ExcelForce MSC Berhad
www.excelforce.com.my

MSC MALAYSIA
Spearheading Transformation

ANNUAL REPORT 2018

Technology That Moves You

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VISION

To be an innovative and high value adding software solution provider

MISSION

We continuously strive to increase our technology knowhow and capabilities, deepen our domain knowledge and optimise the use of our resources to produce high quality applications and services that expand our market reach, grow our revenue and sustain our profitability

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting ("17th AGM") of the Company will be held at Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 3.00 p.m. for the transaction of the following businesses:

AGENDA

A **Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 103 of the Articles of Association of the Company and being eligible, have offered themselves for re-election:-
   a) Mr Eng Shao Hon **Ordinary Resolution 1**
   b) Mr Wong Kok Chau **Ordinary Resolution 2**
3. To approve the Directors' fees and benefits totaling RM624,000.00 from the 17th AGM up to the 18th AGM of the Company. **Ordinary Resolution 3**
4. To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

B **Special Business**

To consider and if thought fit, to pass with or without modifications the following resolutions:-

5. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016 **Ordinary Resolution 5**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company"

6. Proposed Shareholders' Mandate for the Company to Purchase up to Ten Percent (10%) of the Total Number of Issued Shares of the Company pursuant to Section 127 of the Companies Act, 2016 ("Proposed Share Buy-Back") **Ordinary Resolution 6**

   "THAT subject to compliance with the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited retained profit of the Company for the purpose of and to purchase such amount of issued shares of the Company ("Excel Shares") as may be determined by the Directors of the Company provided that the aggregate number of Excel Shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities at any point in time;

   THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the Excel Shares in the following manner:-

   i) to cancel the Excel Shares so purchased; or
   ii) to retain the Excel Shares so purchased as treasury shares in accordance with the relevant rules of Bursa Securities; or
   iii) combination of (i) and (ii) above;

Notice Of Annual General Meeting (cont'd)

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:-

i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting.

whichever occurs first AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deemed fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back contemplated and/or authorised by this resolution."

7. Proposed retention of Mr Aaron Sim Kwee Lein as Independent Non-Executive Directors **Ordinary Resolution 7**

   "THAT, in accordance with the Malaysian Code on Corporate Governance ("MCCG"), Mr Aaron Sim Kwee Lein be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

8. Proposed Adoption of the New Constitution of the Company **Special Resolution 1**

   THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 30 April 2019 accompanying the Company's Annual Report 2018 for the financial year ended 31 December 2018 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.

9. To transact any other business of which due notice shall have been given

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
VIMALRAJ A/L SHANMUGAM (MAICSA 7068140)
Company Secretaries

Kuala Lumpur
Date: 30 April 2019

Notice Of Annual General Meeting (cont'd)

Notes:

1. The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.

2. Mr Ng Kim Huat did not seek re-election, after served on the Board of the Company for almost 15 years. Therefore, he will retain office until the close of the 17th AGM and retires in accordance with Article 103 of the Company's Article.

3. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

5. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

6. For the purpose of determining a member who shall be entitled to attend the 17th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 May 2019. Only a depositor whose name appears on the Record of the Depositor as at 21 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

7. To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes to Special Business:

1. The proposed Ordinary Resolution 5 is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 30 May 2018 ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised. The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company.

2. The proposed Ordinary Resolution 6 if passed, will provide a mandate for the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company and shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting. Please refer to the Share Buy-Back Statement which is dispatched together with the Company's Annual Report 2018.

3. The proposed Ordinary Resolution 7, in observing the recommendation in relation to the tenure of an Independent director as prescribed by MCCG, the Board of Directors of the Company ("the Board"), after having assessed the independence of Mr Aaron Sim Kwee Lein, considers him to be independent and recommends that he be retained as Independent Non-Executive Director of the Company. The details of the Board assessment and justifications are contained in the Corporate Governance Overview Statement of the Company's Annual Report 2018.

4. The proposed Special Resolution 1, if passed, will ensure the Company's Constitution be consistent with the new Companies Act, 2016. The proposed new Constitution is set out in the Circular to Shareholders dated 30 April 2019.

Five-Year Financial Highlights

	2014	2015	2016	2017	2018
FINANCIAL PERFORMANCE (RM'000)					
Turnover	21,874	25,280	22,473	22,918	**22,939**
Profit before Tax	10,325	9,653	6,975	8,112	**7,935**
Profit for the Year	8,844	7,568	5,394	6,323	**6,657**
PATANCI	8,628	7,552	5,630	6,323	**6,657**
KEY STATEMENT OF FINANCIAL POSITION DATA (RM'000)					
Cash and Bank Balances	20,547	19,702	23,329	21,542	**29,813**
Total Assets	54,533	55,008	53,057	54,446	**58,723**
Total Liabilities	11,452	10,561	7,636	7,874	**11,521**
Total Net Tangible Assets	34,007	33,882	35,669	36,141	**36,112**
Share Capital	20,677	20,677	20,687	20,744	**20,998**
Equity Attributable to owners of the Company	42,591	43,940	45,501	46,572	**47,202**
SHARE INFORMATION					
Basic Earnings Per Share (sen) [1]	2.09 ^	1.83 ^	1.36 ^	1.53 ^	**1.61**
Diluted Earnings Per Share (sen) [2]	2.09 #	1.83 #	1.05 #	1.13 #	**1.07**
Dividend Per Share (sen)	2.50	3.00	2.00	2.50	**1.50**
FINANCIAL RATIOS					
Current Ratio (times)	5.63	5.26	8.20	5.95	**3.17**
Net Assets Per Share (RM)	0.21	0.21	0.22	0.11	**0.11**
Return on Equity (ROE) [3]	20%	17%	12%	14%	**14%**
Dividend Payout Ratio	60%	82%	74%	82%	**93%**

Notes:

1. *Earnings per share ("EPS") is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year.*

   ^ *Restated to reflect the retrospective adjustment arising from the Share Split which was completed during financial year ended 31 December 2017.*

   PATANCI represents Profit after Tax and Non-Controlling Interests, being profit attributable to shareholders or equity holders.

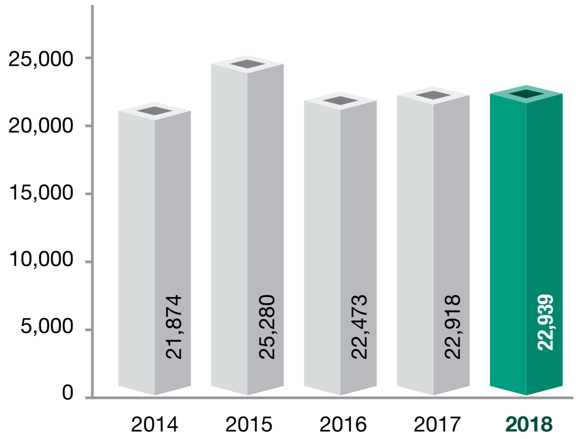
2. *The diluted earnings per ordinary share is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of all potential ordinary shares in issued at the end of the reporting period.*

   # *Restated to reflect the effects of full conversion of warrants pursuant to the Share Split which was completed during financial year ended 31 December 2017.*

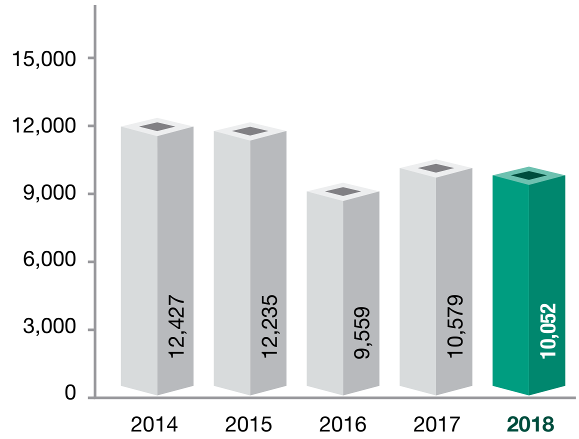
3. *ROE is calculated by dividing the PATANCI by the equity attributable to equity holders of the Company.*

Five-Year Financial Highlights (cont'd)

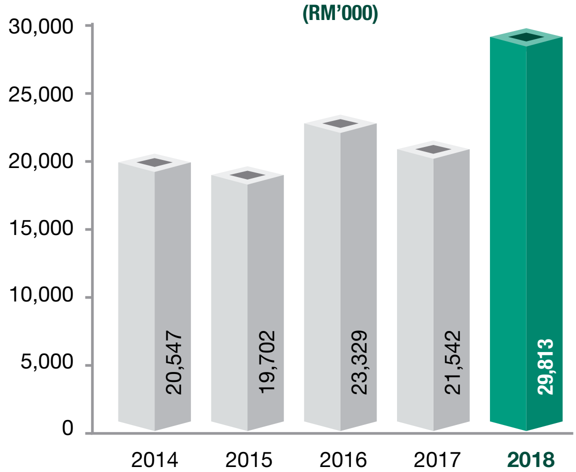
TURNOVER (RM'000)



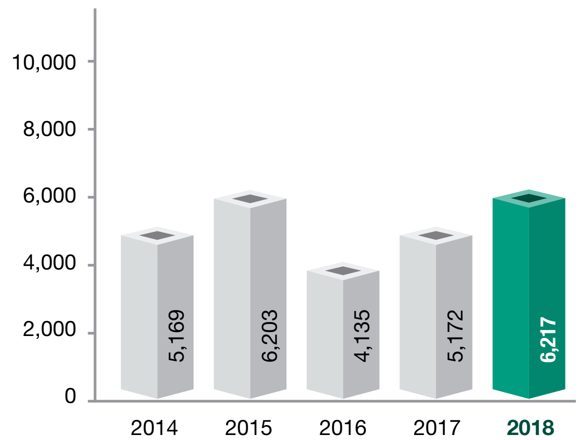
EBITDA (RM'000)



CASH AND BANK BALANCES (RM'000)

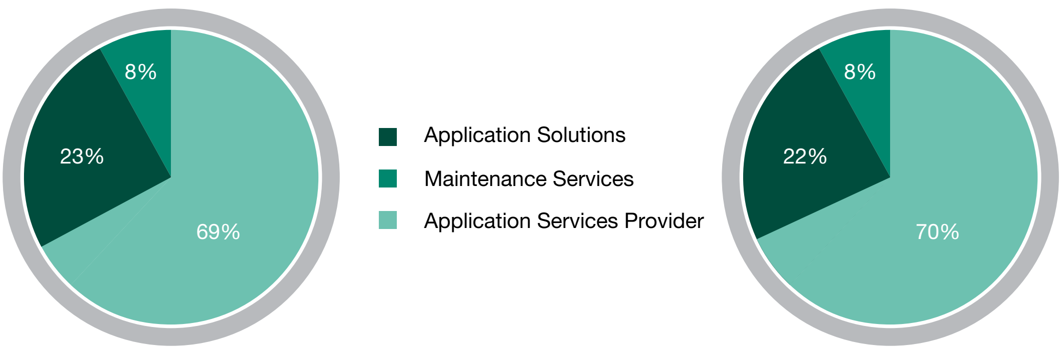


DIVIDEND PAID AND PROPOSED (RM'000)



GROUP SEGMENTAL REVENUE 2018

GROUP SEGMENTAL REVENUE 2017



Notes:

- *Application Solutions ("AS') represent sales of software applications and products on outright purchase basis.*
- *Application Services Provider ("ASP') represents provision of application services on monthly recurring fixed and variable charges.*
- *Maintenance Services represent provision of maintenance services.*
- *EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation.*

Corporate Information

BOARD OF DIRECTORS

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD
Executive Chairman

WANG KUEN-CHUNG @ JEFF WANG
Managing Director

WONG KOK CHAU
Executive Director

GAN TECK BAN
Executive Director

ENG SHAO HON
Executive Director

NG KIM HUAT
Independent Non-Executive Director

AARON SIM KWEE LEIN
Independent Non-Executive Director

LOK CHOON HONG
Independent Non-Executive Director

AUDIT COMMITTEE

Aaron Sim Kwee Lein *(Chairman)*
Ng Kim Huat
Lok Choon Hong

NOMINATION COMMITTEE

Ng Kim Huat *(Chairman)*
Aaron Sim Kwee Lein
Lok Choon Hong

REMUNERATION COMMITTEE

Ng Kim Huat *(Chairman)*
Aaron Sim Kwee Lein
Lok Choon Hong

COMPANY SECRETARIES

Tan Tong Lang *(MAICSA 7045482)*
Vimalraj A/L Shanmugam
(MAICSA 7068140)

BUSINESS OFFICE

Level 31, MYEG Tower, Empire City,
No. 8, Jalan Damansara, PJU 8,
47820 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7735 2288 (Hunting line)
Fax : 03-7735 2289

REGISTERED OFFICE

Suite 10.02, Level 10,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03-2298 0263
Fax : 03-2732 0268

SOLICITORS

Cheong Wai Meng & Van Buerle
No. 30, 2nd Floor, Jalan USJ 10/1,
47620 Subang Jaya,
Selangor Darul Ehsan.
Tel : 03-5638 7621
Fax : 03-5638 2313

PRINCIPAL BANKER

Hong Leong Bank Berhad

AUDITORS

UHY (AF 1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03-2279 3088
Fax : 03-2279 3099

REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formally known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7849 0777
Fax : 03-7841 8152

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: EFORCE
Stock Code : 0065
Sector: Technology

WEBSITE
www.excelforce.com.my

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to present the annual report of Excel Force MSC Berhad ("EForce" or "the Group") for the financial year ended 31 December 2018 ("FYE 2018").

The Group achieved a revenue of RM22.9 million in 2018 and profit after tax stood at RM6.6 million. We remained resilient despite an unprecedented political, economic and business uncertainties encountered last year, due to our strong business fundamentals.

We expect 2019 to be as challenging but with greater clarity of the way forward from the government and regulators. The market and overall business sentiment will be positive. The economic outlook ahead is one of optimism, but tempered by global concerns like resolution of US-China trade war and Brexit.

In Malaysia, stockbroking industry continues to play a crucial role in contributing to the growth of local capital market. But brokers face intense competition and cost pressure. As a result, they are very cautious in their spending and selective in IT system and infrastructure investment. Industry consolidation through mergers and acquisitions is on-going.

We are confident of our service offerings, and our value proposition of being responsive and flexible. We continuously strive to find innovative and practical solutions to solve customers' issues. Our strong working relationships and proven track record with customers will help us to navigate and overcome the industry challenges ahead. We aim to value add to customers' business growth through our deep domain knowledge and technological capabilities.

In appreciation of our shareholders' continued support, the Board has declared and paid a single tier interim dividend of 1.5 sen per ordinary share in FYE 2018. It represents 93% dividend payout ratio.

The Board wishes to express its appreciation to our valued customers, suppliers, business partners, financiers, government agencies and regulatory authorities for their continued support and confidence in EForce. Thank you and well done to our management and staff for their contribution to the Group.

Lastly, my sincere appreciation to my fellow Board members for their commitment, guidance and invaluable advice to enable the Board to properly discharge their fiduciary duties to the best of their ability.

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD
Executive Chairman

Management Discussion And Analysis

This Statement contains the Management discussion and analysis of the business operation and performance of the Group for the financial year ended 31 December 2018. It should be read in conjunction with the audited financial statements of the Group as set out in this Annual Report.

WANG KUEN-CHUNG @ JEFF WANG
Founder, Managing Director

BUSINESS OVERVIEW

EForce is a leading information technology solution provider involved in the development, provision and maintenance of application and system solutions for the financial services industry, specifically the stockbroking companies and investment banks.

EForce organises its business activities into three (3) segments. They are:

(a) Application Solutions ("AS")
- Sales of software applications and product on outright purchase basis.

(b) Maintenance Services ("MS")
- Provision of maintenance services.

(c) Application Services Provider ("ASP")
- Provision of application services on monthly recurring fixed and variable charges.

The Group's products include CyberBroker Front Office (for client-server, web and mobile-based stock trading), CyberBroker Middle Office, CyberBroker Back Office, StockBanking System and Fundamental Analysis System.

EForce provides reliable and stable solutions to meet the mission critical environment that customers operate in. Over the years, EForce has earned a solid reputation in consistently meeting customers' expectations, and in some instances, going beyond what's duty bound. The Group has a good understanding of customers' business needs and strives to response quickly and always with good quality performance.

REVIEW OF FINANCIAL RESULTS

The Group achieved revenue of RM22.9 million, mainly derived from ASP segment. It is an increase of RM21,000 compared to the previous financial year. Profit before tax (PBT) was RM7.9 million, lower by RM177,000 or 2% compared to last financial year, mainly due to recognition of one-off project cost and partly set off by gain on disposal of office premise and higher interest income.

Profit after tax (PAT) for FYE 2018 stood at RM6.6 million, an increase of RM334,000 or 5.3% compared to same corresponding period last year. The increase in PAT is attributed to lower taxation expenses.

Management Discussion And Analysis (cont'd)

Total assets of the Group stood at RM58.7 million an increase of RM4.3 million mainly due to higher cash and bank balance derived from proceed from disposal of office premise in Plaza 33. Total liabilities of the Group was recorded at RM11.5 million, higher by RM4 million mainly due to recognition of progress billing from the purchase of commercial space announced to Bursa stock exchange on 16 November 2018.

REVIEW OF OPERATIONS

2018 continued to be a challenging year for brokers business amidst lack of growth catalyst to advance the local stock market. Hence, customers closely monitor their cost base and are selective in their IT spending. Their priority focus was on projects that improved user experience, increased back office efficiencies and that achieved lower operational cost. Through enhancements of EForce's share trading systems, the Group helped fulfill customers' needs and expectations.

EForce is mindful of its own cost base in this tough business environment. As such, EForce has taken steps to improve the way people communicate and coordinate amongst the various functions to implement projects on time, within budget and quality standard. There are positive results from the changes made. EForce intends to continue optimizing the use of its resources, leverage on its deep domain and system knowledge, eliminate non-value adding steps in software development process to reduce time to market of new and enhanced applications.

The business performance of the Group's subsidiary company - Insage MSC Sdn Bhd continues to improve. There is increasing demand for outsourcing of listed companies' investor relation webpages and corporate websites. The Group is poised to capitalize on these opportunities.

KEY BUSINESS RISK AND MITIGATION STRATEGIES

Changes to government policies, banking regulations, securities regulations and stockbroking rules have an impact to EForce's business and operational performance. The Group continuously monitors trends in regulatory development, and through regular engagements with brokers, regulators and relevant governmental agencies, the Group can better anticipate and formulate responses to changes.

The Group operates in a very competitive business environment with local and overseas competitors present. The pace of technology advancement and its introduction to the market place is growing. As such, the Group's application solutions face obsolescence risk. This risk could be magnified if the Group is slow in product innovation and development, leading to loss in market share.

In order to manage and mitigate these risks, the Group vigilantly monitors technological and market development, and acquires new capability to keep solutions current and updated. EForce continuously provide training and exposure to employees on new technology. The Group has on-going projects in product development pipelines to meet the emerging trends in the market place.

The growing threats of cyber-attack to steal data and deny genuine user access to systems requires timely and effective counter-measures. The Group ensures it keeps track of latest cybersecurity trends and development, and periodically review its system security settings to strengthen cyber-defenses.

With the evolving changes in listing requirement rules, legislative acts, implementation of new taxes and so on, keeping updated on compliance requirements is mandatory. The Group has implemented necessary control and monitoring system to mitigate non-compliance risks.

The detail risk management and internal control are disclosed in Statement on Risk Management and Internal Control (SORMIC) on pages 35 to 37 in this annual report. The framework enables the Board to continuously identify, assess and manage risks that affects the respective business segments within the Group.

Management Discussion And Analysis (cont'd)

FORWARD LOOKING STATEMENT

The Group is optimistic of the business outlook ahead, but concerns over resolution of US-China trade war and on domestic political and economic development remains.

The Group will continue to focus on its core business of providing comprehensive share trading systems and solutions. EForce values of being responsive, flexible and strive to find innovative and practical solutions to solve customers' issues are its' strengths. The strong working relationships and proven track record with customers will help EForce meet the challenges ahead.

In Malaysia, there is a growing request for change in brokers' archaic back office system and the Group is ready to fulfill that need. There is also increasing requests for demonstration of EForce trading system in ASEAN countries. The Group is earnestly pursuing these opportunities.

The Group is open to collaboration with potential partners in Malaysia and overseas to explore new business segments that leverages on the Group's technological capability in real time online digital solutions for mission critical business environment.

DIVIDEND

The Group had declared and paid 1.5 sen dividend per share in FYE 2018. The Group allocated 93% of its consolidated net profit as dividend to shareholders.

There is no dividend distribution policy as management is of the view that adequate resources must be maintained within the Group for working capital and future expansion needs of the Group. Factors that may influence dividend payout includes profitability of the Group, the availability of cash balance and adequacy of reserve.

Board of Directors' Profile

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD
Executive Chairman

- Female, Aged 70

Dato' Dr. Norraesah Binti Haji Mohamad, a Malaysian, was appointed to the Board on 10 February 2017. She is a graduate with a Bachelor of Arts (Hons) Economics from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France. She has over forty-three (43 year) years of working experience in the field of banking, consultancy, telecommunication, international trade and commerce.

She served the Government of Malaysia from 1972 to 1988 for a total of 16 years before leaving the public sector to join the private sector.

In the private sector, she assumed diverse roles between 1989- 2003. She was a Managing Director with a consulting firm which provides financial and consulting services appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia and later was appointed as the Chairman of Bank Kerjasama Rakyat Malaysia.

She was appointed as a Senator from October 2005 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de la Legion d'Honneur from French Government in 2004.

She sits on the Board of Directors of Adventa Berhad, MY E.G. Services Berhad and Latitude Tree Holdings Berhad all of which are public companies. She also sits on the Board of Directors of several private limited companies.

She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum ("WIEF") and sits on its Board of Trustees and is a member of the International Advisory Panel.

WANG KUEN-CHUNG @ JEFF WANG
Founder, Managing Director

- Male, Aged 62

Wang Kuen-Chung @ Jeff Wang, a Taiwanese national graduated from Dan Jiang University, Taiwan,with a Bachelor of Commerce Degree majoring in International Trade.

In 1980, he started his career as a Marketing Engineer in a manufacturing firm in Taiwan. In 1984, he joined Acer Computer Group of Taiwan and managed the distributorship of computer products of AT & T. In 1987, he invested and co-founded a software business that developed and marketed manufacturing resource planning solutions. In 1989, he became a Director cum Personal Assistant to the Chairman of Telework Corporation. He was responsible for the management of the overseas operations of Telework Corporation in China, Hong Kong, Malaysia and Thailand.

In 1994, he and his wife, Sharon Sun Founded Excel Force Sdn. Bhd., a Company incorporated in Malaysia to venture into the development and marketing of stock market information systems and application software. In December 2004, Jeff Wang restructured the business and assets of Excel Force Sdn Bhd to Excel Force Berhad and successfully listed the latter on the Main Market of Bursa Malaysia Securities Berhad.

Presently, Jeff Wang is responsible for the strategic planning of the business.

Board of Directors' Profile (cont'd)

WONG KOK CHAU
Executive Director

- Male, Aged 50

Wong Kok Chau, a Malaysian, was appointed to the Board on 24 November 2016. He is a member of the Chartered Institute of Management Accountants (CIMA) and the Malaysian Institute of Accountants (MIA).

He started his career with Ernst & Young providing corporate advisory services to business investors. He then joined a French based fast-moving consumer goods, BIC as their Regional Controller for Asia. Kok Chau was a member of the Asian regional growth strategy execution team.

He was subsequently recruited by Kepner-Tregoe (KT), a US-based training and consulting company as Financial Controller for Asia Pacific. His responsibility included financial and management reporting, treasury, costing, logistic and administration, and managed a team of back office support resources across 6 countries.

Midway in his career with KT, he switched role to be a full time Consultant. He was a key resource in margin improvement and strategy formulation consulting projects, assuming the role of analyst and process consultant. He also managed a regional inside sale team, responsible for selling training services and identifying consulting opportunities.

He left KT to find his own consulting company with a partner in Singapore. A Davids & Company (ADC) is a productivity improvement company, focus on increasing the thinking capability of people to solve problems and get the right things done right first time. The vision was to assist organizations to increase the value of their assets. Amongst the projects he was involved in were setting the business direction of a global facilities management company and improving cross functional team communication and coordination of a telco to resolve customer issues.

In EForce, he is responsible for increasing operational efficiency and improving quality of service delivery to customers. He is also responsible to formulate and execute strategic projects for business growth, working closely with the Executive Chairman and Managing Director.

On 9 July 2018, Kok Chau was appointed as an independent and non-executive director of My E.G. Services Berhad. He is also a member of the Audit and Risk Management Committee of My E. G. Services Berhad.

GAN TECK BAN
Executive Director

- Male, Aged 53

Gan Teck Ban, a Malaysian, was appointed to the Board on 2 January 2013. He graduated with a Diploma in Computer Studies from Informatics Computer Centre in 1990. He obtained the MCSD certification from Microsoft Corporation in 2003.

He began his career with Wise Industries Sdn. Bhd., a rubber glove manufacturer as an Information Technology Supervisor where he was responsible for the maintenance of office computer hardware.

Thereafter, he joined Rapid Computer Centre Sdn. Bhd., a company involved in development of educational software, as Software Specialist, and was later promoted to Technical Specialist. His responsibilities include managing a software team, project planning and management.

In 1997, he joined EForce as Senior Programmer. He was involved in a number of software and system developments.

In 2005, he was promoted as Customer Service Manager. His responsibilities included managing a support team, liaise with various departments for resource planning and project implementation in EForce.

He is now Head of Sales and Business Development, responsible for formulating marketing plan, product and proposal presentation, secure new business and maintain good relationship with customers.

Board of Directors' Profile (cont'd)

ENG SHAO HON
Executive Director

- Male, Aged 44

Eng Shao Han, a Malaysian, was appointed to the Board on 2 January 2013. He graduated with a Bachelor Degree in Electrical and Electronic Engineering from Universiti Teknologi Malaysia in 1999. He is a Microsoft Certified Solutions Developer, holding a MCSD certification from Microsoft Corporation in 2003.

Shao Han started his career in 1999 with Motorola Malaysia as Research & Development (R&D) Software Engineer. He was responsible for the design and development of software for new telecommunication products.

Two years later, he joined EForce as a Senior Software Engineer and subsequently, he was transferred to R&D department to assist in the development of the CyberBroker suite of solutions.

He was the solution designer and key person in the development of StockBanking System, where his knowledge and expertise in Share Margin Financing System was applied.

Presently, he is the Chief Technology Officer responsible for research and development function in EForce.

NG KIM HUAT
Independent Non-Executive Director

- Male, Aged 61

Ng Kim Huat, a Malaysian, was appointed to the Board on 1 September 2004. He obtained a Bachelor of Science (Honours) degree majoring in Computer Science from Universiti Sains Malaysia and subsequently obtained a Master of Business Administration degree from University of Bath (UK).

He has years of working experience in the IT industry. He started his career in IT sector in 1983 and has assumed various positions in banking, stock-broking and the insurance industry. He was involved in many application system development, maintenance and support projects, which include the retail banking system, corporate banking system, shared ATM network under the Malaysia Electronic Payment System (MEPS), Credit Card Administration System, Stock Braking Back Office System, Share Margin Financing System, Online Stock Trading System, General Insurance and Life Insurance Systems.

Presently, he is the Chairman of the Remuneration Committee, Nomination Committee and a member of the Audit Committee of EForce.

Board of Directors' Profile (cont'd)

AARON SIM KWEE LEIN
Independent Non-Executive Director

- Male, Aged 53

Aaron Sim Kwee Lein, a Malaysian, was appointed to the Board on 22 November 2006. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a member of Certified Practicing Accountants (CPA) Australia, a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia.

He started his career with an international accounting firm and had gained professional exposure over the years in stock-broking, trading, manufacturing and construction companies. Thereafter, he joined a company, which is listed on the Main Board (now known as Main Market) of Bursa Securities, as an Internal Auditor where he was engaged in the audit of stock-broking, manufacturing, retail and distribution companies. In addition, he was also involved in due diligence, operational rationalisation and strategic planning for corporate acquisition exercises. Before he became the Deputy General Manager of Corporate Strategies of a glove manufacturing company, he was the Finance & Administrative Manager in a food retail franchise chain company. He is currently involved in offering business and financial advisory services. He is also an Independent Non-Executive Director of Freight Management Holdings Bhd and Frontken Corporation Berhad.

Presently, he is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of EForce.

LOK CHOON HONG
Independent Non-Executive Director

- Male, Aged 49

Lok Choon Hong, a Malaysian, was appointed to the Board on 2 June 2014. He is a qualified lawyer for Malaysia and Singapore and a registered patent, trademark and industrial design agent for Malaysia. He has been actively involved in the intellectual property (IP) field for the past sixteen (16) years.

Lok holds a Master of Laws Degree from University of Cambridge, United Kingdom, an executive MBA degrees from INSEAD, France/Singapore and E-MBA from Tsinghua University, China.

Lok is the managing partner of Pintas IP Group (PIPG), which provides integrated IP filing and consultancy works covering Southeast Asia countries. He is also the founding partner of Global IP Southeast Asia Pte Ltd (GIP-Asean), an IP consultancy boutique firm focusing on Japan-Southeast Asia regions.

Apart from IP agency and consultancy works, Lok is also actively involved in angel capital investment in IP based companies. Currently, Mr Lok is the treasurer of Malaysia Business Angel Network (MBAN).

Presently he is a member of the Audit Committee, Nomination Committee and Remuneration Committee of EForce.

Conflict of Interest
None of the Directors has any conflict of interest with the Company.

Conviction of Offences
None of the Directors has been convicted of any offences (other than ordinary traffic offences, if any) within the past five (5) years.

Family Relationship
None of the Directors has family relationship with any Directors or major shareholders of the Company.

Key Senior Management Profile

The Management team is headed by the Managing Director, Mr. Wang Kuen-Chung@ Jeff Wang. He is assisted by Executive Directors, Mr. Wong Kok Chau, Mr. Eng Shao Hon, Mr. Gan Teck Ban and the following key senior management.

WONG GUAN BOON

Head, Customer Service

- Male, Aged 44

Wong Guan Boon, a Malaysian, joined EForce in 1999. He holds an Advance Diploma in Computer Engineering from Informatics College in 1998.

He started his career as a Hardware Engineer with Excel Force Sdn Bhd and experience in technical support and marketing role.

He was also involved in a number of sales and implementation of EForce's products including Internet stock trading system, Equities Back Office System, Trader Information System, Professional Trading Platform- BTX, Public Display System abd StockBanking systems to customers in Malaysia, Indonesia, Singapore, Thailand and Vietnam.

Currently, he is the Head of Customer Service, responsible to oversee the customer service and support team, task to improve customer support service level and monitor functionalities of hardware and software.

NICHLAS KIM SOON SENG

Head, Research and Development

- Male, Aged 36

Nichlas Kim Soon Seng, a Malaysian, joined EForce on 23 August 2005. He graduated with a Bachelor of Computer Engineering degree from Iowa State University, Ames where he specialized in microcontrollers, digital systems, computer organization and design.

After graduation, he started his career with EForce as software developer. He played an instrumental role in the development of Custodian and Nominees System, Cyberstock Trading Solution for customers in Malaysia, Vietnam and Indonesia.

Nichlas was also closely involved in the development of Back Office System and responsible for building new HTML5 based multi-platform Cyberstock Trading Solution. Most recently, he led the development of an insurance product comparison portal.

Currently, he is responsible on product research and development together with Chief Technology Officer in EForce and also involved in daily operation and possessed additional responsibility on managing one of our clients as Project Manager, notably in Foreign Shares Trading platform enhancement.

Key Senior Management Profile (cont'd)

WONG BOON LEONG

Head, System Design

- Male, Aged 39

Wong Boon Leong, a Malaysian, joined EForce on 23 August 2005 as a Software Developer. He graduated with Bachelor of Information Systems Engineering degree from Universiti Tunku Abdul Rahman. He is also a Project Management Professional (PMP) certified practitioner.

Throughout his 14 years with EForce, he has held various positions such as System Analyst, Project Manager and Head of System Design. He has vast overseas and local projects experience, engaging with our clients from stock trading, banking and insurance industries. Boon Leong helps them to fulfill not just their business needs but gain competitive advantages by leveraging on IT systems and products.

Currently he is responsible for system design and quality assurance function.

ALICIA CHAN SAU HSIA

Head, Human Resources & Administration

- Female, Aged 45

Alicia Chan Sau Hsia, a Malaysian, was appointed as the Manager of Human Resources and Administration in 2012.

She graduated with a Bachelor of Management (Marketing from the University of South Australia. She also obtained professional certificate in Human Resources Management.

Prior to joining EForce, she was attached to several large corporations with operational roles in retail, service and human resources management. She has more than 15 years of experience in human resources and administration with over 10 years of experience at managerial level. She is experienced in recruitment, compensation and benefits, training and development, payroll management and in initiating Corporate Social Responsivities programs.

Currently as Head of Human Resources and Administration, she is responsible in formulating and implementing human resources strategy and productivity, aligning them to the organisation's aspirations and objectives. She also assists in creating balance amongst people, work environment and performance.

Key Senior Management Profile (cont'd)

LIEW KEAN FATT
Head, Finance

- Male, Aged 51

Liew Kean Fatt, a Malaysian, joined EForce on 15 May 2013 as Finance Manager.

He completed his Chartered Accountancy qualification with the Association of Charted Certified Accountants (ACCA) and subsequently admitted as member of ACCA in 2000. He is a member of the Malaysian Institute of Accountants (MIA) and member of Chartered Taxation Institute of Malaysia (CTIM).

Prior to joining EForce, he worked in various industries, including manufacturing, share broking house, trading and travel agency. He joined MBP Malaysia Sdn. Bhd. (MBP) in 1995, a wholly owned subsidiary of Sime Darby Berhad (SDB), a multi- national company, involved in manufacturing of road construction product. Thereafter, he worked in another subsidiary of SDB, Sime Darby Travel Sdn (SDT). Bhd. as Accounts Executive, upon completion of his ACCA qualification, he has promoted to Finance Manager position. In SDT, he was responsible for operation of finance department, prepare monthly financial report and variance analysis report. He was also involved in the preparation of consolidated financial statements, management budget and treasury management.

Currently, he is the Head of Finance, his responsibilities include overseeing the operation of finance and accounts functions, preparation of financial reporting, quarterly interim financial report, annual report, risk management report and treasury management of the Group as well as ensuring compliance to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

Conflict of Interest
None of the key senior management have any conflict of interest with the Company.

Conviction of Offences
None of the key senior management has been convicted of any offences (other than ordinary traffic offences, if any) within the past five (5) years.

Family Relationship
None of the key senior management has family relationship with any Directors or major shareholders of the Company.

Corporate Governance Overview Statement

The Board of Director's ("Board") affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practiced throughout the Group with the objective of protecting and enhancing shareholders' value, and the financial position of the Group.

The Board recognizes the importance of good corporate governance and strives to adopt the principles and recommendations of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance ("MCCG") and Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR").

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

1.0 Every Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Company is led and guided by an effective Board. All Board members participate in the key issues involving the Group and give independent judgment in the interest of the Group. The Managing Director has primary responsibilities for managing the Group's day-to-day operations and together with the Non-Executives Directors to ensure that the strategies proposed by the management are fully discussed and critically examined, taking into account the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and various communities in which the Group conducts its business.

The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from the Management. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

In addition to the role and function of Non-Executive Directors as stated above, each Director exercises independent judgment on decision making and issues of strategy, performance, resources and standard of conduct.

The Board has assumed the following to ensure the effectiveness of the Board and to discharge its duties and responsibilities:-

- Review and adopt a strategic plan for the Company, address the sustainability of the Group's business;
- Oversee and evaluate the conduct of succession planning for the Group;
- Identity principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;
- Oversee the conduct and operation of the Group's business and evaluate whether business is being managed properly;
- Review the adequacy and integrity of the Group's internal control and management information system;
- Carry out periodic review of the Group's financial statement and operating results and major capital commitment; and
- Review and approve any major corporate proposals, new business venture, or joint venture of the Group.

1.2 The Chairman leads the Board and is responsible for the effective performance of the Board. The Chairman ensures that all relevant issues and critical information to facilitate decision making and effective running of the Group's business are included in the periodic meeting agenda.

The roles of the Chairman and the Managing Director and the term of reference of the committees are mentioned in the Board Charter which is made available for reference at Company's website at www.excelforce.com.my.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I BOARD RESPONSIBILITIES (CONT'D)

1.0 Every Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (cont'd)

1.3 The position of Chairman and Managing Director are held by different individuals. The Chairman is an Executive member of the Board.

1.4 The Board is supported by suitably qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of governance best practices. The Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators, experienced and competent on statutory and regulatory requirements.

The Company Secretaries carry out the following tasks:-

(a) Attend and ensure proper conduct and procedures at all Board meetings, Board committee meeting, annual general meeting, extraordinary general meetings and other meetings that require the attendance of the Company Secretaries;

(b) Ensure that matters discussed at the meetings are properly recorded and minuted;

(c) Ensure that audited financial statement, quarterly financial results, annual reports, circulars and all relevant announcement are announced to Bursa Securities on a timely manner;

(d) Ensure that the Company complies with MMLR and the requirements of the relevant authorities;

(e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirement and best practice;

(f) Keep the Directors and principle officers informed of the closed period for trading in the Company's securities; and

(g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.

1.5 The Board convenes on scheduled meetings quarterly to deliberate and approve the release of the Group's quarterly results. Additional meetings will be convened as and when needed. The agenda and Board papers for each item as well as minutes of previous meetings are circulated prior to the Board meetings to give the Directors sufficient time to deliberate on the issues to be raised at the Board meetings.

Information is provided to the Board in the form of quarterly financial results, progress reports of core business, products developments, regulatory updates, business development, audit report as well as risk management reports.

Upon recommendation by the Management or committee members, the Board will deliberate and discuss on all matters before any decision is to be made. All proceedings of the Board meetings are properly minuted and signed by the Chairman of the meeting.

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries who are qualified and competent. This will ensure that they have unrestricted access of information within the Group. The Directors are also able to receive advice and services from the external auditors and other independent professionals upon their request.

The Board is kept updated on the Company's activities and its operations on a regular basis. The Directors also have access to all reports on the Company's activities, both financial and operational.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I BOARD RESPONSIBILITIES (CONT'D)

1.0 Every Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (cont'd)

1.5 External auditor and internal auditor are invited to attend meetings to provide insights and professional views, advice and explanation on matter specify in the meeting agenda. When necessary, senior management team from different department are also invited to participate at the Board meeting to enable all Board members to have equal access to the latest updates and development of the business operation presented by the senior management team.

2.0 There is demarcation of responsibilities between the Board, Board committees and management. There is clarity in the authority of the board, its committees and individual directors.

The Board has a Board Charter which is reviewed periodically and published on the Company's website. The Board Charter was last reviewed on 25 February 2019. The Board Charter clearly identifies;

(a) the respective roles and responsibilities of the Board, Board committee, individual directors and management; and
(b) issues and decisions reserved for the Board.

The Board may appropriately delegate its authority to Board committees or management. It should not abdicate its responsibility and should all times exercise collective oversight of the Board committees and management. They should not delegate matters to a committee or management to an extent that would significantly hinder or reduce the Board's ability to discharge its function.

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the Company.

3.1 The Board recognises the importance of formalizing a Code of Conduct, setting out the standard of conduct expected from directors and employees, to engender good corporate behavior.

3.2 The Board encourages employees to report genuine concerns in relation to breach of legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workspace. All complaints or grievance can be channeled to the management or any of the Independent Directors.

II BOARD COMPOSITION

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights.

4.1 The Board consists of eight (8) members; comprising one (1) Executive Chairman, one (1) Managing Director, three (3) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities.

The Executive Directors oversee the management of the business and affairs of the Group. They are responsible for evaluating business opportunities and carrying through approved strategic business proposals, implementing appropriate systems of internal accounting and other controls, adopting suitably competitive human resource practices and compensation policies, and ensuring the Group operates within the approved budgets and business direction.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (cont'd)

4.1 The Independent Non-Executive Directors are independent of management and are free from any businesses or other relationships that could materially interfere with the exercise of independent judgment. They scrutinize the decisions taken by the Board and provide objectivity to the Management.

The Board is made up of Directors with a wide range of skills, experiences and qualifications and they contribute their expertise and knowledge in areas such as accounting, finance, business management and specific industry knowledge which are relevant to the Group's business.

The Board operates in an open environment in which opinions and information are freely exchanged. Therefore, any concerns need not be focused on a single Director as all members of the Board fulfill this role individually and collectively.

The Board collectively views that its current size complies with the MMLR and is effective. The Board will review, from time to time, the need to revise its size and composition of the Board and determine the impact and the effectiveness of any proposed change of its current size.

4.2 The Board noted the MCCG's recommendation that the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director. In the event the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board holds the view that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualification, experience and personal qualities.

At the forthcoming Annual General Meeting ("AGM") of the Company, the Board with the recommendation of the Nomination Committee will seek shareholders' approval to retain the designation of Mr. Aaron Sim Kwee Lein as the Independent Non-Executive Directors of the Company who have served the Company for more than nine years.

4.3 The Board recognizes the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interest of the Group. The independent directors of the Company fulfill the criteria of "Independent" as prescribed under MMLR. They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

4.4 The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to the mix of expertise and experience required for an effective Board.

The Nomination Committee reviews and assesses the Board composition yearly to ensure that it has balance mixed skills and business experience to contribute to the success of the Group. The assessment is merit based.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (cont'd)

4.5 In accordance with the Company's Articles of Association, all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. At the forthcoming AGM, Eng Shao Hon, Ng Kim Huat and Wong Kok Chau are retires pursuant to Article 103. Mr Ng Kim Huat is not seeking for re-election whilst Eng Shao Hon and Wong Kok Chau are standing for re-election pursuant to Article 103. Their profiles are set out in the section on Board of Directors' Profile of this Annual Report.

4.6 The Board is supportive of the recommendation of MCCG and recognizes the importance of boardroom diversity to the establishment of workforce gender diversity policy. The Board currently has one (1) female director and is looking forward to increasing female director as and when needed.

4.7 The Board used a variety of approaches and sources to ensure that it can identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisement or the use of independent search firm.

Currently, the appointment of candidates for non-executive director position were sourced from recommendation made by the existing Board member, management or major shareholders.

4.8 During the financial year ended 31 December 2018, four (4) Board meetings were held. The summary of attendance at the Board meetings held in the financial year ended 31 December 2018 is as follows: -

Name of Director	Member Attendance
Executive Directors	
Dato' Dr. Norraesah Binti Haji Mohamad	4/4
Wang Kuen-Chung @ Jeff Wang	2/4
Wong Kok Chau	4/4
Gan Teck Ban	4/4
Eng Shao Hon	4/4
Independent Non-Executive Directors	
Ng Kim Huat	4/4
Aaron Sim Kwee Lein	4/4
Lok Choon Hong	4/4

Directors' Training and Continuing Education Programme

All Directors of the Company are encouraged to continuously attend relevant training programmes to enhance their knowledge in line with the ever-changing corporate laws, rules and regulations, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities.

In addition to the MAP prescribed by Bursa Securities, Board members are also encouraged to attend training programme conducted by highly competent professionals that are relevant to the Company's operations and businesses.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (cont'd)

4.8 The summary of trainings attended by the Directors for the financial year ended 31 December 2018 is as follows:-

Name of Directors	Training Programme
Dato' Norraesah Binti Haji Mohamad	• Women Business Network (World Islamic Economic Forum) Social Media Workshop for Women Entrepreneurs. • Ahli Panel Slot Bicara Wanita Jaya Semperna Program Bicara Peladang Nita Lembaga Pertubuhan Peladang (LPP). • Women Business Network (World Islamic Economic Forum) Women Workshop Program.
Wang Kuen-Chung @ Jeff Wang	• How to develop Integrated Reports.
Wong Kok Chau	• Budget 2019 : What you need to know. • Fintech Conference 2018.
Gan Teck Ban	• Budget 2019 : What you need to know.
Eng Shao Hon	• Budget 2019 : What you need to know.
Aaron Sim Kwee Lein	• Corporate Tax Planning: Capitalising the Right Tax Opportunities for Your Business. • Risk Management Conference 2018. • Updates on Malaysian Corporate Governance Guidelines 2017.
Ng Kim Huat	• Building an enterprise Risk Management (ERM) Framework.
Lok Choon Hong	• Asean Angel Alliance Summit 2018.

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors.

The Company conducts an annual assessment to evaluate the effectiveness of the Board and the Board committee as well as the performance of each individual director through the Nomination Committee.

The Nomination Committee ("NC") of the Company comprises exclusively Independent Non-Executive Directors and its composition is as follows: -

Name of Director	Position
Ng Kim Huat	Chairman
Aaron Sim Kwee Lein	Member
Lok Choon Hong	Member

The Nomination Committee meets at least once a year to carry out the activities as enshrined in its terms of reference, or more frequently as the need arises, at the discretion of the Chairman of the NC.

The NC has access to any form of independent professional advice, information and the advice and services of the Company Secretaries, if and when required, in carrying out its functions.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors. (cont'd)

The Company Secretaries shall record, prepare and circulate the minutes of the meetings of the NC and ensure that the minutes are properly kept and produced for inspection if required. The NC is authorised by the Board to act as follows:

(a) To review nominations of new directors based on selection criteria such as the incumbent's credential and their skills and contributions required by the Company.
(b) To ensure that the Board has an appropriate balance of skills, expertise, attributes and core competencies from its member.
(c) To recommend to the Board the potential directors to fill the seats of the Board Committees.
(d) To assess annually the effectiveness of the Board, its Committees and the contribution of each Director.
(e) To review succession plans for members of the Board.
(f) To recommend training needs to the Directors.

The Nomination Committee will evaluate the effectiveness of the Board as a whole, including Board Committees and the contribution of each Director annually and properly documented. The performance evaluation process established shall include clear evaluation criteria and communicated to each individual Director. All report shall be gathered and assessed by the Nomination Committee for the Board's review and approval. The evaluation will be done at least once a year to gauge the effectiveness of the Board's performance, the adequacy of the blend of skill sets and experience of the Board.

During the financial year, NC has reviewed the present composition of the Board and was of the view that the Board composition was made up of a balance mixture of skills and professionalism, no additional board member is required for the time being. All Directors have completed the Director's Self-Assessment Form and the Performance Evaluation Sheet (PES) for the assessment of the Board and Board Committees. NC noted that there were no major issues of concern.

Criteria for assessments:-

a) Contribution to Interaction, Quality of Input, Understanding of Role, Board Chairman's Role (for individual director assessment)
b) Board Structure, Board Operations, Board Roles and Responsibilities, Board Chairman's Role and Responsibilities (for Board assessment)
c) Is the committee providing useful recommendations? Do the members have sufficient and relevant expertise in fulfiling their roles? Are committee chairs properly and providing appropriate reporting and recommendations to the Board? (for Board Committee assessment) The terms of reference of the Nomination Committee can be viewed at the Company's website: www.excelforce.com.my in line with Paragraph 15.08A(2) of MMLR.

III REMUNERATION

6.0 The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the company's long term objectives. The remuneration policies and decisions are made through a transparent and independent process.

6.1 The Remuneration Committee ("RC") of the Company consists of three (3) Independent Non-Executive Directors and its composition is as follows:

Name of Director	Position
Ng Kim Huat	Chairman
Aaron Sim Kwee Lein	Member
Lok Choon Hong	Member

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION (CONT'D)

6.0 The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the board and senior management to drive the company's long term objectives. The remuneration policies and decisions are made through a transparent and independent process. (cont'd)

6.1 The RC held one (1) meeting during the financial year to carry out its function as stated within the term of reference. The details of terms of reference of RC are available for reference at the Company's website at www.excelforce.com.my.

6.2 The RC's primary responsibility is to review and recommend the remuneration of Directors to the Board. The Board, as a whole, determines the remuneration of the Directors and the individual Director is required to abstain from discussing his own remuneration.

In the case of Executive Directors, the remuneration scheme is structured based on corporate and individual performance. On the other hand, Non-Executive Directors are remunerated based on their experiences and the level of responsibilities undertaken by the respective Non-Executive Directors concerned.

The Remuneration Committee will make its recommendations to the Board regarding the Company's policy on the staff remuneration by taking into consideration the salary and employment conditions within the industry and benchmarks from comparable companies. The Remuneration Committee strives to be competitive, linking staff rewards with their performance and responsibilities.

The Remuneration Committee aims to directly align the interests of Directors, senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst its senior management and key executives.

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the Company's performance.

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiary respectively in financial year ended 31 December 2018 are as follows:-

7.1 Aggregate remuneration of Directors categorized into appropriate components are as follows:

Company	Fees (RM)	Salaries & bonus (RM)	Other emoluments (RM)	Total (RM)
Executive Directors	396,000	1,107,720	160,045	1,663,765
Non-executive Directors	151,000	-	-	151,000
Total	547,000	1,107,720	160,045	1,814,765

Group	Fees (RM)	Salaries & bonus (RM)	Other emoluments (RM)	Total (RM)
Executive Directors	396,000	1,107,720	160,045	1,663,765
Non-executive Directors	151,000	-	-	151,000
Total	547,000	1,107,720	160,045	1,814,765

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION (CONT'D)

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the Company's performance. (cont'd)

7.2 Directors' remuneration are broadly categorized into the following bands: -

	Company Number of Directors		Group Number of Directors	
Range of remuneration RM	**Executive**	**Non-Executive**	**Executive**	**Non-Executive**
50,000 and below-	-	2	-	2
50,001 to 150,000	1	1	1	1
150,001 to 350,000	2	-	2	-
350,001 to 450,000	2	-	2	-

PRINCIPLE B- EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

8.0 There is an effective and independent audit committee. The Board is able to objectively review the audit committee's findings and recommendations. The Company's financial statement is a reliable source of information.

8.1 The Audit Committee's ("AC") principal duties include the supervision of the truthfulness and reliability of the Company's financial statements, the effectiveness and adequacy of the Company's internal control as well as risk management system.

The AC comprises exclusively Independent Non-Executive Directors and to ensure the Board is able to review the AC's finding and recommendation independently, the chairman of AC is not the chairman of the Board.

The appointment of the auditors is subject to approval at the general meeting. In making its recommendations to the shareholders on the appointment and re-appointment of auditors, the Board relies on the review and recommendation of the AC.

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The Audit Committee meets with the external auditors to review the rationale of significant judgement, accounting principles and the operating effectiveness of internal controls and business risk management. The auditors have continued to highlight to the Audit Committee and the Board matters that require the Board's attention.

8.2 The Board is responsible to prepare financial statements which reflect a true and fair view of the state of affairs of the Company and the Group and the financial results of the Company and the Group for each financial year. The financial statements are prepared in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Malaysian Companies Act.

In preparing the financial statements, the Board is required to:-

- Adopt suitable accounting policies consistently;
- Make judgments and estimates that are prudent and reasonable;
- Comply with applicable accounting standards;
- Prepare financial statements on a going concern basis unless otherwise stated; and
- Ensure proper keeping of accounting records with reasonable accuracy.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B- EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I AUDIT COMMITTEE (CONT'D)

8.0 There is an effective and independent audit committee. The Board is able to objectively review the audit committee's findings and recommendations. The Company's financial statement is a reliable source of information. (cont'd)

8.2 The Board is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and to ensure that the financial statements comply with the Companies Act.

The Board is satisfied that in preparing the financial statements of the Company and the Group for the financial year ended 31 December 2018, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently. The Board is of the opinion that the financial statements are prepared in accordance with all relevant approved accounting standards and have been prepared on a going concern basis.

8.3 The Group practices the cooling off period to safeguard the independence of the audit by avoiding potential threat which may arise when a former key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements.

8.4 The AC assesses the suitability, objectivity and independence of the external auditor on an annual basis, the AC establishes policies and procedures that consider among others:

- The competence, audit quality and resource capacity of the external auditor in relation to the audit;
- The nature of the non-audit services rendered and the appropriateness of the level of fees; and
- Obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of the external professional and regulatory requirements.

9.0 Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 The Group has an Internal Audit Function that is independent of its activities and operations. Further details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Board emphasizes on the adequacy of the internal control system and takes effective approaches to supervise the implementation of related control measures, whilst enhancing operation efficiency and effectiveness, and improving corporate governance, risk assessment, risk management and internal control so as to protect the shareholders' investment and the safety of the Company's assets.

9.2 The Group has established Risk Management Committee of the Management ("RMCM") on 18 January 2018 and is headed by the Executive Director, Wong Kok Chau. The RMCM comprise of senior management team. The primary responsibility and purpose of RMCM is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework on an on-going basis. The RMCM reports to AC and the Board in implementing and ensuring effective risk management of the Company.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B- EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I AUDIT COMMITTEE (CONT'D)

10.0 Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Group has outsourced its internal audit function to an independent consultant firm. The internal audit function covers all material controls including financial, operational and risk management functions.

The internal audit findings are reported to the Audit Committee every quarter and the corrective actions are taken by the relevant departments. The AC also decides on internal audit function amongst others;

- Appointment of the internal auditors;
- Scope of work of internal auditors;
- Performance evaluation; and
- Budget.

PRINCIPLE C -INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION WITH STAKEHOLDERS

11.0 There is continuous communication between the Company and shareholders to facilitate mutual understanding of each other's objectives and expectation. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board believes the dialogue with stakeholders is a necessary and beneficial process as it enables the company to understand stakeholders' concerns and to take these concerns into account when making decisions.

The Company has established an investor relation website to keep our shareholders and investors updated on latest development of the Company. It includes announcements released to Bursa Securities, including quarterly financial results and annual reports.

II CONDUCT OF GENERAL MEETING

12.0 Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decision at general meetings.

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they are encouraged to meet the Board to have greater insight into the Groups' operations. The shareholders can participate and raise questions regarding the business operations and financial performance and position of the Company. The Board together with the external auditors and the Company Secretaries will provide feedback and responses to the shareholders' queries.

The Company sends out the Notice of AGM and Annual Report to shareholders at least twenty-eight (28) days before the meeting as required under MMLR in order to facilitate full understanding and evaluation of the issues involved. As for special business items appearing in the Notice of AGM, a full explanation is provided to the shareholders on the effect of the proposed resolution emanating from the special business item.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board will make announcement of the detail results showing the number of votes cast for and against each resolution at general meetings. To facilitate greater shareholder participation, the Board will arrange a question and answer session during the AGM in the presence of the Directors.

Sustainability Statement

The Group believes that adopting the principle of business sustainability will contribute toward the wellbeing of society and bring about economic and social development. It will also improve the quality of life for the workforce, stakeholders' and the local community at large.

WORKPLACE

The workplace is undeniably a major focus for most of our working lives. Therefore, the Group continuously endeavors to provide a healthy, safe, secure and environment friendly workplace for every employee. In addition, the Group acknowledges that human capital is the most valuable asset.

We continue to focus on recruiting and developing our talent pool to support the growth of our business. We strive to upgrade our employees' competency, skills and knowledge by conducting structured training sessions, both internally and externally. The training programs aim to equip our employees with key skills to support their career goals. The Group's Employees Handbook provides guiding principles on the standards of ethics and professional conduct required of our employees.

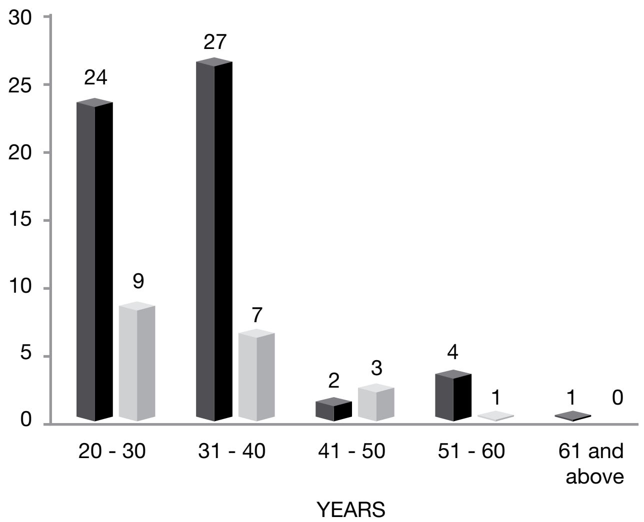
The Group ensures that all employees are covered with insurance on life and medical as well as hospitalization benefits. In addition, we organize various festive and birthday celebrations as well as sport tournament to encourage interaction and relationship building amongst employees.

WORKPLACE DIVERSITY

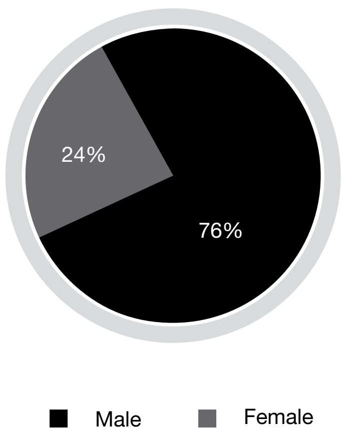
As our country is multi-racial and multi-cultural, we believe by recruiting the right mix of workforce will promote a more conducive, innovative and productive workplace. We do not impose specific criteria for hiring as long as the candidate is capable of performing the job applied for.

We also foster diversity in terms of gender and age demographics. The following is breakdown of our workforce:

EMPLOYEE BY AGE GROUP



EMPLOYEE BY GENDER



Sustainability Statement (cont'd)

COMMUNITY

As part of our commitment towards Corporate Social Responsibility (CSR), the Group made monetary contribution to various non-profitable, non-governmental organization (NGO) and charitable institutions. The main objective is to helps underprivileged people to improve their lives. We believe that contributing to NGOs working for the cause of poor and deprived people is a great act of kindness.

The list of NGO that benefited from our contribution:-

Organisation	Core activities
Shelter Home	Shelter home is a home for children from 4 to 12 years of age who have been abused, neglected, at-risk or abandoned by their families, parents or guardians.
Persatuan Kebajikan Hope Worldwide Kuala Lumpur	HOPE worldwide is an international, non-profit, non-religious organization established throughout the world. It has grown from 3 programs in 1991 to over 150 programs, spanning 6 continents and 100 nations with focus on 5 areas worldwide namely: Children, Education, Health, Senior Citizens, Employment and Volunteerism.
Women's Aid Organisation	Provide shelter to over 100 women and children each year, ensuring that women who flee abusive homes have a safe place to go.
Lovely Disable Home	Lovely Disabled Home is a non-governmental and non-profitable organisation specialises in providing job opportunities to the physically and mentally challenged individuals who are 18-year-old and above.
Pusat Harian Kanak-Kanak Spastik Ipoh	This caring centre is a charitable organisation founded since 1988. At present, they have about 60 multi-racial unfortunate and orphanage children under patronage. They conduct physiotherapy classes, handicraft and pre school training classes to the physically handicapped child.
Selangor and Federal Territory Association for the Mentally Handicapped (SAMH)	Primary aim is to provide education and training to mentally handicapped children and adults so that they will be helped, to the fullest extent possible in reaching their maximum potential. It provides a comprehensive service to children and adults with mental handicap andthat efforts will improve their quality of life.
Pertubuhan Pengurusan Rumah Kebajikan Warga Emas Sang Riang	Provide assistant to senior citizens.
Ampang Welfare Community	Provide assistant to senior citizens.
Malaysian Association for the Blind	To empower persons with visual impairment by providing them with services & opportunities for greater participation, involvement and integration into society as well as to promote prevention of blindness.
ST. Nicholas Home Penang	Vision is of a nation that is free of barriers, where blind and visually-impaired persons are not discriminated against; to have the same rights and responsibilities, share equal opportunities and the quality of life that is available to their sighted peers.
The Salvation Army	Its objects are 'the advancement of the Christian religion… of education, the relief of poverty, and other charitable objects beneficial to society or the community of mankind as a whole.
Yayasan Sin Chew	Provide assistant to disable, less fortunate community.
Malaysin Parkinson's Disease Association	Provide assistant to Parkinson's patients.
National Stroke Association of Malaysia (NASAM)	To serve stroke survivors throughout Malaysia, especially to poor and those living in the rural areas, so that they may have ready access to rehabilitation facilities and services wherever they may be in the country.
National Kidney Foundation of Malaysia	Provide assistant to kidney dialysis patients.
Drug Intervention Community Malaysia	This is the comprehensive drug education programme currently implemented in Malaysian schools.

Sustainability Statement (cont'd)

MARKETPLACE

The Group is committed to ensure the interest of all our important stakeholders, i.e. shareholders, suppliers, customers and local community are well taken care of. We ensure proper corporate governance practices are in place and are closely monitored and reviewed on regular basis.

List of stakeholder	Stakeholder engagement
Customers	Regular meeting with customers, provide stable, cost effective and reliable solution, build up good rapport for mutual benefit relationship.
Suppliers	Ensure product supplied by the supplier are reliable and high quality and cost effective. Ensure there is after sales service available for emergency support.
Shareholders	Conduct Annual General Meeting (AGM). Setup of Investor relations (IR) website for ease of communication.
Local community	Engaged with local NGO to support them with monetary donation for they daily operation expenses.

ENVIRONMENT

The Group applies the concept of 3R (Reduce-Recycle-Reuse) and encourages responsible environment protection among employees and stakeholders. The Group supports the Government's effort in adopting appropriate climate change policies in Malaysia.

We ensure a safe and healthy working environment through:

i) Setting policies and procedures to promote workplace health and safety, and reduce accident/injury rates that could affect work performance,
ii) Ensuring office security is strictly maintained at all times (e.g. access control, CCTV surveillance, security guards etc.),
iii) Ensuring our office premises are equipped with relevant fitting and equipment in case of fire (e.g. fire alarms, fire extinguisher, fire proof door, etc.),
iv) Conducting periodical fire drill exercises.

Audit Committee Report

The principal objective of the Audit Committee is to assist the Board to discharge its statutory duties and responsibilities in relation to financial, accounting and reporting responsibilities and to ensure proper disclosure to the shareholders of the Company.

The Audit Committee will ensure that the Management establishes and maintains an effective internal control system including adequacy of resources, qualifications and experience of staff fulfilling the accounting and financial reporting function of the Company.

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

COMPOSITION AND MEETINGS

The Audit Committee held four (4) meetings during the year. The members of the Audit Committee and details of their attendance of the meetings during the financial year ended 31 December 2018 are as follows:

Name of Director	Designation / Directorship	Number of meetings attended
Aaron Sim Kwee Lein	Chairman of Committee /Independent Non-Executive Director	4/4
Ng Kim Huat	Member of Committee / Independent Non-Executive Director	4/4
Lok Choon Hong	Member of Committee / Independent Non-Executive Director	4/4

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has carried out the work as set out in the terms of reference detailed below:-

a) Reviewed the scope of work of the external auditors and audit plans for the year;
b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's responses;
c) Reviewed the nomination of the proposed change in auditors;
d) Reviewed the internal auditors' scope of work;
e) Checked with the internal auditors on any findings which require the Committee's attention;
f) Reviewed the internal control policy and internal control system;
g) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval; and
h) Reviewed the annual financial statements before recommending for approval by the Board.

The terms of reference of the Audit Committee is available at the Company's website at www.excelforce.com.my.

INTERNAL AUDIT FUNCTIONS

The Company has outsourced its internal audit division to an independent professional consulting firm to assist the Audit Committee in discharging their responsibilities and duties. The internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls to provide reasonable assurance that such system continues to operate satisfactory and effectively.

In developing the scope of the internal audit function, the Audit Committee has satisfied that:

(a) the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;
(b) internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and
(c) the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTIONS (CONT'D)

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements. The details of internal audit functions are noted in the Statement on Risk Management and Internal Control in this Annual Report.

During the financial year under review, the internal auditors reviewed and audited the following areas: -

(a) Internal control environment of Human Resources and Administration functions;
(b) Internal control environment of Project Management function;
(c) Internal control environment of Customer Service and Management Information Services;
(d) Internal control environment of Research and Development and Quality Assurance.

The fee (inclusive of goods and services tax) paid to the professional firm in respect of internal audit function for the financial year ended 31 December 2018 was RM31,627.

Statement On Risk Management And Internal Control

INTRODUCTION

The Board of Directors ("the Board") of the Excel Force MSC Berhad ("the Company') is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control system of Excel Force MSC Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2018 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Security Berhad ("MMLR"), Malaysia Code on Corporate Governance ("MCCG") and "Statement on Internal Control and Risk Management : Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining the Group's systems of internal controls and risk management to safeguard its investment, the interest of customers, regulators, employees, and the Group's assets. The Board further recognizes its responsibility in reviewing of the adequacy and integrity of these systems. The Audit Committee is entrusted by the Board to ensure effectiveness of the Group's internal control and risk management system.

Due to the limitations that are inherent in any system of internal control, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss as it is designated to manage rather than eliminate the risk of failure to achieve the Group's business objectives.

RISK MANAGEMENT COMMITTEE OF THE MANAGEMENT ("RMCM")

Risk Management Committee of the Management is established at management level to assist the Audit Committee ("AC") and the Board in implementing and ensuring efficient and effective risk management of the Company. RMCM conducts its meeting once every two (2) months and additional meetings may be called at any time as and when necessary. The roles and responsibilities of the committee are defined in the terms of reference of RMCM.

RISK MANAGEMENT

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The process of risk identification involves in reviewing and identifying the possible risk exposure which is arising from both internal and external environment changes and operation conditions. The risk measurement guidelines consist of financial and non-financial qualitative measures of risk consequences based on risk likelihood rating and risk impact rating.

As part of the Risk Management process, a Registry of Risk and the Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risk and updated for on-going changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approaches and processes, roles and responsibilities, and various risk management concept. The responsibility of respective risk owners is to identify and ensure that adequate control systems are implemented to minimise and control the risks faced by the Group.

The management has embedded the responsibility to manage the risk and internal controls that is associated with the operations of the Group and to ensure compliance with the applicable laws and regulations. Any significant issues and control implemented were discussed at management meetings and quarterly Audit Committee meetings.

INTERNAL AUDIT FUNCTIONS

In accordance with the Malaysian Code on Corporate Governance, the Group in its efforts to provide adequate and effective internal control system had appointed Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent consulting firm to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditors and reports directly to the Audit Committee on the quarterly basis.

Statement On Risk Management And Internal Control (cont'd)

INTERNAL AUDIT FUNCTIONS (CONT'D)

Sterling reviews and addresses critical business processes, identifies risks and internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. Each quarterly audit is engaged by approximately 2 to 4 audit personnel depending on to the areas of audit. Quarterly audit reports and status report on follow up actions were tabled to the Audit Committee and Board during its quarterly Audit Committee Meetings.

The Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited. The Audit Committee is of the opinion that the internal audit function is effective and able to function independently.

For the financial year ended 31 December 2018, four (4) internal audit reviews had been carried out by Internal Auditors: -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
January - March 2018	May 2018	Excel Force MSC Berhad	• Human Resources and Administration functions
April - June 2018	August 2018	Excel Force MSC Berhad	• Project Management
July - September 2018	November 2018	Excel Force MSC Berhad	• Customer Service • Management Information Services
October - December 2018	February 2018	Excel Force MSC Berhad	• Research and Development • Quality Assurance

As we conduct four (4) internal audit reviews as compared to three (3) internal audit reviews in previous year, each department core function will be audited in a more regular basis and hence will enhance the adequacy and effectiveness of the internal control system.

Follow up status reviews were also carried out to ensure weaknesses identified have been or are being addressed. During the financial year under review, Sterling presented their follow up status reports on previously reported audited findings in respect of the following functional scopes of the Group:

Reporting Month	Name of Entity Audited	Functional Scopes
May 2018	Excel Force MSC Berhad	• Customer Service functions reported in Nov 2016. • Research & Development functions reported in August 2017. • Finance & Accounts and Procurement functions reported in Nov 2017.
August 2018	Excel Force MSC Berhad	• Customer Service functions reported in Nov 2016. • Human Resources and Administration functions reported in May 2018.
November 2018	Excel Force MSC Berhad	• Human Resources and Administration functions reported in May 2018. • Project Management functions reported in August 2018.
February 2019	Excel Force MSC Berhad	• Human Resources and Administration functions reported in May 2018. • Project Management functions reported in August 2018. • Customer Service and Management Information Services functions reported in November 2018.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

Statement On Risk Management And Internal Control (cont'd)

THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM INCLUDE:

1. Organisation structure with defined lines of responsibility, authority and accountability;
2. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements;
3. Quarterly Board meetings and periodical management meetings are held where information is provided to the Board and management covering financial performances and operations;
4. Training and development is provided as and when required by employees with the objective of enhancing their knowledge and competency;
5. Management accounts and reports are prepared regularly for monitoring of actual performance.
6. Board participation at the macro perspective in the performance monitoring of all subsidiaries under the Group;
7. An internal audit function carries out quarterly internal audit to ascertain the adequacy of internal control system and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the Audit Committee;
8. Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided; and
9. Follow-up visits are then subsequently conducted by the internal auditor to ensure proper implementation of agreed action plans by the respective process owners.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. To this end, the Board has formalised a Risk Management Framework by implementing an on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and has taken into account the guidance of the Malaysian Code on Corporate Governance.

The management of risks in the daily business operation is assigned to management team and significant risks are identified and related mitigating responses as well as the corresponding internal control measures were deliberated at the Audit Committee and Board meeting.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Managing Director and Head of Finance that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Bursa Securities Listing Requirements paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with (Audit and Assurance Practice Guide (AAPG) 3 : Guidance for Auditors on Engagements To Report on the Statement on Risk Management and Internal Control included in the Annual Report) issued by Malaysian Institute of Accountants. AAPG 3 does not required external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their procedures performed, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

CONCLUSION

For the financial year 31 December 2018 and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets.

For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary. This statement is made in accordance with the resolution passed by the Board dated 10 April 2019.

Additional Compliance Information

MATERIAL CONTRACTS

There was no material contract between the Company and its subsidiaries involving the Directors and major shareholders' interests, either still subsisting at the end of the financial year or entered since the end of the previous financial year.

STATUTORY AUDIT AND NON-STATUTORY AUDIT FEES

The amount of audit and non-audit fees incurred for the services render by external auditors of the Group for the financial year ended 31 December 2018 are as follows:-

	Group RM	Company RM
Audit fees	56,000	51,500
Non-audit fees	5,000	5,000

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

On 26 December 2017, we have entered into a tenancy agreement with MY E.G. Services Berhad for rent of office space located at Level 31, MYEG Tower, Empire City. No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya. Details of transaction are as follows:

Term of tenancy : 1 December 2017 to 30 November 2020
Monthly rental : RM30,256.20

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2018.

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal Activities

The principal activities of the Company are the development, provision and maintenance of software application solutions for the financial services industry. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Profit for the financial year	6,657,362	6,441,527
Attributable to:		
Owners of the parent	6,657,362	6,441,527

Reserves and Provisions

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

Dividends

Since the end of the last financial year, the Company paid:

	RM
First interim single tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 December 2018 on 28 September 2018	3,108,615
Second interim single tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 December 2018 on 20 December 2018	3,108,615
	6,217,230

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

Directors' Report (cont'd)

Issue of Shares and Debentures

During the financial year, the Company issued 750,000 new ordinary shares for a total cash consideration of RM255,000 arising from the exercise of warrants at an exercise price of RM0.34 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Warrants

The Warrants 2014/2019 were constituted under the Deed Poll dated 1 July 2014.

As at 31 December 2018, the total number of Warrants that remained unexercised was 205,822,312.

The salient terms of the Warrants are disclosed in Note 15 to the financial statements.

Options Granted Over Unissued Shares

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

Directors

The Directors in office since the beginning of the financial year until the date of this report are:

Dato' Dr. Norraesah Binti Haji Mohamad *
Wang Kuen-Chung @ Jeff Wang *
Wong Kok Chau *
Gan Teck Ban
Eng Shao Hon *
Ng Kim Huat
Aaron Sim Kwee Lein
Lok Choon Hong

The Director who held office in the subsidiary company (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report:

Dato' Mohd Fauzi Bin Yaakub (resigned on 1 November 2018)

* Directors of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary company and made a part hereof.

Directors' Report (cont'd)

Directors' Interests

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	1.1.2018	Bought	Sold	31.12.2018
Interests in the Company				
Direct interests				
Wang Kuen-Chung @ Jeff Wang	1,899,004	-	-	1,899,004
Gan Teck Ban	1,350,000	-	-	1,350,000
Lok Choon Hong	40,000	-	-	40,000
Wong Kok Chau	5,000	-	-	5,000
Dato' Dr. Norraesah Binti Haji Mohamad	460,000	-	-	460,000
Indirect interests				
Wang Kuen-Chung @ Jeff Wang (1)	23,350,000	-	-	23,350,000
Dato' Dr. Norraesah Binti Haji Mohamad (2)	82,482,800	1,244,600	-	83,727,400

	Number of Warrants 2014/2019			
	1.1.2018	Bought	Sold	31.12.2018
Interests in the Company				
Direct interests				
Wang Kuen-Chung @ Jeff Wang	102	-	-	102
Wong Kok Chau	1,000	-	-	1,000
Indirect interests				
Dato' Dr. Norraesah Binti Haji Mohamad (2)	10,000,000	-	3,000,000	7,000,000

Notes:

(1) *Deemed interest pursuant to Section 8 of the Companies Act, 2016 by virtue of the shareholdings in Exacta Co. Ltd., a company incorporated in British Virgin Islands.*

(2) *Deemed interest pursuant to Section 8 of the Companies Act, 2016 by virtue of the shareholdings in Asia Internet Holdings Sdn. Bhd., a company incorporated in Malaysia.*

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares and warrants of the Company or of its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 30(c) to the financial statements) by reason of a contract made by the Company or a related corporations 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report (cont'd)

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of the business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of Directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

   (ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

   (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 of the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are disclosed in Note 24 of the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 April 2019.

WONG KOK CHAU **ENG SHAO HON**

KUALA LUMPUR

Statement By Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 48 to 120 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 at 31 December 2018 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 dated 10 April 2019.

WONG KOK CHAU **ENG SHAO HON**

KUALA LUMPUR

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Liew Kean Fatt (MIA Membership No: 16662), being the Officer primarily responsible for the financial management of Excel Force MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 48 to 120 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory on 10 April 2019)

LIEW KEAN FATT

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report
To The Members Of Excel Force MSC Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Excel Force MSC Berhad, which comprise the statements of financial position as at 31 December 2018 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 120.

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 2018, and of their financial performance and their cash flows for the financial 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 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
Impairment assessment on product development costs	
As at 31 December 2018, the Group recognised product development costs of RM11,090,012 and disclosed their assessment for impairment of product development costs in Note 6 to the financial statements. Significant judgement is involved in estimating the recoverable amount, i.e.: the present value of future cash flows generated by product development costs. It involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows including forecasted revenue growth, profit margin of the products and discount rates.	We evaluated management's assessment of whether there was any indication of impairment on product development costs. We assessed the reasonableness of cash flows forecasts and projections by comparison to historical performance and future outlook, as well as discussion with management. We verified the discount rate by comparison to the Group's cost of capital and relevant risk factors. We performed sensitivity analysis by taking into account the historical forecasting accuracy of the Group to test the key assumptions in the impairment model.

Independent Auditors' Report
To The Members Of Excel Force MSC Berhad (cont'd)

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 annual 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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 the 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the 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.

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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report
To The Members Of Excel Force MSC Berhad (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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: (cont'd)

- 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the 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 and 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 achieves fair presentation.

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

We communicate with 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2020 J
Chartered Accountant

KUALA LUMPUR

10 April 2019

Statements Of Financial Position
As At 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	2,746,844	3,392,984	2,741,184	3,375,757
Capital work-in-progress	5	8,384,910	-	8,384,910	-
Product development costs	6	11,090,012	10,431,178	9,719,169	8,809,414
Intangible assets	7	-	-	-	-
Investment in subsidiary companies	8	-	-	500,003	500,003
Amount due from a subsidiary company	9	-	-	704,005	1,012,420
		22,221,766	13,824,162	22,049,271	13,697,594
Current Assets					
Inventories	10	45,328	25,860	45,328	25,860
Trade receivables	11	5,226,119	3,150,120	5,038,996	2,732,671
Other receivables	12	1,413,155	2,522,198	1,393,236	2,497,547
Amount due from subsidiary companies	9	-	-	485,561	323,257
Tax recoverable		3,710	400	3,660	-
Deposits, bank and cash balances and short term funds	13	29,812,581	21,541,617	29,013,216	21,369,345
		36,500,893	27,240,195	35,979,997	26,948,680
Assets held for sale	14	-	13,381,204	-	13,381,204
		36,500,893	40,621,399	35,979,997	40,329,884
Total Assets		58,722,659	54,445,561	58,029,268	54,027,478

Statements Of Financial Position
As At 31 December 2018 (cont'd)

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Equity and Liabilities					
Equity					
Share capital	15	20,998,365	20,743,365	20,998,365	20,743,365
Reserves	16	26,203,684	25,828,596	26,302,567	26,124,151
Total Equity		47,202,049	46,571,961	47,300,932	46,867,516
Non-Current Liabilities					
Loan and borrowing	17	-	3,258,894	-	3,258,894
Deferred tax liabilities	18	-	37,042	-	37,042
		-	3,295,936	-	3,295,936
Current Liabilities					
Trade payables	19	265,867	337,160	241,681	313,840
Other payables	20	10,184,788	2,205,476	10,105,531	2,148,512
Contract liabilities	21	1,069,955	804,039	381,124	170,685
Loan and borrowing	17	-	981,108	-	981,108
Tax payable		-	249,881	-	249,881
		11,520,610	4,577,664	10,728,336	3,864,026
Total Liabilities		11,520,610	7,873,600	10,728,336	7,159,962
Total Equity and Liabilities		58,722,659	54,445,561	58,029,268	54,027,478

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

Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Year Ended 31 December 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	22	22,939,010	22,918,204	21,814,047	21,822,333
Cost of sales	23	(8,561,277)	(7,870,981)	(7,914,719)	(7,193,354)
Gross profit		14,377,733	15,047,223	13,899,328	14,628,979
Other income		3,523,798	649,940	3,689,594	825,703
Administrative expenses		(6,792,301)	(5,934,728)	(6,703,499)	(5,813,546)
Marketing expenses		(26,403)	(23,585)	(26,365)	(23,485)
Net loss on impairment on financial instruments		(84,292)	(12,208)	(80,641)	-
Other operating expenses		(3,063,628)	(1,614,124)	(3,060,895)	(1,604,960)
Profit before tax	24	7,934,907	8,112,518	7,717,522	8,012,691
Taxation	25	(1,277,545)	(1,789,260)	(1,275,995)	(1,788,819)
Profit for the financial year, representing total comprehensive income for the financial year		6,657,362	6,323,258	6,441,527	6,223,872
Profit for the financial year, representing total comprehensive income for the financial year attributable to:					
Owners of the parent		6,657,362	6,323,258	6,441,527	6,223,872
Earnings per share					
Basic earnings per share (sen)	26	1.61	1.53		
Diluted earnings per share (sen)	26	1.07	1.13		

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2018

			Attributable to owners of the parent		
				Distributable	
		Share	Other	Retained	Total
		Capital	Reserve	Earnings	Equity
	Note	RM	RM	RM	RM
Group					
At 1 January 2018, as previously reported		20,743,365	(80,745)	25,909,341	46,571,961
Effect of adopting MFRS 9 [Note 2(a)]	11	-	-	(65,044)	(65,044)
At 1 January 2018, as restated		20,743,365	(80,745)	25,844,297	46,506,917
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,657,362	6,657,362
Transactions with owners:					
Issuance of ordinary shares	15	255,000	-	-	255,000
Dividends to owners of the parent	27	-	-	(6,217,230)	(6,217,230)
		255,000	-	(6,217,230)	(5,962,230)
At 31 December 2018		20,998,365	(80,745)	26,284,429	47,202,049

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2018 (cont'd)

		Attributable to owners of the parent						
	Note	Share Capital RM	Share Premium RM	Other Reserve RM	Distributable Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2017		20,686,597	56,768	-	24,757,733	45,501,098	(80,744)	45,420,354
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	6,323,258	6,323,258	-	6,323,258
Transition to no-par value regime on 31 January 2017	15	56,768	(56,768)	-	-	-	-	-
Transactions with owners:								
Change in ownership interest in a subsidiary company	8(b)	-	-	(80,745)	-	(80,745)	80,744	(1)
Dividends to owners of the parent	25	-	-	-	(5,171,650)	(5,171,650)	-	(5,171,650)
		-	-	(80,745)	(5,171,650)	(5,252,395)	80,744	(5,171,651)
At 31 December 2017		20,743,365	-	(80,745)	25,909,341	46,571,961	-	46,571,961

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2018 (cont'd)

	Note	Share Capital RM	Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2018, as previously reported		20,743,365	-	26,124,151	46,867,516
Effect of adopting of MFRS 9 [Note 2(a)]		-	-	(45,881)	(45,881)
At 1 January 2018, as restated		20,743,365	-	26,078,270	46,821,635
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,441,527	6,441,527
Transactions with owners:					
Issuance of ordinary shares	15	255,000	-	-	255,000
Dividends to owners of the parent	27	-	-	(6,217,230)	(6,217,230)
		255,000	-	(6,217,230)	(5,962,230)
At 31 December 2018		20,998,365	-	26,302,567	47,300,932
At 1 January 2017		20,686,597	56,768	25,071,929	45,815,294
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,223,872	6,223,872
Transition to no-par value regime on 31 January 2017	15	56,768	(56,768)	-	-
Transactions with owners:					
Dividends to owners of the parent	27	-	-	(5,171,650)	(5,171,650)
At 31 December 2017		20,743,365	-	26,124,151	46,867,516

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Profit before tax		7,934,907	8,112,518	7,717,522	8,012,691
Adjustments for:					
Amortisation of product development costs		2,103,599	2,060,831	1,581,267	1,489,032
Depreciation of property, plant equipment		826,610	968,452	815,346	949,317
(Gain)/Loss on disposal of:					
- property, plant and equipment		(21,998)	30,610	(22,207)	30,610
- assets held for sale		(2,283,796)	-	(2,283,796)	-
Impairment losses on trade receivables		101,949	12,208	80,641	-
Reversal of impairment losses on trade receivables		(17,657)	-	-	-
Interest income from:					
- deposits with licensed banks		(43,389)	(30,513)	(36,923)	(30,513)
- short term funds		(769,945)	(531,957)	(769,945)	(531,957)
- amount due from subsidiary companies		-	-	(90,672)	(88,429)
Property, plant and equipment written off		162,538	-	162,538	-
Unrealised (gain)/loss on foreign exchange		(4,395)	89,134	(4,395)	89,134
Operating profit before working capital changes		7,988,423	10,711,283	7,149,376	9,919,885
Changes in working capital:					
Inventories		(19,468)	489	(19,468)	489
Trade and other receivables		(1,117,215)	(1,727,334)	(1,329,459)	(1,513,167)
Trade and other payables		7,908,019	1,015,839	7,884,860	997,141
Contract liabilities		265,916	39,653	210,439	(462)
Amount due from subsidiary companies		-	-	(63,217)	(6,343)
		7,037,252	(671,353)	6,683,155	(522,342)
Cash generated from operations		15,025,675	10,039,930	13,832,531	9,397,543
Tax paid		(1,567,778)	(1,626,618)	(1,566,578)	(1,625,776)
Net cash from operating activities		13,457,897	8,413,312	12,265,953	7,771,767

Statements Of Cash Flows

For The Financial Year Ended 31 December 2018 (cont'd)

		Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from investing activities					
Addition of product development costs		(2,762,433)	(2,659,940)	(2,491,022)	(2,377,050)
Incorporation of a subsidiary company		-	-	-	(2)
Additional investment in a subsidiary company		-	-	-	(500,001)
Purchase of					
- property, plant and equipment		(367,685)	(1,870,333)	(367,679)	(1,870,333)
- capital work-in-progress		(8,384,910)	-	(8,384,910)	-
Interest income from:					
- deposits with licensed banks		43,389	30,513	36,923	30,513
- short term funds		769,945	531,957	769,945	531,957
Proceeds from disposal of					
- property, plant and equipment		46,675	4,370	46,575	4,370
- assets held for sale		15,665,000	-	15,665,000	-
Repayment from a subsidiary company		-	-	300,000	800,000
Net cash from/(used in) investing activities		5,009,981	(3,963,433)	5,574,832	(3,380,546)
Cash flows from financing activities					
Dividends paid (Note 27)		(6,217,230)	(5,171,650)	(6,217,230)	(5,171,650)
Proceeds from issuance of ordinary shares (Note 15)		255,000	-	255,000	-
Repayment of term loan		(4,240,002)	(981,108)	(4,240,002)	(981,108)
Net cash used in financing activities		(10,202,232)	(6,152,758)	(10,202,232)	(6,152,758)
Net increase/(decrease) in cash and cash equivalents		8,265,646	(1,702,879)	7,638,553	(1,761,537)
Effect of exchange translation differences on cash and cash equivalents		5,318	(84,466)	5,318	(84,466)
Cash and cash equivalents at the beginning of the financial year		21,541,617	23,328,962	21,369,345	23,215,348
Cash and cash equivalents at the end of the financial year		29,812,581	21,541,617	29,013,216	21,369,345
Cash and cash equivalents at the end of the financial year comprises:					
Deposits, bank and cash balances and short term funds	13	29,812,581	21,541,617	29,013,216	21,369,345

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

Notes To The Financial Statements

31 December 2018

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Level 31, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company was located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur. With effect from 15 August 2018, the Company's registered office has been relocated to Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activities of the Company are the development, provision and maintenance of software application solutions for the financial services industry. The principal activities of its subsidiary companies are disclosed in Note 8. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property

Annual Improvements to MFRSs 2014 - 2016 Cycle:

- Amendments to MFRS 1
- Amendments to MFRS 128

Notes To The Financial Statements

31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision which continue to be reported under MFRS 139. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(1) Classification of financial assets and liabilities

Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

(i) measured at amortised cost ("AC");
(ii) fair value through other comprehensive income ("FVTOCI"); and
(iii) fair value through profit or loss ("FVTPL").

The standard replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

(2) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

Notes To The Financial Statements
31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (cont'd)

(3) Effect of changes in classification and measurement of financial assets on 1 January 2018:

	As at 31.12.2017 RM	Remeasurement RM	MFRS 9 measurement category - Amortised cost RM
MFRS 139 measurement category			
Group			
Financial assets			
Loans and receivables			
Trade receivables	3,150,120	(65,044)	3,085,076
Other receivables which are financial assets	417,212	-	417,212
Deposits, bank and cash balances and short term funds	6,807,172	-	6,807,172
	10,374,504	(65,044)	10,309,460
Company			
Financial assets			
Loans and receivables			
Trade receivables	2,732,671	(45,881)	2,686,790
Other receivables which are financial assets	403,362	-	403,362
Deposits, bank and cash balances and short term funds	6,634,900	-	6,634,900
	9,770,933	(45,881)	9,725,052

(4) Effect of impairment allowances on 1 January 2018

	Group RM	Company RM
Impairment on financial assets		
Balance under MFRS 139 as at 31 December 2017	-	-
Impairment losses on trade receivables	65,044	45,881
Balance under MFRS 9 as at 1 January 2018	65,044	45,881

Notes To The Financial Statements

31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

There is no significant impact arising from adoption of MFRS 9 and MFRS 15 on the Group's and the Company's financial statements except as follows:

Statements of Financial Position

	As at 31.12.2017 RM	MFRS 9 adjustments RM	MFRS 15 adjustments RM	As at 1.1.2018 RM
Group				
Current asset				
Trade receivables	3,150,120	(65,044)	-	3,085,076
Current liabilities				
Other payables	3,009,515	-	(804,039)	2,205,476*
Contract liabilities	-	-	804,039	804,039*
	3,009,515	-	-	3,009,515
Equity				
Retained earnings	25,909,341	(65,044)	-	25,844,297
Company				
Current asset				
Trade receivables	2,732,671	(45,881)	-	2,686,790
Current liabilities				
Other payables	2,319,197	-	(170,685)	2,148,512*
Contract liabilities	-	-	170,685	170,685*
	2,319,197	-	-	2,319,197
Equity				
Retained earnings	26,124,151	(45,881)	-	26,078,270

Statements of profit or loss and other comprehensive income

Group				
Net loss on impairment on financial instruments	-	(12,208)	-	(12,208)*
Other operating expenses	(1,626,332)	12,208	-	(1,614,124)*

* The comparatives have been reclassified to conform with current year presentation.

Notes To The Financial Statements

31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Lease	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

Notes To The Financial Statements
31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below: (cont'd)

MFRS 16 *Leases* (cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new standards and amendments to standards on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

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

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

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

Notes To The Financial Statements
31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgments, estimates and assumptions (cont'd)

Judgements (cont'd)

Satisfaction of performance obligations in relation to contracts with customers (cont'd)

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Product development costs

The Group capitalises product development costs for a project in accordance with the accounting policy. Initial capitalisation of product development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for product development costs is disclosed in Note 6.

Amortisation of product development costs (Note 6)

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised.

Impairment of product development costs

The Group reviews the carrying amounts of product development costs as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of product development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

Significant judgement is made in the estimation of the present value of future cash flows generated by product development costs, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of product development costs.

Further details on the assessment for impairment of product development costs are disclosed in Note 6.

Notes To The Financial Statements

31 December 2018 (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgments, estimates and assumptions (cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of the inventories are disclosed in Note 10.

Determination of transactions prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Impairment of trade receivables

The Group review the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The customer's credit worthiness is evaluated by reviewing, amongst others, the Group's historical collection experience.

The carrying amounts at the reporting date for trade receivables are disclosed in Note 11.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group and the Company have tax recoverable of RM3,710 (2017: RM400) and RM3,660 (2017: RMNil) and tax payable of RMNil (2017: RM249,881) and RMNil (2017: RM249,881) respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 31(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Notes To The Financial Statements
31 December 2018 (cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k)(i) on impairment of non-financial assets.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(k)(i) on impairment of non-financial assets.

(b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long term leasehold land	56 years/99 years
Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Computer and software	20%
Office equipment	15%
Renovation	20%

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

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

<u>As lessee</u>

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

<u>As lessor</u>

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criterias are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(e) Intangible assets (cont'd)

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the cost of sales line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition of an intangible assets, measured as the difference between the net disposal proceeds, if any, and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Research and development activities

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the products or processes to generate future economic benefits. Research expenditure is charged to profit or loss in the financial year in which it is incurred.

Capitalised product development costs are amortised on a straight line basis over a period of three (3) to ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development assets are tested for impairment annually.

Trademarks and copyrights

Acquired trademarks and copyrights have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademarks and copyrights over their estimated useful lives of ten (10) years.

Notes To The Financial Statements
31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Financial assets

Policy applicable from 1 January 2018

Recognition and initial measurement

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

At initial recognition, the Group or the Company measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial instrument categories and subsequent measurement

The Group and the Company determine the classification of financial assets at 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 in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified into the following categories:

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due to subsidiary companies, an associate and related companies, fixed deposits with licensed banks and cash and bank balances.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

Financial instrument categories and subsequent measurement (cont'd)

(b) Financial assets at fair value through other comprehensive income

(i) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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 debt investment is not designated as at fair value through profit or loss. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(ii) Equity investments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 2(k)(ii).

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive 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 assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provision of the financial instruments.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable before 1 January 2018 (Cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

(g) Financial liabilities

Policy applicable from 1 January 2018

<u>Recognition and initial measurement</u>

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

At initial recognition, the Group or the Company measures a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings.

<u>Financial instrument categories and subsequent measurement</u>

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(g) Financial liabilities (cont'd)

Policy applicable from 1 January 2018 (cont'd)

Financial instrument categories and subsequent measurement (cont'd)

(b) Financial liabilities at amortised cost

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

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

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables and loans and borrowings.

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liability at initial recognition, into the following categories:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

(ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(g) Financial liabilities (cont'd)

Policy applicable before 1 January 2018 (cont'd)

(ii) Other financial liabilities measured at amortised cost (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Inventories

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

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(k) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience to the debtors and the economic environment.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(k) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Policy applicable before 1 January 2018

All financial assets, other than those categorised as fair value through profit or loss, and investments in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Provision

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes To The Financial Statements
31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(m) Provision (cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income, net of any reimbursement.

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Notes To The Financial Statements

31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(p) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

The Group recognises revenue from the following major sources:

(a) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(b) Rendering of services

Revenue from services rendered and management fee income are recognised in the profit and loss based on the value of services performed and invoiced to customers during the reporting period.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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 measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Notes To The Financial Statements
31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(q) Income taxes (cont'd)

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 liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(r) Contract liabilities

Contract liabilities represent the Group's and the Company's obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or has billed to the customer. The contract liabilities of the Group and the Company comprise of amount due to customers on contracts which is the excess of billings to-date over the cumulative revenue earned and deferred revenue where the Group and the Company have billed or has collected the payment before the goods are delivered or services are provided to the customers.

(s) Segments reporting

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) its assets are ten (10) per cent or more of the combined assets of all operating segments.

Notes To The Financial Statements
31 December 2018 (cont'd)

3. Significant Accounting Policies (cont'd)

(s) Segments reporting (cont'd)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five (75) percent of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

(t) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

(u) Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Notes To The Financial Statements
31 December 2018 (cont'd)

4. Property, Plant and Equipment

	Buildings RM	Freehold Land RM	Furniture and Fittings RM	Motor Vehicles RM	Computer and Software RM	Office Equipment RM	Renovation RM	Total RM
Group								
2018								
Cost								
At 1 January 2018	335,605	382,284	309,505	1,440,787	4,996,448	261,834	2,262,225	9,988,688
Additions	-	-	2,953	-	240,618	42,230	81,884	367,685
Written off	-	-	(20,084)	-	-	(20,326)	(816,113)	(856,523)
Disposals	-	-	(38,519)	(97,623)	(2,200)	(32,268)	-	(170,610)
At 31 December 2018	335,605	382,284	253,855	1,343,164	5,234,866	251,470	1,527,996	9,329,240
Accumulated depreciation								
At 1 January 2018	111,376	-	143,892	950,204	4,497,521	191,017	701,694	6,595,704
Charge for the financial year	6,212	-	25,399	128,365	264,626	24,467	377,541	826,610
Written off	-	-	(10,305)	-	-	(20,190)	(663,490)	(693,985)
Disposals	-	-	(14,841)	(97,622)	(2,194)	(31,276)	-	(145,933)
At 31 December 2018	117,588	-	144,145	980,947	4,759,953	164,018	415,745	6,582,396
Carrying amount								
At 31 December 2018	218,017	382,284	109,710	362,217	474,913	87,452	1,112,251	2,746,844

Notes To The Financial Statements
31 December 2018 (cont'd)

4. Property, Plant and Equipment (Cont'd)

	Buildings RM	Freehold Land RM	Long Term Leasehold Land RM	Furniture and Fittings RM	Motor Vehicles RM	Computer and Software RM	Office Equipment RM	Renovation RM	Total RM
Group									
2017									
Cost									
At 1 January 2017	12,805,605	382,284	2,030,000	350,470	1,004,422	4,912,371	261,304	927,287	22,673,743
Additions	-	-	-	14,423	436,365	84,077	530	1,334,938	1,870,333
Reclassified to assets held for sale	(12,470,000)	-	(2,030,000)	-	-	-	-	-	(14,500,000)
Disposal	-	-	-	(55,388)	-	-	-	-	(55,388)
At 31 December 2017	335,605	382,284	-	309,505	1,440,787	4,996,448	261,834	2,262,225	9,988,688
Accumulated depreciation									
At 1 January 2017	832,583	-	105,729	130,936	856,525	4,157,913	166,548	516,222	6,766,456
Charge for the financial year	255,610	-	36,250	33,364	93,679	339,608	24,469	185,472	968,452
Reclassified to assets held for sale	(976,817)	-	(141,979)	-	-	-	-	-	(1,118,796)
Disposals	-	-	-	(20,408)	-	-	-	-	(20,408)
At 31 December 2017	111,376	-	-	143,892	950,204	4,497,521	191,017	701,694	6,595,704
Carrying amount									
At 31 December 2017	224,229	382,284	-	165,613	490,583	498,927	70,817	1,560,531	3,392,984

Notes To The Financial Statements
31 December 2018 (cont'd)

4. Property, Plant and Equipment (Cont'd)

	Buildings RM	Freehold Land RM	Furniture and Fittings RM	Motor Vehicles RM	Computer and Software RM	Office Equipment RM	Renovation RM	Total RM
Company								
2018								
Cost								
At 1 January 2018	335,605	382,284	301,593	1,440,787	4,849,611	249,300	2,262,225	9,821,405
Additions	-	-	2,953	-	240,612	42,230	81,884	367,679
Written off	-	-	(20,084)	-	-	(20,326)	(816,113)	(856,523)
Disposals	-	-	(38,519)	(97,623)	(2,200)	(30,014)	-	(168,356)
At 31 December 2018	335,605	382,284	245,943	1,343,164	5,088,023	241,190	1,527,996	9,164,205
Accumulated depreciation								
At 1 January 2018	111,376	-	136,034	950,205	4,367,013	179,326	701,694	6,445,648
Charge for the financial year	6,212	-	25,399	128,365	253,606	24,223	377,541	815,346
Written off	-	-	(10,305)	-	-	(20,190)	(663,490)	(693,985)
Disposals	-	-	(14,841)	(97,622)	(2,194)	(29,331)	-	(143,988)
At 31 December 2018	117,588	-	136,287	980,948	4,618,425	154,028	415,745	6,423,021
Carrying amount								
At 31 December 2018	218,017	382,284	109,656	362,216	469,598	87,162	1,112,251	2,741,184

Notes To The Financial Statements
31 December 2018 (cont'd)

4. Property, Plant and Equipment (cont'd)

	Buildings RM	Freehold Land RM	Long Term Leasehold Land RM	Furniture and Fittings RM	Motor Vehicles RM	Computer and Software RM	Office Equipment RM	Renovation RM	Total RM
Company									
2017									
Cost									
At 1 January 2017	12,805,605	382,284	2,030,000	342,558	1,004,422	4,765,534	248,770	927,287	22,506,460
Additions	-	-	-	14,423	436,365	84,077	530	1,334,938	1,870,333
Reclassified to assets held for sale	(12,470,000)	-	(2,030,000)	-	-	-	-	-	(14,500,000)
Disposal	-	-	-	(55,388)	-	-	-	-	(55,388)
At 31 December 2017	335,605	382,284	-	301,593	1,440,787	4,849,611	249,300	2,262,225	9,821,405
Accumulated depreciation									
At 1 January 2017	832,583	-	105,729	123,078	856,526	4,046,061	155,336	516,222	6,635,535
Charge for the financial year	255,610	-	36,250	33,364	93,679	320,952	23,990	185,472	949,317
Reclassified to assets held for sale	(976,817)	-	(141,979)	-	-	-	-	-	(1,118,796)
Disposal	-	-	-	(20,408)	-	-	-	-	(20,408)
At 31 December 2017	111,376	-	-	136,034	950,205	4,367,013	179,326	701,694	6,445,648
Carrying amount									
At 31 December 2017	224,229	382,284	-	165,559	490,582	482,598	69,974	1,560,531	3,375,757

Notes To The Financial Statements

31 December 2018 (cont'd)

5. Capital Work-In-Progress

	Group and Company	
	2018	2017
	RM	RM
At 1 January	-	-
Addition	8,384,910	-
At 31 December	8,384,910	-

During the financial year, the Company has entered into a Sale and Purchase Agreement with Cosmopolitan Avenue Sdn. Bhd. to purchase a building for a purchase consideration of RM9,864,600.

6. Product Development Costs

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cost				
At 1 January	23,973,983	21,314,043	20,661,911	18,284,861
Additions	2,762,433	2,659,940	2,491,022	2,377,050
At 31 December	26,736,416	23,973,983	23,152,933	20,661,911
Accumulated amortisation				
At 1 January	13,542,805	11,481,974	11,852,497	10,363,465
Charge for the financial year	2,103,599	2,060,831	1,581,267	1,489,032
At 31 December	15,646,404	13,542,805	13,433,764	11,852,497
Carrying amount				
At 31 December	11,090,012	10,431,178	9,719,169	8,809,414

(a) Product development costs comprise salaries of personnel involved in the development and design of products prior to the commencement of commercial production.

(b) The Group reviews the carrying amounts of product development costs as at the end of the reporting period to determine whether there is any indication of impairment. If any such indications exists, the recoverable amount of the Cash Generating Unit ("CGU") is determined based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU based on the financial budgets prepared by the management covering a period of five (5) years.

The key assumptions used in the value in use calculations are as follows:

(i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGU ranged from 2% to 6% (2017: 4% to 9%) per annum from 2019 to 2023.

(ii) Profit margins were projected based on the historical profit margin achieved or pre-determined profit margin for the products.

(iii) A pre-tax discount rate of 4.80% (2017: 4.80%) per annum has been applied in determining the recoverable amount of the CGU.

Based on the assessment, the Directors are of the view that no impairment loss is required as the recoverable amount of the CGU is higher than its carrying amount.

Notes To The Financial Statements
31 December 2018 (cont'd)

6. Product Development Costs (cont'd)

(c) Sensitivity to changes in assumptions

The management believes that there are no reasonable possible change in any key assumption that would cause the CGU carrying amount to exceed its recoverable amount.

(d) Included in the product development costs of the Group is Executive Directors' remuneration of RMNil (2017: RM17,157).

7. Intangible Assets

	Group and Company	
	2018	**2017**
	RM	**RM**
Cost		
At 1 January/31 December	1,010,000	1,010,000
Accumulated amortisation		
At 1 January/31 December	(1,010,000)	(1,010,000)
Carrying amount		
At 31 December	-	-

Intangible assets consist of trademarks and copyrights which had been fully amortised in the financial year ended 31 December 2013.

8. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2018	**2017**
	RM	**RM**
Unquoted shares, at cost		
In Malaysia	620,003	620,003
Less: Accumulated impairment losses	(120,000)	(120,000)
	500,003	500,003

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective Interest 2018 %	2017 %	Principal activities
Direct Holding:				
Insage (MSC) Sdn. Bhd.	Malaysia	100	100	Provision of software solutions
E2 Trade Sdn. Bhd.	Malaysia	100	100	Investment holding

Notes To The Financial Statements

31 December 2018 (cont'd)

8. Investment in Subsidiary Companies (cont'd)

(b) Acquisition of equity interest from non-controlling interests

In the previous financial year, the Company acquired additional 40% equity interest in Insage (MSC) Sdn. Bhd. ("Insage") for a cash consideration of RM1, thus increasing its equity interest from 60% to 100%.

The effect of changes in equity interest that is attributable to the owners of the parent is as follows:

	Group	
	2018 RM	**2017 RM**
Carrying amount of non-controlling interests acquired	-	(80,744)
Consideration paid to non-controlling interests	-	(1)
Decrease in parent's equity	-	(80,745)

9. Amount Due from/(to) Subsidiary Companies

		Company	
		2018 RM	**2017 RM**
Non-current			
Non-trade related			
Interest bearing	(a)	704,005	1,012,420
Current			
Trade related			
Non-interest bearing	(b)	-	(46,699)
Non-trade related			
Interest bearing	(a)	469,043	369,956
Non-interest bearing	(c)	16,518	-
		485,561	323,257

(a) Amount due from a subsidiary company

This represents loans which is unsecured, bear interest at 6.30% to 6.60% (2017: 6.30% to 6.60%) per annum, have fixed repayment terms ranging from 7 to 9 years and are payable in cash and cash equivalents.

(b) Amount due to a subsidiary company

This represents trade balances which is unsecured, non-interest bearing and repayable on demand.

(c) Amount due from a subsidiary company

This represents non-trade balances which is unsecured, non-interest bearing and repayable on demand.

Notes To The Financial Statements

31 December 2018 (cont'd)

10. Inventories

	Group and Company 2018 RM	Group and Company 2017 RM
At cost		
Replacement parts	45,328	25,860
Recognised in profit or loss		
Inventories recognised as cost of sales	344,130	389,604

11. Trade Receivables

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade receivables	5,387,663	3,162,328	5,165,518	2,732,671
Less: Accumulated impairment losses	(161,544)	(12,208)	(126,522)	-
	5,226,119	3,150,120	5,038,996	2,732,671

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 60 to 90 days (2017: 60 to 90 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
Group			
At 1 January 2018	-	12,208	12,208
Effect of adopting MFRS 9 [Note 2(a)]	65,044	-	65,044
Impairment losses recognised	80,641	21,308	101,949
Impairment losses reversed(1)	-	(17,657)	(17,657)
At 31 December 2018	145,685	15,859	161,544
At 1 January 2017	-	16,117	16,117
Impairment losses recognised	-	12,208	12,208
Amount written off	-	(16,117)	(16,117)
At 31 December 2017	-	12,208	12,208
Company			
At 1 January 2018	-	-	-
Effect of adopting MFRS 9 [Note 2(a)]	45,881	-	45,881
Impairment losses recognised	80,641	-	80,641
At 31 December 2018	126,522	-	126,522

(1) Impairment losses reversed during the financial year when the related amounts were collected.

Notes To The Financial Statements

31 December 2018 (cont'd)

11. Trade Receivables (cont'd)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivable directly.

The aged analysis of trade receivables as at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2018			
Neither past due nor impaired	3,453,535	(48,340)	3,405,195
Past due but not impaired			
Less than 30 days	772,029	(21,314)	750,715
31 to 60 days	23,500	(964)	22,536
More than 60 days	1,108,668	(60,995)	1,047,673
	1,904,197	(83,273)	1,820,924
Credit impaired			
Individually impaired	29,931	(29,931)	-
	5,387,663	(161,544)	5,226,119
2017			
Neither past due nor impaired	2,692,646	-	2,692,646
Past due but not impaired			
Less than 30 days	305,757	-	305,757
31 to 60 days	19,981	-	19,981
More than 60 days	131,736	-	131,736
	457,474	-	457,474
Credit impaired			
Individually impaired	12,208	(12,208)	-
	3,162,328	(12,208)	3,150,120
Company			
2018			
Neither past due nor impaired	3,290,140	(44,990)	3,245,150
Past due but not impaired			
Less than 30 days	756,874	(20,693)	736,181
31 to 60 days	23,500	(964)	22,536
More than 60 days	1,095,004	(59,875)	1,035,129
	1,875,378	(81,532)	1,793,846
	5,165,518	(126,522)	5,038,996

Notes To The Financial Statements

31 December 2018 (cont'd)

11. Trade Receivables (cont'd)

The aged analysis of trade receivables as at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Company			
2017			
Neither past due nor impaired	2,442,221	-	2,442,221
Past due but not impaired			
Less than 30 days	271,413	-	271,413
More than 60 days	19,037	-	19,037
	290,450	-	290,450
	2,732,671	-	2,732,671

Trade receivables of the Group and of the Company that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. As at 31 December 2018, 64% (2017: 85%) and 64% (2017: 89%) of the trade receivables of the Group and of the Company respectively have never defaulted. These customers maintain a long working relationship with the Group.

As at 31 December 2018, the Group's and the Company's trade receivables of RM1,820,924 (2017: RM457,474) and RM1,793,846 (2017: RM290,450) were past due but not impaired. These mainly arose from active corporate clients with healthy business relationship but slower repayment records, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM29,931 (2017: RM12,208), relate to customers that are in financial difficulties, have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

At the end of the reporting period, the Group and the Company have 4 (2017: 5) customers that owed to the Group and the Company for approximately 55% (2017: 59%) and 57% (2017: 68%) respectively of all the receivables outstanding.

12. Other Receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	86,742	93,137	74,511	79,287
Deposits	250,722	324,075	250,722	324,075
Prepayments	1,075,691	2,104,986	1,062,917	2,094,185
GST receivable	-	-	5,086	-
	1,413,155	2,522,198	1,393,236	2,497,547

Notes To The Financial Statements
31 December 2018 (cont'd)

13. Deposits, Bank and Cash Balances and Short Term Funds

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash in hand	5,935	14,929	5,435	14,493
Cash at banks	3,445,180	6,585,329	2,646,315	6,413,493
Deposits with licensed banks	212,097	206,914	212,097	206,914
	3,663,212	6,807,172	2,863,847	6,634,900
Short term funds				
At fair value through profit or loss				
- Investments in fixed income trust funds in Malaysia	26,149,369	14,734,445	26,149,369	14,734,445
	29,812,581	21,541,617	29,013,216	21,369,345

(a) Investment in fixed income trust funds in Malaysia represents investments in high liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(b) The annual interest rates for short term funds and deposits with licensed banks of the Group and of the Company that were effective at the end of the reporting period were 0.14% to 5.00% (2017: 0.15% to 4.62%) per annum.

(c) Deposits of the Group and of the Company have an average maturity period of 30 days (2017: 30 days). Bank balances are deposits held at call with banks.

14. Assets Held for Sale

	Company	
	2018 RM	2017 RM
Cost		
At 1 January	14,500,000	-
Reclassified from property, plant and equipment	-	14,500,000
Disposal	(14,500,000)	-
At 31 December	-	14,500,000
Accumulated depreciation		
At 1 January	1,118,796	-
Reclassified from property, plant and equipment	-	1,118,796
Disposal	(1,118,796)	-
At 31 December	-	1,118,796
Carrying amount		
At 31 December	-	13,381,204

Notes To The Financial Statements
31 December 2018 (cont'd)

14. Assets Held for Sale (cont'd)

(a) In the previous financial year, the long term leasehold land and building held under H.S.(D) 159654 Master Lot No. PT 1, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor ("the Property") have been classified from property, plant and equipment to assets held for sale as the management were negotiating with Plaza 33 Sdn. Bhd. ("Plaza 33") for the disposal of the Property.

On 29 March 2018, the Company entered into a sale and purchase agreement with Plaza 33 for the disposal of the Property for a total consideration of RM15,665,000. The disposal was completed during the financial year.

(b) In the previous financial year, the assets held for sale have been pledged to a licensed bank as security for credit facility granted to the Company as disclosed in Note 17.

15. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
Issued and fully paid ordinary shares				
At 1 January	413,731,950	206,865,975	20,743,365	20,686,597
Shares issued during the financial year	750,000	-	255,000	-
Share split	-	206,865,975	-	-
Transition to no-par value regime on 31 January 2017				
- Share premium	-	-	-	56,768
At 31 December	414,481,950	413,731,950	20,998,365	20,743,365

In accordance with the transitional provisions set out in Section 618(2) of Companies Act, 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account becomes part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM56,768 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act. As at the date of issuance of the financial statements, the Company did not utilise the share premium account.

<u>Ordinary shares</u>

During the financial year, the Company issued 750,000 new ordinary shares for a total cash consideration of RM255,000 arising from the exercise of warrants at an exercise price of RM0.34 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

<u>Warrants</u>

On 18 July 2014, the Company issued 103,384,031 2014/2019 free Warrants ("the Warrants 2014/2019") on the basis of one (1) free warrant for every two (2) existing ordinary shares held of RM0.10 each. The Warrants are constituted under a Deed Poll dated 1 July 2014 ("Deed Poll"). The Warrants 2014/2019 were listed on Main Market of Bursa Malaysia Securities Berhad on 24 July 2014.

Notes To The Financial Statements
31 December 2018 (cont'd)

15. Share Capital (cont'd)

Warrants (cont'd)

The salient features of the Warrants 2014/2019 are as follows:

(i) the Warrants 2014/2019 entitle its registered holders to subscribe for one (1) new ordinary share of the Company of RM0.10 each at the exercise price during the exercise period;

(ii) the exercise price of each Warrant has been fixed at RM0.68 per Warrant;

(iii) the Warrants 2014/2019 may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants dated 18 July 2014 and ending on the expiry date to be dated 17 July 2019 ("exercise period"). Any Warrants which have not been exercised by the expiry of the exercise period will lapse and therefore cease to be valid for any purpose; and

(iv) the new shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing shares save and except that they will not be entitled to any dividends, rights, allotment or other forms of distributions for which the relevant entitlement precedes the date of allotment and issuance of the new shares arising from the exercise of the Warrants.

On 2 June 2017, the shareholders of the Company had approved the adjustment to the exercise price and number of outstanding of the Warrants 2014/2019 pursuant to the subdivision of every 1 existing ordinary share in the Company into 2 ordinary shares in the Company ("Share Split"). Additional Warrants of 103,286,156 were listed and quoted on the Main Market of Bursa Securities on 21 June 2017. The existing exercise price has been adjusted to RM0.34 per Warrant.

As at 31 December 2018, unexercised warrants of the Company are as follows:

Date granted	Exercise price	No. of warrants over ordinary shares	Warrant expiry date
18 July 2014	RM0.34 (2017: RM0.34)	205,822,312 (2017: 206,572,312)	17 July 2019

16. Reserves

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable					
Other reserve	(a)	(80,745)	(80,745)	-	-
Distributable					
Retained earnings	(b)	26,284,429	25,909,341	26,302,567	26,124,151
		26,203,684	25,828,596	26,302,567	26,124,151

(a) Other reserve

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests.

(b) Retained earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends.

Notes To The Financial Statements

31 December 2018 (cont'd)

17. Loan and Borrowing

	Group and Company	
	2018	2017
	RM	RM
Secured		
Floating rate		
Term loan	-	4,240,002
Non-current liability		
Term loan	-	3,258,894
Current liability		
Term loan	-	981,108
	-	4,240,002

	Group and Company	
	2018	2017
	RM	RM
Maturity of loan and borrowing		
Within 1 year	-	981,108
Between 1 to 2 years	-	981,108
Between 2 to 3 years	-	981,108
Between 3 to 4 years	-	981,108
Between 4 to 5 years	-	315,570
	-	4,240,002

The term loan of the Group and of the Company is secured by a first party charge over long term leasehold land and a building of the Group and of the Company as disclosed in Note 14.

The term loan is repayable by 120 monthly instalments with the fixed amount of RM81,759 with effect from one month after the date of full release of the loan.

The term loan of the Group and of the Company bears interest at BLR-2.40% based on the outstanding amount of the term loan after setting off against the available balance in the current account of the Group and of the Company maintained in the same licensed bank where the term loan was drawdown.

The term loan has been fully settled during the financial year upon disposal of long term leasehold land and building.

Notes To The Financial Statements

31 December 2018 (cont'd)

18. Deferred Tax Liabilities

	Group and Company	
	2018	2017
	RM	RM
At 1 January	37,042	63,013
Recognised in profit or loss	-	(8,592)
Over provision in prior years	(37,042)	(17,379)
At 31 December	-	37,042

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Deferred tax liabilities	36,174	40,820	34,924	37,042
Deferred tax assets	(36,174)	(3,778)	(34,924)	-
	-	37,042	-	37,042

The components and movements of deferred tax liabilities and assets are as follows:

	2018	2017
	RM	RM
Group		
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	40,820	63,013
Recognised in profit or loss	(7,130)	(12,944)
Under/(Over) provision in prior years	2,484	(9,249)
At 31 December	36,174	40,820
Deferred tax assets		
Unused tax losses		
At 1 January	(3,778)	-
Recognised in profit or loss	2,464	4,352
Over provision in prior years	64	(8,130)
At 31 December	(1,250)	(3,778)
Other		
At 1 January	-	-
Recognised in profit or loss	4,666	-
Under provision in prior year	(39,590)	-
At 31 December	(34,924)	-

Notes To The Financial Statements

31 December 2018 (cont'd)

18. Deferred Tax Liabilities (cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (cont'd)

	2018 RM	2017 RM
Company		
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	37,042	63,013
Recognised in profit or loss	(4,666)	(8,592)
Under/(Over) provision in prior years	2,548	(17,379)
At 31 December	34,924	37,042
Deferred tax assets		
Others		
At 1 January	-	-
Recognised in profit or loss	4,666	-
Under provision in prior year	(39,590)	-
At 31 December	(34,924)	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unused tax losses	1,908,995	2,482,716	-	-
Other deductible temporary differences	235,607	5,726	235,607	5,726
	2,144,602	2,488,442	235,607	5,726

Deferred tax assets have not been recognised in respect of these items as they have arisen from a subsidiary company which has been granted with the Pioneer Status as disclosed in Note 25.

19. Trade Payables

Credit term of trade payables of the Group and of the Company ranged from 60 to 90 days (2017: 60 to 90 days) depending on the terms of the contracts.

Notes To The Financial Statements

31 December 2018 (cont'd)

20. Other Payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	8,054,497	326,207	8,023,537	322,961
Deposits received	72,300	385,600	72,300	385,600
Accruals	2,057,991	1,375,673	2,009,694	1,338,885
GST payables	-	117,996	-	101,066
	10,184,788	2,205,476	10,105,531	2,148,512

Included in deposits received of the Group and of the Company are earnest deposit of RM Nil (2017: RM313,300) received for the proposed disposal of the Group's and of the Company's long term leasehold land and building as disclosed in Note 14.

21. Contract Liabilities

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred revenue	1,069,955	804,039	381,124	170,685

Deferred revenue represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

22. Revenue

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revenue from contracts with customers:				
Sales of hardware	293,932	570,250	293,932	570,250
Rendering of services	20,855,438	20,566,009	19,810,034	19,531,313
Maintenance services	1,789,640	1,781,945	1,710,081	1,720,770
	22,939,010	22,918,204	21,814,047	21,822,333
Timing of revenue recognition				
At a point in time	19,108,308	19,064,428	19,049,747	19,012,308
Over time	3,830,702	3,853,776	2,764,300	2,810,025
Total revenue from contracts with customers	22,939,010	22,918,204	21,814,047	21,822,333

Revenue from contracts with customers recognised for the Group and for the Company in the current financial year included RM1,069,955 and RM381,124 (2017: RM804,039 and RM170,685) that were included in the contract liabilities at the beginning of the financial year.

Notes To The Financial Statements

31 December 2018 (cont'd)

22. Revenue (cont'd)

Set below is the disaggregation of the Group's revenue from contracts with customers:

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
2018				
Major goods and services				
Sales of hardware	293,932	-	-	293,932
Rendering of services	4,959,143	-	15,896,295	20,855,438
Maintenance services	-	1,789,640	-	1,789,640
Total revenue from contracts with customers	5,253,075	1,789,640	15,896,295	22,939,010
Geographical market				
Malaysia	5,092,406	1,472,446	15,890,247	22,455,099
Singapore	160,669	249,591	6,048	416,308
Others	-	67,603	-	67,603
Total revenue from contracts with customers	5,253,075	1,789,640	15,896,295	22,939,010
Timing of revenue recognition				
At a point in time	3,872,059	1,024,766	14,211,483	19,108,308
Over time	1,381,016	764,874	1,684,812	3,830,702
Total revenue from contracts with customers	5,253,075	1,789,640	15,896,295	22,939,010

Notes To The Financial Statements

31 December 2018 (cont'd)

22. Revenue (cont'd)

Set below is the disaggregation of the Group's revenue from contracts with customers: (cont'd)

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
2017				
Major goods and services				
Sales of hardware	570,250	-	-	570,250
Rendering of services	4,565,960	-	16,000,049	20,566,009
Maintenance services	-	1,781,945	-	1,781,945
Total revenue from contracts with customers	5,136,210	1,781,945	16,000,049	22,918,204
Geographical market				
Malaysia	4,967,518	1,460,891	15,998,919	22,427,328
Singapore	168,692	254,417	1,130	424,239
Others	-	66,637	-	66,637
Total revenue from contracts with customers	5,136,210	1,781,945	16,000,049	22,918,204
Timing of revenue recognition				
At a point in time	3,755,995	942,889	14,365,544	19,064,428
Over time	1,380,215	839,056	1,634,505	3,853,776
Total revenue from contracts with customers	5,136,210	1,781,945	16,000,049	22,918,204

23. Cost of Sales

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Hardware	345,356	389,604	344,129	389,604
Amortisation of product development costs	2,103,599	2,060,831	1,581,267	1,489,032
Project costs	2,656,913	2,116,542	2,687,866	2,168,556
Data centre and line expenses	1,017,225	868,813	1,017,225	868,362
Direct technical staff costs	1,629,094	1,728,775	1,618,025	1,690,428
License fees	286,281	261,693	143,741	144,753
Other expenses	522,809	444,723	522,466	442,619
	8,561,277	7,870,981	7,914,719	7,193,354

Notes To The Financial Statements

31 December 2018 (cont'd)

24. Profit before Tax

Profit before tax is derived after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory audit	56,000	53,500	51,500	50,500
- non-statutory audit	5,000	9,500	5,000	9,500
Impairment losses on trade receivables	101,949	12,208	80,641	-
Reversal of impairment losses on trade receivables	(17,657)	-	-	-
Depreciation of property, plant and equipment	826,610	968,452	815,346	949,317
Non-executive Directors' fee	151,000	144,000	151,000	144,000
Rental of premises	363,074	30,256	363,074	30,256
Interest income from:				
- deposits with licensed banks	(43,389)	(30,513)	(36,923)	(30,513)
- short term funds	(769,945)	(531,957)	(769,945)	(531,957)
- amount due from a subsidiary company	-	-	(90,672)	(88,429)
Property, plant and equipment written off	162,538	-	162,538	-
Rental income	(385,678)	(35,000)	(385,678)	(35,000)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(21,998)	30,610	(22,207)	30,610
- assets held for sale	(2,283,796)	-	(2,283,796)	-
Loss/(Gain) on foreign exchange				
- realised	12,357	(44,605)	12,366	(44,605)
- unrealised	(4,395)	89,134	(4,395)	89,134

25. Taxation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax expenses recognised in profit or loss				
Current tax provision	1,272,890	1,749,881	1,271,340	1,749,881
Under provision in prior years	41,697	65,350	41,697	64,909
	1,314,587	1,815,231	1,313,037	1,814,790
Deferred tax:				
Relating to reversal of temporary differences	-	(8,592)	-	(8,592)
Over provision in prior years	(37,042)	(17,379)	(37,042)	(17,379)
	(37,042)	(25,971)	(37,042)	(25,971)
	1,277,545	1,789,260	1,275,995	1,788,819

Notes To The Financial Statements

31 December 2018 (cont'd)

25. Taxation (cont'd)

The subsidiary company, Insage (MSC) Sdn. Bhd. ("Insage") was awarded with the Multimedia Super Corridor ("MSC") status by the Government of Malaysia. The financial incentive awarded to Insage under the MSC status is "Pioneer Status" under Section 4A of the Promotion of Investment Act, 1986. Insage has been granted the Pioneer Status by the Ministry of International Trade and Industry for services under the Promotion Investment Act, 1986 in which the statutory income is exempted from tax for a period of 5 years from 23 March 2014 to 22 March 2019.

The salient terms of the Pioneer Status are as follows:

(i) 100% tax exemption on business income;

(ii) unabsorbed pioneer capital allowances can be carried forward to the post pioneer period and deducted against the post-pioneer income of a business relating to the same promoted activity or promoted product; and

(iii) unabsorbed pioneer losses can be carried forward to the post pioneer period and deducted against the post-pioneer income of a business relating to the same promoted activity or promoted product.

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	7,934,907	8,112,518	7,717,522	8,012,691
At Malaysian statutory tax rate of 24% (2017: 24%)	1,904,378	1,947,004	1,852,205	1,923,046
Expenses not deductible for tax purposes	786,016	690,185	694,706	599,673
Income not subject to tax	(1,334,983)	(781,430)	(1,330,743)	(781,430)
Deferred tax assets not recognised	(82,521)	(114,470)	55,172	-
Under/(Over) provision in respect of prior years				
- income tax	41,697	65,350	41,697	64,909
- deferred tax	(37,042)	(17,379)	(37,042)	(17,379)
Tax expense for the financial year	1,277,545	1,789,260	1,275,995	1,788,819

The Group have the following unused tax losses available for carry forward, to off-set against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group	
	2018 RM	2017 RM
Unused tax losses	1,914,203	2,498,193

Notes To The Financial Statements

31 December 2018 (cont'd)

26. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
	RM	**RM**
Profit attributable to owners of the parent	6,657,362	6,323,258
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at beginning of the financial year	413,731,950	206,865,975
Shares issued during the financial year	750,000	-
Effect of ordinary shares issued pursuant to Share Split	-	206,865,975 #
	414,481,950	413,731,950 #
Basic earnings per ordinary share (in sen)	1.61	1.53

\# *The weighted average number of ordinary shares in issue for the previous financial year has been restated to reflect the retrospective adjustment arising from the Share Split which was completed during the financial year ended 31 December 2017.*

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2018	**2017**
	RM	**RM**
Profit attributable to owners of the parent	6,657,362	6,323,258
Weighted average number of ordinary shares in issue used in the calculation of basic earnings per share	414,481,950	413,731,950 #
Effect of conversion of warrants	205,822,312	144,118,438 ^
	620,304,262	557,850,388
Diluted earnings per ordinary share (in sen)	1.07	1.13 ^

^ *The weighted average number of ordinary shares in issue for the previous financial year has been restated to reflect the effects of full conversion of warrants pursuant to the Share Split which was completed during the financial year ended 31 December 2017.*

Notes To The Financial Statements

31 December 2018 (cont'd)

27. Dividends

	Group and Company 2018 RM	Group and Company 2017 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
In respect of the financial year ended 31 December 2018		
- First interim single-tier dividend of 0.75 sen per ordinary share, paid on 28 September 2018	3,108,615	-
- Second interim single-tier dividend of 0.75 sen per ordinary share, paid on 20 December 2018	3,108,615	-
In respect of the financial year ended 31 December 2017		
- First interim single-tier dividend of 1.0 sen per ordinary share, paid on 28 March 2017	-	2,068,660
- Second interim single-tier dividend of 1.5 sen per ordinary share, paid on 16 June 2017	-	3,102,990
	6,217,230	5,171,650

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

28. Staff Costs

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Salaries, wages and other emoluments	7,726,430	7,468,568	7,442,833	7,105,737
Fee	396,000	370,786	396,000	370,786
Defined contribution plans	962,698	925,732	926,706	880,516
Social security contributions	65,797	57,525	61,394	52,860
Other benefits	235,307	177,302	223,170	170,230
	9,386,232	8,999,913	9,050,103	8,580,129

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Executive Directors of the Company				
Salaries and other emoluments	1,107,720	1,140,366	1,107,720	1,087,087
Fee	396,000	370,786	396,000	370,786
Defined contribution plans	157,275	160,174	157,275	153,768
Social security contributions	2,770	2,727	2,770	2,486
	1,663,765	1,674,053	1,663,765	1,614,127

Notes To The Financial Statements
31 December 2018 (cont'd)

29. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities:

	At 1 January RM	Financing cash flow * RM	At 31 December RM
Group and Company			
2018			
Term loan	4,240,002	(4,240,002)	-
2017			
Term loan	5,221,110	(981,108)	4,240,002

* Financing cash flow represents repayment of term loan in the statements of cash flows.

30. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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.

The Company has controlling related party relationship with its direct subsidiary companies.

Related parties of the Group include:

(i) Direct subsidiary companies as disclosed in Note 8; and

(ii) Key management personnel who are 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 Company, and certain members of the senior management of the Group.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Transactions with a subsidiary company				
Application services rendered	-	-	317,446	317,400
Management fee income	-	-	81,600	87,360
Transactions with a related party				
Rental paid/payable	363,074	30,256	363,074	30,256

Notes To The Financial Statements
31 December 2018 (cont'd)

30. Related Party Disclosures (cont'd)

(c) Compensation of key management personnel (cont'd)

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, fees and other emoluments	2,357,993	2,654,635	2,357,993	2,654,635
Defined contribution plans	307,677	278,439	307,677	278,439
Social security contributions	7,319	6,974	7,319	6,974
	2,672,989	2,940,048	2,672,989	2,940,048

31. Segment Information

The Company and its subsidiary companies are principally engaged in the development, provision and maintenance of computer software application solutions for the financial services industry.

The Company has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a)	Application solutions division	Sales of software application and product on an outright purchase basis
(b)	Maintenance services division	Provision of maintenance services
(c)	Application services provider division	Income from outsourcing services charge which is volume and transaction based

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax. Group income taxes are managed on a group basis and are not allocated to operating segments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Capital expenditure consist of addition of property, plant and equipment and capital work-in-progress.

Notes To The Financial Statements

31 December 2018 (cont'd)

31. Segment Information (cont'd)

Segment assets exclude tax assets and segment liabilities exclude tax liabilities. Details are provided in the reconciliations of segment assets and liabilities to the Group position.

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
2018				
Revenue				
Total revenue	5,253,075	1,789,640	16,213,741	23,256,456
Inter-segment revenue	-	-	(317,446)	(317,446)
Revenue from external customers	5,253,075	1,789,640	15,896,295	22,939,010
Results				
Segment results	2,336,845	777,321	4,007,407	7,121,573
Interest income	186,255	63,454	563,625	813,334
Profit before tax				7,934,907
Taxation				(1,277,545)
Profit after tax				6,657,362
Segment assets	13,446,746	4,581,090	40,691,113	58,718,949
Segment liabilities	2,638,241	898,806	7,983,563	11,520,610
Other segment information				
Capital expenditure	2,004,360	682,853	6,065,382	8,752,595
Depreciation of property, plant and equipment	189,295	64,490	572,825	826,610
Property, plant and equipment written off	37,221	12,681	112,636	162,538
Amortisation of product development costs	481,727	164,117	1,457,755	2,103,599
Gain on disposal of property, plant and equipment	(5,038)	(1,716)	(15,244)	(21,998)
Gain on disposal of asset held for sale	(522,993)	(178,176)	(1,582,627)	(2,283,796)
Reversal on impairment losses on trade receivables	4,043	1,378	12,236	17,657
Impairment losses on trade receivables	23,347	7,954	70,648	101,949
Unrealised gain on foreign exchange	(1,006)	(343)	(3,046)	(4,395)

Notes To The Financial Statements
31 December 2018 (cont'd)

31. Segment Information (cont'd)

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
2017				
Revenue				
Total revenue	5,136,210	1,781,945	16,317,449	23,235,604
Inter-segment revenue	-	-	(317,400)	(317,400)
Revenue from external customers	5,136,210	1,781,945	16,000,049	22,918,204
Results				
Segment results	2,383,239	751,451	4,415,358	7,550,048
Interest income	126,055	43,733	392,682	562,470
Profit before tax				8,112,518
Taxation				(1,789,260)
Profit after tax				6,323,258
Segment assets	12,201,732	4,233,243	38,010,186	54,445,161
Segment liabilities	1,700,362	589,920	5,296,395	7,586,677
Other segment information				
Capital expenditure	419,161	145,423	1,305,749	1,870,333
Depreciation of property, plant and equipment	217,040	75,299	676,113	968,452
Amortisation of product development costs	461,854	160,235	1,438,742	2,060,831
Loss on disposal of property, plant and equipment	6,860	2,380	21,370	30,610
Impairment losses on trade receivables	-	-	12,208	12,208
Unrealised loss on foreign exchange	18,718	7,131	63,285	89,134

Notes To The Financial Statements

31 December 2018 (cont'd)

31. Segment Information (cont'd)

Reconciliations of reportable segment revenue, assets and liabilities to the Group's corresponding amounts are as follows:

	2018 RM	2017 RM
Revenue		
Total revenue for reportable segments	23,256,456	23,235,604
Elimination of inter-segmental revenue	(317,446)	(317,400)
Revenue of the Group per statements of profit or loss and other comprehensive income	22,939,010	22,918,204
Assets		
Total assets for reportable segments	58,718,949	54,445,161
Tax recoverable	3,710	400
Assets of the Group per statements of financial position	58,722,659	54,445,561
Liabilities		
Total liabilities for reportable segments	11,520,610	7,586,677
Tax payable	-	286,923
Liabilities of the Group per statements of financial position	11,520,610	7,873,600

Geographical information

Geographical segment information for revenue are disclosed in Note 22.

No disclosure on geographical segment information for non-current assets as the Group operates predominantly in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the Group revenue:

	Revenue		Segment
	2018 RM	2017 RM	
Company A	2,790,773	2,507,279	Application services provider and Application solutions division
Company B	2,703,285	3,899,058	Application services provider and Application solutions division
Company C	2,269,634	2,503,192	Application services provider and Application solutions division
Company D	*	2,247,903	Application services provider and Application solutions division

* Revenue contribution is individually less than 10% of the Group's revenue

Notes To The Financial Statements

31 December 2018 (cont'd)

32. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expenses, including fair values gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets measured at amortised cost RM	Fair value through profit or loss RM	Financial liabilities measured at amortised cost RM	Total RM
Group				
2018				
Financial Assets				
Trade receivables	5,226,119	-	-	5,226,119
Other receivables	337,464	-	-	337,464
Deposits, bank and cash balances and short term funds	3,663,212	26,149,369	-	29,812,581
	9,226,795	26,149,369	-	35,376,164
Financial Liabilities				
Trade payables	-	-	265,867	265,867
Other payables	-	-	10,184,788	10,184,788
	-	-	10,450,655	10,450,655

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities measured at amortised cost RM	Total RM
2017				
Financial Assets				
Trade receivables	3,150,120	-	-	3,150,120
Other receivables	417,212	-	-	417,212
Deposits, bank and cash balances and short term funds	6,807,172	14,734,445	-	21,541,617
	10,374,504	14,734,445	-	25,108,949
Financial Liabilities				
Trade payables	-	-	337,160	337,160
Other payables	-	-	2,087,480	2,087,480
Loan and borrowing	-	-	4,240,002	4,240,002
	-	-	6,664,642	6,664,642

Notes To The Financial Statements

31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (cont'd)

	Financial assets measured at amortised cost RM	Fair value through profit or loss RM	Financial liabilities measured at amortised cost RM	Total RM
Company				
2018				
Financial Assets				
Trade receivables	5,038,996	-	-	5,038,996
Other receivables	325,233	-	-	325,233
Amount due from subsidiary companies	1,189,566	-	-	1,189,566
Deposits, bank and cash balances and short term funds	2,863,847	26,149,369	-	29,013,216
	9,417,642	26,149,369	-	35,567,011
Financial Liabilities				
Trade payables	-	-	241,681	241,681
Other payables	-	-	10,105,531	10,105,531
	-	-	10,347,212	10,347,212

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities measured at amortised cost RM	Total RM
Company				
2017				
Financial Assets				
Trade receivables	2,732,671	-	-	2,732,671
Other receivables	403,362	-	-	403,362
Amount due from a subsidiary company	1,335,677	-	-	1,335,677
Deposits, bank and cash balances and short term funds	6,634,900	14,734,445	-	21,369,345
	11,106,610	14,734,445	-	25,841,055
Financial Liabilities				
Trade payables	-	-	313,840	313,840
Other payables	-	-	2,047,446	2,047,446
Loan and borrowing	-	-	4,240,002	4,240,002
	-	-	6,601,288	6,601,288

Notes To The Financial Statements

31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, interest rate and foreign currency risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions and loans to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans to its subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary company and repayments made by the subsidiary company.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables is written off (either partial or full) 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, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

There are no significant changes as compared to prior period.

The Group has no significant concentration to credit risk except as disclosed in Note 11. The Company has no significant concentration of credits risks except as disclosed in Note 11 and loans to its subsidiary company where risks of default have been assessed to be low.

Notes To The Financial Statements

31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2018					
Non-derivative financial liabilities					
Trade payables	265,867	-	-	265,867	265,867
Other payables	10,184,788	-	-	10,184,788	10,184,788
	10,450,655	-	-	10,450,655	10,450,655
2017					
Non-derivative financial liabilities					
Trade payables	337,160	-	-	337,160	337,160
Other payables	2,087,480	-	-	2,087,480	2,087,480
Loan and borrowing	981,108	981,108	2,277,786	4,240,002	4,240,002
	3,405,748	981,108	2,277,786	6,664,642	6,664,642

Notes To The Financial Statements
31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2018					
Non-derivative financial liabilities					
Trade payables	241,681	-	-	241,681	241,681
Other payables	10,105,531	-	-	10,105,531	10,105,531
	10,347,212	-	-	10,347,212	10,347,212

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2017					
Non-derivative financial liabilities					
Trade payables	313,840	-	-	313,840	313,840
Other payables	2,047,446	-	-	2,047,446	2,047,446
Loan and borrowing	981,108	981,108	2,277,786	4,240,002	4,240,002
	3,342,394	981,108	2,277,786	6,601,288	6,601,288

(iii) Market risks

(i) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowing are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowing are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Notes To The Financial Statements
31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

(i) Interest rate risk (cont'd)

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

	Group	
	2018	**2017**
	RM	**RM**
Floating rate instruments		
Short term funds	26,149,369	14,734,445
Loan and borrowing	-	(4,240,002)
	26,149,369	10,494,443
Fixed rate instrument		
Deposits with licensed banks	212,097	206,914

	Company	
	2018	**2017**
	RM	**RM**
Floating rate instruments		
Short term funds	26,149,369	14,734,445
Loan and borrowing	-	(4,240,002)
	26,149,369	10,494,443
Fixed rate instruments		
Amount due from a subsidiary company	1,173,048	1,382,376
Deposits with licensed banks	212,097	206,914
	1,385,145	1,589,290

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM261,494 and RM261,494 (2017: RM104,944 and RM104,944) respectively, arising mainly as a result of higher/lower net interest on floating rate instruments. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes To The Financial Statements
31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

(ii) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in	
	USD	**SGD**
	RM	**RM**
Group and Company		
2018		
Trade receivables	-	177,687
Cash and bank balances	370,220	1,309
	370,220	178,996
2017		
Trade receivables	18,235	-
Cash and bank balances	361,471	3,818
	379,706	3,818

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax for the financial year to a reasonably possible change in the USD and SGD exchange rates against the functional currencies of the Group and of the Company, with all other variables held constant.

	Group and Company			
	2018		**2017**	
	Change in currency rate	**Effect on profit before tax RM**	**Change in currency rate**	**Effect on profit before tax RM**
USD	Strengthened 10%	37,022	Strengthened 10%	37,971
	Weakened 10%	(37,022)	Weakened 10%	(37,971)
SGD	Strengthened 10%	17,900	Strengthened 10%	382
	Weakened 10%	(17,900)	Weakened 10%	(382)

Notes To The Financial Statements

31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(c) Fair value of financial instruments

(i) Methods and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amount of short-term receivables and payables, cash and bank balances, current portion of amount due from a subsidiary company and short- term loan and borrowing are reasonable approximation of fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loan and borrowing approximates their fair value as the loan will be re-priced to market interest rate on or near reporting date.

Financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of non-current portion of amount due from a subsidiary company is estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts are approximate to their fair values.

Financial instruments carried at fair value

The fair value of short term funds is determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

(ii) Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during the current and previous financial years.

Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes To The Financial Statements
31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(c) Fair value of financial instruments (cont'd)

(ii) Fair value hierarchy (cont'd)

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instruments	Valuation technique used	Significant unobservable input	Inter-relationship between key unobservable input and fair value
Company Financial asset Amount due from a subsidiary company	Discounted cash flow method	Discount rate 6.60%	The higher the discount rate, the lower the fair value of the financial assets would be

Notes To The Financial Statements
31 December 2018 (cont'd)

32. Financial Instruments (cont'd)

(c) Fair value of financial instruments (cont'd)

(ii) Fair value hierarchy (cont'd)

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Total carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2018										
Financial asset										
Short term funds	26,149,369	-	-	26,149,369	-	-	-	-	26,149,369	26,149,369
2017										
Financial asset										
Short term funds	14,734,445	-	-	14,734,445	-	-	-	-	14,734,445	14,734,445

Notes To The Financial Statements
31 December 208 (cont'd)

32. Financial Instruments (cont'd)

(c) Fair value of financial instruments (cont'd)

(ii) Fair value hierarchy (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Total carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Company										
2018										
Financial asset										
Short term funds	26,149,369	-	-	26,149,369	-	-	-	-	26,149,369	26,149,369
Amount due from a subsidiary company	-	-	-	-	-	-	1,300,000	1,300,000	1,300,000	720,523
2017										
Financial asset										
Short term funds	14,734,445	-	-	14,734,445	-	-	-	-	14,734,445	14,734,445
Amount due from a subsidiary company	-	-	-	-	-	-	1,600,000	1,600,000	1,600,000	1,382,376

Notes To The Financial Statements

31 December 2018 (cont'd)

33. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loan and borrowing	-	4,240,002	-	4,240,002
Trade and other payables	10,450,655	2,542,636	10,347,212	2,462,352
	10,450,655	6,782,638	10,347,212	6,702,354
Less: Cash and cash equivalents	(29,812,581)	(21,541,617)	(29,013,216)	(21,369,345)
Net asset	(19,361,926)	(14,758,979)	(18,666,004)	(14,666,991)
Total equity	47,202,049	46,571,961	47,300,932	46,867,516
Net gearing ratio	*	*	*	*

* Net gearing ratio is not applicable as the Group and the Company are in a net asset position.

34. Capital Commitment

	Group and Company	
	2018 RM	2017 RM
Authorised and contracted for:		
- Property, plant and equipment	1,479,690	-

35. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 April 2019.

List Of Properties

A summary of the Group's properties as at 31 December 2018 is as follows: -

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Current Use	Tenure / Date of Expiry of Leasehold Land	Date of Acquisition / Revaluation	Audited Net Book Value as at 31.12.18	Age of Building (years)
Pusat Dagangan, Phileo Damansara II, 611, Block B, No. 15, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.	2,583	Office Unit	Business	Freehold	9 February 2004 / 2011	600,302	18

Analysis Of Shareholdings
as at 25 March 2019

Total number of issued shares	:	414,903,850 ordinary shares
Class of Shares	:	Ordinary share
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders		Number of Shares Held	
Size of holdings	**No.**	**%**	**No.**	**%**
Less than 100 shares	28	0.70	563	0.00
100 - 1,000 shares	504	12.64	247,370	0.06
1,001 - 10,000 shares	1,689	42.35	10,340,001	2.50
10,001 - 100,000 shares	1,465	36.73	52,338,912	12.61
100,001 – 20,745,191 shares*	299	7.50	240,982,004	58.08
20,745,192 and above**	3	0.08	110,995,000	26.75
Total	3,988	100.00	414,903,850	100.00

Notes:
* Less than 5% of issued and paid-up shares.
** 5% and above of issued and paid-up shares.

SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2019

	Direct		Indirect	
Name	**No. of shares**	***%**	**No. of shares**	**%**
Asia Internet Holdings Sdn Bhd	83,727,400	20.18	-	-
Mohamed Nizam Bin Abdul Razak	33,383,000	8.05	-	-
Brahmal A/L Vasudevan	27,310,400	6.58	-	-
Wong Thean Soon	20,636,800	4.97	83,727,400(a)	20.18
Wang Kuen-Chung @ Jeff Wang	1,899,004	0.46	15,620,600(b)	3.76
Dato' Dr. Norraesah Binti Haji Mohamed	460,000	0.11	83,727,400(a)	20.18

DIRECTORS' SHAREHOLDINGS AS AT 25 MARCH 2019

	Direct		Indirect	
Name	**No. of shares**	***%**	**No. of shares**	**%**
Dato' Dr. Norraesah Binti Haji Mohamad	460,000	0.11	83,727,400(a)	20.18
Wang Kuen-Chung @ Jeff Wang	1,899,004	0.46	15,620,600(b)	3.76
Wong Kok Chau	5,000	0.00	-	-
Eng Shao Hon	-	-	-	-
Gan Teck Ban	1,350,000	0.33	-	-
Aaron Sim Kwee Lein	-	-	-	-
Lok Choon Hong	40,000	0.01	-	-
Ng Kim Huat	-	-	-	-

Note:
(a) Deemed interested by virtue of his/her shareholding in Asia Internet Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(b) Deemed interested by virtue of his shareholding in Exacta Co., Ltd, pursuant to Section 8 of the Companies Act, 2016.

Other than as disclosed above, the other Directors do not have any interest in the shares of the Company or its subsidiaries.

Thirty (30) Largest Shareholders

as at 25 March 2019

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Shareholders	No. of shares	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ASIA INTERNET HOLDINGS SDN BHD (MY2599)	40,702,000	9.81
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR ASIA INTERNET HOLDINGS SDN BHD	36,910,000	8.90
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHAMED NIZAM BIN ABDUL RAZAK (MY0888)	33,383,000	8.05
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON	20,636,800	4.97
5	EXACTA CO., LTD	15,620,600	3.76
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR BRAHMAL A/L VASUDEVAN (PBCL-OG0115)	12,600,000	3.04
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR BRAHMAL A/L VASUDEVAN (M73106)	9,883,200	2.38
8	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	9,470,000	2.28
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	9,147,300	2.20
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YOKE FONG	7,364,500	1.77
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASIA INTERNET HOLDINGS SDN BHD (001-ACCOUNT 2)	6,115,400	1.47
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN	5,000,000	1.21
13	KOH THUAN TECK	4,994,000	1.20
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS & CO. LTD. (SINGAPORE BCH)	4,000,000	0.96
15	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED BCF)	3,750,000	0.90
16	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED MF)	3,600,000	0.87
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA KEE SIONG (CEB)	3,400,000	0.82
18	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	3,295,000	0.79
19	DB (MALAYSIA) NOMINEES (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	3,000,000	0.72
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH LILY (E-BBB/SNG)	3,000,000	0.72
21	CHIA KEE SIONG	2,850,000	0.69
22	MOHD RADZUAN BIN AB HALIM	2,128,550	0.51
23	WONG II LE	2,117,450	
24	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDISI FIRMA SDN BHD (MG0065-195)	2,060,900	0.50
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONG HENG SOON	2,050,000	0.49
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH CHIU ENG (E-KBU)	1,916,600	0.46
27	LEE YOKE FONG	1,803,500	0.43
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIANG KAI LOON (010)	1,772,600	0.43
29	TEOH CHIU ENG	1,683,400	0.41
30	VINCENT NG CHUN WEI	1,604,000	0.39

Analysis Of Warrant Holdings
as at 25 March 2019

Type of securities	:	Warrants
Total warrants issued but not exercise	:	205,329,412
Tenure of warrants	:	5 years (2014/2019)

DISTRIBUTION OF WARRANT HOLDINGS

	Warrant Holders		Number of Warrants	
Size of holdings	**No.**	**%**	**No.**	**%**
Less than 100 issued warrants	76	5.48	3,698	0.00
100 - 1,000 issued warrants	309	22.28	66,218	0.03
1,001 - 10,000 issued warrants	328	23.65	1,961,724	0.96
10,001 - 100,000 issued warrants	511	36.84	19,898,024	9.69
100,001 – 10,266,469 issued warrants*	158	11.39	65,360,748	31.83
10,266,470 and above**	5	0.36	118,039,000	57.49
Total	1,387	100.00	205,329,412	100.00

Notes:
* Less than 5% of issued warrants.
** 5% and above of issued warrants.

SUBSTANTIAL WARRANT HOLDERS AS AT 25 MARCH 2019

	Direct		Indirect	
Name	**No. of Warrants**	**%**	**No. of Warrants**	**%**
Jayakumar A/L Panneer Selvam	39,027,500	19.01	-	-
CIMB Bank Berhad	32,000,000	15.58	-	-
Bank Julius Baer & Co. Ltd	21,843,800	10.64	-	-
Mohamed Nizam Bin Abdul Razak	13,167,700	6.41	-	-
Wong Thean Soon	15,796,000	7.69	7,000,000(a)	3.41

DIRECTORS' WARRANT HOLDINGS AS AT 25 MARCH 2019

	Direct		Indirect	
Name	**No. of Warrants**	**%**	**No. of Warrants**	**%**
Dato' Dr. Norraesah Binti Haji Mohamad	-	-	7,000,000(a)	3.41
Wang Kuen-Chung @ Jeff Wang	102	0.00	-	-
Ng Kim Huat	-	-	-	-
Gan Teck Ban	-	-	-	-
Eng Shao Hon	-	-	-	-
Aaron Sim Kwee Lein	-	-	-	-
Lok Choon Hong	-	-	-	-
Wong Kok Chau	1,000	0.00	-	-

Note:
(a) Deemed interested by virtue of her shareholding in Asia Internet Holding Sdn Bhd pursuant to Section 8 of the Companies Act. 2016.

Other than as disclosed above, the other Directors do not have any interest in the shares.

Thirty (30) Largest Warrant Holders

as at 25 March 2019

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Warrant Holders	No. of warrants	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	39,027,500	19.01
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	32,000,000	15.58
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	21,843,800	10.64
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHAMED NIZAM BIN ABDUL RAZAK (MY0888)	13,167,700	6.41
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON (7003171)	12,000,000	5.84
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASIA INTERNET HOLDINGS SDN BHD (001-ACCOUNT 2)	7,000,000	3.41
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON	3,796,000	1.85
8	DB (MALAYSIA) NOMINEES (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	3,000,000	1.46
9	PREMANAND JEARAJASINGAM	2,495,000	1.22
10	KOH THUAN TECK	1,997,000	0.97
11	DATO' LIM KOK HAN	1,204,400	0.59
12	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMIDON BIN ABDULLAH	1,150,000	0.56
13	LOW SHIH YUN	1,000,000	0.49
14	TEE YONG	1,000,000	0.49
15	DATO' LIM KOK HAN	978,500	0.48
16	CHONG JIA SHUN	952,700	0.46
17	CHIA KUO CHUNG	919,500	0.45
18	MOHD RADZUAN BIN AB HALIM	865,174	0.42
19	YONG SOO CHAI @ YONG SOW LAN	850,000	0.41
20	WONG II LE	841,724	0.41
21	LIM YAU CHONG	760,000	0.37
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	750,000	0.37
23	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE JEN TONG (STA1)	750,000	0.37
24	NG LI-SHING	750,000	0.37
25	LIEW YUN KWONG	712,400	0.35
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD HOOI CHEE KOK	705,000	0.34
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA CHING KIANG	671,800	0.33
28	CHIA AUN LING	670,000	0.33
29	HOW WENG LEONG	635,000	0.31
30	LEE SIN CHOY	627,000	0.31

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ExcelFORCE MSC Berhad (Company No. 570777 X)

FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We, ______________________________ NRIC No. or Company No ____________________
(Full name in block letters)

of ____
(Full address)

____

being a member/members of EXCEL FORCE MSC BERHAD hereby appoint (Proxy 1) ____________________

NRIC No. .____________________ of ____

____________________ or failing him/ her (Proxy 2) ____________________ NRIC No.

____________________ of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 3.00 p.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		For	Against
ORDINARY RESOLUTION 1	To re-elect Mr Eng Shao Eng who retires in accordance with Article 103 of the Articles of Association of the Company		
ORDINARY RESOLUTION 2	To re-elect Mr Wong Kok Chau who retires in accordance with Article 103 of the Articles of Association of the Company		
ORDINARY RESOLUTION 3	To approve the Directors' fees and benefits totaling RM624,000.00 from the 17th AGM up to the 18th AGM		
ORDINARY RESOLUTION 4	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
ORDINARY RESOLUTION 5	To grant authority to Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
ORDINARY RESOLUTION 6	To approve the Proposed Shareholders' Mandate for the Company to Purchase its Own Shares		
ORDINARY RESOLUTION 7	To approve the retention of Mr Aaron Sim Kwee Lein as Independent Director		
SPECIAL RESOLUTION 1	To approve the Proposed Adoption of the Constitution		

As witness my hand this …………… day of 2019

……………………………
Signature/Common Seal

*Strike out whichever is not desired.

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ……………………………

Percentage : ………………………..….%

Second Proxy
No. of Shares: ……………………………

Percentage : …………………………….%

Notes:-

1. *The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.*
2. *Mr Ng Kim Huat did not seek re-election, after having served on the Board of the Company for almost 15 years. Therefore, he will retain office until the close of the 17th AGM and retires in accordance with Article 103 of the Company's Articles.*
3. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
4. *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
5. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.*
6. *For the purpose of determining a member who shall be entitled to attend the Seventeenth AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 21 May 2019. Only a depositor whose name appears on the Record of the Depositor as at 21 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
7. *To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

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AFFIX
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THE SHARE REGISTRAR
EXCEL FORCE MSC BERHAD
Boardroom Share Registrars Sdn Bhd
(Formally known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor
Malaysia

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ExcelFORCE MSC Berhad (570777-X)

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