



# **Annual Report 2019**

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**IFCA MSC Berhad**

199701037892 (453392-T)

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## IFCA @ a Glance

IFCA is a business software solution company specializing in the Property Industry for 33 years. “IFCA”, an acronym for “Information for Competitive Advantage”, is our motto to provide innovative and strategic software solution. Over the years, we have also developed our software to meet the needs of contractors, hotel operators and others. Established in 1987, our Company has a talent pool of over 600 staff across all IFCA offices in Asia.

Our Technology Excellence Centers are in Malaysia and China, providing the best of the breed technology and industry domain expertise to deliver competitive solutions for our customers. Amongst our customers are iconic industry leaders and titans, including mid-range to boutique industry players.

With decades of Management and staff dedication and commitment, IFCA software has served over ten thousand satisfied users across Malaysia, China, Indonesia, Singapore, Philippines, Thailand, Myanmar, Pakistan, Maldives and South Africa. IFCA, the Company and the software have gained multiple industry awards and recognitions. These include Technology Fast 500 Asia Pacific, APICTA Award, IBM, Microsoft, PIKOM - Computimes Technopreneur of The Year, Sin Chew Business Excellence Awards 2016 in the category of Digital and Technology Business Excellence Award, Financial Times' 1000 High-Growth Companies Asia Pacific 2018 to name a few.

Today, IFCA is public listed as IFCA MSC Berhad in Bursa Malaysia Securities Berhad (“Bursa Malaysia”). IFCA has a strong balance sheet and zero borrowing to meet its long-term objective - To be the Global Business Software Organization in the Property industry.

### Vision

Creating the future by redefining how people live and work with innovation and simplicity

### Mission

We challenge the status quo by being receptive to new ideas

We create disruptive solutions that elevate the industries that we serve

We listen and strive to understand our customers, team members and market

We create compelling user experience with empowered talent and technology

We are passionate about what we do and we build authentic relationships

# Corporate Information

## Board of Directors

### Executive Directors

- **Yong Keang Cheun**  
(Chairman)
- **Yong Kian Keong**  
(Deputy Chairman)
- **Leong Nyu Kuan** (*Appointed on 1 June 2019*)  
(Director of Corporate Services)

### Non-Executive Independent Directors

- **Chew See Chiew**  
(Senior Independent Director)
- **Ooi Bee Bee**
- **Ang Boon Pheng** (*Appointed on 1 July 2019*)

### Company Secretary

Ng Yim Kong  
(LS0009297)  
SSM Practising Certificate No. 202008000309

### Audit and Risk Management Committee

Chew See Chiew (Chairman)  
Ooi Bee Bee  
Ang Boon Pheng  
(*Appointed on 1 July 2019*)

### Remuneration Committee

Chew See Chiew (Chairman)  
Yong Keang Cheun  
Ang Boon Pheng  
(*Appointed on 1 July 2019*)

### Nomination Committee

Chew See Chiew (Chairman)  
Ang Boon Pheng  
(*Appointed on 1 July 2019*)

### Auditors

UHY, Kuala Lumpur Office  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

### Principal Bankers

Hong Leong Bank Berhad  
OCBC Al-Amin Bank Berhad

### Company No.

199701037892 (453392-T)

### Registrar

Insurban Corporate Services Sdn Bhd  
149, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
T 603 7729 5529  
F 603 7728 5948

### Registered Office

Unit 07-02, Level 7, Persoft Tower  
6B Persiaran Tropicana  
Tropicana Golf & Country Resort  
47410 Petaling Jaya  
Selangor Darul Ehsan  
T 603 7804 5929 / 603 7805 1680  
F 603 7805 2559

### Business Office

Wisma IFCA, 19 Jalan PJU 1/42A  
Dataran Prima, 47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T 603 7805 3838  
F 603 7804 0206

### Stock Exchange Listing

Bursa Malaysia Securities Berhad – ACE Market

### Stock Codes

Bursa Malaysia:0023  
Reuters:IFCA.KL  
Bloomberg:IFCA MK

### Website

[www.ifca.asia](http://www.ifca.asia)

## Chairman's Statement / Management Discussion & Analysis

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of IFCA MSC Berhad ("IFCA") and its group of companies ("Group") for the financial year ended 31 December 2019 ("FY2019").

### Business Overview

Established in 1987, IFCA is primarily involved in software development, system integration, training and implementation as well as other related professional services. The Group is focused on offering a range of software solutions for customers in the property development, construction and hospitality industries, ranging from Small and Medium Enterprises (SME) to large corporations as well as government linked agencies. In addition, we provide human resource management solutions for companies from all industries.

Today, we have a talent pool of more than 600 staffs across all IFCA offices in Malaysia, China and Indonesia. Our research and development activities are carried out in Malaysia and China, providing the best of breed technology and industry domain expertise. Our highly passionate workforce constantly strives to provide excellent customer experience. We are continuously innovating and identifying new business models, products and services within the connected digital economy to empower our customers to deliver business excellence. Looking ahead, we will continue our path of customer centricity, delivering high quality service which delights and exceeds customers' expectations.

### Financial Results

The Group recorded revenue of RM85.6 million for the financial year ended 31 December 2019 ("FY2019") as compared to RM93.2 million in the previous financial year ended 31 December 2018 ("FY2018"). This represents a decrease of RM7.6 million or approximately 8.2%. The decrease of revenue was mainly attributable to the timing of local and overseas project sign off. Apart from that, exiting hardware business in FY2019 also contributed to the decrease in total annual sales turnover. Hence, domestic revenue recorded a decrease of 8.2% from RM41.4 million to RM38.0 million while overseas revenue recorded a decrease of 8.1% from RM51.8 million to RM47.6 million.

Consequently, the Group recorded a profit attributable to equity holders of the parent company ("PATAMI") of RM6.0 million for FY2019 compared to RM11.4 million recorded in FY2018. The lower PATAMI in FY2019 arose mainly as a result of lower revenue.

Despite the higher cost pressure, the Group's expenses for FY2019 compared to FY2018 were contained. Nevertheless, the Group continues its strategic effort to improve operational productivity, efficiency and cost management.

The tables below highlight the Group's key financial performance for FY2019:

#### A) Extract from Statement of Comprehensive Income

RM'000	FY2019	FY2018	Change
Revenue	85,589	93,207	-8%
Expenses	81,329	83,243	-2%
Other Income	3,899	5,522	-29%
Profit Before Taxation	8,159	15,486	-47%
Profit After Taxation	6,135	11,778	-48%
Profit Attributable to Equity Holders of the Parent Company	5,957	11,418	-48%
Basic Earnings Per Share (cent)	0.98	1.88	-48%

## Chairman's Statement / Management Discussion &amp; Analysis (Cont'd)

**B) Extract from Balance Sheet**

<b>RM'000</b>	<b>FY2019</b>	<b>FY2018</b>	<b>Change</b>
Total Assets	140,630	146,248	-4%
Total Liabilities	21,278	27,258	-22%
Total Equity	119,352	118,990	0%
Trade Receivables	10,889	13,887	-22%
Contract Assets	6,124	8,721	-30%
Goodwill	25,112	25,112	0%
Deferred Development Expenditure	9,692	8,801	10%
Fixed Deposits, Cash & Bank Balances	74,959	75,385	-1%
Net Asset Per Share (cent)	0.20	0.20	0%

IFCA's asset base continues to be strong with total assets of RM140.6 million and total equity of RM119.4 million in FY2019.

For FY2019, the Group recorded lower Trade Receivables by 21.6% from RM13.9 million to RM10.9 million, which was improved through continuous effort to follow up on regular and frequent basis. In addition, escalating disputed accounts to top management for higher-level discussion helped in expediting collection.

Contract Asset reduced by 29.8% from RM8.7 million to RM6.1 million as the Group continues to issue billings to customers following the terms as per contract agreement.

Deferred development expenditure ("DDE") increased by 10.1% from RM8.8 million to RM9.7 million as the Group started to capitalize the Research & Development (R&D) cost incurred in developing the cloud-based platform for all the ready solutions. Meanwhile, the Group continues to amortize the investment related to products that are completed and ready for commercialization.

Cash reserves of the Group reduced marginally by 0.7% to RM75.0 million despite a RM6.1 million dividend payment and RM3.7 million final profit guarantee pay-out for the Indonesia acquisition. This comes from prudent cash management and aggressive collection resulting in a strong cash-flow generating engine. Apart from hire purchase and finance leases, the Group has no borrowing and continued to generate healthy cash flows as indicated by the working capital surplus of RM74.2 million in FY2019.

Thus, the Group's financial position remains positive at 0.20 cent net assets per share for FY2019. Basic earnings per share in FY2019 was 0.98 cent per share as compared to 1.88 cent per share in FY2018.

To reward shareholders' loyalty, the directors are recommending a final single tier dividend of 1.0 cent per ordinary share that would amount to RM6.1 million, subject to shareholders' approval at the forthcoming Annual General Meeting.

**Operational Review**

The Group's revenue was made up of contribution from both local and overseas segments. The overseas segment mainly comprises China and Indonesia. In FY2019, the revenue contribution from Malaysia was the highest at 44.4%, followed by China at 43.1% and Indonesia at 11.2%.

Malaysia segment remained as the strongest base and is actively re-defining itself in the market as we continue to grow in all our product lines. More importantly we have secured more contracts through project tendering in

## Chairman's Statement / Management Discussion & Analysis (Cont'd)

FY 2019. In the meantime, we have implemented and rolled out on-going projects which carried through the financial year. We will continue to entrench ourselves in the local market by expanding our customer portfolio with anticipation of our Cloud products launching in the coming financial year.

In addition, China segment remained resilient in its growth as we continue to explore the market from other tier cities within the country border. During the financial year under review, one (1) of the subsidiaries in China, IFCA (Wuhan) Technology Co Ltd was deregistered. This is in line with the Group's effort to rationalize costs and streamline structure. Moving forward, we will continue to focus our efforts on launching Cloud products to strengthen our presence in the market.

Indonesia segment continued to remain strong as the market leader in all segment, with further diversification into new product lines during the financial year. We will continue to explore more opportunities in both product and technology to strengthen our market position.

Further with our previous plan for ASEAN expansion, we have decided to shut down the representative office in Ho Chi Minh, Vietnam in March 2020 as we would like to realign our focus with our current business portfolio segment. The Group will continue to focus on achieving its long-term goal of sustainable development while exploring collaboration and partnership opportunities.

### Research and Development

In FY2019, the Group invested approximately RM5.5 million in research and development activities for the development of a Cloud-based platform for our core solutions in line with the global trends of moving towards cloud computing and mobility. The Group continues to facilitate and enables digital transformation of our customers and industries by harnessing the advantages of Cloud infrastructure.

To that effect, IFCA has signed a memorandum of understanding (MoU) with Huawei Services (Hong Kong) Co. Ltd. during the financial year. The partnership programme is intended to explore project initiatives in the areas of DevOps, Cloud Artificial Intelligence (AI), Big Data and knowledge sharing on innovative technology.

The Board is of the view that continued investment in R&D will contribute positively to the Group's earnings as we focus on extending our market leadership and competitiveness. We will see more Cloud-based products come to market in 2020.

### Anticipated or Known Risks

As the Group operates in a highly challenging and competitive environment, the Group's business may be exposed to certain anticipated risk that could materially impact its operations, performance, financial condition and liquidity. We have highlighted the risks and the respective mitigation plans below.

#### *Technology Obsolescence*

The Group operates in a market environment where its product competitiveness is heavily reliant on the technological advantage. The future sustainability of the Group also depends on its ability to adopt and deploy new technology in order to continuously meet the needs of customers.

The Group has managed the obsolescence risk by consistently finding ways to enhance the existing solutions while actively improving our solutions with the latest technology. The Group continues to explore new key initiatives to diversify and increase the revenue base, including but not limited to strategic collaborations and partnerships to increase market reach.

## Chairman's Statement / Management Discussion & Analysis (Cont'd)

### *Cybersecurity and Operational Failure*

IFCA's business operation is highly dependent on the hosted environment and infrastructure. Thus, the Group is exposed to various cybersecurity and system failure risk which could significantly affect the daily operation.

The Group has limited such risk by outsourcing the key cybersecurity function to specialists to manage all the network and system solutions. The specialists perform daily auto-back up on server data and set access restriction to all server remote devices. Moreover, the specialists ensure that all devices are installed with antivirus application and with software automatic update feature enabled.

### *Adequacy of Human Capital*

Human capital remains one of the key drivers to the Group's success. The Group acknowledges that solid management of human capital is vital to achieve the organizational goals.

To mitigate this risk, the Group has recruited international talent through one of its subsidiaries which holds Multimedia Super Corridor ("MSC") Status, Property365 Sdn Bhd. The Group also constantly scouts young talent for our graduate and internship programme as they often bring innovative ideas and fresh perspectives to the Group.

As part of the Group's employee development and retention plan, we have appropriate strategies and succession planning in place such as employee training and development, reward and recognition programs, a good working environment and opportunities for career growth.

## **Prospects and Outlook**

### **Strong Order Books, Financial Prudence and Strategy Execution**

Moving into new financial year, the Group is mindful of the challenging economic outlook due to the continuous US-China trade war and the outbreak of Covid-19 (Novel Corona Virus). Nevertheless, the Group continues to see opportunities going into FY2020 with a strong carry through from 2019. This is substantiated by our unbilled projects in hand with a value of RM30.1 million as at the financial year ended 31 December 2019.

Furthermore, the Group expects to introduce the X-series Cloud-based products post-Covid-19. We believe the launch is well timed to capitalize on customers' readiness to adopt new technology for mobile working due to its flexibility, mobility and availability of data at all times.

The Board expects its financial resilience to continue to remain positive, with strategic focus on execution to accelerate in 2020. At the same time the Board is also cognizant of the fact that there are uncertainties in the various markets and therefore, will exercise prudence in cost expansion.

With continued conviction and strategy execution, the Board is cautiously optimistic that its performance for FY2020 would be satisfactory.

### **Dividend Policy**

IFCA continued to adopt the dividend policy which was approved by the Board of Directors in 2015 that dividend payout shall be at least 20.0% of net operating profit earnings per share (as per the audited financial statement of IFCA) for the financial year ending 2014 onwards. However, such payment is conditional that it would not be detrimental to IFCA's cash flow requirement.

## Chairman's Statement / Management Discussion & Analysis (Cont'd)

### **Acknowledgement**

With this opportunity, I would like to express my appreciation to the Board for their invaluable and insightful contributions to the Group. On behalf of the Board, I would also like to extend our appreciation to the entire management and members of the IFCA family. The significant achievement of the Group would not have been possible without their extraordinary efforts and contributions throughout the year.

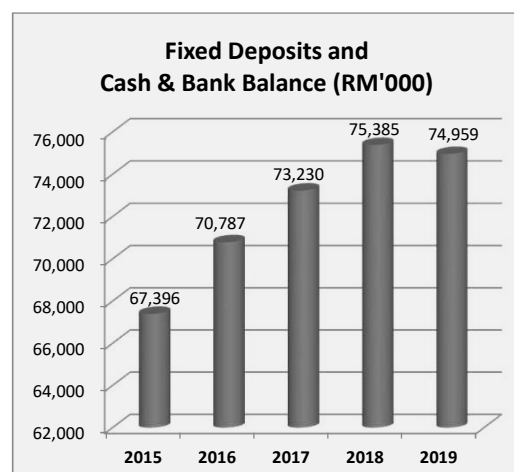
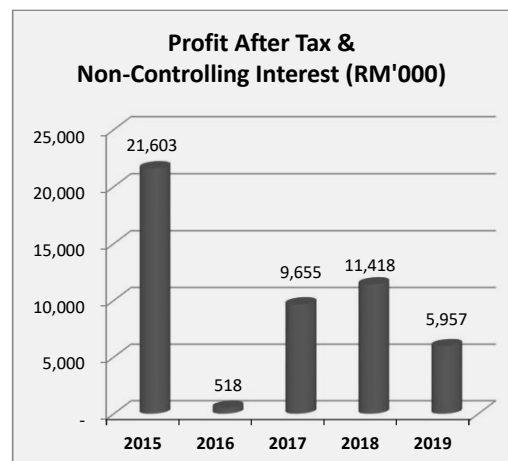
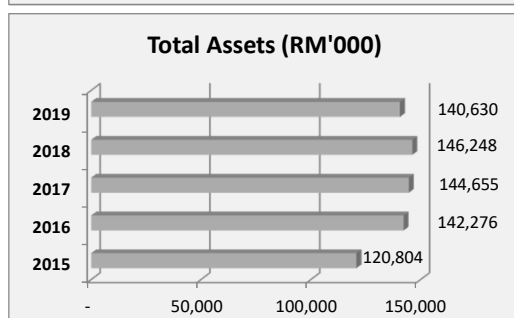
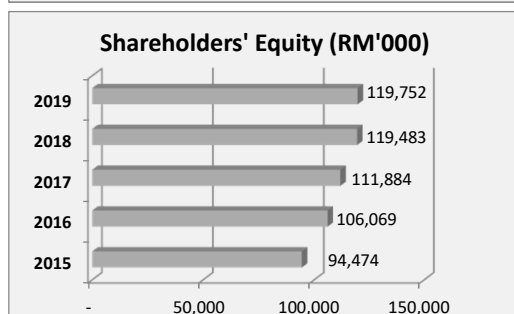
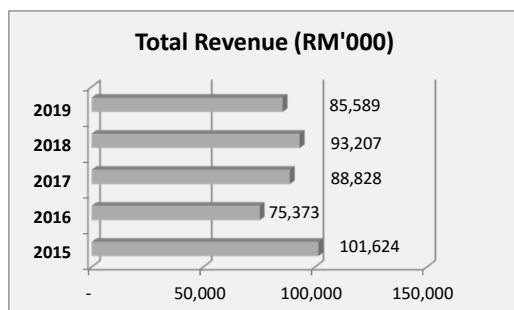
A sincere thank you goes out to our valued shareholders for their continued trust and confidence in us. Last but not least, our highest appreciation to all our business partners and cherished customers, for continuing to support us and choosing us as your trusted solution provider.

Yong Keang Cheun  
Chairman  
15 May 2020

## FINANCIAL HIGHLIGHTS

<b>Summarised Statement of Comprehensive Income - Year Ended 31 December (RM'000)</b>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenue	101,624	75,373	88,828	93,207	85,589
Profit Before Tax	25,753	959	13,666	15,486	8,159
Profit After Tax & Non-Controlling Interest	21,603	518	9,655	11,418	5,957

<b>Summarised Statement of Financial Position As at 31 December (RM'000)</b>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Property, Plant & Equipment	9,412	9,632	8,908	8,620	9,495
Investment Properties	293	303	240	245	250
Deferred Development Costs	19,560	16,375	12,650	8,801	9,692
Intangible Asset	-	1,483	774	249	-
Goodwill	-	25,111	25,111	25,111	25,111
Right-of-use Asset	-	-	-	-	1,041
Other Non-Current Assets	276	276	277	195	195
Total Non-Current Assets	29,541	53,180	47,960	43,221	45,784
Current Assets	91,263	89,096	96,695	103,027	94,846
<b>TOTAL ASSETS</b>	<b>120,804</b>	<b>142,276</b>	<b>144,655</b>	<b>146,248</b>	<b>140,630</b>
Shareholders' Equity	94,474	106,069	111,884	119,483	119,752
Minority Interest	370	(309)	(495)	(493)	(400)
Total Equity	94,844	105,760	111,389	118,990	119,352
Non-Current Liabilities	3,782	8,857	5,328	1,644	609
Current Liabilities	22,178	27,659	27,938	25,614	20,669
Total Liabilities	25,960	36,516	33,266	27,258	21,278
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>120,804</b>	<b>142,276</b>	<b>144,655</b>	<b>146,248</b>	<b>140,630</b>
<b>Basic earnings per share</b>	<b>sen 3.97</b>	<b>sen 0.09</b>	<b>sen 1.59</b>	<b>sen 1.88</b>	<b>sen 0.98</b>
<b>Net assets per share</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>20</b>



## Directors' Profile

### **YONG KEANG CHEUN, 61, Malaysian** *Non-Independent Executive Chairman*

Appointed to the Board on 20 November 1997, Mr. Yong Keang Cheun is the founder of the IFCA Group. He obtained his Master Degree in Computer Science from the University of Manitoba in Canada, and started his career as an IT consultant with Arthur Andersen in Malaysia.

With more than 33 years of experience in the ICT industry, he has been involved in many aspects of the software business, including product development, business development and project implementation.

He is responsible for developing the overall strategies and policies for the IFCA Group and has been involved in the research and development of the Group's products. He assumed his current position in 1997, following an internal restructuring exercise that resulted in the transfer of IFCA Software's business operations to the Company.

His visionary and entrepreneurial acumen has won him a series of personal and corporate accolades, including PIKOM's Technopreneur of the Year and "Key Industry Leader", Ernst & Young's 'Entrepreneur of the Year', and Deloitte's 'Technology Fast Track 500'.

He is the brother of Mr. Yong Kian Keong, the Executive Deputy Chairman and a substantial shareholder of the Company. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

### **YONG KIAN KEONG, 59, Malaysian** *Non-Independent Executive Deputy Chairman*

Appointed to the Board on 20 November 1997, Mr. Yong Kian Keong is the Executive Deputy Chairman of the IFCA Group. He is responsible for the overall day-to-day management of the Group's business operations, particularly in the sales and marketing areas.

He was instrumental in assisting the Group in achieving its current customer base and market share. He also played a major role in developing the Group's expansion in the overseas markets and its international business partnership program.

He is the brother of Mr. Yong Keang Cheun, the Executive Chairman and a substantial shareholder of the Company. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

### **LEONG NYU KUAN, 61, Malaysian** *Executive Director, Corporate Services*

Appointed to the Board on 1 June 2019, Mr. Leong Nyu Kuan is the Director of Corporate Services of the IFCA Group. He holds a certificate from the London Chamber of Commerce and Industry.

He is responsible for the direction and management of corporate services of the Group and for ensuring the provision of high-level services for all administrative functions within the Group, including human resources, finance, legal services and related support activities.

He has more than 35 years of experience in accounting and business management. Since 1993, he spent 24 years in the IFCA Group of companies holding various positions from Accountant, Project Director to Chief Operating Officer in its subsidiary companies in Malaysia and China, and business partner in the Philippines and Thailand. Prior to joining IFCA, Mr. Leong was the accountant in Industrade Holding Sdn Bhd and Account Executive in Tourist Development Corporation of Malaysia.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

## Directors' Profile

### **CHEW SEE CHIEW, 67, Malaysian** *Independent Non-Executive Director*

Mr. Chew See Chiew was appointed to the Board on 3 February 2010. He also serves as Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is presently the Senior Independent Director of the Company.

He holds a Bachelor Degree in Accountancy from the University of Technology, Australia and is a Chartered Accountant. He obtained his professional accreditation in Australia.

He has extensive experience in finance, accountancy, corporate planning and the property development industry in private companies as well as public listed companies.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

### **OOI BEE BEE, 60, Malaysian** *Independent Non-Executive Director*

Ms. Ooi Bee Bee was appointed to the Board on 2 April 2018. She also sits on the Audit Committee of the Company.

She holds a Bachelor of Arts Degree and Postgraduate Diploma in Computer Science from the University of Malaya. She also has The London Chamber of Commerce and Industry Intermediate Stage Certificate for book-keeping.

She served the IFCA Group from 1987 to 2007.

During her tenure in IFCA, she was involved in research and development, customer services, project management and overseas office operations in Thailand, Indonesia, the Philippines and China.

She has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. She does not hold any other directorship in any public listed company. Within the last 10 years, she has not been convicted for any offences other than traffic offences, if any.

### **ANG BOON PHENG, 57, Malaysian** *Independent Non-Executive Director*

Mr. Ang Boon Pheng was appointed to the Board on 1 July 2019. He also sits on the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He holds a Bachelor Degree in Computer Science from Tunku Abdul Rahman College and the Campbell University in North Carolina, United States.

He has more than 30 years of consulting experience in IT. He joined IFCA in 1989 and he had served in various business development and management positions within the Group. His last position in the Group was Senior General Manager in June 2017. Prior to joining IFCA in 1989, he was a trainee pilot for Singapore Aerospace Maintenance Company (SAMCO).

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

## Senior Management Profile

### **KUAN SENG WOOD, 56, Malaysian** *Executive Vice President, Business Development*

Mr. Kuan Seng Wood joined the Company as System Analyst on 15 June 1992 and was promoted to General Manager on 1 March 1998 and to the position of Senior General Manager on 26 June 2008. He assumed his current position as Executive Vice President of Business Development in May 2017.

He has over 25 years of extensive working experience in the software industry specializing in property development sector and dealing with leading local property developers. He has led the property software division in the past 20 years. Currently, he oversees the sales and business development of the Group in the Southeast Asia Region.

He holds a Diploma in Accountancy from the School of Marketing.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

### **MUSA TAN, 52, Indonesian** *President Director - Indonesia*

Mr. Musa Tan was appointed as President Director of PT IFCA Property365 Indonesia on 6 January 2016. He is responsible for the business development and oversees the entire business operation in Indonesia.

He has over 25 years of working experience in software product customization, business development, sales and marketing and project management.

Prior to joining the Company, he owned a software company in Indonesia with exposure dealing with customers from the Philippines and Singapore.

Mr. Musa Tan holds a Master in International Business from University of Wollongong, Australia. He is also a certified Software Engineer from the Staffordshire University, United Kingdom.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

### **WAYNE CHEN, 45, Chinese** *Country Manager – China*

Mr. Wayne Chen joined IFCA China as Account Manager in 2002 and was promoted to Country Manager for China on September 2009. He is responsible for business development, project management and oversees the entire business operation in China.

He has over 20 years of working experience in the IT industry and has accumulated experience in dealing with various market segments that spans across real estate, property development, golf and hospitality industry.

Mr. Wayne Chen holds an Executive Master in Business Administration from the University of Finance and Economics in Shanghai, China and a Bachelor in Computer Science from the University of Science and Technology in Xi'an, China. He is also a certified project management professionals (PMP) accredited by Project Management Institute.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.

## Senior Management Profile

### **YONG SIEW WOON, 41, Malaysian** *General Manager, Property Division*

Ms. Yong Siew Woon joined the Company as Software Engineer on 17 January 2000. She moved on to be Client Manager in 2011, Senior Manager for Developer Engagement in 2016 and subsequently as Vice President for Property Development in 2017 before assuming her current position as the General Manager of Property Division in November 2019.

She has over 19 years of vast working experience and knowledge in programming, client services and project implementation. Currently, she is responsible for business development and strategic planning for property software division. She also oversees the sales, technical & project support as well as training and implementation department of property software division.

She holds a Bachelor in Information Technology from Charles Sturt University, Australia.

She is the niece of the Executive Chairman, Mr. Yong Keang Cheun and the Executive Deputy Chairman, Mr. Yong Kian Keong. She does not hold any other directorship in any public listed company. Within the last 10 years, she has not been convicted for any offences other than traffic offences, if any.

### **TE JIN JUAN, 52, Malaysian** *Vice President, Customer Service*

Mr. Te Jin Juan joined the Company as Senior Business Development Manager on 2 September 2008 and was promoted to Vice President for Customer Service on 24 May 2017.

He has over 25 years of extensive working experience in the software industry specializing in property development sector. Currently, he is responsible for project planning, management and executions for property software division in IFCA Malaysia.

He holds a Bachelor in Accountancy from University Utara Malaysia. He is also a Chartered Accountant registered with Malaysia Institute of Accountants.

Prior to joining the Company, he has held various positions from Accountant, Finance Manager, Senior Finance Manager to Head of Finance in Tanco Holdings Berhad.

He has no family relationship with any other Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any other directorship in any public listed company. Within the last 10 years, he has not been convicted for any offences other than traffic offences, if any.



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## Corporate Governance Overview Statement

The Board of Directors (“the Board”) of IFCA MSC Bhd (“IFCA” or the “Group”) is committed towards ensuring that a good standard of corporate governance is practised in carrying out its duties and responsibilities to uphold and protect shareholders’ confidence, whilst enhancing shareholders’ value. This Statement provides investors with an overview of how the Group practises corporate governance under the stewardship of the Board. The Group’s corporate governance practices and procedures are continuously assessed by the Board, and where appropriate, the Group adopts and implements the best practices as set out in the Malaysian Code on Corporate Governance 2017 (“the Code” or “MCCG”).

This Statement is prepared in accordance to Bursa Malaysia’s Ace Market Listing Requirements (“AMLR”) and it is to be read together with the Corporate Governance Report 2019, which details how each of the practices set out in the Code was applied during the financial year 2019.

### SUMMARY OF CORPORATE GOVERNANCE PRACTICES

To demonstrate the Group’s commitment towards sound corporate governance, the Group has benchmarked its practices against relevant promulgations as well as other common best practices.

For the financial year ended 31 December 2019, IFCA has applied all practices encapsulated in the MCCG except:

Practice 1.3	The positions of Chairman and CEO are held by different individuals.
Practice 4.2	Annual shareholders’ approval to be sought to retain an independent director beyond nine (9) years
Practice 4.6	Utilising independent sources to identify suitably qualified candidate for Board membership.
Practice 6.1	Remuneration policy for Directors and Senior Management.
Practice 7.2	Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000.
Practice 11.2	Integrated reporting with respect to the business of the company, its policies on governance, the environment and social responsibility.

The Company has provided the necessary explanations for the departures from abovementioned practices (“the Said Departures”) in both CG report and the Corporate Governance Overview Statement. The explanations on the Said Departures are accompanied by a description of the alternative measures that are aimed to achieve the Intended Outcome of the Said Departures. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report at [www.ifca.asia](http://www.ifca.asia) as well as in the announcement to Bursa Malaysia.

The following paragraphs describe the manner and extent of compliance with the Key Principles and Best Practices set out in MCCG throughout the financial year under review.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### Part I - Board Responsibilities

#### 1. Board’s Leadership on Objectives and Goals

##### 1.1 Strategic Aim, Values and Standards

The Board continues to ensure long-term success and deliver sustainable value to the shareholders and stakeholders of the Group. They are responsible for corporate governance, strategic direction, succession planning, risk management, internal controls, formulation of policies and overseeing the Group’s business and investment. The matters specifically reserved for the collective decision of the Board are matters that generally requires announcement to Bursa Securities.

The Board has delegated certain responsibilities in carrying out its functions to the following committees:

- i. Audit and Risk Management Committee
- ii. Nomination Committee
- iii. Remuneration Committee

The authorities delegated to the Committees are operated within their respective defined Terms of Reference of each of the Committee as approved by the Board. These Committees have their own areas of responsibilities and subsequently, the matters discussed and/or recommendations are reported back to the Board for final decisions.

## **1.2 The Chairman**

The Chairman leads the Board in establishing and monitoring good corporate governance practice in the Group so that the Board can perform its responsibilities effectively. He sets the Board Agenda and ensures that Board members receive complete and accurate information in a timely manner. He leads Board meetings and discussions, encouraging active participation, allowing dissenting views to be freely expressed, and managing the interface between the Board and Management. He also ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

## **1.3 Chief Executive Officer**

The Chief Executive Officer (CEO) position has remained vacant since 1 October 2019 following the resignation of Mr. Cho Ngai Ming as the Group's CEO on 30 September 2019. Currently, the roles and responsibilities of the CEO are carried out by the Executive Chairman and the other Executive Directors to oversee the Group's overall operational, research and development, finance and accounting, human resource and corporate service function. In this respect, the Executive Chairman leads the Board in its collective oversight of Management, the other Executive Directors focus on business and day-to-day management of the Group.

## **1.4 Qualified and Competent Company Secretary**

The Company engages Strategy Corporate Secretariat Sdn Bhd on 2 January 2019, to provide corporate secretarial services and advices on matters and issues pertaining to compliance, to regulations and corporate governance. The position of Company Secretary is held by Mr. Ng Yim Kong of Strategy Corporate Secretariat Sdn Bhd. Subsequently, he was also appointed as the Company Secretary of all the local subsidiaries of the Company on 1 May 2019. The responsibilities of the Company Secretary include among others, the following,:

- (a) Ensure proper upkeep of statutory registers, and records and maintains a secured retrieval system which stores meeting papers and minutes of meetings;
- (b) Ensure adherence to board policies and procedures, rules, and best practices on corporate governance;
- (c) Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation;
- (d) Attend Board, Committees and Annual/Emergency General Meetings, and ensure the proper recording of minutes; and
- (e) Assist the Chairperson in the preparation for and conduct of meetings; in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.

During the financial year, the Company Secretary attended all the Board Meetings and ensure that all deliberations in terms of the issues discussed and decisions made thereof, were accurately and sufficiently recorded, and properly kept for the purposes of meeting Bursa Malaysia Listing Requirements or other regulatory requirements. The Company Secretary is suitably competent and capable of carrying out the duties required of the position and is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016.

### **1.5 Access to Information and Advice**

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. They have direct access to the advice and service of the Company Secretary and Senior Management of IFCA. They may seek independent professional advice, at the Group's expense, if required, in furtherance of their duties and responsibilities as Directors of IFCA, whether in their individual capacity or collectively as a Board. During FY2019, none of the Directors had sought independent professional advice.

All Directors are furnished with comprehensive Board File, including the meeting agenda usually five (5) working days before each Board meeting. In order to ensure that deliberations at the meeting are focused and constructive, sufficient time is given to allow the Directors to obtain further information and explanation to facilitate informed discussion and decision making.

## **2. Demarcation of Responsibilities**

### **2.1 Board Charter**

The Board Charter ensures that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, customers and other stakeholders, and that the highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Group. The Board Charter served as a primary reference and induction literature, providing insights to prospective and existing Board members.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter documents can be found in IFCA's website - [www.ifca.asia](http://www.ifca.asia).

## **3. Good Business Conduct and Corporate Culture**

### **3.1 Code of Ethics and Conduct**

The Group has actively promoted a corporate culture which upholds integrity, transparency and ethical practices and has established guidelines set out in its Code of Ethics and Conduct ("CEC"). The CEC applies to the directors, management and employees of the Group and is available in the Employee's Handbook administered by the Group Human Resource Department. These guidelines may not cover all issues and will be updated/revised as and when deemed necessary to ensure that current and effective ethical business conduct are adopted from time to time. The CEC documents can be found at IFCA's website at [www.ifca.asia](http://www.ifca.asia).

### **3.2 Anti-Corruption Policy**

The Group has adopted a "No Gift Policy" to prevent any conflicts of interest in business deals. The notice was published in the Group's intranet so that employees are aware of the importance and objectives of the newly-set policy. It is also aligned with the Group's direction to comply with the Malaysian Anti-Corruption Commission (MACC) Act 2009 to prevent corrupt practices, which include the offering and acceptance of gifts and other form of benefits and gratifications.

### **3.2 Whistleblowing Policy**

The Group has in place a Whistleblowing Policy to promote the culture of good business ethics and governance and to encourage the employees to report genuine concerns in relation to breach of a 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 workplace. This policy addresses the Group's commitment to integrity and ethical behavior by helping to maintain an environment where employees can act appropriately without fear of retaliation. The Whistleblowing Policy is available at IFCA's website at [www.ifca.asia](http://www.ifca.asia).

## **Part II - Board Composition**

### **4. Board's Objectivity**

#### **4.1 Composition of the Board**

The Board recognises the importance of independence and objectivity in decision making. As at 31 December 2019, The Board of Directors consists of six (6) members, comprising three (3) Executive Directors, namely the Executive Chairman, the Deputy Chairman and the Director of Corporate Services, and three (3) Independent Non-Executive Directors. The Company complies with Practice 4.1 of the Code whereby at least half of the Board of Directors are independent directors.

The size and composition of the Board reflect a balance of executive and non-executive directors, all of whom are reputable and professional persons in the business world. They provide leadership and exercise control of the Group. The independent non-executive directors provide a balanced, unbiased and independent judgment to the Board's decision-making process.

Mr. Chew See Chiew, who is the chairman of the Audit and Risk Management Committee, is also the Senior Independent Director to whom concerns may be conveyed.

#### **4.2 Tenure of Independent Director**

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine years as recommended by the MCCG. Upon completion of a term of nine years, an Independent Director may continue to serve on the Board, subject to the director's re-designation as a Non-Independent Director.

Presently, Mr. Chew See Chiew, who is an Independent Non-Executive Director, has served the Board for more than nine (9) years as at the date of this Statement since his appointment on 3 February 2010. The Board has via the Nomination Committee assessed and is fully satisfied that Mr. Chew has continued to be independent and has carried out his professional duties in the best interest of the Company and the shareholders given his extensive experience and in depth knowledge of the Group's businesses. The Board believes that Mr. Chew See Chiew will continue to bring valuable insights and contributions to the Board and his exercise of independent judgement is not affected by the length of his service as independent director. Consequently, the Nomination Committee has recommended and the Board has approved that Mr. Chew See Chiew to be retained as Independent Non-Executive Director by way of an ordinary resolution via the single-tier voting process which will be sought at the forthcoming 22<sup>nd</sup> Annual General Meeting ("AGM") of the Company.

#### **4.3 Policy of Independent Director's Tenure**

The Group does not have a policy which sets term limits of the tenure for its Independent Directors. The Board is of the view that the ability of long-serving independent directors to remain independent and to discharge their duties with integrity, unbiasedness and competency should not be measured solely by the tenure of service or any pre-determined age limit.

#### **4.4 Diverse Board and Senior Management Team**

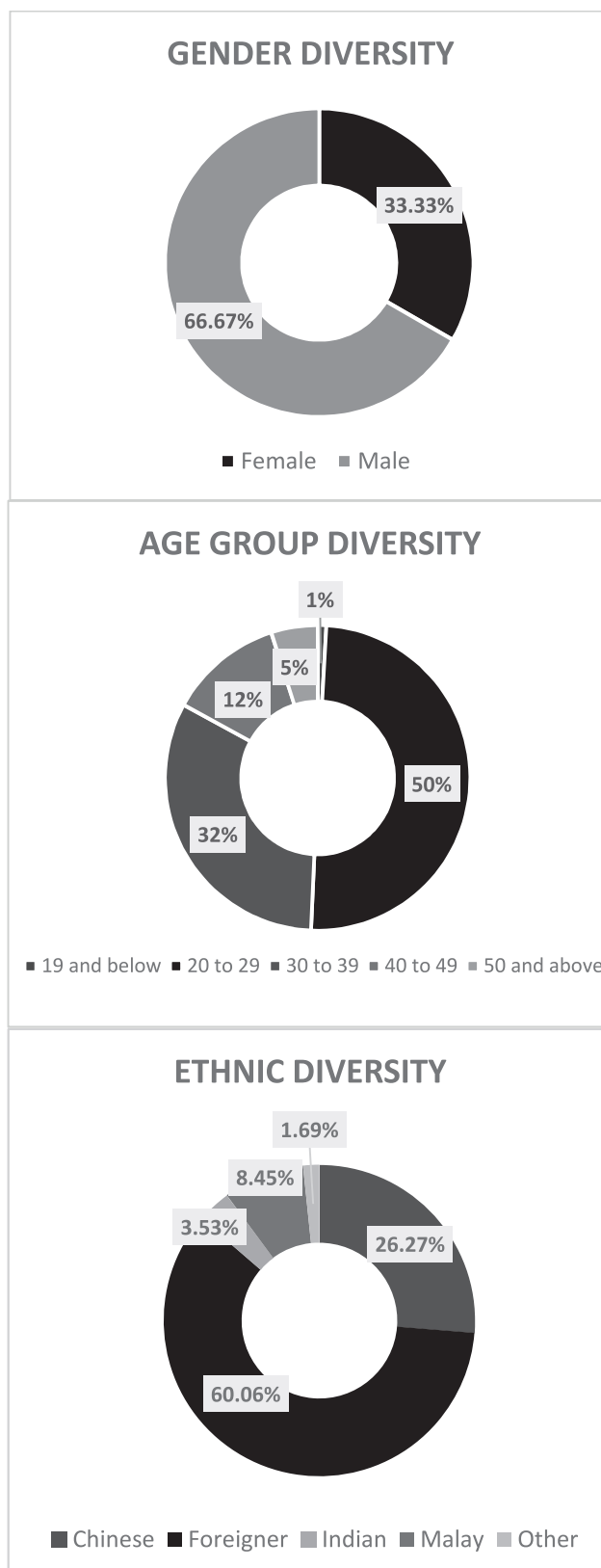
Appointment of Board and Senior Management are based on objective criteria and merit. Beside gender diversity, due regard is placed on diversity in skills, experience, age and cultural background. Please refer to the Profile of Directors and the Management Team on pages 10 to 11 and 12 to 13 respectively for further information.

#### **4.5 Gender Diversity**

The Board is supportive of gender diversity in the Board Composition. Presently, the Board has one female director, Ms. Ooi Bee Bee, who is equivalent to 17% of female representation of the Board.

The Board, through the Nomination Committee, will consider gender diversity as part of its future selection of new directors with special emphasis on female board representation. The Board is also aware of the importance of senior management diversity including diversity in ethnicity, gender and age. However, the Board is of the view that the selection criteria of an officer, based on effective blend of competencies, skills, experience and knowledge should remain as priority.

The Group's workforce in terms of age, ethnic, gender and nationality as at 31 December 2019 are as follows:



#### 4.6 New Candidates for Board Appointment

During the financial year, there were two new directors (namely Mr. Ang Boon Pheng and Mr. Leong Nyu Kuan) appointed to the Board through the recommendation made by existing board members. Both have served the Group for more than 25 years each, prior to their last joining date with the Group in 2017. The Board is confident that they could bring valuable contribution to the Group with their wide industry expertise and knowledge.

The Board is of view that recommendation of candidates from Board members is one of the useful approaches in identifying suitable candidates. Nonetheless, candidates will still be vetted through by the Nomination Committee (NC) based on a set of objective criteria, merit with due regard for diversity in experience, skills set, age and cultural background. Should the need arise, the Board would attempt to look for new directors via various sources in the future.

#### 4.7 Nomination Committee

The Nominating Committee ("NC") which comprises wholly of Independent Non-Executive Directors is responsible for the recommendation of candidates for the appointment of new Directors to the Board.

The current members of NC are:

- Chew See Chiew (Independent Non-Executive Director) – Chairman  
(*elected on 28 May 2018*)
- Ngian Siew Siong (Independent Non-Executive Director) – Member  
(*resigned on 1 July 2019*)
- Ang Boon Pheng (Independent Non-Executive Director) – Member  
(*appointed on 1 July 2019*)

#### Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The principal responsibilities of the NC are:

- Reviewing the Board's composition and proposing new nominees to the Board and Board committees. The Board considers diversity from various areas, including gender, age, ethnicity, academic and professional experience and skills. The Board reviews the appointment and resignation of Chief Executive Officer and makes the appropriate recommendations for the Board's consideration.
- Assessing the effective functions of the Board and Board Committees to meet the needs of the Group and the contribution of each Director (including the Independent Non-Executive Directors) and Chief Financial Officer every year. The Board takes into consideration the required mix of skills, knowledge, expertise and experience of the Non-Executive Directors in the annual Directors' evaluation of the participation, contribution and advice given by the Non-Executive Directors, to determine their performance.
- Reviewing the term of office and the performance of the Audit and Risk Management Committee and its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their Terms of Reference.

The Group maintains a policy for any new appointed director to undergo the Mandatory Accreditation Programme (MAP), as well as other training programmes deemed necessary for all existing directors to contribute effectively to the Group, at the Company's expense. Relevant sections of Ace Market Listing Requirements ("AMLR") and the Companies Act 2016, particularly in relation to their duties and responsibilities as Directors, are also conveyed to them by the Company Secretary.

#### 5. Overall Board's Effectiveness

The Board is cognisant of the recommendation of the Code to undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. As such, during the financial year, the Board evaluation process was conducted via a set of questionnaires to assess and review their capability and performance on the Board, the Board Committees and as an individual director. Overall, the NC was satisfied that the skills, experiences and contributions of the Directors are adequate to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively.

The Board meets at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary.

The Board meetings held for the year ended 31 December 2019 is as follows:

- i. Wednesday, 27 February 2019
- ii. Monday, 22 April 2019
- iii. Wednesday, 29 May 2019
- iv. Friday, 16 August 2019
- v. Monday, 18 November 2019

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via written resolutions, which are supported by information necessary for an informed decision.

Annual meeting calendar is prepared and given to all the directors before the beginning of each new financial year to facilitate Directors' planning and time management.

The following is the record of attendance at meetings by the Board Members during the financial year 2019.

Directors	Number of Meetings Attended
<b>Yong Keang Cheun</b> (Executive Chairman)	5/5
<b>Yong Kian Keong</b> (Executive Director)	5/5
<b>Chow Chee Keng</b> (Executive Director) (resigned on 24 May 2019)	2/2
<b>Leong Nyu Kuan</b> (Executive Director) (appointed on 1 June 2019)	2/2
<b>Chew See Chiew</b> (Independent Non-Executive Director)	5/5
<b>Ngian Siew Siong</b> (Independent Non-Executive Director) (resigned on 1 July 2019)	2/3
<b>Ooi Bee Bee</b> (Independent Non-Executive Director)	4/5
<b>Ang Boon Pheng</b> (Independent Non-Executive Director) (appointed on 1 July 2019)	2/2

The Board is committed to dedicating sufficient time and attention to lead and manage IFCA to deliver sustainable values to its stakeholders. None of the Directors hold more than 5 directorships as required under Paragraph 15.06 of the Listing Requirements.

All the Directors have attended the Mandatory Accreditation Programme (MAP) as required by the Listing Requirements, including the two newly appointed Directors (Mr. Leong Nyu Kuan and Mr. Ang Boon Pheng) who have attended MAP courses conducted by The Iclif Leadership and Governance Centre in September 2019. The Directors are also encouraged to attend courses and other relevant training programmes and seminars from time to time as they consider necessary, whether in-house or

external, to equip themselves with the relevant knowledge and skills to discharge their duties as Directors and Board Committee members effectively, at the Company's expense.

During the financial year ended 31 December 2019, the following Board members have attended the relevant courses/seminars as detailed below:

Name of Directors	Courses Attended
Yong Keang Cheun	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Raising Defences: Section 17A, MACC Act</li> </ul>
Yong Kian Keong	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Raising Defences: Section 17A, MACC Act</li> </ul>
Leong Nyu Kuan	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Raising Defences: Section 17A, MACC Act</li> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
Chew See Chiew	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Raising Defences: Section 17A, MACC Act</li> </ul>
Ooi Bee Bee	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Raising Defences: Section 17A, MACC Act</li> </ul>
Ang Boon Pheng	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Raising Defences: Section 17A, MACC Act</li> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>

### Part III – Remuneration

#### 6. Level and Composition of Remuneration

##### 6.1 Remuneration policy

The Company's remuneration policy for Directors is designed to enable the Company to attract and retain experienced, talented and knowledgeable individuals of caliber needed to lead and manage the Group effectively. The remuneration package for Executive Directors is based on corporate and individual performance while the Non-Executive Directors' level of remuneration is based on their experience and level of responsibilities.

##### 6.2. Remuneration committee

The Remuneration Committee ("RC") comprises Independent Non-Executive Directors and the Non-Independent Executive Chairman. The RC is responsible for the recommendation of general remuneration policy of the Group. The current members of RC are:

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Yong Keang Cheun (Non-Independent Executive Chairman) – Member
- Ngian Siew Siong (Independent Non-Executive Director) – Member  
(resigned on 1 July 2019)
- Ang Boon Pheng (Independent Non-Executive Director) – Member  
(appointed on 1 July 2019)

#### 7. Remuneration of Directors and Senior Management

##### 7.1 Details of Directors' Remuneration

The total remuneration paid out to Executive and Non-Executive Directors for the year ended 31 December 2019 is RM2,860,986. The details of the remuneration are broken down into categories, including fees, salary, bonus, benefits in-kind and other emoluments.

The remuneration of the Board for the year ended 31 December 2019 is as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
<b>Executive Directors</b>				
Yong Keang Cheun	26,000	1,364,910	23,950	1,414,860
Yong Kian Keong	26,000	981,238	28,000	1,035,238
Chow Chee Keng	8,000	30,888	2,500	41,388
Leong Nyu Kuan	18,000	252,000	-	270,000
<b>Non-executive Directors</b>				
Chew See Chiew	36,500	-	-	36,500
Ngian Siew Siong	15,500	-	-	15,500
Ooi Bee Bee	31,500	-	-	31,500
Ang Boon Pheng	16,000	-	-	16,000
<b>Total</b>	<b>177,500</b>	<b>2,629,036</b>	<b>54,450</b>	<b>2,860,986</b>

## 7.2 Remuneration of Top Five Senior Management

The remuneration of the top five Senior Management Team of the Company is as follows:

Range of Remuneration	Top Five Senior Management
RM150,001 – RM200,000	1
RM250,001 – RM300,000	1
RM300,001 – RM350,000	1
RM550,001 – RM600,000	1
RM700,001 – RM750,000	1

The remuneration of the top five (5) Senior Management of the Company disclosed above is on an aggregate basis. At this juncture, the Board is of the opinion that the disclosure on a named basis of the Senior Management's remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and sensitivity concerns.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Part I – Audit and Risk Management Committee

#### 8. Effective and Independent Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises solely of Independent Non-Executive Directors. It is an existing practice that the Board shall not offer any former key audit partner the position as member of the ARMC. However, should such a need arise, such former key audit partner has to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC. The ARMC is responsible to assess the suitability, objectivity and independence of the external auditor.

The current members of ARMC are:

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Ooi Bee Bee (Independent Non-Executive Director) – Member
- Ngian Siew Siong (Independent Non-Executive Director) – Member  
(resigned on 1 July 2019)
- Ang Boon Pheng (Independent Non-Executive Director) – Member  
(appointed on 1 July 2019)

The Chairman of the ARMC is not the Chairman of the Board. The Group, through the ARMC, maintains a formal and transparent professional relationship with the Group's external auditors. The external auditors would highlight matters that require the Board's attention to the ARMC in the course of audit of the Group's financial statements. The ARMC sufficiently assured that the management has fully provided all relevant information and responded to all queries from the external auditors.

Meetings are held with the external auditor without the presence of the Executive Directors and management of the Company whenever deemed necessary, to ensure that the external auditors can freely discuss and express their opinions on any matter to the ARMC. For the year ended 31 December 2019, ARMC met once with the external auditors without the presence of the executive directors and management in the ARMC meetings held on 22 April 2019. In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report.

The ARMC had conducted the evaluation of performance of Messrs UHY to assess their suitability and independence as external auditors based on criteria adopted from best practices. The outcome of the assessment was satisfactory, and accordingly, the ARMC had recommended to the Board to table the resolution for their re-appointment as external auditors for the next financial year for shareholders' approval at the forthcoming 22<sup>nd</sup> AGM of the Company.

## **Part II –Risk Management and Internal Control Framework**

### **9. Effective Risk Management and Internal Control Framework**

The Board maintains a sound risk management framework and system of internal control to safeguard the Group's assets and shareholders' investment. The Board has delegated the role of reviewing the adequacy and the integrity of the Company's internal control systems, which includes risk management practices as well as financial, operational and compliance controls, to the ARMC.

However, it should be noted that such system, by its nature, manages but does not eliminate risks, and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud. On-going reviews are performed throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place.

Internal controls are vital for risk management and the Board is committed to ensuring that IFCA has an effective and efficient internal control system. The Internal Audit function which is outsourced, regularly tests and assesses if the internal controls are robust and viable.

### **10. Effective Governance, Risk Management and Internal Control**

The internal audit function of IFCA is outsourced to an external professional service firm, Crowe Governance Sdn Bhd, and the findings are regularly and directly reported to the ARMC. The function is carried out by the team headed by Mr. Amos Law who holds a Bachelor in Accountancy and Finance from Heriot-Watt University in UK. He is also a certified internal auditor and a Chartered Member of The Institute of Internal Auditors Malaysia ("IIA"). The team comprises three (3) internal auditors who ensures that the internal audit function is carried out in accordance to the International Professional Practices Framework issued by the IIA. They assist the ARMC in discharging its duties and functions by providing independent and objective assessment of the organisation's management, operation records, accounting policies and internal controls.

The internal audit plan is designed to test the internal controls put in place to check the identified risks to ensure that they do not breach IFCA's risk tolerance level. The annual internal audit plan is presented to the ARMC for review, consideration and recommendation to the Board for approval before the internal auditors commence work.

Internal audit reports are made available, which highlight significant findings or deficiency requiring management's attention and provide recommendations on areas for improvement. Follow-up reviews would subsequently be conducted to ensure that appropriate corrective action plan has been implemented to address control weaknesses highlighted.

Details of IFCA's risk management framework and system of internal controls are set out in the Statement of Risk Management & Internal Control on Page 30 to 31 of the Annual Report.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **Part I – Communication with Stakeholders**

#### **11. Continuous Communication between Company and Stakeholders**

The Company engages with the analysts, journalists and institutional investors regularly, on the Group's performance, developments and matters of interest to the investing public. Any request for further information and meetings were generally granted either by the Executive Directors personally or by the Chief Financial Officer.

IFCA is always mindful and ensures that there is no selective dissemination of information. In such meetings, there is always constructive exchange of information and ideas. The Board understands that good corporate governance is beyond the minimum compliance prescribed by regulation. It upholds its commitment to cultivate a good corporate governance culture within IFCA and strives to continuously improve and strengthen its corporate governance framework.

### **Part II – Conduct of General Meetings**

#### **12. Encourage Shareholder Participation at General Meetings**

The Annual General Meeting ("AGM") represents the principal forum for dialogue and interaction with shareholders where the Board sets out the progress, performance and outlook of the Group since the last meeting held. Shareholders are encouraged to attend each AGM, and are given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions proposed and the operations of the Group, and communicate their expectations and possible concerns during the Question and Answer session wherein the Directors and Company Secretary as well as the Group's external auditors are available to respond to the queries raised. In the event that a question cannot be immediately answered at the meeting, the Chairman will undertake to provide a written reply to the shareholder after the AGM.

The notices of AGM are issued to shareholders at least 28 days before the AGM, to allow shareholders have sufficient time to go through the Annual Report and make time for the necessary attendance and voting arrangements. Due to the outbreak of COVID-19, the Government had announced the Movement Control Order on 16 March 2020 which commenced from 18 March 2020 to 31 March 2020 and lastly further extended to 9 June 2020. In view of the operational difficulties caused by the extension of Movement Control Order, Bursa Malaysia had granted a one-month extension to the listed issuers on issuance of Annual Report which is due by 30 April 2020. Under the circumstances, the Group will release the Annual Report 2019 and CG report 2019 on 29 May 2020.

## **STATEMENT OF COMPLIANCE**

The Board shall continue to strive for good standards of corporate governance throughout the Group. The Board is of the view that apart from the departures notes, the Company has satisfactorily complied with the principles and recommendations of the Code.

This CG Overview Statement was approved by the Board of Directors of IFCA on 15 May 2020.

## **Additional Compliance Information**

*(Pursuant to Bursa Malaysia ACE Market Listing Requirements)*

### **1. Share Buy-Back**

During the financial year 2019, the Company bought back 100,000 shares from the open market as follows:

<b>Month of Purchase</b>	<b>Total No. of Shares Purchased</b>	<b>Total Purchase Consideration (RM)</b>	<b>Highest Price Paid (RM)</b>	<b>Lowest Price Paid (RM)</b>	<b>Average Price Paid (RM)</b>
May 2019	100,000	45,597	0.455	0.450	0.453

All the shares purchased by the Company were retained as treasury shares. There were no treasury shares resold or cancelled during the financial year. As at 31 December 2019, a total of 1,391,200 shares were held as treasury shares.

### **2. Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued by the Company during the financial year.

### **3. Depository Receipt Programme**

There were no Depository Receipt Programme sponsored by the Company during the financial year.

### **4. Imposition of Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by the relevant regulatory bodies during the financial year.

### **5. Non-Audit Fee**

There was non-audit fees amounting to RM 5,000.00 paid to the External Auditors, Messrs UHY during the financial year ended 31 December 2019.

### **6. Variation in Results**

There were no variances of 10% or more between the audited results for the financial year and the unaudited results announced.

### **7. Profit Guarantee**

There was no profit guarantee given by the Company during the financial year.

### **8. Material Contract**

During the financial year under review, there was no material contract other than those in the ordinary course of business entered into by the Company and/or its subsidiary companies involving Directors and/or major shareholders' interest.

### **9. Revaluation Policy of Landed Properties**

The revaluation policy in relation to landed and investment properties is set out in Note 3(e) of the notes to the Financial Statements on page 85 & 86 of this Annual Report.

**Additional Compliance Information (Cont'd)**  
*(Pursuant to Bursa Malaysia ACE Market Listing Requirements)*

**10. Recurrent Related Party Disclosures (“RRPTS”) of a Revenue or Trading Nature**

Disclosure to this effect is set out in Note 37 of the Financial Statements on Page 147 to 148 of this Annual Report.

**11. Share Options Offered To Non-executive Directors**

There were no share options granted during the year ended 31 December 2019.

**12. Sustainability Statement**

The Sustainability Statement is set out on Page 32 to 34 of this Annual Report.

**13. Utilisation of Rights Issue Proceeds**

There were no rights issue proceeds during the year ended 31 December 2019.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee was established by the Board of Directors with the primary objective to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and financial reporting practices of the Group. The Board has delegated the role of reviewing the adequacy and the integrity of the Company's internal control systems, which includes risk management practices as well as financial, operational and compliance controls to the Audit and Risk Management Committee.

### Composition of the Audit and Risk Management Committee

Chew See Chiew (Chairman / Independent Non-Executive Director)  
 Ooi Bee Bee (Member / Independent Non-Executive Director)  
 Ang Boon Pheng (Member / Independent Non-Executive Director)  
*(appointed on 1 July 2019)*

### Number of Audit and Risk Management Committee Meetings and Details of Attendance

During the financial year ended 31 December 2019, the Audit and Risk Management Committee held a total of five (5) meetings. Details of the attendance of each Audit and Risk Management Committee member are as follows:-

<b>Audit and Risk Management Committee Members</b>	<b>Attendance Record</b>
Chew See Chiew	5 out of 5
Ngian Siew Siong <i>(resigned on 1 July 2019)</i>	2 out of 3
Ooi Bee Bee	4 out of 5
Ang Boon Pheng <i>(appointed on 1 July 2019)</i>	2 out of 2

### Summary of Work of the Audit and Risk Management Committee

During the financial year ended 31 December 2019, the Audit and Risk Management Committee has carried out the following work in accordance with its terms of reference to meet its responsibilities:-

- a. reviewed the audited financial statements of the Group for the financial year ended 31 December 2019 prior to the Board's approval, taking into consideration: -
  - i. changes in or implementation of any major accounting policies and practices, if any;
  - ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transaction, and how these matters are addressed, if any;
  - iii. compliance with accounting standards, regulatory and other legal requirements; and
  - iv. deliberated on major issues raised by the external auditors including Key Audit Matters, review the going concern assumptions and reservations arising from the final external audits, if any;
- b. reviewed the unaudited quarterly reports on the consolidated results prior to recommending to the Board's approval and announcement to Bursa Malaysia Securities Berhad;
- c. discussed and reviewed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
- d. discussed and reviewed the scope of work and audit plan for the financial year ended 31 December 2019, including any significant issues and concerns arising from the audit;
- e. reviewed the external audit reports and assessed the auditor's findings and the management's responses thereto;
- f. reviewed with the external and internal auditors, the adequacy of the internal control and risk management systems and evaluated the systems with the external and internal auditors;

### **Summary of Work of the Audit and Risk Management Committee (cont'd)**

- g. met once with the external auditors without the presence of the executive directors and management in the Audit and Risk Management Committee meetings held on 22 April 2019 to enquire on significant findings, fraud consideration, if any, and/or management cooperation level;
- h. reviewed the suitability and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders on the re-appointment of the external auditors in the forthcoming annual general meeting;
- i. reviewed the audit fees and make recommendations for the Board's approval;
- j. assessed the adequacy of the scope, functions and competency of the outsourced internal auditors and that they have the necessary authority to carry out their work;
- k. reviewed the internal audit plan and reports presented on the state of internal control of the Group and steps taken by management in response to the audit findings;
- l. reviewed and assessed the performance of the internal auditors;
- m. reviewed and assessed the performance of the external auditors; and
- n. reviewed and confirmed the minutes of the Audit and Risk Management Committee meetings.

### **Summary of Work of the Internal Audit Function**

The Company acknowledged and the Audit and Risk Management Committee had put emphasis on the importance of having an internal audit function within the Group and as such, had outsourced its internal audit function to a professional service firm, Crowe Governance Sdn Bhd, to assist the Board and the Audit and Risk Management Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company and the Groups' internal control system. The professional service firm reports directly to the Audit and Risk Management Committee.

The costs incurred for maintaining the outsourced internal audit function for the financial year ended 31 December 2019 amounted to RM30,000 (31 December 2018 : RM30,000)

The following are the summary of the work of the internal audit function for the financial year ended 31 December 2019:-

- (a) evaluation of the Group's adequacy and effectiveness of the internal control review covering systems, processes, quality control and risk assessment of the Research and Development department in Malaysia as per the Internal Audit Plan;
- (b) presentation of audit findings and recommendation of corrective actions to be taken by Management in the regular Audit and Risk Management Committee meetings; and
- (c) planning to conduct follow-up audits to ensure corrective actions had been taken on Research and Development function.

## **Statement of Risk Management & Internal Control**

This Statement on Risk Management and Internal Control is made in accordance with paragraph 15.26(b) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle B of the Malaysian Code on Corporate Governance 2017 ("the Code"), which requires Malaysian public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

### **Board Responsibility**

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's system of internal controls, identifying principal risks and establishing an appropriate control environment and framework to manage risks. However, the effectiveness of the Group's system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board either directly or via the Audit and Risk Management Committee, has an on-going process for identifying, evaluating and managing the significant risks of the Group with the management.

The Board has received assurance from the Executive Directors and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee reviews the adequacy and effectiveness of the Group's systems of internal control as well as reviewing issues identified by the internal auditors. The Audit and Risk Management Committee also ensures that there is a continuous effort by management to address and resolve areas where weaknesses exist.

All audit findings, recommendations and management actions are rigorously deliberated upon during Audit and Risk Management Committee meetings before reporting to the Board. Quarterly reports to the Audit and Risk Management Committee in order to track the progress towards completion of all corrective actions taken on issues highlighted by the internal auditors.

The Audit and Risk Management Committee reviews the quarterly results of the Group and if satisfied, recommends the approval of such results to the Board.

### **Internal Audit**

The Group outsources its internal audit function to an external professional service firm, Crowe Governance Sdn Bhd. The total costs incurred by the Group for its internal audit function in the financial year ended 31 December 2019 amount to RM30,000. The firm is appointed by the Audit and Risk Management Committee and reports directly to the Audit and Risk Management Committee. Its role is to provide the Audit and Risk Management Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

The internal audit firm prepares audit plans for presentation to the Audit and Risk Management Committee for approval wherein the scope of work encompasses management and operational audit of functions in the Group.

## Statement of Risk Management & Internal Control (Cont'd)

### Internal Audit (Cont')

During the financial year under review, internal audit was performed on the local Research and Development Department reviewing its policies, procedures, systems and processes, costing and budget variances, quality control and risk assessment. Recommendations were made to improve the system of internal controls of the local Research and Development Department.

### Other Key Internal Control Elements

- i. The Group has in place an organisational structure that is aligned to business and operational requirements, with clearly defined lines of accountability.
- ii. Clear delegation of authority through well-defined limit of authority and approval.
- iii. The Board meets on a regular basis to review the performance and operations of the Group. The financial statements are presented by Chief Financial Officer to the Board and the Audit and Risk Management Committee during their respective meetings on quarterly basis.
- iv. Active involvement by the Executive Directors in the day-to-day business operations of the Group including weekly operational and management meetings to identify, discuss and resolve business and operational issues.
- v. Monthly meeting on sales performance updates with Solutions team and divisional manager to get updates on sales pipelines and sales opportunities. Monthly review of management accounts by key personnel including principal officers and Executive Directors.
- vi. All business units are required to prepare the annual strategic plan, capital and operating expenditure as well as human resource budgets to be aligned with the strategic planning and budgeting process of the Group.
- vii. Major capital expenditure and asset disposals are appraised and approved by the Board as well as the board of directors of the subsidiaries, wherever applicable.
- viii. Provision of training and development to enhance the competitiveness and capability of our staff members.

### Board Assurance and Limitation

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, the Board recognises that the development of internal control system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of internal control.

### Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2019 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

This statement is made in accordance with the resolution of the Board of Directors dated 15 May 2020.

## Sustainability Statement

IFCA Group is committed to delivering long-term sustainable values with a view to grow and maintain a successful business for all stakeholders, including shareholders, employees and the community at large, and our business is conducted in a responsible and ethical manner.

Aside from ensuring the long-term profitability of our core business and supporting the local economy through job creation, our sustainability initiatives are focused on the workplace, marketplace, environment and the community at large.

### WORKPLACE

Malaysia is set to create a pool of talent for the tech-driven workforce to meet the digital economy's demands in future. In contributing to this, the Company is highly committed to hone and sharpen our employees' talents and skills by constantly providing in-house and external training. During the financial year 2019, the Company has sent the sales and marketing employees for intensive training on constructive selling skills in order to improve their knowledge, productivity and to achieve sales excellence. Additionally, R&D team also attended on-going trainings to further enhance their development and technical skills.

The Group is committed to continuous staff development and competency. IFCA Academy was launched in 2018 for all level of staff to gain in depth understanding of the industries that the Company serves and the solutions modules that the Company currently has, through online assessment. During the year, there are more online courses and programs continue to be launched to enhance the employees' product and industry related knowledge.

On the other hand, our employees from the R&D team have the opportunity of working with Huawei's engineers in the upcoming partnership program to explore project initiatives in the areas of DevOps, cloud artificial intelligence (AI), and Big Data after entering into memorandum of understanding with them during the year. By knowledge sharing and transfer, it helps the employees to foster their learning exposures and motivation.

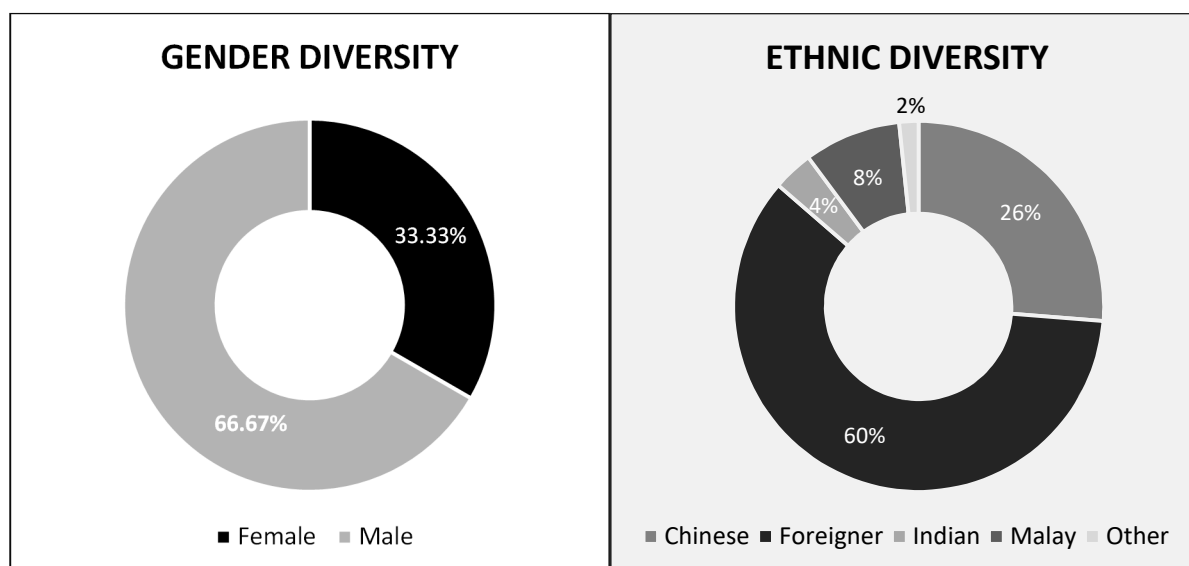
The Group understands that the future lies in the hand of the younger generation of our workforce. In order to create opportunities and to nurture young talents, we continue to encourage students to intern with us and gain first-hand experience of the industry, whilst preparing them for employment upon completion of their studies. We welcome more interns to join the Group in the year ahead.

The Group ensures that internal communication channel is made available to all employees for effective information sharing. Employees are able to gain access to the latest and important news of the Group through a shared portal on the Intranet, namely 'HR365 Portal' where sharing of ideas, articles and updates via HR365 Portal are encouraged. This is also to ensure that the employees can have access to corporate announcement and memo at anytime from anywhere. Additionally, the Group starts to implement buddy system for all new staff at least one month upon joining, which is aimed to create a better environment for networking and interaction.

The Group currently does not have a policy on diversity of the workforce in terms of gender, age and ethnicity. However, the Group practises equal opportunity and has a healthy multi-cultural mix of employees with approximately 82% of the workforce representing the age group of 20 to 39 years old.

The profiles of the Group's workforce as at 31 December 2019 are as follows:

Age Group	19 and below	20 to 29	30 to 39	40 to 49	50 and above	Grand Total
<b>Female</b>	<b>2</b>	<b>112</b>	<b>65</b>	<b>29</b>	<b>9</b>	<b>217</b>
Top Management	-	-	-	2	-	2
Senior Management	-	4	9	5	-	18
Others	2	108	56	22	9	197
<b>Male</b>	<b>4</b>	<b>212</b>	<b>145</b>	<b>50</b>	<b>23</b>	<b>434</b>
Top Management	-	-	-	1	5	6
Senior Management	-	6	43	21	6	76
Others	4	206	102	28	12	352
<b>Grand Total</b>	<b>6</b>	<b>324</b>	<b>210</b>	<b>79</b>	<b>32</b>	<b>651</b>



## MARKETPLACE

IFCA Group's employees are expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships with external stakeholders, such as our customers, suppliers and business partners. The Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

The Group recognises its responsibility in helping customers to make informed and correct decisions. We are cautious in marketing campaigns conducted to ensure accurate representations in all media used to support the sales of a product or service. We strictly review materials that is published and/or distributed during public events and exhibition.

It is our business principle to ensure transparency and accountability in all our business undertakings, in line with good governance practices in the disclosure of information to our stakeholders. We ensure that stakeholders are kept informed of the Group's performance and have open channels for dialogues during our annual general meetings and feedback on our corporate website.

## ENVIRONMENT

The Group does not operate in an environmentally sensitive business. In contrast, the Group constantly find a balance between economic and environmental sustainability. We engaged in the business of developing and providing environmental-friendly enterprise solutions, which aimed at accelerating corporate digitalization and liberalized data and information flow among stakeholders.

On the other hand, we do take note on any impact that our business operations may have on the environment. Hence, we constantly advocate environmentally friendly practices in the office. IFCA Group's employees keep the good habits of switching off lights and air-conditioning during lunch hour or when they are out of the office. We continuously encourage employees to go paperless as much as possible to save paper. For example, soft copy of documents should be sent via email and only are printed when necessary. Employees' leave approvals, monthly pay slips, staff claims, time sheet and requisition are processed via our in-house, online and paperless HR365 software solutions.

We regularly review our day-to-day activities to implement new environmental considerations and we will be focusing more on recycling and waste management in the year ahead.

## **COMMUNITY**

The Group understand that our business does benefit from the support of society. One of the core values of the Group is that we believe in giving back to the community. We in turn, have a responsibility to contribute to the welfare of society. During the year, IFCA participated in the SP Setia Foundation Charity Dinner and LBS Abundance Charity Fair.

We encourage internal activities for the employees to ensure that our working place is a happy place and employees' drive is consistently high and well maintained. Festive gathering and annual dinner are organized to facilitate the bonding among the employees, which provides a chance for them to gather and know each other better. These activities could in turn improve the communication, productivity and morale at the workplace. During the year, IFCA China team has also conducted team building events which helped to improve the relationship through extended interaction and brainstorming of new ideas and opportunities, all away from offices.

## **MOVING FORWARD**

IFCA acknowledges that we are currently at the beginning of our sustainability journey and much can still be done to improve our sustainability efforts. We recognise the importance of being a responsible and sustainable organisation and that it goes beyond measuring our financial performance. The Management is committed to this endeavour and we look forward to improving and share further on our sustainability efforts in the years to come.

## Financial Statements

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**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**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 2019.

**Principal Activities**

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of the subsidiary companies are disclosed in Note 9 to the financial statements.

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

**Financial Results**

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the financial year	<u>6,135,468</u>	<u>7,869,733</u>
Attributable to:		
Owners of the parent	5,956,514	7,869,733
Non-controlling interests	<u>178,954</u>	<u>-</u>
	<u>6,135,468</u>	<u>7,869,733</u>

**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**

A final single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2018 on 5 July 2019

6,068,997

The Directors had on 27 February 2020, declared a final single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this final single-tier dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

## Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

## Treasury Shares

During the financial year, the Company repurchased 100,000 ordinary shares of its total issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for RM45,597. The average price paid for the ordinary shares purchased during the financial year was approximately RM0.456 per share.

As at 31 December 2019, the total number of treasury shares held by the Company was 1,391,200 shares.

A details of the treasury shares are set out in Note 19 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 during the financial year until the date of this report are as follows:

Yong Keang Cheun\*

Yong Kian Keong\*

Chew See Chiew

Ooi Bee Bee

Leong Nyu Kuan

(appointed on 01.06.2019)

Ang Boon Pheng

(appointed on 01.07.2019)

Chow Chee Keng

(resigned on 24.05.2019)

Ngian Siew Siong

(resigned on 01.07.2019)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Beh Soo Lang

Musa Dirgantara

*\* Directors of the Company and its subsidiary companies*

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

## Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related 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			
	At 01.01.2019	Bought	Sold	At 31.12.2019
<b>Interests in the Company</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	3,650,045	-	-	3,650,045
Yong Kian Keong	1,000,365	-	-	1,000,365
Ooi Bee Bee	4,400,598	-	-	4,400,598
<b>Indirect Interests</b>				
Yong Keang Cheun <sup>(a)</sup>	209,605,008	-	-	209,605,008
Yong Kian Keong <sup>(b)</sup>	212,254,688	-	-	212,254,688

**Directors' Interests in Shares (Cont'd)**

The interests and deemed interests in the shares of the Company and of its subsidiary companies of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	At 01.01.2019	Number of Ordinary Shares		At 31.12.2019
		Bought	Sold	
<b>Interests in Subsidiary Companies</b>				
<b>Property365 Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
<b>IFCA Solutions Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
<b>IFCA Systems (JB) Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	1	-	-	1
Yong Kian Keong	1	-	-	1
<b>IFCA Consulting (Sarawak) Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
<b>IFCA Systems (Penang) Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
<b>Network Online Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000

## **Directors' Interests in Shares (Cont'd)**

Notes:

- (a) *By virtue of his substantial shareholdings in IFCA Software (Asia) Sdn. Bhd. and the shareholdings of his brother, Yong Kian Keong, Yong Keang Cheun is deemed to have an interest in the shares in the Company to the extent that IFCA Software (Asia) Sdn. Bhd. and Yong Kian Keong have an interest.*
- (b) *By virtue of his substantial shareholdings in IFCA Software (Asia) Sdn. Bhd. and the shareholdings of his brother, Yong Keang Cheun, Yong Kian Keong is deemed to have an interest in the shares in the Company to the extent that IFCA Software (Asia) Sdn. Bhd. and Yong Keang Cheun have an interest.*

By virtue of their interests in the shares of the Company, Yong Keang Cheun and Yong Kian Keong are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or 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 and shown in Note 37(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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.

## **Indemnity and Insurance Costs**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM18,415 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had 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 the amounts written off for 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 the 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.

### **Other Statutory Information (Cont'd)**

(d) In the opinion of the 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 its obligations as and when they fall due;
- (ii) the results 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.

### **Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

### **Subsequent Events**

The subsequent event is disclosed in Note 42 to the financial statements.

### **Auditors**

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

The details of the auditors' remuneration are set out in Note 32 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 15 May 2020.

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YONG KEANG CHEUN

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YONG KIAN KEONG

KUALA LUMPUR

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 251(2) of the Companies Act 2016 in Malaysia**

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 52 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and their 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 15 May 2020.

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YONG KEANG CHEUN

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YONG KIAN KEONG

KUALA LUMPUR

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**  
**Pursuant to Section 251(1) of the Companies Act 2016 in Malaysia**

I, LAI GUEY YANN (MIA Membership No: 41156), being the Officer primarily responsible for the financial management of IFCA MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 175 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 15 May 2020 )

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LAI GUEY YANN

Before me,

No. W710  
MOHAN A.S. MANIAM  

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COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

***Opinion***

We have audited the financial statements of IFCA MSC Berhad, which comprise the statements of financial position as at 31 December 2019 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 years then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 175.

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 2019 and of their financial performance and their cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and 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 the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

***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**

**1. Goodwill impairment review**

The Group and the Company has significant goodwill arising from the acquisition of a business in Indonesia as disclosed in Note 10 to the financial statements. The goodwill on combination were tested for impairment annually in accordance to MFRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and required significant judgement, specifically cashflows projections, discount rates and short term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key area that our audit was concentrated on.

Our audit procedures performed in this area included, among others:

- assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to the approved budgets and comparing to recent performance and prior years' forecasted results;
- performed sensitivity analysis on the key inputs to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the end of the reporting period;
- checked and challenged the key assumptions used by management, in particular, annual revenue growth rate by comparing to business plans, historical results and market data; and
- assessed the adequacy of the disclosure in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Key Audit Matters (Cont'd)**

**Key Audit Matters**

**How we addressed the key audit matters**

**2. Assessment of Carrying Amount of Deferred Development Costs**

As at 31 December 2019, the Group's carrying amount of the deferred development costs amounted to RM9,692,158.

Estimation of recoverable amount of the development costs is based on forecasting and discounting future cash flows, which are inherently judgmental. In addition, we focused on this area because of the significance of the costs capitalised and the fact that there is judgement involved in assessing whether the criteria, set out in MFRS 138 *Intangible Assets*, required for capitalisation of such costs have been met, including the likelihood of the project delivering sufficient future economic benefits. Where the costs incurred are internally generated (for example employee costs) there is further judgement required in the calculation, such as the accuracy of amount of time spent on the projects.

Our audit procedures performed in this area included, among others:

- tested the amounts capitalised in the reporting period are in accordance with the requirements of MFRS 138 *Intangible Assets*;
- assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to the approved budgets and comparing to recent performance and prior years' forecasted results;
- performed sensitivity analysis on the key inputs to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the deferred development costs at the end of the reporting period;
- checked and challenged the key assumptions used by management, in particular, annual revenue growth rate by comparing to business plans, historical results and market data; and
- assessed the adequacy of the disclosure in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 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 Directors for the Financial Statements***

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

***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 the 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 skepticism 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions 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 disclosure in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 skepticism throughout the audit. We also: (Cont'd)

- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**

[Registration No: 199701037892 (453392-T)]  
(Incorporated in Malaysia)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report the subsidiary companies of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

**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: 01886/05/2022 J  
Chartered Accountant

KUALA LUMPUR

15 May 2020

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	4	9,495,272	8,620,107	4,374,826	4,709,665
Investment properties	5	250,000	245,000	250,000	245,000
Deferred development costs	6	9,692,158	8,800,954	-	-
Intangible assets	7	-	248,533	-	248,533
Right-of-use assets	8	1,040,999	-	243,129	-
Investment in subsidiary companies	9	-	-	11,309,191	11,309,191
Goodwill on business combination	10	25,111,525	25,111,525	25,111,525	25,111,525
Other investments	11	194,500	194,500	91,000	91,000
Amount due from subsidiary companies	12	-	-	7,710,497	13,850,693
		<u>45,784,454</u>	<u>43,220,619</u>	<u>49,090,168</u>	<u>55,565,607</u>
<b>Current Assets</b>					
Contract assets	13	6,123,876	8,720,800	-	-
Trade receivables	14	10,888,906	13,886,944	335,297	3,168,280
Other receivables	15	1,232,173	1,539,538	358,676	317,983
Other current assets	16	402,982	285,097	99,618	61,822
Amount due from subsidiary companies	12	-	-	6,587,051	7,712,138
Tax recoverable		1,239,103	3,210,492	147,280	814,496
Fixed deposits with licensed banks	17	38,042,768	33,167,498	21,740,657	19,139,838
Cash and bank balances		<u>36,916,207</u>	<u>42,217,287</u>	<u>7,436,095</u>	<u>1,219,736</u>
		<u>94,846,015</u>	<u>103,027,656</u>	<u>36,704,674</u>	<u>32,434,293</u>
<b>Total Assets</b>		<u>140,630,469</u>	<u>146,248,275</u>	<u>85,794,842</u>	<u>87,999,900</u>

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Equity</b>					
Share capital	18	83,947,005	83,947,005	83,947,005	83,947,005
Treasury shares	19	(430,221)	(384,624)	(430,221)	(384,624)
Foreign currency translation reserve	20	(1,225,334)	(1,665,167)	-	-
Retained earnings/ (Accumulated losses)		<u>37,460,696</u>	<u>37,585,479</u>	<u>1,264,231</u>	<u>(536,049)</u>
Equity attributable to owners of the parent		119,752,146	119,482,693	84,781,015	83,026,332
Non-controlling interests		<u>(399,773)</u>	<u>(492,298)</u>	<u>-</u>	<u>-</u>
		<u>119,352,373</u>	<u>118,990,395</u>	<u>84,781,015</u>	<u>83,026,332</u>
<b>Non-Current Liabilities</b>					
Contract liabilities	13	74,929	29,600	-	-
Finance lease liabilities	21	-	328,827	-	9,261
Lease liabilities	22	297,032	-	8,134	-
Deferred tax liabilities	23	<u>237,520</u>	<u>1,285,414</u>	<u>65,987</u>	<u>221,889</u>
		<u>609,481</u>	<u>1,643,841</u>	<u>74,121</u>	<u>231,150</u>
<b>Current Liabilities</b>					
Contract liabilities	13	10,624,439	10,865,974	-	-
Trade payables	24	129,770	589,493	12,428	45,765
Other payables	25	9,642,891	9,671,101	913,420	885,644
Other liabilities	26	-	3,701,952	-	3,701,952
Finance lease liabilities	21	-	221,383	-	109,057
Lease liabilities	22	253,008	-	13,858	-
Tax payable		<u>18,507</u>	<u>564,136</u>	<u>-</u>	<u>-</u>
		<u>20,668,615</u>	<u>25,614,039</u>	<u>939,706</u>	<u>4,742,418</u>
<b>Total Liabilities</b>		<u>21,278,096</u>	<u>27,257,880</u>	<u>1,013,827</u>	<u>4,973,568</u>
<b>Total Equity and Liabilities</b>		<u>140,630,469</u>	<u>146,248,275</u>	<u>85,794,842</u>	<u>87,999,900</u>

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

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Revenue	27	85,588,703	93,206,756	4,311,366	4,874,257
Other income	28	3,899,498	5,521,748	12,581,538	11,790,648
Employee benefits expense	29	(51,464,113)	(51,363,269)	(5,183,284)	(5,494,772)
Changes in inventories		(2,561,315)	(3,002,705)	(142,112)	(355,185)
Depreciation of property, plant and equipment		(671,161)	(870,484)	(208,718)	(272,548)
Amortisation of development costs		(4,716,741)	(4,756,635)	-	-
Amortisation of intangible assets		(248,533)	(525,836)	(248,533)	(525,836)
Amortisation of right-of-use assets		(398,643)	-	(123,407)	-
Net gain/(losses) on impairment of financial instruments	32	2,375,528	(2,247,493)	(78,615)	(840,441)
Other expenses		(23,607,854)	(20,448,064)	(2,832,807)	(3,239,394)
Profit from operations		8,195,369	15,514,018	8,075,428	5,936,729
Finance costs	31	(36,246)	(28,083)	(3,370)	(7,672)
Profit before taxation	32	8,159,123	15,485,935	8,072,058	5,929,057
Taxation	33	(2,023,655)	(3,708,223)	(202,325)	(443,255)
Net profit for the financial year		6,135,468	11,777,712	7,869,733	5,485,802

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Other comprehensive income:</b>					
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operation		439,833	367,368	-	-
<b>Total comprehensive income for the financial year</b>		<u>6,575,301</u>	<u>12,145,080</u>	<u>7,869,733</u>	<u>5,485,802</u>
<b>Net profit for the financial year</b>					
<b>attributable to:</b>					
Owners of the parent		5,956,514	11,418,335	7,869,733	5,485,802
Non-controlling interests		178,954	359,377	-	-
		<u>6,135,468</u>	<u>11,777,712</u>	<u>7,869,733</u>	<u>5,485,802</u>

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		6,396,347	11,785,703	7,869,733	5,485,802
Non-controlling interests		178,954	359,377	-	-
		<u>6,575,301</u>	<u>12,145,080</u>	<u>7,869,733</u>	<u>5,485,802</u>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>	<b>34</b>				
- Basic		0.98	1.88		
- Diluted		<u>0.98</u>	<u>1.88</u>		

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

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	Note	Attributable to Owners of the Parent						
			Non-distributable			Distributable			
			Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
			83,947,005	(38,052)	(2,032,535)	29,204,642	111,081,060	(494,530)	110,586,530
			-	-	-	11,418,335	11,418,335	359,377	11,777,712
			-	-	367,368	-	367,368	-	367,368
			-	-	367,368	11,418,335	11,785,703	359,377	12,145,080
			-	(346,572)	-	-	(346,572)	-	(346,572)
			-	-	-	(3,037,498)	(3,037,498)	(357,145)	(3,394,643)
			-	(346,572)	-	(3,037,498)	(3,384,070)	(357,145)	(3,741,215)
			83,947,005	(384,624)	(1,665,167)	37,585,479	119,482,693	(492,298)	118,990,395

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	Note	Attributable to Owners of the Parent					
		Non-distributable			Distributable		
		Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM
							Total Equity RM
<b>Group</b>							
<b>At 1 January 2019, as previously stated</b>		83,947,005	(384,624)	(1,665,167)	37,585,479	119,482,693	(492,298)
Effect of adopting MFRS 16	2(a)	-	-	-	(12,300)	(12,300)	-
<b>At 1 January 2019, as restated</b>		83,947,005	(384,624)	(1,665,167)	37,573,179	119,470,393	(492,298)
							118,978,095
Net profit for the financial year		-	-	-	5,956,514	5,956,514	178,954
Other comprehensive income		-	-	439,833	-	439,833	-
<b>Total comprehensive income for the financial year</b>		-	-	439,833	5,956,514	6,396,347	178,954
<b>Transactions with owners:</b>							6,575,301
Shares repurchased	19	-	(45,597)	-	-	(45,597)	-
Dividends paid	35	-	-	-	(6,068,997)	(6,068,997)	(86,429)
<b>Total transactions with owners</b>		-	(45,597)	-	(6,068,997)	(6,114,594)	(86,429)
<b>At 31 December 2019</b>		83,947,005	(430,221)	(1,225,334)	37,460,696	119,752,146	(399,773)
							119,352,373

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

		<b>Non-distributable</b>		<b>Distributable</b>	
	<b>Note</b>	<b>Share Capital RM</b>	<b>Treasury Shares RM</b>	<b>Accumulated Losses RM</b>	<b>Total Equity RM</b>
<b>Company</b>					
<b>At 1 January 2018</b>		83,947,005	(38,052)	(2,984,353)	80,924,600
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	5,485,802	5,485,802
<b>Transactions with owners:</b>					
Shares repurchased	19	-	(346,572)	-	(346,572)
Dividends paid	35	-	-	(3,037,498)	(3,037,498)
<b>Total transactions with owners</b>		-	(346,572)	(3,037,498)	(3,384,070)
<b>At 31 December 2018</b>		83,947,005	(384,624)	(536,049)	83,026,332

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

		Non-distributable		Distributable		
	Note	Share Capital RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM	
Company						
At 1 January 2019, as previously stated		83,947,005	(384,624)	(536,049)	83,026,332	
Effect of adopting MFRS 16	2(a)	-	-	(456)	(456)	
At 1 January 2019, as restated		83,947,005	(384,624)	(536,505)	83,025,876	
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	7,869,733	7,869,733	
Transactions with owners:						
Shares repurchased	19	-	(45,597)	-	(45,597)	
Dividends paid	35	-	-	(6,068,997)	(6,068,997)	
Total transactions with owners		-	(45,597)	(6,068,997)	(6,114,594)	
At 31 December 2019		83,947,005	(430,221)	1,264,231	84,781,015	

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

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	8,159,123	15,485,935	8,072,058	5,929,057
Adjustments for:				
Depreciation of property, plant and equipment	671,161	870,484	208,718	272,548
Dividend income	-	-	(8,229,948)	(6,032,855)
Amortisation of:				
- development costs	4,716,741	4,756,635	-	-
- intangible asset	248,533	525,836	248,533	525,836
- right-of-use assets	398,643	-	123,407	-
Bad debts written off	1,648,555	71,557	28,909	-
Fair value gain on investment properties	(5,000)	(5,000)	(5,000)	(5,000)
Impairment loss on:				
- amount due from subsidiary companies	-	-	123,330	2,124,068
- trade receivables	986,911	2,694,597	-	-
- other investments	-	7,174	-	-
- property, plant and equipment	-	20,746	-	-
(Gain)/Loss on disposal of property, plant and equipment	(5,983)	40,747	24,122	525
Loss on disposal of other investments	-	14,480	-	14,480
Net fair value loss on contingent consideration payable	-	501,952	-	501,952
Property, plant and equipment written off	136,927	8,965	6,903	1,833
Reversal of impairment loss on:				
- trade receivables	(3,362,439)	(447,104)	(28,909)	-
- amount due from subsidiary companies	-	-	(15,806)	(1,283,627)
- property, plant and equipment	(4,567)	-	-	-

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unrealised loss/(gain) on foreign exchange	(100,327)	22,485	18,472	11,997
Waiver of amount due to other payables	(182,216)	-	-	-
Interest expense	36,246	28,083	3,370	7,672
Interest income	(1,726,215)	(1,453,267)	(738,114)	(720,168)
Operating profit before working capital changes	11,616,093	23,144,305	(159,955)	1,348,318
Changes in working capital:				
Receivables	3,891,083	2,564,553	2,754,494	(1,507,454)
Payables	348,785	(15,108,458)	(5,561)	(433,884)
Contract assets	2,597,398	(8,720,800)	-	-
Contract liabilities	(196,206)	10,895,574	-	-
Subsidiary companies	-	-	21,308,555	15,273,656
	6,641,060	(10,369,131)	24,057,488	13,332,318
Cash generated from operating activities	18,257,153	12,775,174	23,897,533	14,680,636
Tax paid	(3,858,721)	(3,550,013)	(386,435)	(682,084)
Tax refund	2,208,168	199,884	695,424	-
	(1,650,553)	(3,350,129)	308,989	(682,084)
Net cash from operating activities	16,606,600	9,425,045	24,206,522	13,998,552

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Cash flows from investing activities</b>				
Additional investment in a subsidiary company	-	-	-	(2,226,800)
Development costs incurred	(5,510,175)	(810,777)	-	-
Dividend received	-	-	(5,920,948)	(6,032,855)
Interest received	1,726,215	1,453,267	738,114	720,168
Purchase of property, plant and equipment	(2,798,123)	(827,154)	(302,904)	(36,382)
Proceeds from disposal of property, plant and equipment	139,626	384,532	48,000	-
Repayment of contingent consideration	(3,701,952)	(3,293,785)	(3,701,952)	(3,293,785)
Net movement of fixed deposits with licensed banks with maturity more than three months	3,406,860	(1,406,860)	-	-
Proceeds from disposal of other investments	-	59,520	-	59,520
Net cash used in investing activities	<u>(6,737,549)</u>	<u>(4,441,257)</u>	<u>(9,139,690)</u>	<u>(10,810,134)</u>

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(6,068,997)	(3,037,498)	(6,068,997)	(3,037,498)
Interest paid	(36,246)	(28,083)	(3,370)	(7,672)
Repayments of finance lease liabilities	-	(433,006)	-	(104,336)
Repayments of lease liabilities	(409,043)	-	(113,318)	-
Purchase of treasury shares	(45,597)	(346,572)	(45,597)	(346,572)
Net cash used in financing activities	<u>(6,559,883)</u>	<u>(3,845,159)</u>	<u>(6,231,282)</u>	<u>(3,496,078)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,309,168	1,138,629	8,835,550	(307,660)
<b>Effects on foreign exchange rate changes</b>	(328,118)	(390,568)	(18,372)	-
<b>Cash and cash equivalents at the beginning of financial year</b>	<u>68,977,925</u>	<u>68,229,864</u>	<u>18,359,574</u>	<u>18,667,234</u>
<b>Cash and cash equivalents at the end of financial year</b>	<u>71,958,975</u>	<u>68,977,925</u>	<u>27,176,752</u>	<u>18,359,574</u>
<b>Cash and cash equivalents comprises the following:</b>				
Fixed deposits with licensed banks	38,042,768	33,167,498	21,740,657	19,139,838
Cash and bank balances	<u>36,916,207</u>	<u>42,217,287</u>	<u>7,436,095</u>	<u>1,219,736</u>
	74,958,975	75,384,785	29,176,752	20,359,574
Less: Fixed deposit with licensed banks with maturity more than three months	<u>(3,000,000)</u>	<u>(6,406,860)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	<u>71,958,975</u>	<u>68,977,925</u>	<u>27,176,752</u>	<u>18,359,574</u>

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

**IFCA MSC BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

**1. Corporate Information**

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

The registered office of the Company is located at Unit 07-02, Level 7, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The Company's principal place of business is located at Wisma IFCA, 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of its subsidiary companies are described in Note 9 to the financial statements.

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

**2. Basis of Preparation**

**(a) Statement of Compliance**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 MFRSs, new interpretation and amendments to MFRSs issued by the Malaysian Accounting Standard Board ("MASB") that are mandatory for current financial year:

## 2. Basis of Preparation (Cont'd)

### (a) Statement of Compliance (Cont'd)

#### Adoption of new and amended standards (Cont'd)

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Venture
Annual Improvements to MFRSs	Amendments to MFRS 3
2015 – 2017 Cycle:	Amendments to MFRS 11
	Amendments to MFRS 112
	Amendments to MFRS 123

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

#### MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 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 (“ROU”) 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 ROU 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 statement of cash flows.

The ROU 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.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of Compliance (Cont'd)

#### Adoption of new and amended standards (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.

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group and the Company do not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- Excluded initial direct costs from measuring ROU assets at the date of initial application
- The Group and the Company use hindsight in determining the lease terms for contracts that contain options for extension or termination.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of Compliance (Cont'd)

#### Adoption of new and amended standards (Cont'd)

##### MFRS 16 Leases (Cont'd)

Impact arising from the adoption of MFRS 16 on the financial statements:

##### Statements of Financial Position

	As at 31.12.2018 RM	MFRS 16 adjustments RM	As at 01.01.2019 RM
<b>Group</b>			
Plant, property and equipment	8,620,107	(1,043,069)	7,577,038
Right-of-use assets	-	1,266,435	1,266,435
Retained earnings	(37,585,479)	12,300	(37,573,179)
Finance lease liabilities	(550,210)	550,210	-
Lease liabilities	-	(785,876)	(785,876)
<b>Company</b>			
Plant, property and equipment	4,709,665	(350,000)	4,359,665
Right-of-use assets	-	355,983	355,983
Retained earnings	536,049	456	536,505
Finance lease liabilities	(118,318)	118,318	-
Lease liabilities	-	(124,757)	(124,757)

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statements of financial position at 1 January 2019.

	Group 2019 RM	Company 2019 RM
Operating lease commitments as at 31 December 2018	3,815,728	114,899
Discounted using the incremental borrowings rate at 1 January 2019	(377,249)	-
Add: Lease liabilities recognised upon initial adoption of lease definition under MFRS 16	785,876	124,757
Less: Recognition exemptions for short-term leases	(3,438,479)	(114,899)
Lease liability recognised as at 1 January 2019	785,876	124,757

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 for the Group and the Company was 4.45%.

## 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 MFRSs, and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		<b>Effective dates for financial periods beginning on or after</b>
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 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
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 plan to apply the abovementioned accounting standards, and amendments from the annual period beginning on 1 January 2020 for those accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17 *Insurance Contracts* that is effective for annual periods beginning or after 1 January 2021 as it is not applicable to the Group and the Company.

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

### (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.

## 2. **Basis of Preparation (Cont'd)**

### (c) **Significant Accounting Judgements, 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:

##### Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

## 2. Basis of Preparation (Cont'd)

### (c) Significant Accounting Judgements, Estimates and Assumptions (Cont'd)

#### Judgements (Cont'd)

##### 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.

When 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.

##### Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

## 2. **Basis of Preparation (Cont'd)**

### (c) **Significant Accounting Judgements, Estimates and Assumptions (Cont'd)**

#### **Judgements (Cont'd)**

##### Determining the lease term of contracts with renewal and termination options - Group as lessee Cont'd)

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### **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 financial year are set out below:

##### Useful lives/amortisation of property, plant and equipment and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets 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 and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 8 respectively to the financial statements.

## 2. Basis of Preparation (Cont'd)

### (c) Significant Accounting Judgements, Estimates and Assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2019 for investment properties. A valuation methodology based on sales comparison approach was used.

The key assumptions used to determine the fair value of the investment properties are provided in Note 5 to the financial statements.

##### Deferred development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of 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 deferred development costs is disclosed in Note 6 to the financial statements.

##### Recoverability of deferred development costs

During the financial year, the Directors considered the recoverability of the Group's development cost arising from its innovative software development.

The project continues to progress in a satisfactory manner, and customer reaction has reconfirmed the Directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the Directors to reconsider their assumptions regarding future market share and anticipated margins of this product. Detailed sensitivity analysis has been carried out and the Directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods, if market activity indicates that such adjustments are appropriate. The carrying amount at the reporting date for development costs is disclosed in Note 6 to the financial statements.

## 2. Basis of Preparation (Cont'd)

### (c) Significant Accounting Judgements, Estimates and Assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Determination of transaction 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 are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

##### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

##### 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 and the Company recognise liabilities for expected tax issues 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 2019, the Group and the Company have tax recoverable of RM1,239,103 (2018: RM3,210,492) and RM147,280 (2018: RM814,496) respectively and tax payable of RM18,507 (2018: RM564,136 ) and RMNil (2018: RMNil) respectively.

## 2. Basis of Preparation (Cont'd)

### (c) Significant Accounting Judgements, Estimates and Assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other 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 Group uses a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 39 to the financial statements.

The carrying amounts at the reporting date for trade and other receivables are disclosed in Notes 14 and 15 respectively to the financial statements.

### 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.

### 3. Significant Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiary companies (Cont'd)

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 entities 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(m)(i) to the financial statements on impairment of non-financial assets.

##### (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.

**3. Significant Accounting Policies (Cont'd)**

**(a) Basis of consolidation (Cont'd)**

**(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(m) to the financial statements on impairment of non-financial assets.

### 3. Significant Accounting Policies (Cont'd)

#### (b) Foreign currency translation

##### (i) 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

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.

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

### 3. **Significant Accounting Policies (Cont'd)**

#### (b) **Foreign currency translation (Cont'd)**

##### (ii) **Foreign operations (Cont'd)**

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (c) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements 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.

### 3. Significant Accounting Policies (Cont'd)

#### (c) Property, plant and equipment (Cont'd)

##### (i) Recognition and measurement (Cont'd)

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 reducing balance method to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

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

Freehold buildings	1%-2%
Motor vehicles	20%
Office and computer equipment	10%-20%
Renovations, furniture and fittings	10%-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 the property, plant and equipment.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Leases

##### *Policy applicable from 1 January 2019*

#### (i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Office buildings	Over the lease term
Office equipments	Over the lease term
Motor vehicles	20%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Leases (Cont'd)

##### ***Policy applicable from 1 January 2019 (Cont'd)***

#### (i) As lessee (Cont'd)

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

#### (ii) As lessor

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

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

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

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Leases (Cont'd)

##### ***Policy applicable before 1 January 2019***

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

##### **As lessee**

#### (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 as 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 statements of financial position. Property interest held under and 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.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Leases (Cont'd)

##### *Policy applicable before 1 January 2019 (Cont'd)*

##### **As lessee (Cont'd)**

##### **(ii) Operating lease**

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 a prepaid land lease payment.

##### **As lessor**

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) Investment properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

### 3. Significant Accounting Policies (Cont'd)

#### (e) Investment properties (Cont'd)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### (f) Intangible assets

##### (i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

### 3. Significant Accounting Policies (Cont'd)

#### (f) Intangible assets (Cont'd)

##### (i) Internally-generated intangible assets - research and development costs (Cont'd)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

##### (ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### (iii) Derecognition of intangible assets

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

See accounting policy Note 3(m)(i) on impairment of non-financial assets for intangible assets.

### 3. Significant Accounting Policies (Cont'd)

#### (g) Financial assets

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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and amount due from subsidiary companies.

##### (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 (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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

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

FVTPL 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 at FVTPL.

##### (b) Amortised cost

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

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

A financial liability is derecognised when the obligation under the liability 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.

### 3. Significant Accounting Policies (Cont'd)

#### (i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantee are presented together with other provisions.

#### (j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (k) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

### 3. Significant Accounting Policies (Cont'd)

#### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits 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 pledged deposits.

#### (m) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for contract assets and deferred tax assets) 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.

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. 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.

### 3. Significant Accounting Policies (Cont'd)

#### (m) Impairment of assets (Cont'd)

##### (i) Non-financial assets (Cont'd)

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

##### (ii) Financial assets

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.

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

For trade receivables, other receivables, contract assets 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, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 3. Significant Accounting Policies (Cont'd)

#### (n) Share capital

##### (i) Ordinary shares

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 instrument. Ordinary shares are recorded at the proceed 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.

##### (ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### 3. **Significant Accounting Policies (Cont'd)**

#### (o) **Provisions**

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 each end of the 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.

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.

#### (p) **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"). Some of the Group's foreign subsidiary companies also make contribution to their respective countries' statutory pension schemes. 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.

### 3. Significant Accounting Policies (Cont'd)

#### (q) 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, are capitalised as part of the cost of those assets, until such time as the assets are substantially 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.

#### (r) Revenue recognition

##### Revenue from contracts with customers

Revenue is recognised when the Group and the Company 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.

##### (i) Sale of software applications

The Group sells software applications. Revenue from sale of software applications is recognised when control of the products has transferred, being at the point the customer purchases the goods from the Group.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes payment of the transaction price is due at the point the customer purchase the goods.

##### (ii) Royalty income

Royalty income is recognised on an accrual basis in accordance with the licensing agreements.

### 3. Significant Accounting Policies (Cont'd)

#### (r) Revenue recognition (Cont'd)

##### Revenue from contracts with customers (Cont'd)

#### (iii) Sale of hardware, networking and operating systems

The Group and the Company sell hardware, networking and operating systems. Revenue from sale of hardware, networking and operating systems is recognised when control of the products has transferred, being at the point the customer purchases the goods from the Group and the Company.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes payment of the transaction price is due at the point the customer purchase the goods.

#### (iv) Maintenance, support system, training and implementation services rendered

The Group offers its customers for maintenance, support system, training and implementation services. Revenue is allocated to the service obligations and recognised over the period of performance of services to customers. When consideration is collected from customer in advance of services being performed, a contract liability is recognised. The contract liability would be recognised as revenue when the related services is rendered.

##### Revenue from other sources

#### (i) Interest income

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

#### (ii) 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.

#### (iii) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

### 3. Significant Accounting Policies (Cont'd)

#### (s) 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 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 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.

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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

**3. Significant Accounting Policies (Cont'd)**

**(t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

**(u) Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

#### 4. Property, Plant and Equipment

Group 2019	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
<b>Cost</b>						
At 1 January 2019, as previously stated	716,100	6,897,431	2,510,273	6,344,830	1,804,196	18,272,830
Effect of adoption of MFRS 16	-	-	(1,431,314)	(21,600)	-	(1,452,914)
At 1 January 2019, as restated	716,100	6,897,431	1,078,959	6,323,230	1,804,196	16,819,916
Additions	-	1,283,931	470,884	1,038,880	4,428	2,798,123
Disposals	-	-	(524,406)	(368)	-	(524,774)
Written off	(83,100)	-	-	(577,047)	(151,527)	(811,674)
Exchange differences	-	54,357	(5,333)	(21,612)	(2,354)	25,058
At 31 December 2019	633,000	8,235,719	1,020,104	6,763,083	1,654,743	18,306,649
<b>Accumulated depreciation</b>						
At 1 January 2019, as previously stated	-	1,884,254	1,621,917	4,829,801	1,274,781	9,610,753
Effect of adoption of MFRS 16	-	-	(388,245)	(8,460)	-	(396,705)
At 1 January 2019, as restated	-	1,884,254	1,233,672	4,821,341	1,274,781	9,214,048
Charge for the financial year	-	117,321	55,872	419,929	78,039	671,161
Disposals	-	-	(391,094)	(37)	-	(391,131)
Written off	-	-	-	(528,959)	(145,788)	(674,747)
Exchange differences	-	-	(481)	(29,419)	(2,317)	(32,217)
At 31 December 2019	-	2,001,575	897,969	4,682,855	1,204,715	8,787,114
<b>Accumulated impairment</b>						
At 1 January 2019, as previously stated	-	21,224	-	16,769	3,977	41,970
Effect of adoption of MFRS 16	-	-	-	(13,140)	-	(13,140)
At 1 January 2019, as restated	-	21,224	-	3,629	3,977	28,830
Reversals	-	-	-	(1,855)	(2,712)	(4,567)
At 31 December 2019	-	21,224	-	1,774	1,265	24,263
<b>Carrying amount</b>						
At 31 December 2019	633,000	6,212,920	122,135	2,078,454	448,763	9,495,272

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

<b>Group</b>	<b>Freehold land</b>	<b>Freehold buildings</b>	<b>Motor vehicles</b>	<b>Office and computer equipment</b>	<b>Renovations, furniture and fittings</b>	<b>Total</b>
<b>2018</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cost</b>						
At 1 January 2018	716,100	6,731,153	2,923,627	6,230,487	1,808,230	18,409,597
Additions	-	231,726	491,908	401,740	1,780	1,127,154
Disposals	-	-	(905,262)	(172,082)	(750)	(1,078,094)
Written off	-	-	-	(24,216)	-	(24,216)
Exchange differences	-	(65,448)	-	(91,099)	(5,064)	(161,611)
At 31 December 2018	716,100	6,897,431	2,510,273	6,344,830	1,804,196	18,272,830
<b>Accumulated depreciation</b>						
At 1 January 2018	-	1,766,934	1,881,143	4,635,896	1,196,431	9,480,404
Charge for the financial year	-	117,320	226,718	442,962	83,484	870,484
Disposals	-	-	(485,944)	(166,646)	(225)	(652,815)
Written off	-	-	-	(15,251)	-	(15,251)
Exchange differences	-	-	-	(67,160)	(4,909)	(72,069)
At 31 December 2018	-	1,884,254	1,621,917	4,829,801	1,274,781	9,610,753
<b>Accumulated impairment</b>						
At 1 January 2018	-	21,224	-	-	-	21,224
Charge for the financial year	-	-	-	16,769	3,977	20,746
At 31 December 2018	-	21,224	-	16,769	3,977	41,970
<b>Carrying amount</b>						
At 31 December 2018	716,100	4,991,953	888,356	1,498,260	525,438	8,620,107

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

Company 2019	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
<b>Cost</b>						
At 1 January 2019, as previously stated	633,000	5,233,030	749,544	1,625,768	939,689	9,181,031
Effect of adoption of MFRS 16	-	-	(596,450)	-	-	(596,450)
At 1 January 2019, as restated	633,000	5,233,030	153,094	1,625,768	939,689	8,584,581
Additions	-	-	-	298,476	4,428	302,904
Disposal	-	-	(116,954)	-	-	(116,954)
Written off	-	-	-	(22,991)	-	(22,991)
At 31 December 2019	633,000	5,233,030	36,140	1,901,253	944,117	8,747,540
<b>Accumulated depreciation</b>						
At 1 January 2019, as previously stated	-	1,884,256	311,764	1,516,004	738,118	4,450,142
Effect of adoption of MFRS 16	-	-	(246,450)	-	-	(246,450)
At 1 January 2019, as restated	-	1,884,256	65,314	1,516,004	738,118	4,203,692
Charge for the financial year	-	117,321	602	55,112	35,683	208,718
Disposal	-	-	(44,832)	-	-	(44,832)
Written off	-	-	-	(16,088)	-	(16,088)
At 31 December 2019	-	2,001,577	21,084	1,555,028	773,801	4,351,490
<b>Accumulated impairment</b>						
At 1 January 2019/31 December 2019	-	21,224	-	-	-	21,224
<b>Carrying amount</b>						
At 31 December 2019	633,000	3,210,229	15,056	346,225	170,316	4,374,826

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

<b>Company 2018 Cost</b>	<b>Freehold land RM</b>	<b>Freehold buildings RM</b>	<b>Motor vehicles RM</b>	<b>Office and computer equipment RM</b>	<b>Renovations, furniture and fittings RM</b>	<b>Total RM</b>
At 1 January 2018	633,000	5,233,030	749,544	1,593,685	938,889	9,148,148
Additions	-	-	-	34,832	1,550	36,382
Disposal	-	-	-	-	(750)	(750)
Written off	-	-	-	(2,749)	-	(2,749)
At 31 December 2018	633,000	5,233,030	749,544	1,625,768	939,689	9,181,031
<b>Accumulated depreciation</b>						
At 1 January 2018	-	1,766,935	259,531	1,461,298	690,971	4,178,735
Charge for the financial year	-	117,321	52,233	55,622	47,372	272,548
Disposal	-	-	-	-	(225)	(225)
Written off	-	-	-	(916)	-	(916)
At 31 December 2018	-	1,884,256	311,764	1,516,004	738,118	4,450,142
<b>Accumulated impairment</b>						
At 1 January 2018/ 31 December 2018	-	21,224	-	-	-	21,224
<b>Carrying amount</b>						
At 31 December 2018	633,000	3,327,550	437,780	109,764	201,571	4,709,665

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

- (a) The carrying amounts of property, plant and equipment of the Group and of the Company held under finance lease arrangement are as follow:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Motor vehicles	<u>-</u>	<u>803,000</u>	<u>-</u>	<u>350,000</u>

The leased assets are pledged for the related financing facilities as disclosed in Note 21 to the financial statements.

- (b) Purchases of property, plant and equipment

The aggregate costs for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease and cash payments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Aggregate costs	2,798,123	1,127,154	302,904	36,382
Less: Finance lease				
financing	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>
Cash payments	<u>2,798,123</u>	<u>827,154</u>	<u>302,904</u>	<u>36,382</u>

- (c) The strata titles of certain property of the Group and of the Company with carrying amounts of RM30,412 (2018: RM115,294) and RM30,412 (2018: RM32,194) respectively have yet to be issued by the relevant authorities.

5. **Investment Properties**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At fair value</b>				
At 1 January	245,000	240,000	245,000	240,000
Change in fair value recognised in profit or loss	5,000	5,000	5,000	5,000
At 31 December	<u>250,000</u>	<u>245,000</u>	<u>250,000</u>	<u>245,000</u>

## (a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers, IM Global Property Consultants Sdn. Bhd.. The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach based on comparable available market data. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfers between levels during current and previous financial year.

The increase in the fair values of the Group and of the Company of RM5,000 and RM5,000 (2018: RM5,000 and RM5,000) has been recognised in the profit or loss during the financial year.

## 6. Deferred Development Costs

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	41,117,396	40,705,688
Additions	5,510,175	810,777
Exchange differences	(543,312)	(399,069)
At 31 December	<u>46,084,259</u>	<u>41,117,396</u>
<b>Accumulated amortisation</b>		
At 1 January	32,316,442	28,055,454
Charge for the financial year	4,716,741	4,756,635
Exchange differences	(641,082)	(495,647)
At 31 December	<u>36,392,101</u>	<u>32,316,442</u>
<b>Carrying amount</b>		
At 31 December	<u>9,692,158</u>	<u>8,800,954</u>

During the financial year, the following costs are capitalised to deferred development costs:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Employee benefits expense (Note 29)	<u>5,510,175</u>	<u>810,777</u>

**6. Deferred Development Costs (Cont'd)**

The Group capitalised employee benefits expense in relation to new innovation of software development and enhancement of existing development innovative software. The amortisation period for deferred development costs incurred in the Group's innovative software developments is five years.

Amortisation begins only when the commercial production has commenced. At 31 December 2019, RM6,320,952 (2018: RM810,777) were incurred on the development of software that has not commenced commercial production yet, hence it is not subject to amortisation. The amortisation expense has been included in the statements of profit or loss and other comprehensive income.

Impairment testing for deferred development costs

Management has carried out a review of the recoverable amounts of the deferred development costs based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs to which the asset belongs. The growth rates are based on past results and budgets done by management.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next five (5) years. The rate used to discount the forecast cash flows is 11% (2018: 3%). As at 31 December 2019, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the respective intangible assets.

Having considered the above, management is of the view that there is no impairment of deferred development costs as at 31 December 2019.

## 7. Intangible Assets

	Software lease contracts RM	Project software contracts RM	Software supports services contracts RM	Total RM
<b>Group and Company</b>				
<b>2019</b>				
<b>Cost</b>				
At 1 January 2019/				
31 December 2019	2,422,681	1,164,874	337,637	3,925,192
<b>Less : Accumulated amortisation</b>				
At 1 January 2019	2,174,148	1,164,874	337,637	3,676,659
Charge for the financial year	248,533	-	-	248,533
At 31 December 2019	2,422,681	1,164,874	337,637	3,925,192
<b>Carrying amount</b>				
At 31 December 2019	-	-	-	-
<b>2018</b>				
<b>Cost</b>				
At 1 January 2018/				
31 December 2018	2,422,681	1,164,874	337,637	3,925,192
<b>Less : Accumulated amortisation</b>				
At 1 January 2018	1,648,312	1,164,874	337,637	3,150,823
Charge for the financial year	525,836	-	-	525,836
At 31 December 2018	2,174,148	1,164,874	337,637	3,676,659
<b>Carrying amount</b>				
At 31 December 2018	248,533	-	-	248,533

## 7. Intangible Assets (Cont'd)

During the financial year ended 31 December 2016, the Company had acquired business of PICI and a purchase price allocation exercise was conducted to determine the fair value of the identifiable assets and liabilities, identified and measured intangible assets as follows:

(a) Software lease contracts, project software contracts and software support services contracts

(i) Software Lease Contracts

PICI leases software applications to its customers for a lease period of approximately three (3) years.

(ii) Project Software Contracts

PICI provides real estate project management software solutions to property developers which include master files set up, installation, training and other consultation services.

Project software contracts are amortised over their useful lives, which is three (3) years.

(iii) Software Support Services Contracts

PICI provides software support services to its customers who no longer receive complementary software support services under the Software Lease Contracts or Project Software Contracts.

Software support services contracts are amortised over their useful lives, which is three (3) years.

## 8. Right-of-use Assets

	Office buildings RM	Office equipments RM	Motor vehicles RM	Total RM
<b>Group Cost</b>				
As at 1 January 2019, as previously stated	-	-	-	-
Effect of adopting MFRS 16	528,194	88,920	1,431,314	2,048,428
As at 1 January 2019, as restated	528,194	88,920	1,431,314	2,048,428
Additions	152,117	21,090	-	173,207
At 31 December 2019	680,311	110,010	1,431,314	2,221,635
<b>Accumulated amortisation</b>				
As at 1 January 2019, as previously stated	-	-	-	-
Effect of adopting MFRS 16	330,826	49,782	388,245	768,853
As at 1 January 2019, as restated	330,826	49,782	388,245	768,853
Charge for the financial year	168,209	13,744	216,690	398,643
At 31 December 2019	499,035	63,526	604,935	1,167,496
<b>Accumulated impairment</b>				
As at 1 January 2019, as previously stated	-	-	-	-
Effect of adopting MFRS 16	-	13,140	-	13,140
As at 1 January 2019, as restated	-	13,140	-	13,140
Charge for the financial year	-	-	-	-
At 31 December 2019	-	13,140	-	13,140
<b>Carrying amount</b>				
At 31 December 2019	181,276	33,344	826,379	1,040,999

8. **Right-of-use Assets (Cont'd)**

	<b>Office equipments</b>	<b>Motor vehicle</b>	<b>Total</b>
<b>Company</b>			
<b>Cost</b>			
As at 1 January 2019, as previously stated	-	-	-
Effect of adopting MFRS 16	17,948	596,450	614,398
As at 1 January 2019, as restated	17,948	596,450	614,398
Addition	10,553	-	10,553
At 31 December 2019	28,501	596,450	624,951
<b>Accumulated amortisation</b>			
As at 1 January 2019, as previously stated	-	-	-
Effect of adopting MFRS 16	11,965	246,450	258,415
As at 1 January 2019, as restated	11,965	246,450	258,415
Charge for the financial year	4,117	119,290	123,407
At 31 December 2019	16,082	365,740	381,822
<b>Carrying amount</b>			
At 31 December 2019	12,419	230,710	243,129

Assets held under finance leases

The carrying amount of right-of-use assets of the Group held under leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Motor vehicles	826,379	-	230,710	-

The leased ROU assets are pledged as security for the lease liabilities as disclosed in Note 22 to the financial statements.

## 9. Investment in Subsidiary Companies

	Company	
	2019 RM	2018 RM
<b>Unquoted shares, at cost</b>		
- Malaysia	5,249,980	5,249,980
- Outside Malaysia	11,738,627	11,738,627
	16,988,607	16,988,607
Less: Accumulated impairment losses	(9,429,323)	(9,429,323)
	7,559,284	7,559,284
Discount on amounts due from subsidiary companies	3,749,907	3,749,907
	11,309,191	11,309,191

Movement in impairment on investment in subsidiary companies are as follows:

	Company	
	2019 RM	2018 RM
At 1 January/31 December	9,429,323	9,429,323

Details of the subsidiary companies are as follows:

Name of company	Place of business / Country of incorporation	Effective equity interest		Principal activities
		2019 %	2018 %	
IFCA Solutions Sdn. Bhd.	Malaysia	85.71	85.71	Turnkey solutions provider
IFCA Systems (JB) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
IFCA Systems (Penang) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
IFCA Consulting (Sarawak) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider

9. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business / Country of incorporation	Effective equity interest		Principal activities
		2019 %	2018 %	
Property365 Sdn. Bhd.	Malaysia	85.71	85.71	Property online marketplace and research and development
Network Online Sdn. Bhd.	Malaysia	85.71	85.71	Installation and servicing of computer hardware and networks
IFCA Consulting (Sabah) Sdn. Bhd.	Malaysia	60	60	Turnkey solutions provider
Push Technology Sdn. Bhd.	Malaysia	100	100	Turnkey solutions provider and research and development
IFCA International Limited	Republic of Seychelles	100	100	Turnkey solutions provider
SmartHR Sdn. Bhd.	Malaysia	100	100	Turnkey solutions provider
Jingyou Information Technology (Shanghai) Co. Ltd.*	China	100	100	Turnkey solutions provider
IFCA (Guangzhou) Technology Company Limited*	China	100	100	Research and development
EFFICA Technology (Pty) Ltd.*	South Africa	100	100	Turnkey solutions provider

## 9. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Place of business / Country of incorporation	Effective equity interest		Principal activities
		2019 %	2018 %	
PT IFCA Property365 Indonesia*	Indonesia	100	100	Turnkey solutions provider
<b>Held through IFCA (Guangzhou) Technology Company Limited:</b>				
IFCA (Wuhan) Technology Company Limited**	China	-	100	Research and development

\* Subsidiary companies not audited by UHY

# Strike off during the financial year

(a) IFCA (Wuhan) Technology Company Limited, an indirect wholly-owned subsidiary company of the Company, had been strike off during the financial year

(b) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2019	2018	2019	2018	2019	2018
	%	%	RM	RM	RM	RM
IFCA Solutions Sdn. Bhd.	14.29	14.29	416,629	139,943	658,765	242,136
Property365 Sdn. Bhd.	14.29	14.29	(270,961)	629,198	(308,463)	(37,502)
Network Online Sdn. Bhd.	14.29	14.29	9,431	(337,092)	(283,520)	(292,951)
IFCA Consulting (Sabah) Sdn. Bhd.	40.00	40.00	23,814	(72,658)	(381,498)	(405,312)
Individually immaterial subsidiary companies with non-controlling interests					(85,057)	1,331
Total non-controlling interests					(399,773)	(492,298)

9. **Investment in Subsidiary Companies (Cont'd)**

(b) **Material partly-owned subsidiary companies (Cont'd)**

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) **Summarised statements of financial position**

	<b>IFCA Solutions Sdn. Bhd.</b>		<b>Property365 Sdn. Bhd.</b>		<b>Network Online Sdn. Bhd.</b>		<b>IFCA Consulting (Sabah) Sdn. Bhd.</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-current assets	1,858,243	1,797,802	2,236,102	1,643,848	153,149	206,680	30,000	30,000
Current assets	12,880,084	11,236,027	6,937,354	6,076,196	587,895	1,324,766	61,486	86,150
Non-current liabilities	(285,090)	(341,723)	(196,015)	(178,458)	(2,083)	(7,083)	-	(360)
Current liabilities	(10,834,102)	(11,383,087)	(11,136,676)	(7,804,097)	(2,783,741)	(3,629,243)	(1,069,773)	(1,153,613)
Net assets/(liabilities)	3,619,135	1,309,019	(2,159,235)	(262,511)	(2,044,780)	(2,104,880)	(978,287)	(1,037,823)

## 9. Investment in Subsidiary Companies (Cont'd)

### (b) Material partly-owned subsidiary companies (Cont'd)

#### (ii) Summarised statements of profit or loss and other comprehensive income

	IFCA Solutions Sdn. Bhd.		Property365 Sdn. Bhd.		Network Online Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	25,012,895	24,375,857	5,940,349	5,958,700	856,923	3,019,760	-	(60,133)
Profit/(Loss) for the financial year	2,916,406	979,603	(1,896,724)	4,404,386	66,017	(2,359,643)	59,536	(181,645)
Total comprehensive income/(loss) for the financial year	2,916,406	979,603	(1,896,724)	4,404,386	66,017	(2,359,643)	59,536	(181,645)

## 9. Investment in Subsidiary Companies (Cont'd)

## (b) Material partly-owned subsidiary companies (Cont'd)

## (iii) Summarised statements of cash flows

	IFCA Solutions Sdn. Bhd.		Property365 Sdn. Bhd.		Network Online Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
Net cash from/(used in) operating activities	(2,533,680)	(2,023,114)	1,757,278	902,612	(61,423)	120,833	(15,088)	66,488
Net cash from/(used in) investing activities	(220,678)	141,874	(769,028)	(810,777)	30,245	(1,651)	-	-
Net cash used in financing activities	(747,797)	(343,891)	(38,000)	-	(39,600)	-	(4,702)	(5,040)
Net (decrease)/ increase in cash and cash equivalents	(3,502,155)	(2,225,131)	950,250	91,835	(70,778)	119,182	(19,790)	61,448

10. **Goodwill on Business Combination**

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At 1 January/31 December	<u>25,111,525</u>	<u>25,111,525</u>

The aggregate carrying amounts of goodwill allocated to each CGU is as follows:

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
PT IFCA Property365 Indonesia ("PTIPI")	<u>25,111,525</u>	<u>25,111,525</u>

Recoverable amount on value-in-use

For the purpose of impairment testing, the recoverable amount of goodwill as the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generated unit ("CGU") and was based on the following assumptions:

- (i) Pre-tax cash flow projection based on the most recent financial budgets covering a five (5) years period.
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 1% (2018: 1% to 3%).
- (iii) Pre-tax discount rate of 11% (2018: 25%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was based estimated based on the Group's weighted average cost of capital.

The value assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amount.

Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

## 11. Other Investments

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>At cost</b>				
<b>Investment in club memberships:</b>				
At 1 January	201,674	275,674	91,000	165,000
Disposal	-	(74,000)	-	(74,000)
At 31 December	<u>201,674</u>	<u>201,674</u>	<u>91,000</u>	<u>91,000</u>
<b>Accumulated impairment</b>				
At 1 January	7,174	-	-	-
Charge for the financial year	-	7,174	-	-
At 31 December	<u>7,174</u>	<u>7,174</u>	<u>-</u>	<u>-</u>
<b>Carrying amount</b>				
At 31 December	<u>194,500</u>	<u>194,500</u>	<u>91,000</u>	<u>91,000</u>

The investment in club memberships is unquoted and the management are of the view that under such circumstances, it is not possible to disclose the range estimates within which a fair value is likely to lie.

12. **Amount Due from Subsidiary Companies**

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current Assets</b>		
<b>Amount due from subsidiary companies</b>		
Non-trade related	11,668,185	16,333,082
Less: Accumulated impairment losses	(3,957,688)	(2,482,389)
	<u>7,710,497</u>	<u>13,850,693</u>
<b>Current Assets</b>		
<b>Amount due from subsidiary companies</b>		
Non-trade related	5,522,804	7,528,536
Trade related	1,064,247	1,551,377
	<u>6,587,051</u>	<u>9,079,913</u>
Less: Accumulated impairment losses	-	(1,367,775)
	<u>6,587,051</u>	<u>7,712,138</u>

These amounts are unsecured, interest free and collectable or payable on demand, except for the non-current portion which are not expected to be repaid within the next 12 months.

13. **Contract Assets/(Liabilities)**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Contract assets</b>		
<b>Current</b>		
Software applications	<u>6,123,876</u>	<u>8,720,800</u>
<b>Contract liabilities</b>		
<b>Non-Current</b>		
Maintenance, support system, training and implementation	<u>(74,929)</u>	<u>(29,600)</u>
<b>Current</b>		
Maintenance, support system, training and implementation	(8,626,627)	(7,467,456)
Software applications	<u>(1,997,812)</u>	<u>(3,398,518)</u>
	<u>(10,624,439)</u>	<u>(10,865,974)</u>
	<u>(10,699,368)</u>	<u>(10,895,574)</u>

Contract assets

Payment for software applications is not due from the customer until the software applications related services are completed and therefore, a contract asset is recognised over the period in which the software applications related services are performed to represent the Company's right to consideration for the services transferred to date.

Contract liabilities

Maintenance, support system, training and implementation services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to the maintenance, support system training and implementation services at the time of the initial sales transaction and is released over the service period.

Software applications is recognised at a point of time. A contract liability represents advance consideration received from the customer in respect of services which are yet to be provided. The contract liability will be recognised as revenue when the relate services is rendered.

## 14. Trade Receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade receivables	14,415,040	19,791,848	335,297	3,197,189
Less: Accumulated impairment losses	(3,526,134)	(5,904,904)	-	(28,909)
	<u>10,888,906</u>	<u>13,886,944</u>	<u>335,297</u>	<u>3,168,280</u>

The Group's and the Company's normal trade credit terms is Nil days (2018: Nil days) and Nil days (2018: Nil days) respectively. These balances are unsecured and non-bearing interests. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

## 15. Other Receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other receivables	2,874,970	2,966,843	239,453	219,890
Deposits	695,995	754,223	111,473	90,343
GST recoverable	<u>98,359</u>	<u>255,623</u>	<u>7,750</u>	<u>7,750</u>
	3,669,324	3,976,689	358,676	317,983
Less: Accumulated impairment losses				
Other receivables	<u>(2,437,151)</u>	<u>(2,437,151)</u>	<u>-</u>	<u>-</u>
	<u>1,232,173</u>	<u>1,539,538</u>	<u>358,676</u>	<u>317,983</u>

## 16. Other Current Assets

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Prepayment	<u>402,982</u>	<u>285,097</u>	<u>99,618</u>	<u>61,822</u>

**17. Fixed Deposits with Licensed Banks**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposits for short term funding				
- Due within 3 months	35,042,768	26,760,638	19,740,657	17,139,838
Fixed deposits not for short term funding				
- Due more than 3 months	3,000,000	6,406,860	2,000,000	2,000,000
	<u>38,042,768</u>	<u>33,167,498</u>	<u>21,740,657</u>	<u>19,139,838</u>

The interest rate of the fixed deposits of the Group and of the Company are range from 2.80% to 7.10% (2018: 2.95% to 3.95%) and 2.95% to 3.70% (2018: 2.95% to 3.95%) respectively and mature within 3 to 12 months (2018: 3 to 12 months) period and 3 to 12 months (2018: 3 to 12 months) period respectively.

**18. Share Capital**

	<b>Group and Company</b>			
	<b>Number of Shares</b>		<b>Amount</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Units</b>	<b>Units</b>	<b>RM</b>	<b>RM</b>
<b>Issued and fully paid:</b>				
<b>Ordinary shares</b>				
At 1 January/				
31 December	608,290,900	608,290,900	83,947,005	83,947,005

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.

## 19. Treasury Shares

	Group and Company			
	Number of ordinary shares		Amount	
	2019 Unit	2018 Unit	2019 RM	2018 RM
At 1 January	1,291,200	70,000	384,624	38,052
Share repurchased	100,000	1,221,200	45,597	346,572
At 31 December	<u>1,391,200</u>	<u>1,291,200</u>	<u>430,221</u>	<u>384,624</u>

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Board of Directors of the Company believes that the repurchases plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were finance by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

The details of the repurchase of treasury shares during the financial year are as follows:

	Number of shares repurchased Units	Highest price paid per share RM	Lowest price paid per share RM	Average price per share RM	Total consideration paid RM
<b>2019</b>					
May	100,000	0.455	0.450	0.453	<u>45,597</u>
<b>2018</b>					
March	671,200	0.355	0.330	0.340	224,673
June	50,000	0.280	0.280	0.280	14,044
November	500,000	0.215	0.215	0.215	<u>107,855</u>
					<u>346,572</u>

20. **Foreign Currency Translation Reserve**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,665,167	2,032,535
Exchange translation differences for foreign operation	(439,833)	(367,368)
At 31 December	<u>1,225,334</u>	<u>1,665,167</u>

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

21. **Finance Lease Liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Minimum lease payments:</b>				
Within one year	-	242,844	-	112,008
Later than 1 year and not later than 2 years	-	121,710	-	9,294
Later than 2 years and not later than 5 years	-	231,490	-	-
	-	596,044	-	121,302
Less: Future finance charges	-	(45,834)	-	(2,984)
Present value of minimum lease payments	-	550,210	-	118,318

## 21. Finance Lease Liabilities (Cont'd)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Present value of minimum lease payments:</b>				
Within one year	-	221,383	-	109,057
Later than 1 year and not later than 2 years	-	108,805	-	9,261
Later than 2 years and not later than 5 years	-	220,022	-	-
	<u>-</u>	<u>550,210</u>	<u>-</u>	<u>118,318</u>
<b>Analysed as:</b>				
Payable within 12 months	-	221,383	-	109,057
Payable after 12 months	-	328,827	-	9,261
	<u>-</u>	<u>550,210</u>	<u>-</u>	<u>118,318</u>

In previous financial year, the Group and the Company lease motor vehicles under finance leases as disclosed in Note 4(a) to the financial statements. At the end of the lease term, the Group and the Company have the option to acquire the assets at a normal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been enforced into the contingent rental payments.

Obligations under finance lease

These obligations are secured by a charge are the lease assets as disclosed in Note 4 to the financial statements. The interest rates of the Group and the Company for the leases is Nil (2018: 2.28% to 3.40%) and Nil (2018: 2.84%) per annum respectively.

## 22. Lease Liabilities

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January, as previously stated,	-	-	-	-
Effect of adopting MFRS 16	785,876	-	124,757	-
At 1 January, as restated	785,876	-	124,757	-
Additions	173,207	-	10,553	-
Repayments	(409,043)	-	(113,318)	-
At 31 December	550,040	-	21,992	-
<b>Presented as:</b>				
Non-current	297,032	-	8,134	-
Current	253,008	-	13,858	-
	550,040	-	21,992	-

The maturity analysis of lease liabilities of the Group and of the Company at the end of reporting period:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Within one year	275,647	-	14,414	-
Later than 1 year and not later than 2 years	180,563	-	2,400	-
Later than 2 years and not later than 5 years	132,277	-	6,600	-
	588,487	-	23,414	-
Less: Future finance charges	(38,447)	-	(1,422)	-
Present value of minimum lease payments	550,040	-	21,992	-

The Group and the Company leases various office buildings, office equipment and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

**22. Lease Liabilities (Cont'd)**Obligations under lease liabilities

These obligations are secured by a charge over the leased assets as disclosed in Note 8(a) to the financial statements. The interest rate of the Group and the Company for the leases are range from 2.28% to 4.45% (2018: Nil) and 2.40% 4.45% (2018: Nil) per annum respectively.

**23. Deferred Tax Liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	1,285,414	1,514,504	221,889	246,980
Recognised in profit or loss	(1,120,161)	(373,939)	(49,635)	(129,082)
Under/(Over) provision in prior year	73,348	144,849	(106,267)	103,991
Exchange differences	(1,081)	-	-	-
At 31 December	<u>237,520</u>	<u>1,285,414</u>	<u>65,987</u>	<u>221,889</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Deferred tax assets	(1,769,076)	(1,394,001)	-	-
Deferred tax liabilities	2,006,596	2,679,415	65,987	221,889
	<u>237,520</u>	<u>1,285,414</u>	<u>65,987</u>	<u>221,889</u>

23. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

**Deferred tax liabilities of the Group and of the Company**

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Accelerated capital allowances</b>				
At 1 January	329,217	233,727	162,241	61,132
Recognised in profit or loss	1,861	(12,670)	10,013	(2,882)
(Over)/Under provision in prior year	(126,917)	108,160	(106,267)	103,991
At 31 December	<u>204,161</u>	<u>329,217</u>	<u>65,987</u>	<u>162,241</u>
<b>Deferred development costs</b>				
At 1 January	2,290,550	2,803,173	-	-
Recognised in profit or loss	(682,701)	(512,623)	-	-
Under provision in prior year	194,586	-	-	-
At 31 December	<u>1,802,435</u>	<u>2,290,550</u>	<u>-</u>	<u>-</u>
<b>Intangible assets</b>				
At 1 January	59,648	185,848	59,648	185,848
Recognised in profit or loss	(59,648)	(126,200)	(59,648)	(126,200)
At 31 December	<u>-</u>	<u>59,648</u>	<u>-</u>	<u>59,648</u>
	<u>2,006,596</u>	<u>2,679,415</u>	<u>65,987</u>	<u>221,889</u>

23. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

**Deferred tax assets of the Group and of the Company**

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Deferred revenue</b>				
At 1 January	(1,286,935)	(1,375,383)	-	-
Recognised in profit or loss	(223,723)	88,448	-	-
At 31 December	<u>(1,510,658)</u>	<u>(1,286,935)</u>	<u>-</u>	<u>-</u>
<b>Unabsorbed capital allowances</b>				
At 1 January	(18,412)	(15,075)	-	-
Recognised in profit or loss	8,935	(3,337)	-	-
Over provision in prior year	(2,164)	-	-	-
At 31 December	<u>(11,641)</u>	<u>(18,412)</u>	<u>-</u>	<u>-</u>
<b>Unutilised tax losses</b>				
At 1 January	(88,654)	(317,786)	-	-
Recognised in profit or loss	31,056	192,443	-	-
Over provision in prior year	7,843	36,689	-	-
At 31 December	<u>(49,755)</u>	<u>(88,654)</u>	<u>-</u>	<u>-</u>
<b>Other temporary differences</b>				
At 1 January	-	-	-	-
Recognised in profit or loss	(195,941)	-	-	-
Exchange differences	(1,081)	-	-	-
At 31 December	<u>(197,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,769,076)</u>	<u>(1,394,001)</u>	<u>-</u>	<u>-</u>

**23. Deferred Tax Liabilities (Cont'd)**

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Unabsorbed capital allowances	2,404,933	2,434,649
Unutilised tax losses	<u>11,009,234</u>	<u>11,806,349</u>
	<u>13,414,167</u>	<u>14,240,998</u>

With effect from year of assessment 2019, unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen that have a recent history of losses.

**24. Trade Payables**

The normal trade credit terms granted to the Group and to the Company range from 30 and 60 (2018: 30 and 60) days and 30 and 60 (2018: 30 and 60) days respectively depending on the terms of the contracts. These balances are unsecured and non-bearing interests.

**25. Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	6,654,736	4,362,708	360,314	24,096
Accruals	2,171,288	4,408,904	534,556	723,140
Deposit refundables	450	-	450	-
GST payables	32,024	166,132	-	-
SST payables	<u>784,393</u>	<u>733,357</u>	<u>18,100</u>	<u>138,408</u>
	<u>9,642,891</u>	<u>9,671,101</u>	<u>913,420</u>	<u>885,644</u>

## 26. Other Liabilities

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Current liabilities</b>				
Contingent consideration payable	-	3,701,952	-	3,701,952

Contingent consideration represents fair value of cost of the business combination which relates to a pro table cash consideration in the future. The contingent consideration was recognised and is payable in the following manners:

- (i) a sum of RM4 million shall be paid to PT IFCA Consulting Indonesia ("PICI") within fourteen days upon receipt by the Company of the PTIPI's signed Audited Profit After Taxation ("PAT") for financial year ended 31 December 2016, subject to an adjustment in case that PAT guarantee of PTIPI for the financial year ended 31 December 2016 of not less than RM4 million could not meet for the financial year;
- (ii) a sum of RM4 million shall be paid to PICI within fourteen days upon receipt by the company of the PTIPI's signed Audited PAT for financial year ended 31 December 2017, subject to an adjustment in case that PAT guarantee of PTIPI for the financial year ended 31 December 2017 of not less than RM4 million could not meet for the financial year; and
- (iii) a sum of RM4 million shall be paid to PICI within fourteen days upon receipt by the Company of the PTIPI's signed PAT for financial year ended 31 December 2018, subject to an adjustment in case that PAT guarantee of PTIPI for the financial year ended 31 December 2018 of not less than RM4 million could not meet for the financial year.

27. **Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue from contracts with customers:</b>				
Sale of software applications	47,115,775	46,661,993	-	-
Royalty income	731,840	229,110	4,138,566	4,308,457
Sale of hardware, networking, and operating systems	2,208,093	3,106,627	172,800	565,800
Maintenance, support system, training and implementation services rendered	35,532,995	43,209,026	-	-
	<u>85,588,703</u>	<u>93,206,756</u>	<u>4,311,366</u>	<u>4,874,257</u>

Revenue from contracts with customers recognised for the Group in the current financial year included RM10,895,574 (2018: RM12,201,137) that was included in the contract liabilities at the beginning of the financial year.

27. **Revenue (Cont'd)**

Breakdown of the Group's revenue from contract with customers:

	<b>Software applications and royalty income RM</b>	<b>Hardware, networking and operating systems RM</b>	<b>Maintenance, support systems, training and implementation RM</b>	<b>Total RM</b>
<b>2019</b>				
<b>Major goods and services:</b>				
Sale of software applications	47,115,775	-	-	47,115,775
Royalty income	731,840	-	-	731,840
Sale of hardware, networking, and operating systems	-	2,208,093	-	2,208,093
Maintenance, support system, training and implementation services rendered	-	-	35,532,995	35,532,995
	<u>47,847,615</u>	<u>2,208,093</u>	<u>35,532,995</u>	<u>85,588,703</u>
<b>Geographical market:</b>				
Malaysia	11,432,111	1,947,065	24,644,053	38,023,229
China	30,875,166	-	5,981,834	36,857,000
Indonesia	4,709,666	260,228	4,610,957	9,580,851
Others	830,672	800	296,151	1,127,623
	<u>47,847,615</u>	<u>2,208,093</u>	<u>35,532,995</u>	<u>85,588,703</u>
<b>Timing of revenue recognition:</b>				
At a point of time	47,847,615	2,208,093	-	50,055,708
Over time	-	-	35,532,995	35,532,995
	<u>47,847,615</u>	<u>2,208,093</u>	<u>35,532,995</u>	<u>85,588,703</u>

27. **Revenue (Cont'd)**

Breakdown of the Group's revenue from contract with customers: (Cont'd)

	<b>Software applications and royalty income RM</b>	<b>Hardware, networking and operating systems RM</b>	<b>Maintenance, support systems, training and implementation RM</b>	<b>Total RM</b>
<b>2018</b>				
<b>Major goods and services:</b>				
Sale of software applications	46,661,993	-	-	46,661,993
Royalty income	229,110	-	-	229,110
Sale of hardware, networking, and operating systems	-	3,106,627	-	3,106,627
Maintenance, support system, training and implementation services rendered	-	-	43,209,026	43,209,026
	<u>46,891,103</u>	<u>3,106,627</u>	<u>43,209,026</u>	<u>93,206,756</u>
<b>Geographical market:</b>				
Malaysia	12,923,358	2,797,167	25,666,549	41,387,074
China	27,620,661	-	12,015,340	39,636,001
Indonesia	4,735,101	309,460	4,428,609	9,473,170
Others	1,611,983	-	1,098,528	2,710,511
	<u>46,891,103</u>	<u>3,106,627</u>	<u>43,209,026</u>	<u>93,206,756</u>
<b>Timing of revenue recognition:</b>				
At a point of time	46,891,103	3,106,627	-	49,997,730
Over time	-	-	43,209,026	43,209,026
	<u>46,891,103</u>	<u>3,106,627</u>	<u>43,209,026</u>	<u>93,206,756</u>

## 28. Other Income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend income	-	-	8,229,948	6,032,855
Fair value gain on investment properties	5,000	5,000	5,000	5,000
Gain on disposals of property, plant and equipment	54,395	-	-	-
Gain on foreign exchange:				
- Realised	451	185,523	-	-
- Unrealised	142,108	866	-	-
Interest income	1,726,215	1,453,267	738,114	720,168
Reimbursement-travelling and accomodation	2,722	12,165	-	-
Rental income	33,540	11,839	3,840	3,720
Reallocation of headquarter costs charged to subsidiary companies	-	-	3,495,628	4,195,247
Reversals of impairment loss on plant, property, and equipment	4,567	-	-	-
Waiver of amount due to other payables	182,216	-	-	-
Miscellaneous	596,088	533,096	109,008	833,658
Tax incentive from foreign subsidiary companies	1,152,196	3,319,992	-	-
	<u>3,899,498</u>	<u>5,521,748</u>	<u>12,581,538</u>	<u>11,790,648</u>

29. **Employee Benefits Expenses**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries and wages	50,175,941	45,860,799	4,547,227	4,749,916
Social security contributions	3,313,270	2,741,476	26,274	28,161
Contributions to defined contribution plans	3,463,404	3,498,714	588,110	697,863
Other benefits	21,673	73,057	21,673	18,832
Total employee benefits expense	56,974,288	52,174,046	5,183,284	5,494,772
Less: Amount capitalised into deferred development costs (Note 6)	(5,510,175)	(810,777)	-	-
	<u>51,464,113</u>	<u>51,363,269</u>	<u>5,183,284</u>	<u>5,494,772</u>

## 30. Directors' Remuneration

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Directors of the Company</b>				
<b>Executive:</b>				
Salaries and other emoluments	1,929,333	1,680,000	1,929,333	1,680,000
Fees	78,000	46,500	78,000	46,500
Project incentive	206,250	405,500	206,250	405,500
Defined contribution plan	356,243	392,645	356,243	392,645
Total executive Directors' remuneration (excluding benefits-in-kind)	2,569,826	2,524,645	2,569,826	2,524,645
Estimated money value of benefits-in-kind	137,210	215,000	137,210	215,000
Total executive Directors' remuneration (including benefits-in-kind)	2,707,036	2,739,645	2,707,036	2,739,645
<b>Non-executive:</b>				
Fees	99,500	94,000	99,500	94,000
<b>Total Directors' remuneration</b>	<b>2,806,536</b>	<b>2,833,645</b>	<b>2,806,536</b>	<b>2,833,645</b>
Non-monetary benefits-in-kind paid to executive directors	54,450	56,475	30,500	30,500
<b>Total Directors' remuneration</b>	<b>2,860,986</b>	<b>2,890,120</b>	<b>2,837,036</b>	<b>2,864,145</b>
<b>Represented by:</b>				
Directors' remuneration	2,806,536	2,833,645	2,806,536	2,833,645
Non-monetary benefits-in-kind	54,450	56,475	30,500	30,500
	<b>2,860,986</b>	<b>2,890,120</b>	<b>2,837,036</b>	<b>2,864,145</b>

30. **Directors' Remuneration (Cont'd)**

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	<b>Number of Directors</b>	
	<b>2019</b>	<b>2018</b>
<b>Executive Directors:</b>		
RM200,000 and below	1	1
RM250,001 - RM350,000	1	-
RM950,001 - RM1,050,000	1	1
RM1,351,001 - RM1,450,000	1	-
RM1,550,001 - RM1,650,000	-	1
	<hr/>	<hr/>
<b>Non-Executive Directors:</b>		
Less than RM50,000	4	3
	<hr/>	<hr/>

31. **Finance Costs**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Interest expense on:</b>				
- Finance leases	-	28,083	-	7,672
- Lease liabilities	36,246	-	3,370	-
	<hr/>	<hr/>	<hr/>	<hr/>
	36,246	28,083	3,370	7,672
	<hr/>	<hr/>	<hr/>	<hr/>

32. **Profit before Taxation**

Profit before taxation is derived at after charging:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration:				
- statutory audit:				
- current year	195,356	174,239	68,000	58,000
- under provision				
in prior year	-	3,000	-	3,000
- non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of:				
- development costs	4,716,741	4,756,635	-	-
- intangible asset	248,533	525,836	248,533	525,836
- Right-of-use assets	398,643	-	123,407	-
Bad debts written off	1,648,555	71,557	28,909	-
Depreciation of				
property, plant and equipment	671,161	870,484	208,718	272,548
Loss on disposal of				
other investments	-	14,480	-	14,480
Impairment loss on financial instruments:				
- amount due from subsidiary companies	-	-	123,330	2,124,068
- trade receivables	986,911	2,694,597	-	-
Reversal of impairment loss on financial instruments:				
- amount due from subsidiary companies	-	-	(15,806)	(1,283,627)
- trade receivables	(3,362,439)	(447,104)	(28,909)	-
Net (gains)/losses on impairment of financial instruments	(2,375,528)	2,247,493	78,615	840,441

**32. Profit before Taxation (Cont'd)**

Profit before taxation is derived at after charging: (Cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Impairment loss on non-financial instruments:				
- other investments	-	7,174	-	-
- property, plant and equipment	-	20,746	-	-
Loss on disposal of property, plant and equipment	48,412	40,747	24,122	525
Loss on foreign exchange:				
- Realised	193,166	17,885	4,712	-
- Unrealised	41,781	23,351	18,472	11,997
Net fair value loss on contingent consideration payable	-	501,952	-	501,952
Property, plant and equipment written off	136,927	8,965	6,903	1,833
Rental of premises	2,682,273	2,699,895	143,987	59,923

## 33. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Current tax</b>				
- Malaysian income tax	1,730,577	2,662,557	192,720	458,428
- Foreign tax	1,047,063	1,531,521	-	-
- Under/(Over) provision taxation in prior years	292,828	(256,765)	165,507	9,918
	<u>3,070,468</u>	<u>3,937,313</u>	<u>358,227</u>	<u>468,346</u>
<b>Deferred taxation</b>				
<b>(Note 23):</b>				
- Relating to origination and reversal of temporary differences	(1,120,161)	(373,939)	(49,635)	(129,082)
- Under/(Over) provision in prior years	73,348	144,849	(106,267)	103,991
	<u>(1,046,813)</u>	<u>(229,090)</u>	<u>(155,902)</u>	<u>(25,091)</u>
	<u>2,023,655</u>	<u>3,708,223</u>	<u>202,325</u>	<u>443,255</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

33. **Taxation (Cont'd)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>8,159,123</u>	<u>15,485,935</u>	<u>8,072,058</u>	<u>5,929,057</u>
At Malaysian statutory tax rate of 24% (2018: 24%)	1,958,190	3,716,624	1,937,294	1,422,974
Effect of different tax rates in other countries	45,124	78,674	-	-
Effect of income not subject to tax	(2,003,900)	(675,693)	(1,980,181)	(1,449,085)
Effect of expenses not deductible for tax purpose	1,856,504	1,346,995	185,972	355,457
Deferred tax assets not recognised	176,485	477,002	-	-
Utilisation of previously unrecognised deferred tax assets	(374,924)	(1,123,463)	-	-
Under/(Over) provision of income tax expense in prior years	292,828	(256,765)	165,507	9,918
Under/(Over) provision of deferred tax in prior years	<u>73,348</u>	<u>144,849</u>	<u>(106,267)</u>	<u>103,991</u>
Income tax expense for the financial year	<u>2,023,655</u>	<u>3,708,223</u>	<u>202,325</u>	<u>443,255</u>

34. **Earnings Per Share**

## (a) Basic earnings per share

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to owners of the parent for basic earnings	<u>5,956,514</u>	<u>11,418,335</u>
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	608,290,900	608,290,900
Effect of treasury shares held	<u>(66,484)</u>	<u>(623,570)</u>
Weighted average number of ordinary shares as at 31 December	<u>608,224,416</u>	<u>607,667,330</u>
Basic earnings per share (in sen)	<u>0.98</u>	<u>1.88</u>

## (b) Diluted earnings per share

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

35. **Dividends**

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Final single-tier dividend of RM0.010 (2018: RM0.005) on 606,899,700 (2018: 607,499,700) ordinary shares, in respect of the financial year ended 31 December 2018 (2018: 31 December 2017)	<u>6,068,997</u>	<u>3,037,498</u>

The Directors had on 27 February 2020, declared a final single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this final single-tier dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

### 36. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	Effect of MFRS 16 Note 2(a) RM	Additions RM	New finance lease (Note 4 (b)) RM	Net fair value loss on contingent consideration payable (Note 32) RM	Repayment RM	Interest Payable RM	Interest Paid RM	At 31 December RM
<b>Group</b>									
<b>2019</b>									
Finance lease liabilities (Note 21)	550,210	(550,210)	-	-	-	-	-	-	-
Other liabilities (Note 26)	3,701,952	-	-	-	-	(3,701,952)	-	-	-
Lease liabilities (Note 22)	-	785,876	173,207	-	-	(409,043)	36,246	(36,246)	550,040
Dividend payable	-	-	6,068,997	-	-	(6,068,997)	-	-	-
	4,252,162	235,666	6,242,204	-	-	(10,179,992)	36,246	(36,246)	550,040
<b>2018</b>									
Finance lease liabilities (Note 21)	683,216	-	-	300,000	-	(433,006)	28,083	(28,083)	550,210
Other liabilities (Note 26)	6,493,785	-	-	-	501,952	(3,293,785)	-	-	3,701,952
Dividend payable	-	-	3,037,498	-	-	(3,037,498)	-	-	-
	7,177,001	-	3,037,498	300,000	501,952	(6,764,289)	28,083	(28,083)	4,252,162

**Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January RM	Effect of MFRS 16 Note 2(a) RM	Additions RM	Net fair value loss on contingent consideration payable (Note 32) RM	Repayment RM	Interest Payable RM	Interest Paid RM	At 31 December RM
<b>Company</b>								
<b>2019</b>								
Finance lease liabilities (Note 21)	118,318	(118,318)	-	-	-	-	-	-
Lease Liabilities (Note 22)	-	124,757	10,553	-	(113,318)	3,370	(3,370)	21,992
Other liabilities (Note 26)	3,701,952	-	-	-	(3,701,952)	-	-	-
Dividend payable	-	-	6,068,997	-	(6,068,997)	-	-	-
	3,820,270	6,439	6,079,550	-	(9,884,267)	3,370	(3,370)	21,992
<b>2018</b>								
Finance lease liabilities (Note 21)	222,654	-	-	-	(104,336)	7,672	(7,672)	118,318
Other liabilities (Note 26)	6,493,785	-	-	501,952	(3,293,785)	-	-	3,701,952
Dividend payable	-	-	3,037,498	-	(3,037,498)	-	-	-
	6,716,439	-	3,037,498	501,952	(6,435,619)	7,672	(7,672)	3,820,270

### 37. Related Parties Disclosures

#### (a) Identifying related parties

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

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

#### (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 as disclosed elsewhere in the financial statements, the significant related party transactions of the Group and the Company during the reporting periods are as follows:

	Company	
	2019	2018
	RM	RM
Dividend income receivable from subsidiary companies	8,229,948	6,032,855
Reallocation head quarter costs charged to subsidiary companies	3,495,628	4,195,247
Services payables to subsidiary companies	784,810	203,989
Services receivable to subsidiary companies	1,969,050	-
Services rendered to subsidiary companies	28,700	22,000
Royalty receivable from subsidiary companies	4,138,567	4,130,869
Sales receivable from subsidiary companies	172,800	565,800

**37. Related Parties Disclosures (Cont'd)****(c) Compensation of key management personnel**

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

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Fee	177,500	140,500	177,500	140,500
Salaries and other emoluments	2,427,506	2,340,000	2,427,506	2,340,000
Contributions to defined contribution plan	428,084	478,325	428,084	478,325
Estimated money value of benefits-in-kind	137,210	215,000	137,210	215,000
Project incentive	288,750	435,500	288,750	435,500
Benefits-in-kind	18,000	18,000	18,000	18,000
Non-monetary benefits-in-kind	54,450	56,475	30,500	30,500
	<b>3,531,500</b>	<b>3,683,800</b>	<b>3,507,550</b>	<b>3,657,825</b>

**38. Segmental Reporting****(a) Geographical segments**

For the management purposes, the Group is organised into two geographical areas of the world, and has two reportable geographical segments as follows:

- (i) Malaysia - the areas of operation are principally a turnkey e-business application provider focused on customised functionality on in-house industry specific software.
- (ii) Foreign - the main activities are focused on the Group's research and development centre, as the central domain for all customised projects and undertake marketing activities that cater for China market.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

## 38. Segmental Reporting (Cont'd)

## (a) Geographical segments (Cont'd)

	Malaysia		Foreign		Eliminations		Note	Per consolidated financial statements	
	2018		2018		2018			2018	
	2019	RM	2019	RM	2019	RM		2019	RM
<b>Revenue:</b>									
External revenue	38,023,229	41,387,074	47,565,474	51,819,682	-	-	-	85,588,703	93,206,756
Inter-segment revenue	15,657,339	16,362,309	-	-	(15,657,339)	(16,362,309)	<b>A</b>	-	-
Total revenue	53,680,568	57,956,233	47,565,474	43,225,956	(15,657,339)	(12,354,396)		85,588,703	93,206,756
<b>Results:</b>									
Segment results	14,994,725	18,749,076	4,355,593	10,093,092	(7,734,226)	(5,697,863)		11,616,092	23,144,305
Interest income	846,208	929,875	880,007	523,392	-	-		1,726,215	1,453,267
Amortisation								-	-
- Development costs	(2,135,932)	(2,135,932)	(306,523)	(306,983)	(2,274,286)	(2,313,720)		(4,716,741)	(4,756,635)
- Intangible assets	(248,533)	(525,836)	-	-	-	-		(248,533)	(525,836)
- Right-of-use assets	(398,643)	-	-	-	-	-		(398,643)	-
Depreciation	(491,836)	(694,801)	(179,325)	(175,683)	-	-		(671,161)	(870,484)
Other non-cash expenses	1,025,182	(2,079,387)	864	(789,960)	(137,907)	(61,252)	<b>B</b>	888,139	(2,930,599)
Finance costs	(36,246)	(28,083)	-	-	-	-		(36,246)	(28,083)
Profit/(Loss) before taxation	13,554,925	14,214,912	4,750,616	9,343,858	(10,146,418)	(8,072,835)		8,159,123	15,485,935
Income tax expense	(1,819,436)	(2,176,702)	(851,122)	(1,531,521)	646,903	-		(2,023,655)	(3,708,223)
Profit/(Loss) for the financial year	11,735,489	12,038,210	3,899,494	7,812,337	(9,499,515)	(8,072,835)		6,135,468	11,777,712
<b>Additions to non-current assets</b>	2,837,468	1,501,382	5,470,830	436,549	-	-	<b>C</b>	8,308,298	1,937,931
<b>Segment assets</b>	123,284,278	137,990,295	62,091,998	60,232,632	(44,745,807)	(51,974,652)	<b>D</b>	140,630,469	146,248,275
<b>Segment liabilities</b>	40,280,171	55,010,785	53,294,024	52,859,193	(72,296,099)	(80,612,098)	<b>E</b>	21,278,096	27,257,880

**38. Segmental Reporting (Cont'd)****(a) Geographical segments (Cont'd)****A** Inter-segment revenues are eliminated on consolidation.**B** Other material non-cash expenses consist of the following items as presented in the respective notes to financial statements:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Bad debts written off	1,648,555	71,557
Fair value gain of investment properties	(5,000)	(5,000)
Net fair value loss on contingent consideration payable	-	501,952
Impairment loss on trade receivables	986,911	2,694,597
Impairment loss on other investments	-	7,174
Impairment loss on property, plant and equipment	-	20,746
(Gain)/Loss on disposal of property, plant and equipment	(5,983)	40,747
Loss on disposal of other investment	-	14,480
Property, plant and equipment written off	136,927	8,965
Reversal of impairment loss on:		
property, plant and equipment	(4,567)	-
trade receivables	(3,362,439)	(447,104)
Unrealised (gain)/loss on foreign exchange	(100,327)	22,485
Waiver of amount due to other payables	(182,216)	-
	<u>(888,139)</u>	<u>2,930,599</u>

**C** Additions to non-current assets consist of:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment	2,798,123	1,127,154
Development costs	<u>5,510,175</u>	<u>810,777</u>
	<u>8,308,298</u>	<u>1,937,931</u>

38. **Segmental Reporting (Cont'd)**

## (a) Geographical segments (Cont'd)

- D** The following item is deducted from segment assets to arrive at total assets reported in the statements of financial position:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Inter-segment assets	<u>(44,745,807)</u>	<u>(51,974,652)</u>

- E** The following item is deducted from segment liabilities to arrive at total liabilities reported in the statements of financial position:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Inter-segment liabilities	<u>(72,296,099)</u>	<u>(80,612,098)</u>

Information about major customers

Revenue from five (2018: five) major customers amount to RM10,480,441 (2018: RM12,657,226), arising from sales by the Foreign segment.

Non-current assets information based on the geographical location of assets is as follow:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current Assets</b>		
Malaysia	36,379,494	36,848,469
Foreign	<u>9,404,960</u>	<u>6,372,150</u>
	<u>45,784,454</u>	<u>43,220,619</u>

## 38. Segmental Reporting (Cont'd)

## (b) Business segments

The Group is also organised on a worldwide basis into three major business segments:

- (i) Software application and royalty income
- (ii) Hardware, networking and operating systems
- (iii) Maintenance, support system, training and implementation

	Software applications and royalty income			Hardware, networking and operating systems			Maintenance, support system, training and implementation			Per consolidated financial statements	
	2019	2018	RM	2019	2018	RM	2019	2018	RM	2019	2018
<b>Group</b>											
Total revenue from external customers	47,847,615	46,891,103		2,208,093	3,106,627		35,532,995	43,209,026		85,588,703	93,206,756
Segment assets	45,760,547	42,292,831		728,736	1,508,659		94,141,186	102,446,785		140,630,469	146,248,275
Additions to non-current assets	1,783,362	52,239		-	2,550		6,524,936	1,883,142		8,308,298	1,937,931

## 39. 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 financial instruments are measured, and how income and expense, including fair value 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:

	At amortised cost RM	At fair value through profit or loss RM	Total RM
<b>Group</b>			
<b>2019</b>			
<b>Financial Assets</b>			
Trade receivables	10,888,906	-	10,888,906
Other receivables	1,133,814	-	1,133,814
Fixed deposits with licensed banks	38,042,768	-	38,042,768
Cash and bank balances	36,916,207	-	36,916,207
<b>Total financial assets</b>	<b>86,981,695</b>	<b>-</b>	<b>86,981,695</b>
<b>Financial Liabilities</b>			
Trade payables	129,770	-	129,770
Other payables	8,826,474	-	8,826,474
Lease liabilities	550,040	-	550,040
Financial guarantee	1,777,086	-	1,777,086
<b>Total financial liabilities</b>	<b>11,283,370</b>	<b>-</b>	<b>11,283,370</b>
<b>2018</b>			
<b>Financial Assets</b>			
Trade receivables	13,886,944	-	13,886,944
Other receivables	1,283,915	-	1,283,915
Fixed deposits with licensed banks	33,167,498	-	33,167,498
Cash and bank balances	42,217,287	-	42,217,287
<b>Total financial assets</b>	<b>90,555,644</b>	<b>-</b>	<b>90,555,644</b>
<b>Financial Liabilities</b>			
Trade payables	589,493	-	589,493
Other payables	8,771,612	-	8,771,612
Other liabilities	-	3,701,952	3,701,952
Finance lease liabilities	550,210	-	550,210
<b>Total financial liabilities</b>	<b>9,911,315</b>	<b>3,701,952</b>	<b>13,613,267</b>

## 39. Financial Instruments (Cont'd)

## (a) Classification of financial instruments (Cont'd)

	At amortised cost RM	At fair value through profit or loss RM	Total RM
<b>Company</b>			
<b>2019</b>			
<b>Financial Assets</b>			
Trade receivables	335,297	-	335,297
Other receivables	350,926	-	350,926
Amount due from subsidiary companies	14,297,548	-	14,297,548
Fixed deposits with licensed banks	21,740,657	-	21,740,657
Cash and bank balances	7,436,095	-	7,436,095
<b>Total financial assets</b>	<b>44,160,523</b>	<b>-</b>	<b>44,160,523</b>
<b>Financial Liabilities</b>			
Trade payables	12,428	-	12,428
Other payables	895,320	-	895,320
Lease liabilities	21,992	-	21,992
Financial guarantee	1,777,086	-	1,777,086
<b>Total financial liabilities</b>	<b>2,706,826</b>	<b>-</b>	<b>2,706,826</b>
<b>2018</b>			
Trade receivables	3,168,280	-	3,168,280
Other receivables	310,233	-	310,233
Amount due from subsidiary companies	21,562,831	-	21,562,831
Fixed deposits with licensed banks	19,139,838	-	19,139,838
Cash and bank balances	1,219,736	-	1,219,736
<b>Total financial assets</b>	<b>45,400,918</b>	<b>-</b>	<b>45,400,918</b>
<b>Financial Liabilities</b>			
Trade payables	45,765	-	45,765
Other payables	747,236	-	747,236
Other liabilities	-	3,701,952	3,701,952
Finance lease liabilities	118,318	-	118,318
<b>Total financial liabilities</b>	<b>911,319</b>	<b>3,701,952</b>	<b>4,613,271</b>

## 39. Financial Instruments (Cont'd)

### (b) Financial risk management

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, foreign currency and interest rate 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 and the Company'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 if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer, loans and advances to subsidiary companies and financial guarantee given to banks for credit facilities granted to third parties. There are no significant changes as compared to prior periods.

#### Contract assets

##### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long overdue contract assets.

At each reporting date, the Group assesses whether any of the contract assets are credit impaired.

The gross amounts of credit impaired contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group 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, contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)***Concentration of credit risk*

As at the end of the financial year, the Group has 3 (2018: 3) major contract customers accounted for approximately 86% (2018: 63%) of the total contract assets.

*Recognition and measurement of impairment loss*

As there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers. The Company is of the view that loss allowance is not material and hence, it is not provided for.

The aged analysis of contract assets as at the end of the reporting period:

	<b>Gross Amount RM</b>	<b>Allowance for Impairment RM</b>	<b>Net Balance RM</b>
<b>2019 Group</b>			
- Less than 30 days	33,300	-	33,300
- 31 to 60 days	165,251	-	165,251
- 61 to 90 days	266,270	-	266,270
- More than 90 days	5,659,055	-	5,659,055
	<u>6,123,876</u>	<u>-</u>	<u>6,123,876</u>
<b>2018 Group</b>			
- Less than 30 days	75,556	-	75,556
- 31 to 60 days	200,328	-	200,328
- 61 to 90 days	1,143,967	-	1,143,967
- More than 90 days	7,300,949	-	7,300,949
	<u>8,720,800</u>	<u>-</u>	<u>8,720,800</u>

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

###### Trade receivables

###### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's and the Company's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from sale of software applications, sale of hardware, networking and rendering of operating systems, maintenance, support systems, training and implementation services.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine 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.

There are no significant changes as compared to previous year.

###### *Exposure to credit risk, credit quality and collateral*

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

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Trade receivables (Cont'd)***Concentration of credit risk*

The Group and the Company determine concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	2019		2018	
	RM	% of total	RM	% of total
<b>Group</b>				
<b>By Country:</b>				
Malaysia	7,692,859	71%	9,932,439	72%
People's Republic of China	1,357,363	12%	2,400,189	17%
Indonesia	1,037,372	10%	878,757	6%
Singapore	88,924	1%	337,695	2%
Other countries	712,388	7%	337,864	2%
	<u>10,888,906</u>	<u>100%</u>	<u>13,886,944</u>	<u>100%</u>
<b>Company</b>				
<b>By Country:</b>				
Malaysia	246,373	73%	2,987,478	94%
Singapore	88,924	27%	180,802	100%
	<u>335,297</u>	<u>100%</u>	<u>3,168,280</u>	<u>194%</u>

As at the end of the financial year 2019, the Group and the Company had approximately 16% (2018: 39%) and 73% (2018: 94%) respectively of the Group's and the Company's trade receivables were due from 23 (2018: 17) and 1 (2018: 2) respectively major customers who are reputable and located in Malaysia.

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

##### Trade receivables (Cont'd)

##### *Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms. The Group's and the Company's debt recovery process is that when invoices which are exceeded credit terms, the Group and the Company will start to initiate a structured debt recovery process which is monitored by sales team.

The Group and the Company use an allowance matrix to measure ECLs for trade receivables. Consistent with the debt recovery process, invoices which are exceeded credit terms will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group and the Company believe that the forward-looking factors are immaterial for the purpose of calculation impairment for the year.

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Trade receivables (Cont'd)***Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period of the Group and of the Company.

	<b>Gross Trade Receivables RM</b>	<b>Allowance for Impairment RM</b>	<b>Net Balance RM</b>
<b>Group</b>			
<b>2019</b>			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	3,872,975	(101,690)	3,771,285
- 31 to 60 days	1,625,499	(170,433)	1,455,066
- 61 to 90 days	1,643,903	(165,377)	1,478,526
- More than 90 days	4,495,489	(311,460)	4,184,029
	<u>11,637,866</u>	<u>(748,960)</u>	<u>10,888,906</u>
<b>Credit impaired</b>			
More than 90 days			
- Individually impaired	2,777,174	(2,777,174)	-
	<u>14,415,040</u>	<u>(3,526,134)</u>	<u>10,888,906</u>
<b>2018</b>			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	6,144,686	(63,718)	6,080,968
- 31 to 60 days	1,815,387	(64,941)	1,750,446
- 61 to 90 days	1,718,587	(123,341)	1,595,246
- More than 90 days	4,987,088	(526,804)	4,460,284
	<u>14,665,748</u>	<u>(778,804)</u>	<u>13,886,944</u>
<b>Credit impaired</b>			
More than 90 days			
Individually impaired	5,126,100	(5,126,100)	-
	<u>19,791,848</u>	<u>(5,904,904)</u>	<u>13,886,944</u>

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Trade receivables (Cont'd)***Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period of the Group and of the Company. (Cont'd)

	<b>Gross Trade Receivables RM</b>	<b>Allowance for Impairment RM</b>	<b>Net Balance RM</b>
<b>Company</b>			
<b>2019</b>			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	21,200	-	21,200
- 31 to 60 days	159,453	-	159,453
- More than 90 days	154,644	-	154,644
	<u>335,297</u>	<u>-</u>	<u>335,297</u>
<b>2018</b>			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	2,840,208	-	2,840,208
- More than 90 days	328,072	-	328,072
	<u>3,168,280</u>	<u>-</u>	<u>3,168,280</u>
<b>Credit impaired</b>			
More than 90 days			
Individually impaired	28,909	(28,909)	-
	<u>3,197,189</u>	<u>(28,909)</u>	<u>3,168,280</u>

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Trade receivables (Cont'd)***Recognition and measurement of impairment loss (Cont'd)*

The movement in the allowance for impairment losses in respect of trade receivables of the Group and the Company during the financial year are as follows:

	<b>Lifetime ECL RM</b>	<b>Credit Impaired RM</b>	<b>Total RM</b>
<b>Group</b>			
At 1 January 2018	803,069	3,823,607	4,626,676
Impairment loss recognised	158,426	2,536,171	2,694,597
Impairment loss reversed	(182,688)	(264,416)	(447,104)
Exchange differences	(3,651)	(965,614)	(969,265)
At 31 December 2018	<u>775,156</u>	<u>5,129,748</u>	<u>5,904,904</u>
At 1 January 2019	775,156	5,129,748	5,904,904
Impairment loss recognised	660,387	326,524	986,911
Impairment loss reversed	(690,231)	(2,672,208)	(3,362,439)
Exchange differences	3,648	(6,890)	(3,242)
At 31 December 2019	<u>748,960</u>	<u>2,777,174</u>	<u>3,526,134</u>
			<b>Credit Impaired RM</b>
<b>Company</b>			
At 1 January 2018/31 December 2018			28,909
Impairment loss reversed			<u>(28,909)</u>
At 31 December 2019			<u>-</u>

### 39. Financial Instruments (Cont'd)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

###### **Cash and cash equivalent**

###### *Risk management objectives, policies and processes for managing the risk*

The cash and cash equivalents are held with banks and financial institutions. The Group has a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

###### *Exposure to credit risk, credit quality and collateral*

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

###### *Recognition and measurement of impairment loss*

These banks and financial institutions have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

###### **Other receivables**

###### *Risk management objectives, policies and processes for managing the risk*

Credit risks on other receivables are mainly arising from receivables from third parties. The Group manages the credit risk on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

###### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

###### *Recognition and measurement of impairment loss*

As there are only a few debtors, these other receivables have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

39. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

**Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Group provide unsecured financial guarantees to a third party in respect of a project entered into by the Group. The Group monitor the ability of the third party to service its loans on an individual basis.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk of the Group refer to Note 40 amounting to RM1,777,086 (2018: RMNil) representing the performance guarantee to a third party in respect of projects entered by the Group as at the end of the reporting period.

*Recognition and measurement of impairment loss*

There is no history of default from a third party, and there are no indicates that any going concern from this third party. The Group is of the view that loss allowance is not material and hence, it is not provided for.

**Inter-company loans and advances**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

*Recognition and measurement of impairment loss*

As there are only a few subsidiary companies, the Company assessed the risk of loss of each subsidiary companies individually based on their financial information and past trend of payments, where applicable.

Generally, the Company considers loans and advances to subsidiary companies has low credit risk because there is no indicates that any going concern from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for during the financial year.

## 39. Financial Instruments (Cont'd)

## (b) Financial risk management (Cont'd)

## (i) Credit risk (Cont'd)

## Inter-company loans and advances (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for inter-company loans and advances as at reporting period of the Company:

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
<b>Company 2019</b>			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	937,198	-	937,198
- 61 to 90 days	108,129	-	108,129
- More than 90 days	13,252,221	-	13,252,221
	<u>14,297,548</u>	<u>-</u>	<u>14,297,548</u>
<b>Credit impaired</b>			
More than 90 days			
- Individually impaired	3,957,688	(3,957,688)	-
	<u>18,255,236</u>	<u>(3,957,688)</u>	<u>14,297,548</u>
<b>Company 2018</b>			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	1,390,457	-	1,390,457
- 31 to 60 days	487,895	-	487,895
- 61 to 90 days	381,638	-	381,638
- More than 90 days	19,302,841	-	19,302,841
	<u>21,562,831</u>	<u>-</u>	<u>21,562,831</u>
<b>Credit impaired</b>			
More than 90 days			
- Individually impaired	3,850,164	(3,850,164)	-
	<u>25,412,995</u>	<u>(3,850,164)</u>	<u>21,562,831</u>

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Inter-company loans and advances (Cont'd)**

The movement in the allowance for impairment losses in respect of inter-company loans and advances of the Company during the financial year are as follows:

	<b>Company RM</b>
At 1 January 2018	3,009,723
Impairment loss recognised	2,124,068
Impairment loss reversed	<u>(1,283,627)</u>
At 31 December 2018	<u>3,850,164</u>
At 1 January 2019	3,850,164
Impairment loss recognised	123,330
Impairment loss reversed	<u>(15,806)</u>
At 31 December 2019	<u>3,957,688</u>

(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 non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

## 39. Financial Instruments (Cont'd)

## (b) Financial risk management (Cont'd)

## (ii) Liquidity risk (Cont'd)

	Carrying amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 3 years RM	Total RM
<b>Group</b>					
<b>2019</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	129,770	129,770	-	-	129,770
Other payables	8,826,474	8,826,474	-	-	8,826,474
Lease liabilities	550,040	275,647	180,563	132,277	588,487
Financial guarantee	1,777,086	1,777,086	-	-	1,777,086
Total undiscounted financial liabilities	11,283,370	11,008,977	180,563	132,277	11,321,817
<b>2018</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	589,493	589,493	-	-	589,493
Other payables	8,771,612	8,771,612	-	-	8,771,612
Other liabilities	3,701,952	3,701,952	-	-	3,701,952
Finance lease liabilities	550,210	242,844	121,710	231,490	596,044
Total undiscounted financial liabilities	13,613,267	13,305,901	121,710	231,490	13,659,101

## 39. Financial Instruments (Cont'd)

## (b) Financial risk management (Cont'd)

## (ii) Liquidity risk (Cont'd)

Company	Carrying amount RM	On demand or within				Total RM
		1 year	1 - 2 years	2 - 3 years		
		RM	RM	RM		
2019						
Non-derivative financial liabilities						
Trade payables	12,428	12,428	-	-	-	12,428
Other payables	895,320	895,320	-	-	-	895,320
Lease liabilities	21,992	14,414	2,400	6,600		23,414
Finance guarantee	1,777,086	1,777,086	-	-	-	1,777,086
Total undiscounted financial liabilities	2,706,826	2,699,248	2,400	6,600		2,708,248
2018						
Non-derivative financial liabilities						
Trade payables	45,765	45,765	-	-	-	45,765
Other payables	747,236	747,236	-	-	-	747,236
Other liabilities	3,701,952	3,701,952	-	-	-	3,701,952
Finance lease liabilities	118,318	112,008	9,294	-	-	121,302
Total undiscounted financial liabilities	4,613,271	4,606,961	9,294	-	-	4,616,255

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(iii) **Market risk**(a) **Interest rate risk**

The Group's and the Company's exposure to interest rate risk arises primarily from its deposits placed with licensed banks and interest bearing financial liabilities. The Group and the Company are not exposed to significant interest rate risk as there were no floating rate financial instrument at the end of the financial reporting period.

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>				
Financial assets	38,042,768	33,167,498	21,740,657	19,139,838
Financial liabilities	(328,323)	(550,210)	(9,261)	(118,318)
	<u>37,714,445</u>	<u>32,617,288</u>	<u>21,731,396</u>	<u>19,021,520</u>

**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 rate at the end of the reporting period would not affect profit or loss.

(b) **Foreign currency exchange risk**

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of the Group's and the Company's entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD) and Vietnam Dong (VND).

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group and the Company 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.

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(iii) **Market risk (Cont'd)**(b) **Foreign currency exchange risk (Cont'd)**

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group's and Company's functional currencies are as follows:

	Denominated in			
	USD RM	VND RM	SGD RM	Total RM
<b>Group</b>				
<b>2019</b>				
Cash and bank balances	2,053,437	14,384	-	2,067,821
Trade receivables	712,388	-	88,924	801,312
	<u>2,765,825</u>	<u>14,384</u>	<u>88,924</u>	<u>2,869,133</u>
<b>2018</b>				
Cash and bank balances	137,903	-	-	137,903
Trade receivables	494,757	-	-	494,757
	<u>632,660</u>	<u>-</u>	<u>-</u>	<u>632,660</u>
<b>Company</b>				
<b>2019</b>				
Cash and bank balances	1,645,376	14,384	-	1,659,760
Trade receivables	-	-	88,924	88,924
	<u>1,645,376</u>	<u>14,384</u>	<u>88,924</u>	<u>1,748,684</u>
<b>2018</b>				
Cash and bank balances	-	-	-	-
Trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

39. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(iii) **Market risk (Cont'd)**(b) **Foreign currency exchange risk (Cont'd)**Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's Profit for the financial year to a reasonably possible change in the USD, VND and SGD exchange rates against the respective functional currencies of the Group's and of the Company's entities, with all other variables held constant.

Group	Change in currency rate	2019 Effect of profit before taxation RM	Change in currency rate	2018 Effect of profit before taxation RM
USD	Strengthened 5%	138,291	Strengthened 5%	31,633
	Weakened 5%	(138,291)	Weakened 5%	(31,633)
VND	Strengthened 5%	719	Strengthened 5%	-
	Weakened 5%	(719)	Weakened 5%	-
SGD	Strengthened 5%	4,446	Strengthened 5%	-
	Weakened 5%	(4,446)	Weakened 5%	-
<b>Company</b>				
USD	Strengthened 5%	82,269	Strengthened 5%	-
	Weakened 5%	(82,269)	Weakened 5%	-
VND	Strengthened 5%	719	Strengthened 5%	-
	Weakened 5%	(719)	Weakened 5%	-
SGD	Strengthened 5%	4,446	Strengthened 5%	-
	Weakened 5%	(4,446)	Weakened 5%	-

(c) **Fair value of financial instruments**

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amounts shown in the statements of financial position.

## 39. Financial Instruments (Cont'd)

## (c) Fair value of financial instruments (Cont'd)

	Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
<b>Group</b>						
<b>2018</b>						
<b>Financial liabilities</b>						
Other liabilities	-	-	3,701,952	3,701,952	3,701,952	3,701,952
Finance lease liabilities	-	336,258	-	336,258	336,258	328,827
<b>Company</b>						
<b>2018</b>						
<b>Financial liabilities</b>						
Other liabilities	-	-	3,701,952	3,701,952	3,701,952	3,701,952
Finance lease liabilities	-	8,832	-	8,832	8,832	9,261

39. **Financial Instruments (Cont'd)**(c) **Fair values of financial instruments (Cont'd)**(i) **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 current and previous financial year.

(ii) **Level 1 fair value**

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) **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 (as prices) or indirectly (i.e. derived from prices).

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.

(iv) **Level 3 fair value**

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

40. **Financial Guarantees**

	<b>Group</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
<b>Unsecured</b>		
<b>Performance guarantee made in favour of:</b>		
- Malaysian Resources Corporation Berhad in respect of performance bond	1,721,203	-
- Tenaga Nasional Berhad in respect of performance security	55,883	-
	<u>1,777,086</u>	<u>-</u>

41. **Capital Management**

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company'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.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy are to maintain a prudent level of gearing ratio with debt covenants and regulatory requirements. The gearing ratio at end of the reporting periods are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Total loans and borrowings	-	550,210	-	118,318
Less: Fixed deposits with licensed bank	(38,042,768)	(33,167,498)	(21,740,657)	(19,139,838)
Less: Cash and bank balances	<u>(36,916,207)</u>	<u>(42,217,287)</u>	<u>(7,436,095)</u>	<u>(1,219,736)</u>
Excess of cash and bank balances	<u>(74,958,975)</u>	<u>(74,834,575)</u>	<u>(29,176,752)</u>	<u>(20,241,256)</u>
Total equity	<u>119,752,146</u>	<u>119,482,693</u>	<u>84,781,015</u>	<u>83,026,332</u>
<b>Total equity and net debts</b>	<u>44,793,171</u>	<u>44,648,118</u>	<u>55,604,263</u>	<u>62,785,076</u>
<b>Gearing ratio</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**41. Capital Management (Cont'd)**

N/A - Gearing ratio not applicable as the cash and cash equivalent of the Group and the Company are sufficient to settle the outstanding debt.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

**42. Subsequent Events**

Effect of outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group and to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

**43. Date of Authorisation For Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 15 May 2020.

**List of Properties**

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2019 (RM)
<b>Johor Property</b> 4-storey shop office at 31, Jalan Permas 10/07, Taman Permas Jaya, 81750 Johor Bahru, Johor	Ground Floor, 1 <sup>st</sup> & 2 <sup>nd</sup> - JB Office 3rd - Vacant	IFCA MSC Berhad	25	1,920 sq. feet	Freehold	495,000
<b>Penang Property</b> Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang	Penang Office	IFCA MSC Berhad	23	136.85 sq. meters	Freehold	281,820
<b>Selangor Properties</b> 2 units of shoplots & 10 units of office lots at 17 and 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor	Head Office	IFCA MSC Berhad	21	20,311 sq. feet	Freehold	3,036,000
Unit 1-1 in a 4-storey shop office at 2-1, Jalan Desa 9/5, Bandar Country Homes, 48000 Rawang, Selangor	Vacant	IFCA MSC Berhad	18	1,629 sq. feet	Freehold	250,000*
<b>Indonesia Properties</b> Unit C0926, Tower Cempaka, Grand Dhika City Bekasi, Jalan Mergahayu, Bekasi Timur Bekasi Jawa Barat 17113, Indonesia	Pending for vacant possession	PT IFCA Property365 Indonesia	N/A	48.4 sq. meters	Freehold	235,521
Unit C0303, Tower Cempaka, Grand Dhika City Bekasi, Jalan Mergahayu, Bekasi Timur Bekasi Jawa Barat 17113, Indonesia	Pending for vacant possession	PT IFCA Property365 Indonesia	N/A	48.4 sq. meters	Freehold	320,015

**List of Properties (Con't)**

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2019 (RM)
<b>Indonesia Properties (Con't)</b> Unit B-8-3, Perumahan Diamond Park Residence, Jalan Raya Bandara Juanda, No. 5, Dukuh, Sedati Agung, Kec. Sedati, Kabupaten Sidoarjo, Jawa Timur 61253, Indonesia	Pending for vacant possession	PT IFCA Property365 Indonesia	N/A	112 sq. meters	Freehold	294,402
Unit 15-EA, Tower Bahama, Newton The Hybrid Park, Jalan Terusan Buah Batu, No.5, Batununggal, Kec. Bandung Kidul, Kota Bandung, Jawa Barat 40287, Indonesia	Pending for vacant possession	PT IFCA Property365 Indonesia	N/A	58.49 sq. meters	Freehold	292,883
Lot 02-20, Tower Marwa, Eureka Penthouse, Jalan Mabes Hankam, No.67, RT.7/RW.3, RT.4/RW.2, Bambu Apus, Kec. Cipayung, Kota Jakarta Timur, Daerah Khusus Ibukota Jakarta 13890, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	31.1 sq. meters	Freehold	285,272
Unit C-38-19, Tower Aoki, Vasanta Innopark, Jalan Kalimantan Kavling CB2, Kawasan Komersial, Kota Industri MM2100, Cikarang, Jawa Barat 17530, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	43.28 sq. meters	Freehold	196,940

\* Investment Property stated at fair value

**STATEMENT OF SHAREHOLDINGS****As at 21 May 2020****Total number of Issued Shares : 606,899,700 (excluding the treasury shares of 1,391,200)****Class of Shares : Ordinary Shares****Voting Rights : One vote per Ordinary Share****Breakdown of Shareholdings**

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	19	0.21	452	0.00
100 - 1,000	572	6.27	385,173	0.06
1,001 - 10,000	3,822	41.89	24,798,900	4.09
10,001 - 100,000	4,088	44.81	145,060,467	23.90
100,001 - 30,344,985 *	621	6.81	236,050,065	38.90
30,344,986 and above **	1	0.01	200,604,643	33.05
<b>TOTAL</b>	<b>9,123</b>	<b>100.00</b>	<b>606,899,700</b>	<b>100.00</b>

Remarks:

\* Less than 5% of the issued holdings

\*\* 5% and above of the issued holdings

**Substantial Shareholders as at 21 May 2020**

Name of Shareholder	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
IFCA Software (Asia) Sdn Bhd	208,604,643	34.37	-	-
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.54
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.97

**Directors' Shareholdings as at 21 May 2020**

Name of Directors	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.54
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.97
Ooi Bee Bee	4,400,598	0.72	-	-

*\*Deemed interest by virtue of his interest in IFCA Software (Asia) Sdn Bhd and being the brother of Yong Kian Keong, a director of IFCA Software (Asia) Sdn Bhd*

*#Deemed interest by virtue of his interest in IFCA Software (Asia) Sdn Bhd and being the brother of Yong Keang Cheun, a director of IFCA Software (Asia) Sdn Bhd*

## STATEMENT OF SHAREHOLDINGS (cont'd)

### As at 21 May 2020

#### List of Thirty (30) Largest Registered Shareholders as at 21 May 2020

No.	Name of Shareholders	No. of Shares	%
1.	IFCA Software (Asia) Sdn Bhd	200,604,643	33.05
2.	P.T. IFCA Consulting Indonesia	8,210,000	1.35
3.	IFCA Software (Asia) Sdn Bhd	8,000,000	1.32
4.	Tan Kin Seng	6,173,000	1.02
5.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Lai Chie King (6000752)	4,020,000	0.66
6.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Maybank Private Wealth Management for Yong Keang Cheun (PW-M00409) (410463)	3,650,000	0.60
7.	Ooi Sin Heng	3,150,000	0.52
8.	Cimsec Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB For Law King Hui (PB)	3,000,000	0.49
9.	Mat Alewi Bin Zakaria	2,997,000	0.49
10.	Ooi Bee Bee	2,868,300	0.47
11.	Musa Dirgantara	2,849,900	0.47
12.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Chung Keen Mean	2,704,200	0.45
13.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Gan Seong Liam (7001349)	2,000,000	0.33
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Wong Quet Siong (S Petaling-CL)	2,000,000	0.33
15.	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Mohd Dom Bin Ahmad	2,000,000	0.33
16.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Chow Poh Yuen	1,963,500	0.32
17.	Thong Weng Kin	1,800,000	0.30
18.	Lim Mooi Tean	1,650,000	0.27
19.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Lim Lian Seng (800394)	1,633,000	0.27
20.	Sim Kian Seng	1,600,000	0.26
21.	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Su Suit Chai (E-PKG)	1,560,000	0.26
22.	Tan Shu Ayan	1,540,000	0.25
23.	Chew Bak Hin	1,450,000	0.24
24.	Teoh King Long	1,400,000	0.23
25.	Yeow Wai Yee	1,400,000	0.23
26.	Kuo Chern Pin	1,350,000	0.22
27.	Loh Wooi Kee	1,250,000	0.21
28.	Tey Tin Choo	1,207,000	0.20
29.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Gan Seong Liam	1,143,300	0.19
30.	UOB Kay Hian Nominees (Asing) Sdn Bhd Beneficiary: Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	1,111,800	0.18
		276,285,643	45.51

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