MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

and its subsidiary

Financial statements for the year ended 31 December 2021

MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

and its subsidiary

Directors' report for the year ended 31 December 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Company, which remained unchanged during the financial year, are to facilitate, undertake and expedite the construction of Klang Valley Mass Rapid Transit project ("KVMRT project") approved by the Government of Malaysia ("GoM"). The principal activities of the subsidiary are as stated in Note 5 to the financial statements.

Ultimate holding company

The Directors regard the Minister of Finance, Incorporated ("MoF, Inc.") as the ultimate holding company.

Subsidiary

The details of the Company's subsidiary are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the year	(3,671,719)	(3,673,937)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review other than as disclosed in the financial statements.

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company and its subsidiary

Directors who served during the financial year until the date of this report are:

Mass Rapid Transit Corporation Sdn. Bhd.

Dato' Dr. Amiruddin bin Muhamed	
Datuk Isham bin Ishak	
Dato' Noorizah binti Hj Abd Hamid	
Mohd Khalid bin Mohamed	
Ar. Saifuddin bin Ahmad	(appointed on 18 February 2021)
Datuk Wira Azhar bin Abdul Hamid	(appointed on 11 May 2021)
Azian binti Kassim	(appointed on 26 August 2021)
Mohd Azharuddin bin Mat Sah	(appointed on 15 November 2021)
Ahmad Zubir bin Zahid	(resigned on 5 April 2021)

Subsidiary

Dato' Dr. Amiruddin bin Muhamed	
Datuk Isham bin Ishak	
Datuk Mohd Zarif bin Mohd Hashim	
Shahrul Fadli bin Omar	
Ir. Ts. Haji Mohamed Haniffa bin Haji Abdul Hamid	(appointed on 3 March 2021)
Dato' Noorizah binti Hj Abd Hamid	(appointed on 21 June 2021)
Ahmad Zubir bin Zahid	(resigned on 5 April 2021)
Azwa bin Abdul Aziz	(resigned on 7 December 2021)

Directors' interests in shares

None of the Directors holding office at 31 December 2021 had any interest in the shares of the Company and of its related corporation during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements 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.

There was no arrangement during and at the end of the financial year which had the object 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.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of indemnity sum insured and insurance premium effected for Directors and officers of the Group and the Company were RM40,000,000 (per occurrence and in the aggregate) and RM51,000, respectively.

Other statutory information

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

i) there are no bad debts to be written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render it necessary to write off any bad debts or the amount of the provision for any doubtful debts inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

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

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

i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

Other statutory information (continued)

In the opinion of the Directors, except for net impairment loss on property, plant and equipment of RM3,651,820,000, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 12 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

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Datuk Wira Azhar bin Abdul Hamid
Director

....

Azian binti Kassim
Director

Kuala Lumpur,

Date: 2 March 2022

MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

and its subsidiary

Statements of financial position as at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	72,302	14,613	14,724	6,834
Right-of-use assets	4	30,788	36,280	27,805	32,768
Investment in a subsidiary	5	-	-	100	100
Total non-current assets		103,090	50,893	42,629	39,702
Other receivables, deposits and prepayments	6	2,421,550	2,182,778	2,420,768	2,186,269
Cash and cash equivalents	7	1,682,841	1,800,142	1,350,649	1,652,032
Total current assets		4,104,391	3,982,920	3,771,417	3,838,301
Total assets		4,207,481	4,033,813	3,814,046	3,878,003
Equity					
Share capital	8	863,000	863,000	863,000	863,000
Contribution from Government of Malaysia ("GoM")	9	57,260,329	53,348,815	56,879,846	53,193,344
Accumulated losses		(56,656,040)	(52,984,321)	(56,656,626)	(52,982,689)
Total equity		1,467,289	1,227,494	1,086,220	1,073,655

Registration No. 201001019176 (902884-V)

Statements of financial position as at 31 December 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Liabilities					
Lease liabilities		25,695	30,990	23,207	30,990
Total non-current liabilities		25,695	30,990	23,207	30,990
Lease liabilities		5,837	5,321	5,299	5,321
Other payables and accruals	10	2,678,156	2,734,689	2,668,816	2,732,718
Current tax liabilities		30,504	35,319	30,504	35,319
Total current liabilities		2,714,497	2,775,329	2,704,619	2,773,358
Total liabilities		2,740,192	2,806,319	2,727,826	2,804,348
Total equity and liabilities		4,207,481	4,033,813	3,814,046	3,878,003

The notes on pages 13 to 55 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

and its subsidiary

Statements of profit or loss and other comprehensive income for the year ended 31 December 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other income	11	32,275	30,017	32,238	29,982
Administrative expenses		(67,343)	(59,887)	(63,748)	(58,007)
Net (impairment loss)/reversal of impairment loss on financial assets	12	(8,309)	12	(8,309)	12
Net impairment loss on property, plant and equipment	3	(3,651,820)	(8,931,042)	(3,651,820)	(8,931,042)
Finance income		30,970	28,777	25,075	28,563
Finance costs		(1,352)	(434)	(1,233)	(434)
Loss before tax	12	(3,665,579)	(8,932,557)	(3,667,797)	(8,930,926)
Tax expense	13	(6,140)	(9,296)	(6,140)	(9,296)
Loss and total comprehensive expense for the year		(3,671,719)	(8,941,853)	(3,673,937)	(8,940,222)

MASS RAPID TRANSIT CORPORATION SDN. BHD.
(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)
and its subsidiary

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital RM'000	Contribution from GoM RM'000	Accumulated losses RM'000	Total RM'000
Group				
At 1 January 2020	863,000	44,632,125	(44,042,468)	1,452,657
Net increase in contribution from GoM	-	8,716,690	-	8,716,690
Loss and total comprehensive expense for the year	-	-	(8,941,853)	(8,941,853)
At 31 December 2020/1 January 2021	863,000	53,348,815	(52,984,321)	1,227,494
Net increase in contribution from GoM	-	3,911,514	-	3,911,514
Loss and total comprehensive expense for the year	-	-	(3,671,719)	(3,671,719)
At 31 December 2021	863,000	57,260,329	(56,656,040)	1,467,289
	Note 8	Note 9		

The notes on pages 13 to 55 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.
(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)
and its subsidiary

Statement of changes in equity for the year ended 31 December 2021

	Share capital RM'000	Contribution from GoM RM'000	Accumulated losses RM'000	Total RM'000
Company				
At 1 January 2020	863,000	44,632,125	(44,042,467)	1,452,658
Net increase in contribution from GoM	-	8,561,219	-	8,561,219
Loss and total comprehensive expense for the year	-	-	(8,940,222)	(8,940,222)
At 31 December 2020/1 January 2021	863,000	53,193,344	(52,982,689)	1,073,655
Net increase in contribution from GoM	-	3,686,502	-	3,686,502
Loss and total comprehensive expense for the year	-	-	(3,673,937)	(3,673,937)
At 31 December 2021	863,000	56,879,846	(56,656,626)	1,086,220
	Note 8	Note 9		

The notes on pages 13 to 55 are an integral part of these financial statements.

MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

and its subsidiary

Statements of cash flows for the year ended 31 December 2021

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities					
Loss before tax		(3,665,579)	(8,932,557)	(3,667,797)	(8,930,926)
Adjustments for:					
Depreciation of property, plant and equipment	3	2,680	3,816	2,324	3,816
Depreciation of right-of-use assets	4	6,130	5,736	5,601	5,736
Finance income		(30,970)	(28,777)	(25,075)	(28,563)
Finance costs		1,352	434	1,233	434
Gain on disposal of property, plant and equipment		-	(426)	-	(426)
Net impairment loss/(reversal of impairment loss) on financial assets		8,309	(12)	8,309	(12)
Net impairment loss on property, plant and equipment	12	3,651,820	8,931,042	3,651,820	8,931,042
Operating loss before changes in working capital		(26,258)	(20,744)	(23,585)	(18,899)
Changes in working capital:					
Other receivables, deposits and prepayments		(14,519)	(5,339)	(14,028)	(5,503)
Other payables and accruals		8,897	1,621	7,404	(450)
Cash (used in)/generated from operations		(31,880)	(24,462)	(30,209)	(24,852)
Interest paid		(5)	(7)	(5)	(7)
Tax paid		(10,955)	(300)	(10,955)	(300)
Tax refunded		-	349	-	349
Net cash used in operating activities		(42,840)	(24,420)	(41,169)	(24,810)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(3,707,259)	(8,539,632)	(3,662,980)	(8,531,853)
Proceeds from disposal of property, plant and equipment		-	426	-	426
Interest received		30,290	30,884	24,665	30,856
Net cash used in investing activities		(3,676,969)	(8,508,322)	(3,638,315)	(8,500,571)

Statements of cash flows for the year ended 31 December 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from financing activities					
Payment of lease liabilities:					
- Principal	19	(5,417)	(5,783)	(4,931)	(5,783)
- Interest	19	(1,347)	(427)	(1,228)	(427)
Contribution received from GoM	9	3,609,272	8,994,582	3,384,260	8,839,111
Net cash from financing activities		3,602,508	8,988,372	3,378,101	8,832,901
Net increase in cash and cash equivalents		(117,301)	455,630	(301,383)	307,520
Cash and cash equivalents at 1 January		1,800,142	1,344,512	1,652,032	1,344,512
Cash and cash equivalents at 31 December		1,682,841	1,800,142	1,350,649	1,652,032

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM3,712,189,000 (2020: RM8,938,995,000) and RM3,662,034,000 (2020: RM8,931,216,000) of which has considered the contract advances, retention sums as well as other payables and accruals which have yet to be settled at the end of the reporting period as follows:

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Contract advances	6.1	-	70,360	-	70,360
Retention sums	10.1	(1,549,529)	(1,701,418)	(1,548,055)	(1,701,418)
Other payables and accruals	10.2	(1,027,824)	(941,365)	(1,023,422)	(941,365)

Statements of cash flows for the year ended 31 December 2021 (continued)

(ii) Cash and cash equivalents

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

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits with licensed banks and financial institutions	7	1,682,755	1,800,055	1,350,565	1,651,955
Cash and bank balances	7	86	87	84	77
		1,682,841	1,800,142	1,350,649	1,652,032

Notes to the financial statements

MASS RAPID TRANSIT CORPORATION SDN. BHD. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Tingkat 5, Menara I&P 1
No. 46, Jalan Dungun
Bukit Damansara
50490, Kuala Lumpur
Wilayah Persekutuan

Registered office
Tingkat 7, Bangunan Setia 1
15, Lorong Dungun
Bukit Damansara
50490, Kuala Lumpur
Wilayah Persekutuan

The principal activities of the Company are to facilitate, undertake and expedite the construction of KVMRT project approved by the GoM. There is no significant change in the nature of these activities during the financial year. The principal activities of the subsidiary are as stated in Note 5.

The Directors regard the Minister of Finance, Incorporated ("MoF, Inc.") as the ultimate holding company.

These financial statements were authorised for issue by the Board of Directors on 2 March 2022.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (continued)

- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

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

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

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

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

The Group and the Company plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

During the financial year, the Group and the Company have early adopted the amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021.

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

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless disclosed otherwise in the financial statements, and on the assumption that the Group and the Company are a going concern. The GoM provides continuous financing in accordance with the Project Development and Management Agreement ("PDMA") and the Disbursement Agreement ("DA") in relation to the KVMRT project and the Rapid Transit System Link project ("RTS Link project") respectively facilitated and undertaken by the Group and the Company on behalf of the GoM.

As at the date of this report, there is no reason for the Directors to believe that there is any significant uncertainty that the GoM will not honour its obligations to provide continuous financing under the PDMA and the DA. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the funding were not forthcoming to the Group and the Company.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than Note 3.2 – Valuation of property, plant and equipment.

2. Significant accounting policies

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

The Group and the Company have early adopted the amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021. The initial application of the amendment to MFRS 16 did not have any material impact to the financial statements of the Group and the Company.

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is an entity controlled by the Company. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investment in subsidiary is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Loss of control

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

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (continued)

(b) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

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

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

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial liabilities

The category of financial liabilities at initial recognition is as follows:

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised in profit or loss. Any gains or losses on derecognition is also recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised on profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

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

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The costs also include expenditures incurred to construct the KVMRT project and the RTS Link project. These expenditures include, but are not limited to:

- Rolling stock
- Design cost
- Electrical and mechanical works
- Management and consultant fees
- Depot and building costs
- Staff salaries incurred in relation to the development or construction of the project

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that assets, then the component is depreciated separately.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative years are as follows:

• Motor vehicles	5 years
• Office equipment	8 years
• Computer equipment	4 years
• Furniture and fittings	8 years
• Office renovations	8 years

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

(d) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (continued)

(d) Leases (continued)

(i) Definition of a lease (continued)

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

2. Significant accounting policies (continued)

(d) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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

(b) As a lessor

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

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

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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

2. Significant accounting policies (continued)

(d) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

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

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

Covid-19-related rent concessions

The Group has applied the amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* that is effective for annual periods beginning on or after 1 April 2021. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(b) As a lessor

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

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and financial institutions which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short-term commitments.

2. Significant accounting policies (continued)

(f) Impairment

(i) Financial assets

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

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

The Group and the Company estimate the expected credit losses on other receivables individually with reference to historical credit loss experience.

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

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

2. Significant accounting policies (continued)

(f) Impairment (continued)

(i) Financial assets (continued)

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

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

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

2. Significant accounting policies (continued)

(g) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Contribution from GoM

Contribution from GoM represents funds received and receivable from the GoM to finance the payments to suppliers or contractors for the procurement, supply of goods and services in relation to the KVMRT project and the RTS Link project. The Group and the Company do not have a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities in relation to the contribution from GoM and accordingly, the contribution has been classified within equity.

(h) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

2. Significant accounting policies (continued)

(i) Other income

(i) Rental income

Rental income relates to rental of commercial spaces, kiosk and other assets managed by the Company. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(ii) Tender income

Tender income represents non-refundable tender deposit received from the suppliers/subcontractors and is recognised upon the submission of the tender document.

(iii) Interest income

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

(j) Income tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

2. Significant accounting policies (continued)

(j) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Fair value measurement

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

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3. Property, plant and equipment

Group	Note	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Office renovations RM'000	Building and infrastructures RM'000	Systems and operation and maintenance equipment RM'000	Property, plant and equipment under construction RM'000	Total RM'000
Cost										
At 1 January 2020		10,214	3,551	96,159	75,477	7,961	16,478,488	7,302,100	19,542,689	43,516,639
Additions	3.3	-	14	38	100	22	-	-	8,938,821	8,938,995
Transfers		-	-	2,594	-	-	64,783	99,702	(167,079)	-
Disposals		(2,575)	-	-	-	-	-	-	-	(2,575)
At 31 December 2020/ 1 January 2021		7,639	3,565	98,791	75,577	7,983	16,543,271	7,401,802	28,314,431	52,453,059
Additions	3.3	-	80	637	987	1,310	-	-	3,709,175	3,712,189
At 31 December 2021		7,639	3,645	99,428	76,564	9,293	16,543,271	7,401,802	32,023,606	56,165,248
Accumulated depreciation and impairment loss										
At 1 January 2020										
Accumulated depreciation		9,569	2,464	6,438	5,756	5,602	-	-	-	29,829
Accumulated impairment loss		-	-	87,851	65,206	-	16,478,488	7,302,100	19,542,689	43,476,334
		9,569	2,464	94,289	70,962	5,602	16,478,488	7,302,100	19,542,689	43,506,163
Depreciation for the year		594	366	858	1,048	950	-	-	-	3,816
Transfers		-	-	2,594	-	-	64,783	99,702	(167,079)	-
Impairment loss for the year	3.2b	-	-	-	-	-	-	-	8,931,042	8,931,042
Disposals		(2,575)	-	-	-	-	-	-	-	(2,575)
At 31 December 2020/ 1 January 2021										
Accumulated depreciation		7,588	2,830	7,296	6,804	6,552	-	-	-	31,070
Accumulated impairment loss		-	-	90,445	65,206	-	16,543,271	7,401,802	28,306,652	52,407,376
		7,588	2,830	97,741	72,010	6,552	16,543,271	7,401,802	28,306,652	52,438,446

3. Property, plant and equipment (continued)

Group	Note	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Office renovations RM'000	Building and infrastructures RM'000	Systems and operation and maintenance equipment RM'000	Property, plant and equipment under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss (continued)										
At 31 December 2020/ 1 January 2021										
Accumulated depreciation		7,588	2,830	7,296	6,804	6,552	-	-	-	31,070
Accumulated impairment loss		-	-	90,445	65,206	-	16,543,271	7,401,802	28,306,652	52,407,376
		7,588	2,830	97,741	72,010	6,552	16,543,271	7,401,802	28,306,652	52,438,446
Depreciation for the year		51	210	548	1,079	792	-	-	-	2,680
Impairment loss for the year	3.2b	-	-	-	-	-	-	-	3,651,820	3,651,820
At 31 December 2021										
Accumulated depreciation		7,639	3,040	7,844	7,883	7,344	-	-	-	33,750
Accumulated impairment loss		-	-	90,445	65,206	-	16,543,271	7,401,802	31,958,472	56,059,196
		7,639	3,040	98,289	73,089	7,344	16,543,271	7,401,802	31,958,472	56,092,946
Carrying amounts										
At 1 January 2020		645	1,087	1,870	4,515	2,359	-	-	-	10,476
At 31 December 2020/ 1 January 2021		51	735	1,050	3,567	1,431	-	-	7,779	14,613
At 31 December 2021		-	605	1,139	3,475	1,949	-	-	65,134	72,302

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3. Property, plant and equipment (continued)

Company	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Office renovations RM'000	Building and infrastructures RM'000	Systems and operation and maintenance equipment RM'000	Property, plant and equipment under construction RM'000	Total RM'000
Cost									
At 1 January 2020	10,214	3,551	96,159	75,477	7,961	16,478,488	7,302,100	19,542,689	43,516,639
Additions	-	14	38	100	22	-	-	8,931,042	8,931,216
Transfers	-	-	2,594	-	-	64,783	99,702	(167,079)	-
Disposals	(2,575)	-	-	-	-	-	-	-	(2,575)
At 31 December 2020/ 1 January 2021	7,639	3,565	98,791	75,577	7,983	16,543,271	7,401,802	28,306,652	52,445,280
Additions	-	23	346	18	80	-	-	3,661,567	3,662,034
At 31 December 2021	7,639	3,588	99,137	75,595	8,063	16,543,271	7,401,802	31,968,219	56,107,314

3. Property, plant and equipment (continued)

Company	Note	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Furniture and fittings RM'000	Office renovations RM'000	Building and infrastructures RM'000	Systems and operation and maintenance equipment RM'000	Property, plant and equipment under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss										
At 1 January 2020										
Accumulated depreciation		9,569	2,464	6,438	5,756	5,602	-	-	-	29,829
Accumulated impairment loss		-	-	87,851	65,206	-	16,478,488	7,302,100	19,542,689	43,476,334
		9,569	2,464	94,289	70,962	5,602	16,478,488	7,302,100	19,542,689	43,506,163
Depreciation for the year		594	366	858	1,048	950	-	-	-	3,816
Transfers		-	-	2,594	-	-	64,783	99,702	(167,079)	-
Impairment loss for the year	3.2b	-	-	-	-	-	-	-	8,931,042	8,931,042
Disposals		(2,575)	-	-	-	-	-	-	-	(2,575)
At 31 December 2020/ 1 January 2021										
Accumulated depreciation		7,588	2,830	7,296	6,804	6,552	-	-	-	31,070
Accumulated impairment loss		-	-	90,445	65,206	-	16,543,271	7,401,802	28,306,652	52,407,376
		7,588	2,830	97,741	72,010	6,552	16,543,271	7,401,802	28,306,652	52,438,446
Depreciation for the year		51	206	502	890	675	-	-	-	2,324
Impairment loss for the year	3.2b	-	-	-	-	-	-	-	3,651,820	3,651,820
At 31 December 2021										
Accumulated depreciation		7,639	3,036	7,798	7,694	7,227	-	-	-	33,394
Accumulated impairment loss		-	-	90,445	65,206	-	16,543,271	7,401,802	31,958,472	56,059,196
		7,639	3,036	98,243	72,900	7,227	16,543,271	7,401,802	31,958,472	56,092,590
Carrying amounts										
At 1 January 2020		645	1,087	1,870	4,515	2,359	-	-	-	10,476
At 31 December 2020/ 1 January 2021		51	735	1,050	3,567	1,431	-	-	-	6,834
At 31 December 2021		-	552	894	2,695	836	-	-	9,747	14,724

3. Property, plant and equipment (continued)

3.1 Additions to property, plant and equipment under construction incurred during the financial year include:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Personnel expenses				
- Wages, salaries and others	87,940	87,306	76,372	83,535
- Directors' fees and allowances	469	354	365	293
	88,409	87,660	76,737	83,828

3.2 Included in the cost and accumulated depreciation and impairment loss of property, plant and equipment is the cost capitalised for the Kajang Line, the Putrajaya Line and the Circle Line as follows:

	Kajang Line RM'000	**Putrajaya Line RM'000**	**Circle Line RM'000**	**Total RM'000**
Group and Company				
2020				
Cost at 1 January 2020	24,809,840	27,597,536	-	52,407,376
Accumulated impairment loss	(24,809,840)	(27,597,536)	-	(52,407,376)
Cost at 31 December 2020	-	-	-	-
2021				
Cost at 1 January 2021	24,812,790	31,246,764	9,389	56,068,943
Accumulated impairment loss	(24,812,442)	(31,246,754)	-	(56,059,196)
Cost at 31 December 2021	348	10	9,389	9,747
	Note 3.2a	Note 3.2b		

3.2a Kajang Line

Impairment loss

The Company entered into the Handing Over and Operating Agreement and the Non-Fare Revenue Agreement on 30 June 2016 in relation to the Kajang Line. Based on the Handing Over and Operating Agreement, the Company remains the owner of Kajang Line at an annual concession fee and the operations of the Kajang Line are handed over to a related company. The Company will receive all non-fare income from the Kajang Line.

Due to the above arrangement, the Company assessed the recoverable amount of the Kajang Line based solely on the non-fare income projected and recognised impairment loss in full in the prior financial years with respect of the Kajang Line.

3. Property, plant and equipment (continued)

3.2b Putrajaya Line

Impairment loss

On 28 February 2019, the Company has received a correspondence from the ultimate holding company to appoint a related company as the operator of the Putrajaya Line. The Company has assessed the recoverable amount of the Putrajaya Line based on the similar arrangement as the Kajang Line which is disclosed in Note 3.2a. Accordingly, the Company has recognised impairment loss in full with respect to the Putrajaya Line.

The recoverable amount assessed in Notes 3.2a and 3.2b has been determined based on value-in-use calculation. To calculate this, cash flows projections are prepared based on financial budgets as approved by the Directors which cover a period of thirty years. The post-tax discount rate applied to the cash flow projections is 9% (2020: 9%).

Key assumptions used in the recoverable amount calculation

The calculation of recoverable amount for the Kajang Line and Putrajaya Line is most sensitive to the following assumptions:

(i) Discount rates – discount rates reflect management's estimate of the risks specific to the Company. In determining appropriate discount rates for the Company, consideration has been given to the applicable weighted average cost of capital for the Company.

(ii) Growth rates – the forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the Company.

3.3 Additions to property, plant and equipment under construction of the Group incurred during the financial year include total cost of RM47,608,000 (2020: RM7,779,000) capitalised in relation to the RTS Link project which comprises personnel expenses of RM11,672,000 (2020: RM3,832,000), consultant fees of RM31,765,000 (2020: RM3,947,000) and other expenses of RM4,171,000 (2020: RM Nil) respectively.

3.4 Property, plant and equipment subject to operating lease

The Group leases some of its property, plant and equipment to third parties. These leases contain initial non-cancellable period of 2 to 10 years. Subsequent renewals are negotiated with the lessees.

The following are recognised in profit or loss:

	Group and Company	
	2021	2020
	RM'000	RM'000
Rental income	26,431	27,865

3. Property, plant and equipment (continued)

3.4 Plant and equipment subject to operating lease (continued)

The operating lease payments to be received are as follows:

	Group and Company 2021 RM'000	2020 RM'000
Less than a year	26,038	26,494
1 to 2 years	25,558	25,939
2 to 3 years	26,170	25,558
3 to 4 years	27,022	26,170
4 to 5 years	26,943	27,022
More than 5 years	7,823	34,766
Total undiscounted lease payments	139,554	165,949

4. Right-of-use assets

Buildings	Group RM'000	Company RM'000
At 1 January 2020	3,712	3,712
Addition	38,304	34,792
Depreciation	(5,736)	(5,736)
At 31 December 2020/1 January 2021	36,280	32,768
Addition	638	638
Depreciation	(6,130)	(5,601)
At 31 December 2021	30,788	27,805

The Group leases a number of office premises for a period of 3 years, with an option to renew the lease after that date.

4.1 Extension options

The leases of office premises contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in lease contracts to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension options of the leases are currently included in the lease terms as the Group assessed that it is reasonably certain to exercise the extension options. Therefore, as at 31 December 2021, there are no potential future lease payments not included in the lease liabilities.

5. Investment in a subsidiary

	Company 2021 RM'000	Company 2020 RM'000
Cost of investment	100	100

Detail of the subsidiary is as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Malaysia Rapid Transit System Sdn. Bhd. ("MRTS")	Malaysia	Facilitate, undertake and expedite the construction of the RTS Link project	100	100

6. Other receivables, deposits and prepayments

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Contract advances	6.1	-	70,360	-	70,360
Sundry deposits		4,218	4,017	3,916	3,713
Interest income receivables		2,190	1,510	1,737	1,324
Prepayments		831	794	812	794
Other receivables		49,286	43,314	49,278	43,314
Amount due from a subsidiary	6.2	-	-	-	469
Amount due from GoM	6.3	2,365,025	2,062,783	2,365,025	2,062,783
Net investment in lease	6.4	-	-	-	3,512
		2,421,550	2,182,778	2,420,768	2,186,269

6.1 Contract advances referred to advances to the contractors in relation to the construction of the KVMRT project. Contract advances were unsecured, interest free and expected to be offset with billings received in accordance with the contract agreement.

6. Other receivables, deposits and prepayments (continued)

6.2 Amount due from a subsidiary was unsecured, interest free and repayable on demand.

6.3 Amount due from GoM represents contribution receivable from GoM in relation to the cost incurred and capitalised for the KVMRT project for which the Company has yet to receive the funding from the GoM (see Note 9.2).

6.4 Net investment in lease related to sublease of office premises to the subsidiary. The sublease agreement with the subsidiary was terminated during the financial year.

7. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits placed with licensed banks and financial institutions	1,682,755	1,800,055	1,350,565	1,651,955
Cash and bank balances	86	87	84	77
	1,682,841	1,800,142	1,350,649	1,652,032

8. Share capital

		Group and Company			
	Note	Amount 2021 RM'000	Number of shares 2021 '000	Amount 2020 RM'000	Number of shares 2020 '000
Issued and fully paid ordinary shares with no par value	8.1	863,000	863,000	863,000	863,000

8.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9. Contribution from GoM

Contribution from GoM represents funds received and receivable from the GoM to finance the payments to suppliers or contractors for the procurement, supply of goods and services in relation to the KVMRT project and the RTS Link project.

9. Contribution from GoM (continued)

	Note	Contribution received RM'000	Contribution receivable RM'000	Total RM'000
Group				
At 1 January 2020		42,291,450	2,340,675	44,632,125
Increase/(Decrease) during the year		8,994,582	(277,892)	8,716,690
At 31 December 2020/ 1 January 2021		51,286,032	2,062,783	53,348,815
Increase/(Decrease) during the year		3,609,272	302,242	3,911,514
At 31 December 2021		54,895,304	2,365,025	57,260,329
Company				
At 1 January 2020		42,291,450	2,340,675	44,632,125
Increase/(Decrease) during the year		8,839,111	(277,892)	8,561,219
At 31 December 2020/ 1 January 2021		51,130,561	2,062,783	53,193,344
Increase/(Decrease) during the year		3,384,260	302,242	3,686,502
At 31 December 2021		54,514,821	2,365,025	56,879,846
		Note 9.1	Note 9.2	

9.1 Contribution received from GoM relates to funds received from the GoM recognised in the equity upon receipt of the funding from the GoM.

9.2 Contribution receivable from GoM relates to the cost which the Group and the Company have incurred and capitalised for the KVMRT project for which the Group and the Company have yet to receive the relevant funding from the GoM. The receivable amount represents the total of the following:

	Note	Group and Company 2021 RM'000	2020 RM'000
Retention sums	10.1	1,548,055	1,701,418
Accruals	10.2	816,970	941,365
Advanced funding received		-	(580,000)
		2,365,025	2,062,783

10. Other payables and accruals

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Retention sums	10.1	1,549,529	1,701,418	1,548,055	1,701,418
Other payables and accruals	10.2	1,128,627	1,033,271	1,120,761	1,031,300
		2,678,156	2,734,689	2,668,816	2,732,718

10.1 Retention sums are payable to contractors in relation to the construction of the KVMRT project and the RTS Link project. Retention sums are unsecured, interest-free and are expected to be paid as follows:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Within 1 year	853,988	262,451	853,988	262,451
1 – 2 years	219	800,248	219	800,248
3 – 4 years	693,848	638,719	693,848	638,719
5 – 6 years	1,474	-	-	-
	1,549,529	1,701,418	1,548,055	1,701,418
Relating to:				
KVMRT project	1,548,055	1,701,418	1,548,055	1,701,418
RTS Link project	1,474	-	-	-
	1,549,529	1,701,418	1,548,055	1,701,418

10.2 Included in other payables and accruals of the Group and the Company are amounts payable to suppliers/subcontractors of the KVMRT project and accruals made for the purchase of property, plant and equipment in relation to the KVMRT project and RTS Link project as follows:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
KVMRT project				
Other payables	206,452	-	206,452	-
Accruals	816,970	941,365	816,970	941,365
	1,023,422	941,365	1,023,422	941,365
RTS Link project				
Accruals	4,402	-	-	-
	4,402	-	-	-
	1,027,824	941,365	1,023,422	941,365

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11. Other income

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Rental income	26,431	27,865	26,431	27,865
Tender income	129	100	92	65
Other miscellaneous income	5,715	2,052	5,715	2,052
	32,275	30,017	32,238	29,982

12. Loss before tax

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Loss before tax is arrived at after charging/(crediting):					
Auditors' remuneration		170	155	140	130
Material expenses/(income)					
Depreciation of property, plant and equipment	3	2,680	3,816	2,324	3,816
Depreciation of right-of-use assets	4	6,130	5,736	5,601	5,736
Finance costs:					
- Interest expense on lease liabilities		1,347	427	1,228	427
- Other finance costs		5	7	5	7
Gain on disposal of property, plant and equipment		-	(426)	-	(426)
Interest income of financial assets at amortised cost calculated using the effective interest method		(30,970)	(28,777)	(25,075)	(28,563)
Net impairment loss/(reversal of impairment loss) on financial assets	15.4	8,309	(12)	8,309	(12)
Net impairment loss on property, plant and equipment	3.2	3,651,820	8,931,042	3,651,820	8,931,042
Personnel expenses:					
- Wages, salaries and others		29,551	24,654	28,661	24,545
- Contribution to defined contribution plans		2,751	2,231	2,713	2,231

13. Tax expense

Recognised in profit or loss

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
- current year	6,140	6,948	6,140	6,948
- under provision in prior year	-	2,348	-	2,348
	6,140	9,296	6,140	9,296

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of tax expense				
Loss before tax	(3,665,579)	(8,932,557)	(3,667,797)	(8,930,926)
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	(879,739)	(2,143,814)	(880,271)	(2,143,422)
Non-deductible expenses	858,780	2,124,780	860,957	2,124,513
Effect of net deducted tax benefits not recognised	27,099	25,982	25,454	25,857
	6,140	6,948	6,140	6,948
Under provision in prior year	-	2,348	-	2,348
	6,140	9,296	6,140	9,296

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unused tax losses	649,360	551,699	640,646	548,531
Unabsorbed capital allowances	26,934	24,375	26,082	24,375
Other deductible temporary differences	35,301	22,608	34,357	22,119
	711,595	598,682	701,085	595,025

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised temporary differences of the Group and the Company based on the final tax computation for year of assessment 2020.

13. Tax expense (continued)

Unrecognised deferred tax assets (continued)

Pursuant to the latest tax legislation, unused tax losses from a year of assessment ("YA") can only be carried forward up to 10 (2020: 7) consecutive YAs. The table below shows the unused tax losses expire in respective YAs:

	Group		Company	
Expiry	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
YA 2025	-	398,847	-	398,847
YA 2026	-	81,871	-	81,871
YA 2027	-	70,981	-	67,813
YA 2028	398,847	-	398,847	-
YA 2029	81,871	-	81,871	-
YA 2030	70,981	-	67,813	-
YA 2031	97,661	-	92,115	-
	649,360	551,699	640,646	548,531

The unabsorbed capital allowances and other deductible temporary differences do not expire under the current tax legislation.

14. Key management personnel compensation

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors				
- Fees	334	120	250	106
- Other remuneration	135	234	115	187
	469	354	365	293
Other key management personnel				
- Remuneration	1,822	1,387	1,822	1,387
- Contribution to defined contribution plans	282	220	282	220
	2,104	1,607	2,104	1,607
	2,573	1,961	2,469	1,900

Other key management personnel comprise persons other than Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of Group entities either directly or indirectly. The persons are the Group Chief Executive Officer, Group Chief Commercial Officer and Group Chief Financial Officer.

15. Financial instruments

15.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost.

Group	Carrying amount RM'000	Amortised cost RM'000
2021		
Financial assets		
Amount due from GoM	2,365,025	2,365,025
Other receivables and deposits*	55,694	55,694
Cash and cash equivalents	1,682,841	1,682,841
	4,103,560	4,103,560
Financial liabilities		
Other payables and accruals*	2,669,470	2,669,470
Company		
2021		
Financial assets		
Amount due from GoM	2,365,025	2,365,025
Other receivables and deposits*	54,931	54,931
Cash and cash equivalents	1,350,649	1,350,649
	3,770,605	3,770,605
Financial liabilities		
Other payables and accruals*	2,660,130	2,660,130

15. Financial instruments (continued)

15.1 Categories of financial instruments (continued)

	Carrying amount RM'000	Amortised cost RM'000
Group		
2020		
Financial assets		
Amount due from GoM	2,062,783	2,062,783
Other receivables and deposits*	48,841	48,841
Cash and cash equivalents	1,800,142	1,800,142
	3,911,766	3,911,766
Financial liabilities		
Other payables and accruals*	(2,725,589)	(2,725,589)
Company		
2020		
Financial assets		
Amount due from GoM	2,062,783	2,062,783
Other receivables and deposits*	52,332	52,332
Cash and cash equivalents	1,652,032	1,652,032
	3,767,147	3,767,147
Financial liabilities		
Other payables and accruals*	(2,723,618)	(2,723,618)

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments.*

15.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) arising on:				
Financial asset at amortised cost	22,661	28,789	16,766	28,575
Financial liabilities at amortised cost	(5)	(7)	(5)	(7)
	22,656	28,782	16,761	28,568

15.3 Financial risks management

The Group and the Company have exposure to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

15. Financial instruments (continued)

15.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arise principally from their deposit placed with licensed banks and financial institutions and their receivables. There are no significant changes as compared to prior years.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guaranties given by banks are obtained, and credit evaluation are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

The Group and the Company receive financial guarantees given by banks and shareholders of the receivables, in managing exposure to credit risk.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk

As at the end of the reporting period, approximately 89% (2020: 48%) of the Group's and the Company's other receivables are due from 4 (2020: 1) customers.

15. Financial instruments (continued)

15.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss

In managing credit risk of other receivables, the Group and the Company manage their debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Company estimate the expected credit losses ("ECL") on other receivables individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these debtors have low risk of default, except for those which have been credit impaired.

The Group and the Company also consider differences between (a) economic conditions during the period over which the historical data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables.

The Group and the Company maintain an ageing analysis in respect of other receivables only. The ageing of other receivables based on invoice date as at the end of reporting period was:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2021			
1 to 30 days	14,364	-	14,364
31 to 180 days	6,992	-	6,992
181 to 365 days	1,940	-	1,940
More than 1 year	10,077	-	10,077
	33,373	-	33,373
Credit impaired			
Individually impaired	24,328	(8,415)	15,913
	57,701	(8,415)	49,286
Company			
2021			
1 to 30 days	14,356	-	14,356
31 to 180 days	6,992	-	6,992
181 to 365 days	1,940	-	1,940
More than 1 year	10,077	-	10,077
	33,365	-	33,365
Credit impaired			
Individually impaired	24,328	(8,415)	15,913
	57,693	(8,415)	49,278

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15. Financial instruments (continued)

15.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group and Company			
2020			
1 to 30 days	6,960	-	6,960
31 to 180 days	5,881	-	5,881
181 to 365 days	4,021	-	4,021
More than 1 year	26,452	-	26,452
	43,314	-	43,314
Credit impaired			
Individually impaired	106	(106)	-
	43,420	(106)	43,314

The movements in the allowance for impairment in respect of other receivables during the financial year are shown below.

	Credit impaired RM'000
Group and Company	
Balance at 1 January 2020	118
Net remeasurement of loss allowance	(12)
Balance at 31 December 2020/1 January 2021	106
Net remeasurement of loss allowance	8,309
Balance at 31 December 2021	8,415

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of the financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by a government agency. Consequently, the Group and the Company are of the view that the loss allowance is not material and therefore, it is not provided for.

15. Financial instruments (continued)

15.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their payables and lease liabilities.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the Directors to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due. The GoM provides continuous financing in accordance with the PDMA and the DA in relation to the KVMRT project and the RTS Link project respectively facilitated and undertaken by the Group and the Company on behalf of the GoM.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

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15. Financial instruments (continued)

15.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 6 years RM'000	More than 6 years RM'000
Group						
2021						
Non-derivative financial liabilities						
Other payables and accruals	2,669,470	-	2,669,470	1,973,929	695,541	-
Lease liabilities	31,532	4%	34,726	6,984	27,742	-
	2,701,002		2,704,196	1,980,913	723,283	-
2020						
Non-derivative financial liabilities						
Other payables and accruals	2,725,589	-	2,725,589	1,286,622	1,438,967	-
Lease liabilities	36,311	4%	41,489	6,763	34,671	55
	2,761,900		2,767,078	1,293,385	1,473,638	55
Company						
2021						
Non-derivative financial liabilities						
Other payables and accruals	2,660,130	-	2,660,130	1,966,063	694,067	-
Lease liabilities	28,506	4%	31,374	6,325	25,049	-
	2,688,636		2,691,504	1,972,388	719,116	-
2020						
Non-derivative financial liabilities						
Other payables and accruals	2,723,618	-	2,723,618	1,284,651	1,438,967	-
Lease liabilities	36,311	4%	41,489	6,763	34,671	55
	2,759,929		2,765,107	1,291,414	1,473,638	55

15. Financial instruments (continued)

15.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's and the Company's financial position or cash flows.

15.6.1 Interest rate risk

The Group's and the Company's primary interest rate risk relates to deposits placed with licensed banks and financial institutions. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group and the Company adopt a policy of investing mainly in fixed rate instruments to avoid the risk of fluctuation in interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		**Company**	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed rate instruments				
Financial assets	1,682,755	1,800,055	1,350,565	1,651,955
Lease liabilities	(31,532)	(36,311)	(28,506)	(36,311)
	1,651,223	1,763,744	1,322,059	1,615,644

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

15.7 Fair value information

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

16. Capital management

The Group's and the Company's capital are represented by their total equity in the statements of financial position. The Directors monitor the adequacy of capital on an ongoing basis and rely on the continuous financing from the GoM in relation to the KVMRT project and the RTS Link project which are facilitated and undertaken by the Group and the Company on behalf of the GoM.

There is no external capital requirement imposed on the Group and the Company.

17. Capital commitments

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for	3,077,070	6,589,533	1,026,889	4,564,221

18. Related parties

Identity of related party

For the purpose of these financial statements, parties are considered to be related to the Group or the Company, if the Group or the Company 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 or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company have related party relationship with the subsidiary, key management personnel, and the GoM and its related entities as the ultimate holding company, MoF, Inc. reports directly to the GoM.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and the Company other than key management personnel compensation (see Note 14) are shown below.

18. Related parties (continued)

Significant related party transactions (continued)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
(i) Licensed banks and financial institutions related to the GoM				
Transactions				
Interest income	25,182	25,961	19,580	25,850
Balances				
Deposits placed with licensed banks and financial institutions	1,403,519	1,475,677	1,071,329	1,402,577
Interest income receivables	1,946	1,196	1,493	1,112
(ii) Other entities related to the GoM				
Transactions				
Electricity charges	397	446	397	446
Contribution to Employees Provident Fund	20,321	19,628	19,005	19,628
Payment of lease liabilities	6,159	6,210	6,159	6,210
Industrial Collaboration Programme ("ICP") management fee	1,172	1,358	1,172	1,358
Balances				
Lease liabilities	28,506	32,799	28,506	32,799
Other payables	2,878	2,726	2,645	2,726
(iii) Subsidiary				
Transactions				
Back-charges of administrative expenses	-	-	-	2,664
Payment on behalf	-	-	44	894
Balances				
Amount due from a subsidiary	-	-	-	469
Net investment in lease	-	-	-	3,512

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19. Cash flows from financing activities

Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Group Lease liabilities RM'000	Company Lease liabilities RM'000
At 1 January 2020	3,790	3,790
Changes from financing cash flows		
Payment of lease liabilities:		
Principal	(5,783)	(5,783)
Interest	(427)	(427)
Total changes from financing cash flows	(6,210)	(6,210)
Other changes		
Acquisition of new leases	38,304	38,304
Interest expense on lease liabilities	427	427
Total other changes	38,731	38,731
At 31 December 2020/1 January 2021	36,311	36,311
Changes from financing cash flows		
Payment of lease liabilities:		
Principal	(5,417)	(4,931)
Interest	(1,347)	(1,228)
Total changes from financing cash flows	(6,764)	(6,159)
Other changes		
Derecognition	-	(3,512)
Acquisition of new leases	638	638
Interest expense on lease liabilities	1,347	1,228
Total other changes	1,985	(1,646)
At 31 December 2021	31,532	28,506

20. Contingencies

Company A ("the Plaintiff") filed a civil claim for a sum of RM303 million for breach of a purported oral contract, negligence and misrepresentation. The claim is premised on some alleged representations made by the Company in discussions concerning the possible construction of a railway line for the KVMRT project on the Plaintiff's land.

The proceedings have been bifurcated into determination of liability and assessment of damages. On 14 October 2021, the High Court found the Company liable for breach of contract, in which the Company has filed a Notice of Appeal on 22 October 2021 to the Court of Appeal against the High Court's decision. Proceedings for the assessment of damages are currently ongoing.

The solicitors are of the view that the Company has a reasonable prospect of success in its appeal against the High Court's decision on 14 October 2021, and furthermore, that the Company has a reasonable chance of reducing the amount claimed by the Plaintiff in the assessment of damages proceeding.

21. Business performance review

The Group has three business divisions, namely:

- Project – KVMRT — Involved in facilitating, undertaking and expediting the construction of KVMRT project approved by the GoM.
- Project – RTS Link — Involved in facilitating, undertaking and expediting the construction of RTS Link project approved by the GoM.
- Commercial — Involved in undertaking activities ancillary to the KVMRT, including but not limited to operation, management, leasing or otherwise granting rights over any commercial premises, car parks and advertising displays.

The business performance of these divisions during the financial year is summarised as follows:

Group	**Project – KVMRT RM'000**	**Project – RTS Link RM'000**	**Commercial RM'000**	**Total RM'000**
2021				
(Loss)/Profit before tax	(3,667,803)	2,218	6	(3,665,579)
Included in the measure of (loss)/profit before tax of the respective divisions are:				
Depreciation of property, plant and equipment	(2,324)	(356)	-	(2,680)
Depreciation of right-of-use assets	(5,601)	(529)	-	(6,130)
Net impairment loss on financial assets	-	-	(8,309)	(8,309)
Net impairment loss on property, plant and equipment	(3,651,820)	-	-	(3,651,820)
Finance income	25,075	5,895	-	30,970
Finance costs	(1,233)	(119)	-	(1,352)
Other income	-	37	32,238	32,275

Registration No. 201001019176 (902884-V)

21. Business performance review (continued)

Group	**Project – KVMRT RM'000**	**Project – RTS Link RM'000**	**Commercial RM'000**	**Total RM'000**
2020				
(Loss)/Profit before tax	(8,944,170)	(1,631)	13,244	(8,932,557)
Included in the measure of (loss)/profit before tax of the respective divisions are:				
Depreciation of property, plant and equipment	(3,816)	-	-	(3,816)
Depreciation of right-of-use assets	(5,736)	-	-	(5,736)
Net reversal of impairment loss on financial assets	-	-	12	12
Net impairment loss on property, plant and equipment	(8,931,042)	-	-	(8,931,042)
Finance income	28,563	214		28,777
Finance costs	(434)	-	-	(434)
Other income	-	35	29,982	30,017

MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

and its subsidiary

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 5 to 55 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Datuk Wira Azhar bin Abdul Hamid
Director

....

Azian binti Kassim
Director

Kuala Lumpur,

Date: 2 March 2022

MASS RAPID TRANSIT CORPORATION SDN. BHD.
(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)
and its subsidiary

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, Shahrul Fadli bin Omar, the Officer primarily responsible for the financial management of Mass Rapid Transit Corporation Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 55 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Shahrul Fadli bin Omar, MIA CA 45890, at Kuala Lumpur in the Federal Territory on 2 March 2022.

....
Shahrul Fadli bin Omar

Before me:

PESURUHJAYA SUMPAH
NO: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2022 - 31 DIS 2024
MALAYSIA

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
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Selangor Darul Ehsan, Malaysia

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASS RAPID TRANSIT CORPORATION SDN. BHD.

(Registration No. 201001019176 (902884-V))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mass Rapid Transit Corporation Sdn. Bhd., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 55.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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 information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matter

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.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tai Yoon Foo
Approval Number: 02948/05/2022 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 2 March 2022