<u><u>(2,326,285)</u></u>	<u><u>154,359</u></u>

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

ICOP CONSTRUCTION (M) SDN BHD
(Incorporated in Malaysia)

**ADMINISTRATIVE AND OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	RM	RM
ADMINISTRATIVE EXPENSES		
Auditors' remuneration		
- statutory audit - current	15,000	8,000
- statutory audit - underprovided	7,000	5,000
Tax fee - current	3,500	1,800
Tax fee - underprovided	1,700	-
	<u>27,200</u>	<u>14,800</u>
OTHER OPERATING EXPENSES		
Accommodation	89,194	82,661
Advertisement	-	17,860
Depreciation of property, plant and equipment	243,598	180,206
Donation and gifts	1,000	22,000
Electricity and water	16,774	23,307
Entertainment	52,115	48,453
Impairment loss on receivables	136,254	126,911
Insurance	61,667	88,808
Internet charges	795	795
Legal fees	34,514	15,247
License fee	-	5,200
Loss on foreign exchange (realised)	12,118	-
Loss on foreign exchange (unrealised)	1,742,933	-
Penalty	55	2,737
Postage and courier	1,141	1,224
Printing and stationery	14,407	15,399
Professional fees	4,500	-
Rental	38,910	38,400
Rental of office equipment	8,136	8,136
Seminar and training	9,000	895
Service charge	1,650	1,545
Staff recruitment	277	797
Staff refreshment	89,359	34,126
Subscription fee	625	28,938
Telephone charges	35,103	36,541
Transportation	13,707	15,785
Travelling expenses	129,279	3,301
	<u>2,737,111</u>	<u>799,272</u>
FINANCE COSTS		
Bank charges	60,368	18,685
Finance lease interest	17,579	20,261
	<u>77,947</u>	<u>38,946</u>
	<u><u>2,842,258</u></u>	<u><u>853,018</u></u>

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