



# **Annual Report 2018**

---

**IFCA MSC Berhad**  
(453392-T)

## Contents

	<b>Page</b>
<b>Corporate Profile</b>	<b>2</b>
<b>Corporate Information</b>	<b>3</b>
<b>Chairman’s Statement/Management Discussion &amp; Analysis</b>	<b>4 – 7</b>
<b>Financial Highlights</b>	<b>8</b>
<b>Directors’ Profile</b>	<b>9 – 10</b>
<b>Senior Management Profile</b>	<b>11 – 12</b>
<b>Corporate Presence</b>	<b>13</b>
<b>Notice of Annual General Meeting</b>	<b>14 – 17</b>
<b>Corporate Governance Overview Statement</b>	<b>18 – 27</b>
<b>Additional Compliance Information</b>	<b>28 – 29</b>
<b>Audit Committee Report</b>	<b>30 – 31</b>
<b>Statement of Risk Management &amp; Internal Control</b>	<b>32 – 33</b>
<b>Sustainability Statement</b>	<b>34 – 36</b>
<b>Audited Financial Statements</b>	<b>38 – 177</b>
<b>List of Properties</b>	<b>178</b>
<b>Statement of Shareholdings</b>	<b>179 – 180</b>
<b>Proxy Form</b>	<b>181 – 182</b>

## IFCA @ a Glance

IFCA is a business software solution company specializing in the Property Industry for 32 years. Established in 1987, the Company has a talent pool of over 500 staff across all IFCA offices in Asia.

IFCA, an acronym for Information for Competitive Advantage, is the motto to provide innovative and strategic software solution for the Property Industry. Over the years, it has developed its software to meet the needs of property developers and property managers. These properties cover shopping malls, chain stores, residential, industrials, commercials, resorts, hotels and recreational sport clubs.

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

With decades of staff dedication and commitment, IFCA property software has served over a thousand satisfied customers. 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 a 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)
- **Chow Chee Keng**  
(Finance Director)

### Non Executive Independent Directors

- **Chew See Chiew**  
(Senior Independent Director)
- **Ngian Siew Siong**
- **Ooi Bee Bee**

### Company Secretaries

Ng Yim Kong (LS0009297)  
(Appointed on 2 January 2019)  
Yap Kim Sing (LS0001376)  
(Resigned on 2 January 2019)  
Wong Kam Khan (MIA No. 3153)  
(Resigned on 2 January 2019)

### Audit Committee

Chew See Chiew (Chairman)  
Ngian Siew Siong  
Ooi Bee Bee  
(Appointed on 21 April 2018)

### Remuneration Committee

Chew See Chiew (Chairman)  
Yong Keang Cheun  
Ngian Siew Siong

### Nomination Committee

Chew See Chiew (Chairman)  
(Elected as the new chairman on 28 May 2018)  
Ngian Siew Siong  
(Appointed on 28 May 2018)

### 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 Bank (Malaysia) Berhad

### 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  
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 – 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 2018 ("FY2018").

### Business Overview

The Group continues to focus on delivering solutions for customers in the property industry, ranging from boutique property companies to leading iconic brands. In addition, we provide solutions for construction and hospitality industries plus human resource management.

Today, we have a talent pool of near to 600 staffs across all IFCA offices in Malaysia, China and Indonesia. Our research and development activities are carried out in Malaysia and China, providing best of breed technology and industry domain expertise. At IFCA, we are engaging a highly passionate workforce to constantly enhance positive 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 quality service which delights and exceeds customers' expectations.

### Financial Results

The Group recorded revenue of RM93.2 million, representing an increase of RM4.4 million or approximately 4.9% as compared to RM88.8 million in the previous financial year ended 31 December 2017 ("FY2017"). The increase of revenue is attributable to major growth of sales contribution from the overseas segment. Domestic revenue recorded a decrease of 9.2% from RM45.6 million to RM41.4 million as the Group has made a strategic decision during FY2017, to reduce our exposure in the low margin, hardware business and focus on our core strength, software. As a result of our revenue diversification strategy, our international revenues recorded a gain of 19.9% from RM43.2 million to RM51.8 million.

Consequently, the Group recorded a profit attributable to equity holders of the parent company ("PATAMI") of RM11.4 million for FY2018 compared to RM9.7 million recorded in FY2017. The higher PATAMI in FY2018 arose mainly as a result of increasing revenue.

Despite the higher cost pressure, the Group's expenses for FY2018 compared to FY2017 were contained. 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 FY2018:

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

RM'000	FY2018	FY2017	Change
<b>Revenue</b>	93,207	88,828	5%
<b>Expenses</b>	83,243	80,991	3%
<b>Other Income</b>	5,522	5,858	-6%
<b>Profit Before Taxation</b>	15,486	13,666	13%
<b>Profit/(Loss) After Taxation</b>	11,778	9,469	24%
<b>Profit Attributable to Equity Holders of the Parent Company</b>	11,418	9,655	18%
<b>Basic Earnings Per Share (sen)</b>	1.88	1.59	18%

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

## B) Extract from Balance Sheet

RM'000	FY2018	FY2017	Change
<b>Total Assets</b>	146,248	144,655	1%
<b>Total Liabilities</b>	27,258	33,266	-18%
<b>Total Equity</b>	118,990	111,390	7%
<b>Trade Receivables</b>	13,887	17,300	-20%
<b>Contract Assets</b>	8,721	-	n/a
<b>Goodwill</b>	25,112	25,112	n/a
<b>Deferred Development Expenditure</b>	8,801	12,650	-30%
<b>Fixed Deposits, Cash and Bank Balances</b>	75,385	73,230	3%
<b>Net Asset Per Share (sen)</b>	0.20	0.18	9%

IFCA's asset base continues to be strong with total assets of RM146.2 million and total equity of RM119.0 million in FY2018.

The year under review also recorded goodwill arising from the acquisition of IFCA's business in Indonesia.

Deferred development expenditure ("DDE") reduced by 30.4% from RM12.7 million to RM8.8 million as the Group started to amortize the investment related to products that are completed and ready for commercialization.

Cash reserves of the Group improved by 2.9% to RM75.4 million despite a RM3.0 million dividend payment and RM3.3 million second 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 RM77.40 million in FY2018.

Thus, the Group's financial position remains positive at 0.20 sen net assets per share for FY2018. Basic earnings per share in FY2018 was 1.88 sen per share as compared to 1.59 sen per share in FY2017.

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

### Regional, Country Review

Malaysia has the strongest base and is actively re-defining itself in the market. In all our product lines we continue to grow but more importantly we are starting to execute our strategy in diversification to the SME market. This has met some execution challenges which we are continuously resolving and it also forms part of the process of transformation of our organisation and execution points. It is also the year where we actively reduced our exposure into our hardware and infrastructure business due to the low margins.

Indonesia started with a weak first half of the year but caught up strongly towards the end. Our business position remains strong as the market leader in our segment, however, we are planning to further diversify in the market with our new product lines. This will diversify the revenue base but more importantly provide new areas of growth. Indonesia is a large market in ASEAN and we are looking forward to take a bigger bite out of this market in the coming years.

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

China continues to be resilient in its growth as we continue to explore the advantage of our market approach in the top 20 to the rest of the market. As expected we are moving into other tier cities within China as they grow in their IT needs as well as development sets in. Further productisation of our experience will increase our economies of scale in covering this expansive market and will also address the escalating cost concerns in this market.

Following through on our previous plan of ASEAN expansion, we have taken action and invested into a new representative office in Ho Chi Minh, Vietnam to tap the market. During this year we have been researching the market as well as engaging with our existing customers and building out our network in that country. We foresee more concrete commercial steps into Vietnam in 2019.

### **Digital Transformation, Collaborative, Mobile and Cloud**

The core theme of our R&D remains consistent and it is to enable digital transformation for our customers and industries which we serve by harnessing the advantages of cloud infrastructure which bring total costs of ownership tremendously down and a 100% focus on the mobile and mobility as the key to future software use and productivity.

We continue to build-out on our collaborative, digital platform and in 2019 we will see the more products on this new platform come to market. The initial Property365 CRM Sales product has already seen success and we look forward to more products hitting the market soon.

### **Operational Risk**

The Group's business is operating in a very challenging market space. Nevertheless, we strongly believe that with the objective of increasing the business value of our solutions to our customers, this will ultimately be the measure of the value of our product and service offering. With this as a fundamental guide, the Group will strategically invest our research and development into mobility, cloud and data analytics that will multiply the value of our current solutions for our customers as well as innovate new business areas that leverages our experience, know-how and the eco-system of our industry. This will widen and deepen our offering and engagement with our customer base.

The Group is also reviewing cost structures in addition to exploring 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)

### **Future Prospects**

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

The Group continues to see opportunities going into FY2019 with a strong carry through from 2018. This is substantiated by our unbilled projects in hand with a value of over RM41.5 million as at year ended 2018.

The Board expects the business to continue to have a growth trajectory as strategic focus and execution accelerate in 2019. At the same time the Board is also cognizant to the fact of the uncertainties in the various markets and therefore will exercise prudence in cost expansion.

With continued conviction and strategy execution, The Board is optimistic that FY2019 would deliver better performance than the current year.

### **Dividend Policy**

In 2015, the Board of Directors have approved a dividend payout policy of at least 20.0% of net operating profit earnings per share (per the audited financial statement of IFCA) for the financial year ending 31 Dec 2014 onwards. However, such payment is conditional that it would not be detrimental to IFCA's cash flow requirement.

### **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 extend our appreciation to the entire management and members of the IFCA family. Their extraordinary efforts and contributions throughout the year have contributed to the significant achievement for the Group.

A sincere thank you goes out to our valued shareholders for their continued trust and confidence in us and, finally, our highest appreciation to all our business partners and cherished customers, for extending your invaluable support to us as your trusted solution provider.

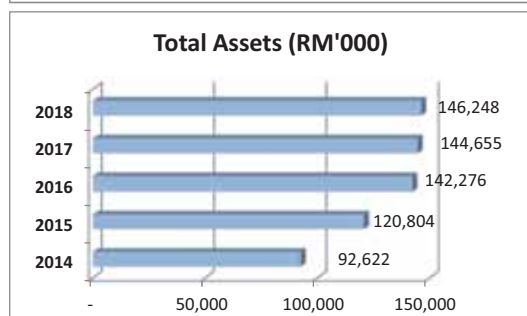
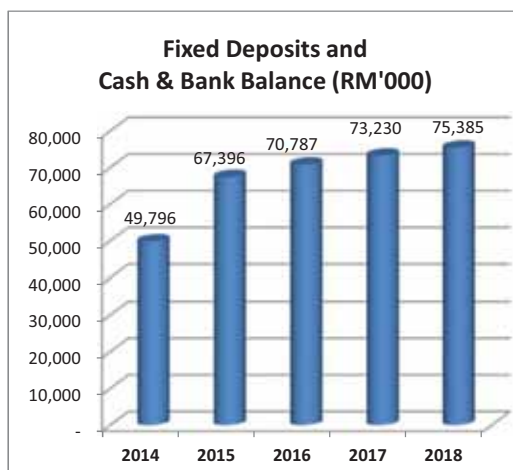
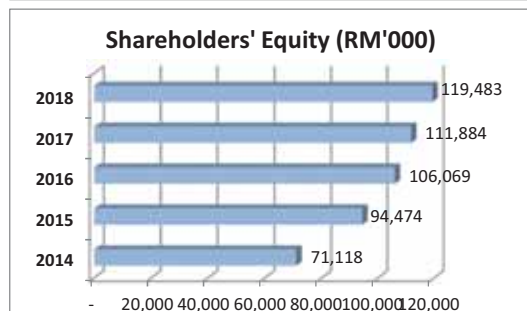
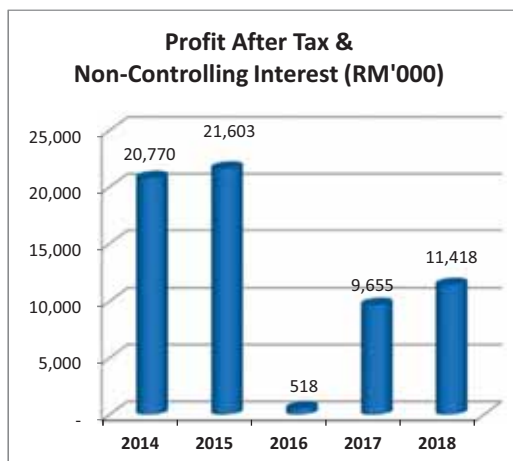
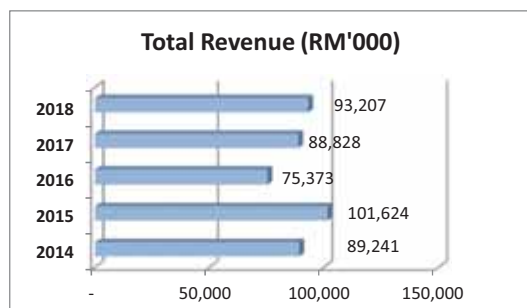
Yong Keang Cheun  
Chairman  
22 April 2019



## FINANCIAL HIGHLIGHTS

<b>Summarised Statement of Comprehensive Income - Year Ended 31 December (RM'000)</b>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenue	89,241	101,624	75,373	88,828	93,207
Profit Before Tax	25,384	25,753	959	13,666	15,486
Profit After Tax & Non-Controlling Interest	20,770	21,603	518	9,655	11,418

<b>Summarised Statement of Financial Position As at 31 December (RM'000)</b>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property, Plant & Equipment	9,169	9,412	9,632	8,908	8,620
Investment Properties	287	293	303	240	245
Deferred Development Costs	13,257	19,560	16,375	12,650	8,801
Intangible Asset	-	-	1,483	774	249
Goodwill	-	-	25,111	25,111	25,111
Other Non-Current Assets	202	276	276	277	195
<b>Total Non-Current Assets</b>	<b>22,915</b>	<b>29,541</b>	<b>53,180</b>	<b>47,960</b>	<b>43,221</b>
Current Assets	69,707	91,263	89,096	96,695	103,027
<b>TOTAL ASSETS</b>	<b>92,622</b>	<b>120,804</b>	<b>142,276</b>	<b>144,655</b>	<b>146,248</b>
Shareholders' Equity	71,118	94,474	106,069	111,884	119,483
Minority Interest	440	370	(309)	(495)	(493)
<b>Total Equity</b>	<b>71,558</b>	<b>94,844</b>	<b>105,760</b>	<b>111,389</b>	<b>118,990</b>
Non-Current Liabilities	1,870	3,782	8,857	5,328	1,644
Current Liabilities	19,194	22,178	27,659	27,938	25,614
<b>Total Liabilities</b>	<b>21,064</b>	<b>25,960</b>	<b>36,516</b>	<b>33,266</b>	<b>27,258</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92,622</b>	<b>120,804</b>	<b>142,276</b>	<b>144,655</b>	<b>146,248</b>
<b>Basic earnings per share</b>	<b>sen</b> 4.58	<b>sen</b> 3.97	<b>sen</b> 0.09	<b>sen</b> 1.59	<b>sen</b> 1.88
<b>Net assets per share</b>	<b>sen</b> 15	<b>sen</b> 17	<b>sen</b> 17	<b>sen</b> 18	<b>sen</b> 20



## Directors' Profile

### **YONG KEANG CHEUN, 60, 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, Canada, and started his career as an IT consultant with Arthur Andersen in Malaysia.

With more than 32 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 Groups 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, 58, 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 of the Company 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.

### **CHOW CHEE KENG, 46, Malaysian** *Executive Director / Finance Director*

Mr. Chow joined IFCA MSC Berhad since 2007 and was appointed to the Board on 1 January 2016. Prior to the appointment, he served as Chief Financial Officer of IFCA MSC Berhad. Currently, he oversees the financial and treasury functions of the Group.

He is a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA). Mr. Chow is also a certified professional trainer and facilitator (CPTF) accredited by the University Malaya Centre for Continuing Education. He is a registered trainer with Pembangunan Sumber Manusia Berhad and conducts seminars and trainings at public events on a regular basis. He has extensive working experience in financial reporting, taxation and corporate planning in several public listed companies across various industries including information technology, property and construction.

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

## Directors' Profile

**CHEW SEE CHIEW, 66, 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 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.

**NGIAN SIEW SIONG, 66, Malaysian**  
*Independent Non-Executive Director*

Mr. Ngian Siew Siong was appointed to the Board on 27 July 2015. He also sits on the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He holds a BSc in Civil Engineering from the University of Leeds, UK.

He started his career with the Civil Service of the Malaysia Government in 1976. In 1979 he moved to the private sector in the Property Development industry by joining the MBF property Group. In 1985 he joined the Sunway Group to set up the property development division. Under his leadership, the property development division known as Sunway City Berhad became a leading and award winning property developer in Malaysia. He retired in 2012 as its Managing Director.

He was the past Chairman of Real Estate & Housing Developer Association, Selangor and currently a Council Member of Real Estate & Housing Developer Association Malaysia.

He is currently an independent and non-executive director of Nam Long Investment Corporation, a Vietnamese property development company listed in the Hanoi Stock Exchange.

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

**OUI BEE BEE, 59, Malaysian**  
*Independent Non-Executive Director*

Ms. Ooi Bee Bee was reappointed to the Board on 2 April 2018. She resigned as Independent Non-Executive Director from the Board on 28 December 2016 due to medical reason. She returned to the Board after the health condition has improved and stabilized.

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

She served in IFCA Group from 1987 to 2007.

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

## Senior Management Profile

### **MICHAEL CHO NGAI MING, 44, Malaysian** *Chief Executive Officer*

Mr. Michael Cho Ngai Ming joined the Company as Deputy Chief Executive Officer on 27 March 2017 and was appointed as Chief Executive Officer on 19 January 2018. He is responsible for the local and regional business development and strategic planning. He also oversees the Sales and Marketing Department, Research and Development Department, Product Support Department and Training and Implementation Department.

He has over 24 years of working experience in the IT industry and has accumulated vast experience in dealing with different market segments and held various senior positions in multinational software companies.

Prior to joining the Company, he was the Managing Director, CEO of Sage Malaysia. He began his career with AIA in 1995 before joining the Exact Software Group for 11 years and held the responsibility of Regional Director managing 13 offices in 10 countries in Asia before moving to a board position in Exact's global development centre in Malaysia.

Mr. Michael Cho Ngai Ming holds a Bachelor in International Business and Business Management from Whitworth University, Washington.

### **MUSA TAN, 51, 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 operation business unit in Indonesia.

He has over 25 years of working experience in software product customization to satisfy the customer's needs and requirement, 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 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.

### **WAYNE CHEN, 44, Chinese** *Country Manager – China*

Mr. Wayne Chen joined IFCA China as Account Manager in 2002 and was promoted to Country Manager for China region on September 2009. He is responsible for the regional business development, project management and oversees the Sales and Marketing Department, Customer Service, Software Research and Development of 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 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.

## Senior Management Profile

**KUAN SENG WOOD, 55, Malaysian**  
*Executive Vice President of 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 local leading property developers. He has led the property software division in the past 20 years. Currently, he oversees the sales and business development of IFCA in Southeast Asia Region.

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

**JEFFREY MARIA DOSS, 49, Malaysian**  
*Chief Executive Officer - Property Software Division*

Mr. Jeffrey Maria Doss joined the Company as Chief Executive Officer of Property Software Division on 1 June 2018. He is responsible for business development and strategic planning for property software division. He also oversees the Sales Department, Technical Support Department, Project Support Department and Training and Implementation Department of property software division.

He has over 20 years of working experience in IT sales, operations and sales management and held various senior positions in both local and multinational companies.

Prior to joining the Company, he was the Regional Director of Quint Wellington Redwood Malaysia. He began his career with CSSL Malaysia in 1998 before joining the Obtech (NEC Japan Group) for 9 years and held the responsibility of General Manager leading and managing a full team of 100 headcounts, across consulting, administration, sales and marketing.

Mr. Jeffrey Maria Doss holds a Bachelor in Banking and Finance from Curtin University, Perth. He obtained his MBA degree from RMIT University, Melbourne. He is also a certified holder in ITIL, DevOps and CobiT.

### **Additional notes on Key Senior Management**

None of the key senior management has any:-

1. Directorship in public companies and listed issuers;
2. Family relationship with any Directors and/or major shareholders of the Company
3. Conflict of interest with the Company; and
4. Conviction for offences within the past five (5) years, and public sanction or penalty by the relevant regulatory bodies on him during the financial year ended 31 December 2018, which requires disclosure pursuant to paragraph 4A(g) of Part A of Appendix 9C of Bursa Malaysia Securities Ace Market Listing Requirements

# Corporate Presence



- 1. Push Technology Sdn Bhd 100%
- 2. IFCA Solutions Sdn Bhd 85.17%
- 3. Property365 Sdn Bhd 85.71%
- 4. Network Online Sdn Bhd 85.17%
- 5. IFCA Systems (Penang) Sdn Bhd 99.99%
- 6. IFCA Systems (JB) Sdn Bhd 99.99%

- 7. IFCA Consulting (Sarawak) Sdn Bhd 99.99%
- 8. IFCA Consulting (Sabah) Sdn Bhd 60%
- 9. SmartHR Sdn Bhd 100%
- 10. PT IFCA Property365 Indonesia 100%
- 11. IFCA Affiliate (Philippines)
- 12. IFCA Affiliate (Singapore)

- 13. IFCA Guangzhou Technology Co., Ltd 100%
- 14. Jingyou Information Technology (Shanghai) co., Ltd 100%
- 15. Jingyou Information Technology - Chengdu Branch
- 16. Jingyou Information Technology - Fu Zhou Branch
- 17. Jingyou Information Technology - Beijing Branch

- 18. IFCA (Wuhan) Technology Co Ltd 100%
- 19. Efficca Technology (Pty) Limited 100%
- 20. IFCA International Limited 100%

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First Annual General Meeting (“AGM”) of IFCA MSC Berhad (“the Company”) will be held at the Auditorium, IFCA MSC Berhad, Block F2, No. 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor on Wednesday, 29 May 2019 at 10.00 a.m. to transact the following business: -

### As Ordinary Business

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements of the Group for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. | <b>Please refer to Note C of this agenda</b> |
| 2. To approve the payment of a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2018.                           | <b>Resolution 1</b>                          |
| 3. To approve the Directors’ Fees and Allowances payable to the Non-Executive Directors of up to RM140,000 with effect from 29 May 2019 until the next AGM of the Company. | <b>Resolution 2</b>                          |
| 4. To re-elect the following Directors who retire pursuant to Article 85 of the Company’s Articles of Association:<br>(i) Mr. Ngian Siew Siong<br>(ii) Mr. Yong Kian Keong | <b>Resolution 3</b><br><b>Resolution 4</b>   |
| 5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 5</b>                          |

### As Special Business

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

- |  |                     |
|--|---------------------|
| 6. Proposed Renewal of Authority for The Company To Purchase Its Own Shares. (“Proposed Share Buy-Back Renewal”) | <b>Resolution 6</b> |
|--|---------------------|

“**THAT** subject to compliance with the Companies Act 2016 (the “**Act**”), the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), provisions of the Company’s Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase and/or hold such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company (“**Board**”) from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:-

- i) the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as at the date of the share buy-back; and
- ii) the aggregate amount of the funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and
- iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

## Notice of Annual General Meeting (Cont'd)

**AND THAT** the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- i) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the AMLR of Bursa Securities or any other relevant authorities;

**AND THAT** the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/ or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/ or amendment as may be required or imposed by the relevant authorities.

7. Authority for Mr. Chew See Chiew to continue in office as Independent Non-Executive Director. **Resolution 7**

“**THAT** authority be and is hereby given to Mr. Chew See Chiew who has served as an Independent Non-Executive Director of the Company for cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the next AGM in accordance with the Malaysian Code on Corporate Governance 2017.

### Special Resolution 1

8. To consider and if thought fit, to pass the following Special Resolution:

#### Proposed New Constitution of the Company

“**THAT** the existing Memorandum of Association and Articles of Association of the Company be and are hereby deleted in its entirety **AND THAT** the new Constitution of the Company as set out in the Circular to Shareholders dated 29 April 2019 accompanying the Company’s Annual Report 2018 for the financial year ended 31 December 2018 be and is hereby adopted as the new Constitution of the Company **AND FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

9. To transact any other ordinary business of which due notice has been duly given in accordance with the Company’s Articles of Association and/ or the Companies Act 2016.



## **NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

Notice is hereby given that the final single-tier dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2018, if approved by the shareholders at the Twenty-First Annual General Meeting, will be payable on 5 July 2019 to shareholders whose names appear in the Record of Depositors at the close of business on 13 June 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 June 2019 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of The Board  
**Ng Yim Kong** (LS 0009297)  
Company Secretary

29 APRIL 2019

### **Notes:**

#### **(A) GENERAL MEETING RECORD OF DEPOSITORS**

Only members whose name appears in the Record of Depositors as at 21 May 2019 shall be regarded as a member of the Company and shall be entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his stead.

#### **(B) PROXY**

- a) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy may but need not be a member of the Company.
- b) Where a member appoints more than two (2) proxies to attend the same meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.
- c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
- d) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- e) Where a member is an exempt authorised nominee ("EAN") as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- f) To be valid, the duly completed form of proxy must be deposited at the Registered Office of the Company situated at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the taking of poll or no later than Monday, 27 May 2019 at 10.00 a.m. (being the approximate time appointed for the taking of the poll at the AGM.)
- g) Pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions tabled at the AGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

#### **(C) AUDITED FINANCIAL STATEMENTS**

This agenda is meant for discussion only as the provision of Section 340(1) of the Companies Acts 2016, the audited financial statements do not require a formal approval of the members. Hence, this item on the Agenda is not put forward for voting.

**(D) POLL VOTING**

Pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

**(E) EXPLANATORY NOTES ON SPECIAL BUSINESS:****Resolution 6 – Proposed renewal of authority for the Company to purchase its own shares**

The proposed Ordinary Resolution 6, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to Share Buy-Back Statement dated 29 April 2019 which is despatched together with the Company's Annual Report 2018.

**Resolution 7 – Authority to continue to act as an Independent Non-Executive Director of the Company pursuant to the definition of “independent director” as set out in Chapter 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.**

Mr. Chew See Chiew has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of “independent director” as set out in Chapter 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company.

**(F) EXPLANATORY NOTES ON SPECIAL RESOLUTION****Special Resolution 1 - Proposed New Constitution of the Company**

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (details of which are set in the Circular to Shareholders dated 29 April 2019 accompanying the Company's Annual Report 2018 for the financial year ended 31 December 2018.)

## 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 practiced 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 practices 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”).

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 2017, which details how each of the practices set out in the Code was applied during the financial year 2018.

### 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 2018, IFCA has applied all practices encapsulated in the MCCG 2017 except:

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 5.1	Annual evaluation to determine the effectiveness of the Board, its committees and each individual director
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.

In line with the latitude conferred in the application mechanism of MCCG, the Company has provided the necessary explanations for the departures from abovementioned practices (“the Said Departures”). 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 2017 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 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 responsibilities for their own specific issues 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.

## 1.3 Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer (“CEO”) are held by different individuals in IFCA. Mr. Cho Ngai Ming was appointed as the CEO on 19 January 2018 while Mr. Yong Keang Cheun remains as the Chairman. The CEO is responsible for the day-to-day operations and manages the financial and operational matters of the Group. The CEO is also responsible for the implementation of the Board’s decisions and policies within the prescribed limits of authority and has to adhere with Delegation of Authority Chart approved by the Board. Matters delegated to the Management are monitored by the Board, whereby updates are reported on a quarterly basis.

## 1.4 Qualified and Competent Company Secretary

The Group engages with Key Management Services Sdn Bhd, who provides advice and services on corporate secretarial matters and issues pertaining to compliance and Corporate Governance. The role of Company Secretary was held by Mr. Yap Kim Sing of Key Management Services Sdn Bhd, who has held this position since the listing of IFCA MSC Berhad in 2003 until his resignation as the Company Secretary of the Company on 2 January 2019. Whilst he remains as the Company Secretary for the subsidiary companies, the Group engages Mr. Ng Yim Kong from Strategy Corporate Secretariat Sdn Bhd on 2 January 2019 as the Company Secretary of the Company. The responsibilities of the Company Secretary include the following, among others:

- (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 as well as follow-up on matters arising; 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 year, the Company Secretary attended all 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 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.

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.

During FY2018, none of the Directors had sought independent professional advice.

## **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).

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 well aware of the importance and objectives of the newly-set policy. It is also aligned with the Group's concern 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 2018, The Board of Directors consists of six (6) members, comprising three (3) Executive

Directors, namely the Executive Chairman, the Deputy Chairman and the Finance Director, and three (3) Independent Non-Executive Directors. The Company complies with the 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 also the chairman of the Audit Committee, is identified as 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 2017. 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 21<sup>st</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 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.

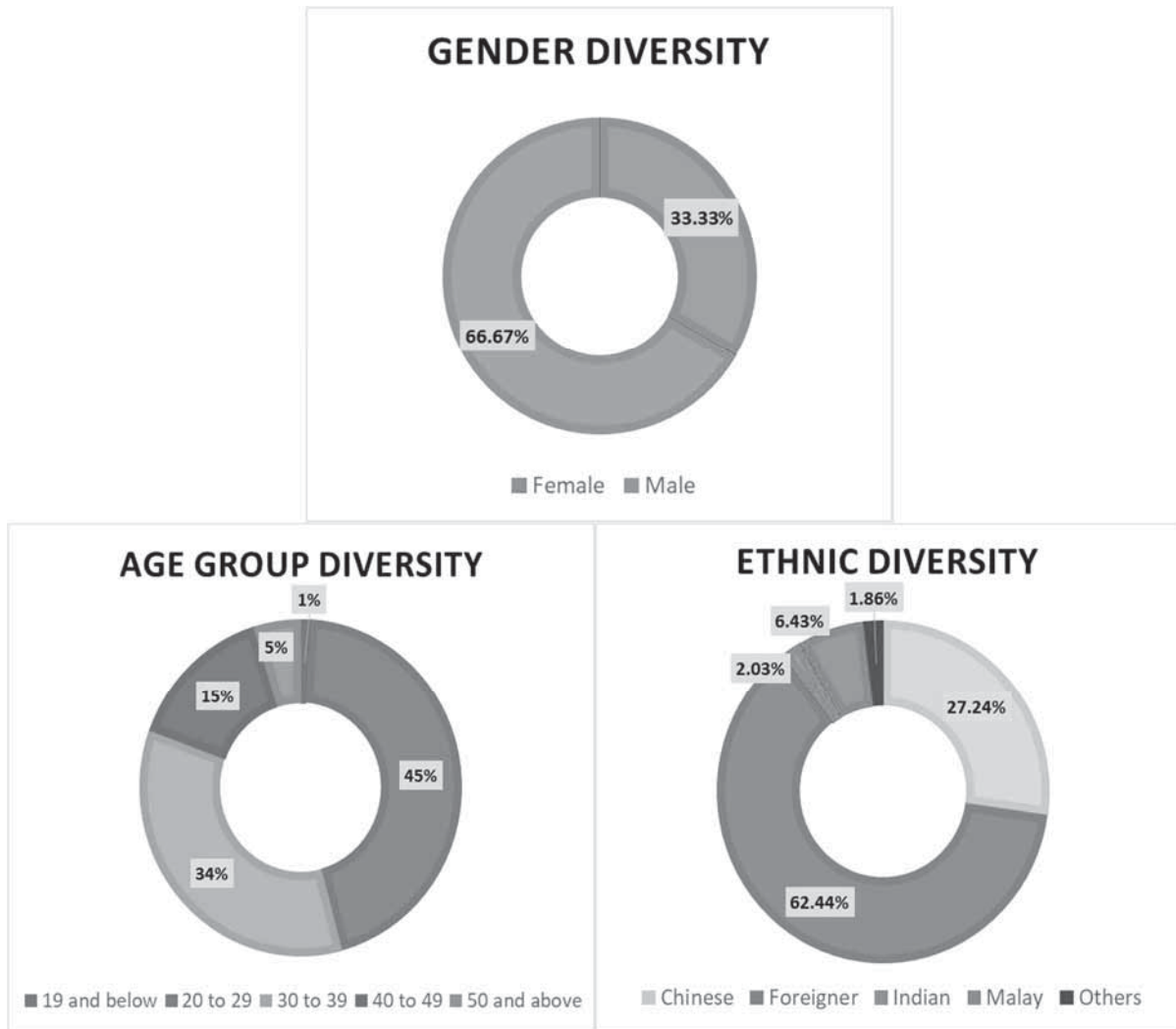
#### **4.4 Diverse Board and Senior Management Team**

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 9 to 10 and 11 to 12 respectively for further information.

#### **4.5 Gender Diversity**

The Board is supportive of gender diversity in the Board Composition. Ms. Ooi Bee Bee was appointed as Independent Director of IFCA on 2 April 2018. 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 2018 are as follows:



#### 4.6 New Candidates for Board Appointment

The Board is aware that a variety of approaches should be adopted to ensure that the most suitable candidate for non-executive director positions are sourced and identified, rather than solely based on the recommendations made by existing board members. 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 all of whom are 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 (appointed on 28 May 2018)

## 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 for the Board's consideration.
- Reviewing 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 contributed by Non-Executive Directors.

The Group maintains a policy for any new appointed director to undergo the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd, 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"), particularly in relation to their 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. Towards this end, the Board is in the process of evaluating the best methods to be adopted and shall report accordingly in the next Annual Report.

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 2018 is as follows:

- i. Tuesday, 27 February 2018
- ii. Friday, 20 April 2018
- iii. Monday, 28 May 2018
- iv. Thursday, 16 August 2018
- v. Friday, 16 November 2018

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

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

The following is the record of attendance of the Board Members during the financial year 2018.

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)	5/5
<b>Chew See Chiew</b> (Independent Non-Executive Director)	5/5
<b>Hoe Kah Soon</b> (Independent Non-Executive Director) <i>(resigned on 21 April 2018)</i>	2/2
<b>Ngian Siew Siong</b> (Independent Non-Executive Director)	4/5
<b>Ooi Bee Bee</b> (Independent Non-Executive Director) <i>(appointed on 2 April 2018)</i>	4/4



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. They 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 2018, the following Board members have attended the relevant courses/seminars as detailed below:

<b>Name of Directors</b>	<b>Courses Attended</b>
Yong Keang Cheun	<ul style="list-style-type: none"> <li>• Implementation of Sales &amp; Service Tax 2018</li> </ul>
Yong Kian Keong	<ul style="list-style-type: none"> <li>• Implementation of Sales &amp; Service Tax 2018</li> </ul>
Chow Chee Keng	<ul style="list-style-type: none"> <li>• Recent Tax Disputes and Directors Responsibilities in the Present Regime</li> <li>• MyGCAP Reviewers Course</li> <li>• C-Suite Luncheon Talk-Digital Leadership</li> </ul>
Chew See Chiew	<ul style="list-style-type: none"> <li>• Implementation of Sales &amp; Service Tax 2018</li> </ul>
Ooi Bee Bee	<ul style="list-style-type: none"> <li>• Implementation of Sales &amp; Service Tax 2018</li> </ul>
Ngian Siew Siong	<ul style="list-style-type: none"> <li>• Implementation of Sales &amp; Service Tax 2018</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 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 for Non-Executive Directors; the level of remuneration is based on their experience and level of responsibilities.

##### **6.2. Remuneration committee**

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

#### **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 2018 is RM2,890,120. The details of the remuneration is broken down into category, including fees, salary, bonus, benefits in-kind and other emoluments.

The remuneration of the Board for the year ended 31 December 2018 is as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
<b>Executive Directors</b>				
Yong Keang Cheun	12,000	1,588,000	25,975	1,625,975
Yong Kian Keong	12,000	1,037,345	28,000	1,077,345
Chow Chee Keng	22,500	67,800	2,500	92,800
<b>Non-executive Directors</b>				
Chew See Chiew	33,000	-	-	33,000
Hoe Kah Soon	10,000	-	-	10,000
Ngian Siew Siong	28,000	-	-	28,000
Ooi Bee Bee	23,000	-	-	23,000
<b>Total</b>	<b>140,500</b>	<b>2,693,145</b>	<b>56,475</b>	<b>2,890,120</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
RM300,001 – RM350,000	2
RM350,001 – RM400,000	1
RM650,001 – RM700,000	1
RM750,001 – RM800,000	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 of the Senior Management's individual 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 Committee

The Audit Committee ("AC") 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 AC. However, should such need arise, any 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 AC. The AC is responsible to assess the suitability, objectivity and independence of the external auditor.

The current members of Audit Committee are:

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Ngian Siew Siong (Independent Non-Executive Director) – Member
- Ooi Bee Bee (Independent Non-Executive Director) – Member  
(appointed on 21 April 2018)

The Chairman of the Audit Committee is not the Chairman of the Board. The Group, through the Audit Committee, 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 Audit Committee in the course of audit of the Group's financial statements. The Audit Committee sufficiently assured that the management has fully provided all relevant information and responded to all queries from external auditors.

Meetings are held at least twice a year with the external auditor without the presence of the Executive Directors and management of the Company to ensure that the external auditors can freely discuss and express their opinions on any matter to the Audit Committee. For the year ended 31 December 2018, the two meetings were held on 20 April 2018 and 16 November 2018. 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 Audit Committee had conducted the evaluation on 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 Audit Committee 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 21st 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 Audit Committee.

However, it should be noted that such system, by its nature, manages but not eliminates 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 Horwath Governance Sdn Bhd, and the findings are regularly and directly reported to the Audit Committee. 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. 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 Audit Committee in discharging its duties and functions by providing independent and objective assessment of the organisation's management, operations 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 Audit Committee for review and consideration for 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 32 to 33 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 CEO personally or by the Finance Director.

IFCA was always mindful and ensured that there was no selective dissemination of information. In these meetings, there was also constructive exchange of information and ideas. The Board understands that good corporate governance is beyond the minimum 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 given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being 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 an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

The notices of AGM are issued to shareholders at least 28 days before the AGM, to allow shareholders additional time to go through the Annual Report and make time for the necessary attendance and voting arrangements. Details are as below:

	<b>Date of Issue</b>	<b>No. of days before AGM</b>	<b>Date of AGM</b>
Annual Report 2016	28 April 2017	28 days	26 May 2017
Annual Report 2017	27 April 2018	28 days	25 May 2018
Annual Report 2018	29 April 2019	30 days	29 May 2019

## **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 noted departures, 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 22 April 2019.

## **Additional Compliance Information** (Pursuant to Bursa Malaysia ACE Market Listing Requirements)

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

During the financial year 2018, the Company bought back 1,221,200 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>
Mar 2018	671,200	224,673	0.355	0.330	0.340
Jun 2018	50,000	14,044	0.280	0.280	0.280
Nov 2018	500,000	107,855	0.215	0.215	0.215

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 2018, a total of 1,291,200 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 Dec 2018.

### **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 89 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 was set out in Note 36 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 2018.

**12. Sustainability Statement**

The Sustainability Statement is set out on Page 34 to 36 of this Annual Report.

**13. Utilisation of Rights Issue Proceeds**

There were no rights issue proceeds during the year ended 31 December 2018.

## AUDIT COMMITTEE REPORT

The Audit 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.

### Composition of the Audit Committee

Chew See Chiew (Chairman / Independent Non-Executive Director)  
 Ngian Siew Siong (Member / Independent Non-Executive Director)  
 Ooi Bee Bee (Member / Independent Non-Executive Director)  
*(appointed on 21 April 2018)*

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

During the financial year ended 31 December 2018, the Audit Committee held a total of five (5) meetings. Details of the attendance of each Audit Committee member are as follows:-

<u>Audit Committee Members</u>	<u>Attendance Record</u>
Chew See Chiew	5 out of 5
Hoe Kah Soon <i>(resigned on 21 April 2018)</i>	2 out of 2
Ngian Siew Siong	4 out of 5
Ooi Bee Bee <i>(appointed on 21 April 2018)</i>	4 out of 4

### Summary of Work of the Audit Committee

During the financial year ended 31 December 2018, the Audit Committee has carried out the following works 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 2018 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, 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 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 2018, 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 Committee (cont'd)**

- g. met twice with the external auditors without the presence of the executive directors and management in the Audit Committee meetings held on 20 April 2018 and 16 November 2018 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 Committee meetings.

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

The Company acknowledged and the Audit 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 Horwath Governance Sdn Bhd, to assist the Board and the Audit 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 Committee.

The costs incurred for maintaining the outsourced internal audit function for the financial year ended 31 December 2018 amounted to RM30,000 (31 December 2017 : RM30,000)

The following are the summary of the works of the internal audit function for the financial year ended 31 December 2018:-

- (a) reviewed the adequacy and effectiveness of internal controls covering the Sales, Billing, Collection and Credit Control Cycle, Project Management Cycle and Human Resources and Payroll Processing Cycle of the IFCA Guangzhou subsidiary;
- (b) presentation of audit findings and recommendation of corrective actions to be taken by Management in the quarterly Audit Committee meetings.
- (c) evaluation of the Group's adequacy and effectiveness of the internal control review covering the Project Management Cycle for IT projects in business units in the Klang Valley and Indonesia per the Internal Audit Plan;
- (d) conducted follow-up audits to ensure corrective actions had been taken on Human Resource and Payroll function; and
- (e) conducted follow-up audits to ensure corrective actions had been taken on the Information Technology Governance.



## **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 Committee, have 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 Chief Executive 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 Committee**

The Audit 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 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 Committee meetings before reporting to the Board. Quarterly reports to the Audit Committee track the progress towards completion of all corrective actions taken on issues highlighted by the Group Internal Audit.

The Audit Committee reviews the quarterly results of the Group and if satisfied recommends adoption of such results to the Board.

### **Internal Audit**

The Group outsources its internal audit function to an external professional service firm, Crowe Horwath Governance Sdn Bhd. The total costs incurred by the Group for its internal audit function in the financial year ended 31 December 2018 amount to RM30,000. The firm is appointed by the Audit Committee and reports directly to the Audit Committee. Its role is to provide the Audit 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 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 were performed on China (Guangzhou) subsidiary reviewing Sales, Billing, Collection and Credit Control Cycle, Project Management Cycle and Human Resources and Payroll Processing Cycle and follow up review on Human Resources Department, IT Governance and Project Management Cycle for IT projects in business units in Klang Valley and Indonesia. Recommendations were made to improve the system of internal controls to the Audit Committee on the mentioned areas.

### 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 management accounts are presented to the Board and the Audit Committee during the respective meeting on quarterly basis.
- iv. Active involvement by the Chief Executive Officer 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 Chief Executive Officer.
- 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 2018 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 22 April 2019.

## 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 2018, 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 by launching an academy platform, namely 'IFCA Academy' 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. Furthermore, our employees from the R&D team has the opportunity of working with Google's engineers for upcoming product development. IFCA's engineers engaged closely with the Google Cloud Platform professionals to better design and architect our solution.

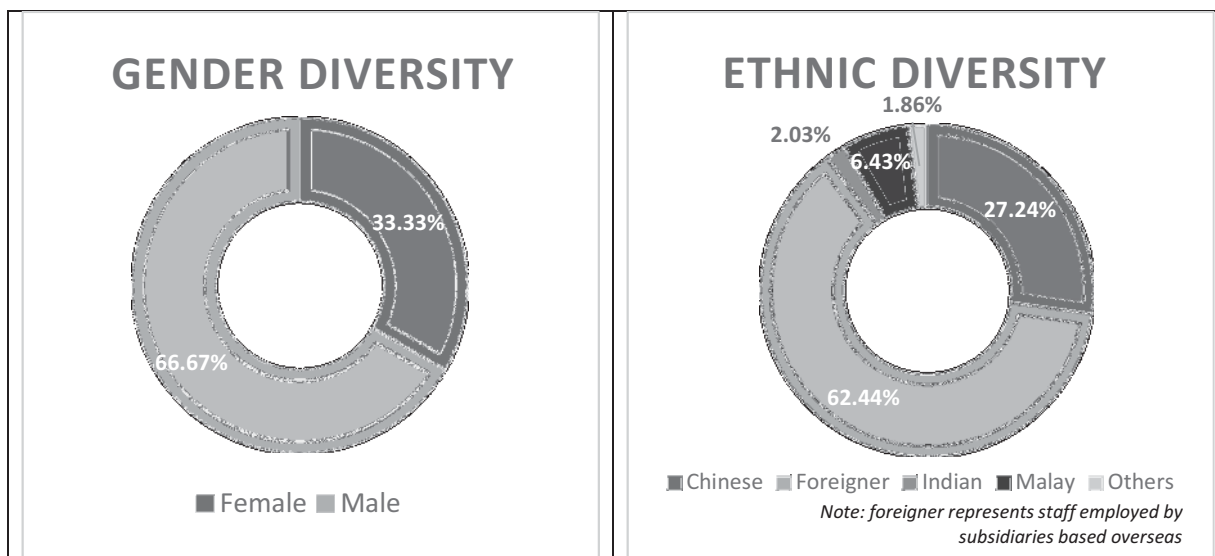
The Group understands that the future lies in the hand of the younger generation of our workforce. In order to create opportunities and to nurture young talents, we continue to encourage students to intern with us and gain first-hand experience of the industry, whilst preparing them for employment upon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

The Group ensures that a two-way communication channels are made available to all employees through various initiatives. Employees are able to gain access to the latest and important news of the Group through a shared portal on the Intranet, namely 'IFCA Share Portal' where sharing of ideas, articles and updates via IFCA Share Portal are encouraged. During the year, there is a digital town hall held and shared through the portal to all employees, which was hosted by the Group CEO. Important information and goals were shared during the town hall, which are effective for improving transparency and communicating the divisional plans for the future. This is to ensure that the employees are having the same common goals in driving the company forward.

The Group currently does not have a policy on diversity of the workforce in terms of gender, age and ethnicity. However, the Group practices equal opportunity and has a healthy multi-cultural mix of employees with approximately 80% of the workforce representing the age group of 20 to 39 years old.

The profiles of the Group's workforce as at 31 December 2018 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>98</b>	<b>60</b>	<b>28</b>	<b>9</b>	<b>197</b>
Top Management	-	-	-	1	-	1
Senior Management	-	4	7	6	-	17
Others	2	94	53	21	9	179
<b>Male</b>	<b>4</b>	<b>167</b>	<b>145</b>	<b>59</b>	<b>19</b>	<b>394</b>
Top Management	-	-	-	6	3	9
Senior Management	-	3	40	13	7	63
Others	4	164	105	40	9	322
<b>Grand Total</b>	<b>6</b>	<b>265</b>	<b>205</b>	<b>87</b>	<b>28</b>	<b>591</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 distributes for our electronic property portal Property365 to not to breach the regulatory requirements set by The Board of Valuers, Appraisers and Estate Agents Malaysia.

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 but 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 and staff claims 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 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 Eco World Foundation Fund Raising 2018 and also some golf charity donation.

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. Staff activities such as Christmas gathering, Chinese New Year dinner and durian feast are organized to facilitate the bonding among the employees, which provides a chance for them to know each other better. These activity could in turn improve the communication, productivity and morale at the work place. 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

	<b>Page</b>
<b>Director's Report</b>	<b>38 – 45</b>
<b>Statement by Directors</b>	<b>46</b>
<b>Statutory Declaration</b>	<b>47</b>
<b>Independent Auditors' Report to the Members</b>	<b>48 – 54</b>
<b>Statements of Financial Position</b>	<b>55 – 56</b>
<b>Statements of Profit or Loss and Other Comprehensive Income</b>	<b>57 – 59</b>
<b>Statements of Changes in Equity</b>	<b>60 – 63</b>
<b>Statements of Cash Flows</b>	<b>64 – 67</b>
<b>Notes to the Financial Statements</b>	<b>68 – 177</b>

**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 2018.

**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 7 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>11,777,712</u>	<u>5,485,802</u>
Attributable to:		
Owners of the parent	11,418,335	5,485,802
Non-controlling interests	<u>359,377</u>	<u>-</u>
	<u>11,777,712</u>	<u>5,485,802</u>

**Reserves and Provisions**

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

## Dividends

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

	<b>RM</b>
A final single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 December 2017 on 5 July 2018	<u>3,037,498</u>

The Directors had on 27 February 2019, declared a final single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2018, 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 2019.

## Issue of Shares and Debentures

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

## Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 25 May 2018, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 1,221,200 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.2838 per share. The total consideration paid for the repurchase, including transaction costs, was RM346,572. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

As at 31 December 2018, the total number of treasury shares held by the Company is 1,291,200 out of the total 608,290,900 issued ordinary shares. Further relevant details are disclosed in Note 18 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	
Ngian Siew Siong	
Chow Chee Keng	
Ooi Bee Bee	(appointed on 2 April 2018)
Hoe Kah Soon	(resigned on 21 April 2018)

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 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 corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			At 31.12.2018
	At 1.1.2018/ Date of Appointment	Bought	Sold	
<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
Chow Chee Keng	45,000	-	-	45,000
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 related corporations (other than wholly-owned subsidiary companies) of those who were directors at financial year end according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	At 1.1.2018	Number of Ordinary Shares		At 31.12.2018
		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

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

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

	Number of Ordinary Shares			At 31.12.2018
	At 1.1.2018	Bought	Sold	
<b>Interests in Subsidiary Companies (Cont'd)</b>				
<b>Network Online Sdn. Bhd.</b>				
<b>Direct Interests</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000

**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.

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 36(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, Directors and certain officers of the Group and of the Company are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as inter alia, Directors and certain officers of the Group and of the Company subject to the terms of the policy. The total amount of coverage and premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company were RM3,000,000 and RM12,113 respectively.

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

**Other Statutory Information**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that 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 have been written down to an amount which the current assets might be expected so to realise.

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

- (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.
- (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 7 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 30 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 April 2019.

---

YONG KEANG CHEUN

---

YONG KIAN KEONG

KUALA LUMPUR

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

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 55 to 177 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and 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 22 April 2019.

---

YONG KEANG CHEUN

---

YONG KIAN KEONG

KUALA LUMPUR

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

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

I, Chow Chee Keng (MIA Membership No: 12860), being the Director 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 55 to 177 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 22 April 2019 )

---

CHOW CHEE KENG

Before me,

No. W710  
MOHAN A.S. MANIAM  

---

COMMISSIONER FOR OATHS



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD**  
(Company No.: 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 2018 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 177.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

***Basis for Opinion***

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

***Independence and Other Ethical Requirements***

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**  
(Company No.: 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 judgment, 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 9. 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 (including discount rates and long term growth rates) 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 the key assumptions used by management, in particular, revenue volume growth rate and margins by product comparing to business plans, historical results and market data.
- challenged the key assumptions used by management; and
- assessed the adequacy of the disclosure in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**  
(Company No.: 453392-T)  
(Incorporated in Malaysia)

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

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

<b>Key Audit Matters</b>	<b>How we addressed the key audit matters</b>
<p><b>2. Assessment of Carrying Amount of Development Costs</b></p> <p>As part of the business operation, the Group is continuing developing new software and systems. As at 31 December 2018, the carrying amount of the development cost amounted to RM8.80 million. These development costs was capitalised until the intended products commercialised, thereafter amortised over the respective estimated useful life.</p> <p>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 <i>Intangible Assets</i>, 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.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ul style="list-style-type: none"> <li>• tested the operating effectiveness of relevant internal controls related to the capitalisation of cost of developing intangible assets such as employee costs, hardware costs and overhead, according to respective projects;</li> <li>• tested the amounts capitalised in the reporting period are in accordance with the requirements of MFRS 138 <i>Intangible Assets</i>;</li> <li>• assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results;</li> <li>• tested the discount rates and the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit; and</li> <li>• assessed the adequacy of the disclosure in the financial statements.</li> </ul>

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

(Company No.: 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IFCA MSC BERHAD (CONT'D)**  
(Company No.: 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)**  
(Company No.: 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)***

- 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)**  
(Company No.: 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 7 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

TAN TIAN WOOL  
Approved Number: 02969/05/2020 J  
Chartered Accountant

KUALA LUMPUR

22 April 2019

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

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	4	8,620,107	8,907,969	4,709,665	4,948,189
Investment properties	5	245,000	240,000	245,000	240,000
Deferred development costs	6	8,800,954	12,650,234	-	-
Investment in subsidiary companies	7	-	-	11,309,191	9,082,391
Intangible assets	8	248,533	774,369	248,533	774,369
Goodwill on combination	9	25,111,525	25,111,525	25,111,525	25,111,525
Other investments	10	194,500	275,674	91,000	165,000
Amount due from subsidiary companies	11	-	-	13,850,693	4,772,740
		<u>43,220,619</u>	<u>47,959,771</u>	<u>55,565,607</u>	<u>45,094,214</u>
<b>Current Assets</b>					
Trade receivables	12	13,886,944	17,299,963	3,168,280	264,213
Other receivables	13	1,539,538	2,785,077	317,983	1,563,409
Contract assets	14	8,720,800	-	-	-
Other current assets	15	285,097	661,446	61,822	213,009
Amount due from subsidiary companies	11	-	-	7,712,138	20,850,473
Tax recoverable		3,210,492	2,719,144	814,496	600,758
Fixed deposits with licensed banks	16	33,167,498	35,709,641	19,139,838	19,090,267
Cash and bank balances		<u>42,217,287</u>	<u>37,520,223</u>	<u>1,219,736</u>	<u>1,576,967</u>
		<u>103,027,656</u>	<u>96,695,494</u>	<u>32,434,293</u>	<u>44,159,096</u>
<b>Total Assets</b>		<u>146,248,275</u>	<u>144,655,265</u>	<u>87,999,900</u>	<u>89,253,310</u>



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

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018 (CONT'D)**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Equity</b>					
Share capital	17	83,947,005	83,947,005	83,947,005	83,947,005
Treasury shares	18	(384,624)	(38,052)	(384,624)	(38,052)
Other reserves	19	(1,665,167)	(2,032,535)	-	-
Retained earnings/ (Accumulated losses)		37,585,479	30,007,711	(536,049)	(2,984,353)
Equity attributable to owners of the parent		119,482,693	111,884,129	83,026,332	80,924,600
Non-controlling interests		(492,298)	(494,530)	-	-
		<u>118,990,395</u>	<u>111,389,599</u>	<u>83,026,332</u>	<u>80,924,600</u>
<b>Non-Current Liabilities</b>					
Contract liabilities	14	29,600	-	-	-
Other liabilities	20	-	3,384,020	-	3,200,000
Finance lease payables	21	328,827	429,206	9,261	118,318
Deferred taxation	22	1,285,414	1,514,504	221,889	246,980
		<u>1,643,841</u>	<u>5,327,730</u>	<u>231,150</u>	<u>3,565,298</u>
<b>Current Liabilities</b>					
Trade payables	23	589,493	2,411,717	45,765	2,413
Other payables	24	9,671,101	9,406,690	885,644	1,362,878
Contract liabilities	14	10,865,974	-	-	-
Other liabilities	20	3,701,952	15,494,922	3,701,952	3,293,785
Finance lease payables	21	221,383	254,010	109,057	104,336
Tax payable		564,136	370,597	-	-
		<u>25,614,039</u>	<u>27,937,936</u>	<u>4,742,418</u>	<u>4,763,412</u>
<b>Total Liabilities</b>		<u>27,257,880</u>	<u>33,265,666</u>	<u>4,973,568</u>	<u>8,328,710</u>
<b>Total Equity and Liabilities</b>		<u>146,248,275</u>	<u>144,655,265</u>	<u>87,999,900</u>	<u>89,253,310</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 2018**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	25	93,206,756	88,827,793	4,874,257	4,541,621
Other income	26	5,521,748	5,858,347	11,790,648	21,286,127
Employee benefits expense	27	(51,363,269)	(46,771,382)	(5,494,772)	(4,800,243)
Changes in inventories		(3,002,705)	(6,230,640)	(355,185)	-
Depreciation of property, plant and equipment		(870,484)	(1,029,685)	(272,548)	(260,289)
Amortisation of					
- development costs		(4,756,635)	(4,446,186)	-	-
- intangible assets		(525,836)	(709,057)	(525,836)	(709,057)
Net losses on impairment of financial instruments	30	(2,247,493)	(164,532)	(840,441)	(1,726,096)
Other expenses		(20,448,064)	(21,638,527)	(3,239,394)	(4,440,748)
Profit from operations		15,514,018	13,696,131	5,936,729	13,891,315
Finance costs	29	(28,083)	(30,510)	(7,672)	(12,393)
Profit before taxation	30	15,485,935	13,665,621	5,929,057	13,878,922
Taxation	31	(3,708,223)	(4,196,252)	(443,255)	(419,629)
Profit for the financial year		11,777,712	9,469,369	5,485,802	13,459,293

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<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		367,368	(785,875)	-	-
<b>Total comprehensive income for the financial year</b>		<u>12,145,080</u>	<u>8,683,494</u>	<u>5,485,802</u>	<u>13,459,293</u>
<b>Profit/(Loss) for the financial year attributable to:</b>					
Owners of the parent		11,418,335	9,655,040	5,485,802	13,459,293
Non-controlling interests		359,377	(185,671)	-	-
		<u>11,777,712</u>	<u>9,469,369</u>	<u>5,485,802</u>	<u>13,459,293</u>

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		11,785,703	8,869,165	5,485,802	13,459,293
Non-controlling interests		359,377	(185,671)	-	-
		<u>12,145,080</u>	<u>8,683,494</u>	<u>5,485,802</u>	<u>13,459,293</u>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>					
	32				
- Basic		1.88	1.59		
- Diluted		1.88	1.59		
		<u>1.88</u>	<u>1.59</u>		

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

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Attributable to Owners of the Parent							Total Equity RM
	Share Capital RM	Share Premium RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Total RM	Non- controlling Interests RM	
Note	Non-distributable			Distributable				
<b>Group</b>								
<b>At 1 January 2017</b>	60,829,090	23,117,915	(25,216)	(1,246,660)	23,393,825	106,068,954	(308,859)	105,760,095
Profit/(loss) for the financial year					9,655,040	9,655,040	(185,671)	9,469,369
Foreign exchange translation reserve				(785,875)		(785,875)		(785,875)
<b>Total comprehensive (loss)/ income for the financial year</b>				(785,875)		(785,875)		(785,875)
<b>Transactions with owners:</b>					9,655,040	9,655,040	(185,671)	8,683,494
Shares repurchased			(12,836)			(12,836)		(12,836)
Dividends paid					(3,041,154)	(3,041,154)		(3,041,154)
<b>Total transactions with owners</b>			(12,836)		(3,041,154)	(3,053,990)		(3,053,990)
Transfer in accordance with Section 618(2) of the Companies Act, 2016								
<b>At 31 December 2017</b>	23,117,915	(23,117,915)						
	83,947,005		(38,052)	(2,032,535)	30,007,711	111,884,129	(494,530)	111,389,599

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Attributable to Owners of the Parent							Non- controlling Interests RM	Total Equity RM
	Share Capital RM	Share Premium RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Total RM			
<b>Group</b>									
<b>At 1 January 2018, as previously stated</b>	83,947,005	-	(38,052)	(2,032,535)	30,007,711	111,884,129	(494,530)	111,389,599	
Opening balance adjustment from adoption of MFRS 9	-	-	-	-	(803,069)	(803,069)	-	(803,069)	
<b>At 1 January 2018, as restated</b>	83,947,005	-	(38,052)	(2,032,535)	29,204,642	111,081,060	(494,530)	110,586,530	
Profit for the financial year	-	-	-	-	11,418,335	11,418,335	359,377	11,777,712	
Foreign exchange translation reserve	-	-	-	367,368	-	367,368	-	367,368	
<b>Total comprehensive income for the financial year</b>	-	-	-	367,368	11,418,335	11,785,703	359,377	12,145,080	
<b>Transactions with owners:</b>									
Shares repurchased	-	-	(346,572)	-	-	(346,572)	-	(346,572)	
Dividends paid	-	-	-	-	(3,037,498)	(3,037,498)	(357,145)	(3,394,643)	
<b>Total transactions with owners</b>	-	-	(346,572)	-	(3,037,498)	(3,384,070)	(357,145)	(3,741,215)	
<b>At 31 December 2018</b>	83,947,005	-	(384,624)	(1,665,167)	37,585,479	119,482,693	(492,298)	118,990,395	

18

33

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

		←----- Non-distributable-----→ Distributable			
	Share Capital RM	Share Premium RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM
<b>Company</b>					
<b>At 1 January 2017</b>	60,829,090	23,117,915	(25,216)	(13,402,492)	70,519,297
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	13,459,293	13,459,293
<b>Transactions with owners:</b>					
Shares repurchased	-	-	(12,836)	-	(12,836)
Dividends paid	-	-	-	(3,041,154)	(3,041,154)
<b>Total transactions with owners</b>	-	-	(12,836)	(3,041,154)	(3,053,990)
Transfer in accordance with Section 618(2) of the Companies Act, 2016	23,117,915	(23,117,915)	-	-	-
<b>At 31 December 2017</b>	83,947,005	-	(38,052)	(2,984,353)	80,924,600

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

		←----- Non-distributable -----→				Distributable
	Share Capital RM	Share Premium RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM	
<b>Company</b>						
<b>At 1 January 2018</b>	83,947,005	-	(38,052)	(2,984,353)	80,924,600	
Profit for the financial year, representing total comprehensive income for the financial year						
<b>Transactions with owners:</b>						
Shares repurchased	-	-	(346,572)	-	(346,572)	
Dividends paid	-	-	-	(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	

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 2018**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash flows from operating activities</b>				
Profit before taxation	15,485,935	13,665,621	5,929,057	13,878,922
Adjustments for:				
Depreciation of property, plant and equipment	870,484	1,029,685	272,548	260,289
Dividend income	-	-	(6,032,855)	(16,499,860)
Deposit written off	-	100,000	-	-
Amortisation of				
- development costs	4,756,635	4,446,186	-	-
- intangible asset	525,836	709,057	525,836	709,057
Bad debts written off	71,557	-	-	-
Fair value gain on investment properties	(5,000)	(20,000)	(5,000)	(20,000)
Impairment loss on:				
- amount due from subsidiary companies	-	-	2,124,068	1,726,096
- trade receivables	2,694,597	625,240	-	-
- other investments	7,174	-	-	-
- property, plant and equipment	20,746	-	-	-
Loss on disposal of property, plant and equipment	40,747	90,592	525	-
Loss on disposal of other investments	14,480	-	14,480	-
Net fair value loss on contingent consideration payable	501,952	231,217	501,952	231,217
Property, plant and equipment written off	8,965	11,882	1,833	9,957
Reversal of impairment loss on trade receivables	(447,104)	(460,708)	-	-

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unrealised loss/(gain) on foreign exchange	22,485	(582,417)	11,997	(7,793)
Interest expense	28,083	30,510	7,672	12,393
Interest income	(1,453,267)	(1,292,310)	(720,168)	(696,247)
Reversal of impairment loss on amount due from subsidiary company	-	-	(1,283,627)	-
Operating profit before working capital changes	23,144,305	18,584,555	1,348,318	(395,969)
Changes in working capital:				
Receivables	2,564,553	(5,472,059)	(1,507,454)	74,466
Payables	(15,108,458)	3,444,190	(433,884)	765,060
Contract assets	(8,720,800)	-	-	-
Contract liabilities	10,895,574	-	-	-
Subsidiary companies	-	-	(3,897,536)	1,217,436
Related companies	-	-	13,138,337	-
	(10,369,131)	(2,027,869)	7,299,463	2,056,962
Cash generated from operating activities	12,775,174	16,556,686	8,647,781	1,660,993
Tax paid	(3,550,013)	(6,123,725)	(682,084)	(1,027,165)
Tax refund	199,884	293,149	-	27,091
	(3,350,129)	(5,830,576)	(682,084)	(1,000,074)
Net cash from operating activities	9,425,045	10,726,110	7,965,697	660,919

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash flows from investing activities</b>				
Additional investment in a subsidiary company	-	-	(2,226,800)	-
Development costs incurred	(810,777)	(542,627)	-	-
Interest received	1,453,267	1,292,310	720,168	696,247
Purchase of property, plant and equipment	(827,154)	(1,342,691)	(36,382)	(25,006)
Proceeds from disposal of property, plant and equipment	384,532	1,082,259	-	-
Repayment of contingent consideration	(3,293,785)	(4,000,000)	(3,293,785)	(4,000,000)
Net changes to subsidiary companies	-	-	-	(96,241)
Net movement of fixed deposits with licensed banks with maturity more than three months	(1,406,860)	-	-	-
Proceeds from disposal of other investments	59,520	-	59,520	-
Net cash used in investing activities	<u>(4,441,257)</u>	<u>(3,510,749)</u>	<u>(4,777,279)</u>	<u>(3,425,000)</u>

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash flows from financing activities</b>				
Dividends paid	(3,037,498)	(3,041,154)	(3,037,498)	(3,041,154)
Interest paid	(28,083)	(30,510)	(7,672)	(12,393)
Repayments of finance lease payables	(433,006)	(224,312)	(104,336)	(99,615)
Purchase of treasury shares	(346,572)	(12,836)	(346,572)	(12,836)
Net cash used in financing activities	<u>(3,845,159)</u>	<u>(3,308,812)</u>	<u>(3,496,078)</u>	<u>(3,165,998)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,138,629	3,906,549	(307,660)	(5,930,079)
<b>Effects on foreign exchange rate changes</b>	(390,568)	(1,464,076)	-	-
<b>Cash and cash equivalents at the beginning of financial year</b>	<u>68,229,864</u>	<u>65,787,391</u>	<u>18,667,234</u>	<u>24,597,313</u>
<b>Cash and cash equivalents at the end 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 comprises the following:</b>				
Fixed deposits with licensed banks	33,167,498	35,709,641	19,139,838	19,090,267
Cash and bank balances	42,217,287	37,520,223	1,219,736	1,576,967
	<u>75,384,785</u>	<u>73,229,864</u>	<u>20,359,574</u>	<u>20,667,234</u>
Less: Fixed deposit with licensed banks with maturity more than three months	<u>(6,406,860)</u>	<u>(5,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	<u>68,977,925</u>	<u>68,229,864</u>	<u>18,359,574</u>	<u>18,667,234</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 2018**

**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 Company's principal place of business is located at Wisma IFCA, 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan whilst its registered office is located at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 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 7 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 of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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

**Adoption of new and amended standards**

During the current financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards 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 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 - 2016 Cycle:	
• Amendments to MFRS 1	
• Amendments to MFRS 128	

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

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

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

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

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

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

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

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

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

(a) Classification of financial assets

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

(b) Classification of financial liabilities

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

(c) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The new impairment model applies to financial assets measured at amortised cost, debt instruments at FVTOCI, contract assets and financial guarantee contracts. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

2. **Basis of Preparation (Cont'd)**(a) **Statement of Compliance (Cont'd)****Adoption of new and amended standards (Cont'd)**(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

- (d) Effect of changes in classification and measurement of financial assets of the Group and of the Company on 1 January 2018

	As at 1 January 2018 RM	Remeasurement RM	Reclassification to MFRS 9 At AC RM
<b>Group</b>			
<b>Financial assets</b>			
<u>Loans and</u>			
<u>receivables</u>			
Trade receivables	17,299,963	(803,069)	16,496,894
Other receivables	2,605,573	-	2,605,573
Fixed deposits with licensed bank	35,709,641	-	35,709,641
Cash and bank balances	37,520,223	-	37,520,223
	<hr/>	<hr/>	<hr/>
<b>Company</b>			
<b>Financial assets</b>			
<u>Loans and</u>			
<u>receivables</u>			
Trade receivables	264,213	-	264,213
Other receivables	1,555,116	-	1,555,116
Amount due from subsidiaries companies	25,623,213	-	25,623,213
Fixed deposits with licensed bank	19,090,267	-	19,090,267
Cash and bank balances	1,576,967	-	1,576,967
	<hr/>	<hr/>	<hr/>



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

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

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

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

##### (e) Effect on impairment allowances of the Group on 1 January 2018

<b>Group</b>	<b>RM</b>
<b>Impairment of trade receivables</b>	
At 1 January 2018, as previously stated	3,823,607
Opening balance adjustment from adoption of MFRS 9	803,069
At 1 January 2018, as restated	<u>4,626,676</u>

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

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company is using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

In applying the modified retrospective method, the Group and the Company applied the practical expedient for completed contracts that begin and end within the same annual reporting period were not restated.

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

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

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

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

Impact arising from the adoption of MFRS 9 and MFRS 15 on the Group's financial statements:

#### Statements of Financial Position

	<b>As at 1 January 2018, as previously stated RM</b>	<b>MFRS 9 adjustment RM</b>	<b>MFRS 15 reclassification RM</b>	<b>As at 1 January 2018, as restated RM</b>
<b>Group</b>				
Contract assets	-	-	1,495,465	1,495,465
Trade receivables	17,299,963	(803,069)	(1,495,465)	15,001,429
Retained earnings	(30,007,711)	803,069	-	(29,204,642)
Contract liabilities	-	-	(12,201,137)	(12,201,137)
Other liabilities	(18,878,942)	-	12,201,137	(6,677,805)

#### Standards issued but not yet effective

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

		<b>Effective dates for financial periods beginning on or after</b>
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019

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

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

#### Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company (Cont'd):

	<b>Effective dates for financial periods beginning on or after</b>
Annual Improvements to MFRSs 2015 – 2017 Cycle:	
• Amendments to MFRS 3	1 January 2019
• Amendments to MFRS 11	1 January 2019
• Amendments to MFRS 112	1 January 2019
• Amendments to MFRS 123	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments MFRS 3      Definition of a Business	1 January 2020
Amendments MFRS 101      Definition of Material	1 January 2020
MFRS 17      Insurance Contracts	1 January 2021
Amendments to MFRS 10      Sale or Contribution of Assets and MFRS 128      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, interpretation and amendments when they become effective, except for MFRS 17 *Insurance Contracts*, as it is not applicable to the Group and the Company.

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

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

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

#### MFRS 16 Leases

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

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

The impact of MFRS 16 is currently being assessed by management.

### (b) Functional and Presentation Currency

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

## 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 amounts of the assets or liabilities affected in the future.

#### Judgements

##### 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.

##### 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:

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

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

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

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.

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

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation or 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 of property, plant and equipment

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

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

### (c) Significant Accounting Judgements, Estimates and Assumptions (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 2018 for investment properties and revalued land and buildings. For investment properties, a valuation methodology based on sales comparison approach was used. In addition, it measures buildings at revalued amounts with changes in fair value being recognised in profit or loss. The fair value of buildings was determined using the comparison approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

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

#### Capitalisation and amortisation of deferred development costs

The Group capitalised costs relating to the development and enhancement of its new and existing products respectively, upon meeting all the criteria for capitalisation as described in Note 3(f) to the financial statements. Amortisation, which commences upon commercialisation or sale of products, is recognised in the profit or loss based on a straight-line basis over the products' estimated economic lives of 5 years. The Group reviews the amortisation period and amortisation method at least once a year. Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised.

However, if there are indications that the products are unable to meet expected future cash flow, immediate impairment loss would be recognised. The carrying amount at the reporting date for deferred development costs is disclosed in Note 6 to the financial statements.

#### Recoverability of development costs

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

##### Amortisation of intangible assets

Intangible asset with a finite useful life is amortised by allocating its depreciable amount on a systematic basis over its contractual period. Contractual period is the period over which the intangible asset is expected to generate economic benefits. Amortise amount is the carrying amount of the intangible asset less its residual value. The carrying amount at the reporting date for intangible assets is disclosed in Note 8 to the financial statements.

##### Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in-use is disclosed in Note 9 to the financial statements.

##### Fair value measurement of contingent consideration

Contingent consideration, resulting from business combination, is valued at fair value at the acquisition date as part of the business combination. It is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions taken into consideration include the probability of meeting each performance target and the discounted factor. The carrying amount of contingent consideration is disclosed in Note 20 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)**

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 22 to the financial statements.

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 or services are based on invoiced value. Discounts are not considered as they are not only given in rare circumstances.

Impairment of trade receivables

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

The carrying amounts at the reporting date for trade receivables are disclosed in Note 12 and Note 38(b)(i) 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)

##### Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group and the Company have tax recoverable of RM3,210,492 and RM814,496 (2017: RM2,719,144 and RM600,758) and tax payable of RM564,136 and RMNil (2017: RM370,597 and RMNil) respectively.

##### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 38(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

### 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(j) 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(j) to the financial statements on impairment of non-financial assets.

#### (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.

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

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

##### (i) Foreign currency transactions and balances (Cont'd)

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 Company's net investment in foreign operation are recognised in profit or loss in the Company'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.

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.

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

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

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

##### (i) Recognition and measurement

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

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

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

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

##### (ii) Subsequent costs

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

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

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

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

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 each financial period end 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 motor vehicle and other property, plant and equipment.

#### (d) Leases

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

##### As lessee

##### (i) Finance Lease

Leases in terms of which the Group 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.



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

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

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

##### (i) Finance Lease (Cont'd)

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

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment or an investment property if held to earn rental income or capital appreciation or both.

##### (ii) Operating Lease

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

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

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

##### 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.

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

#### (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.

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.

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

#### (f) Intangible assets

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

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development costs, on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability 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 expenditures during development.

The capitalised development costs is measured at cost less any accumulated amortisation and impairment losses. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation of the capitalised development costs is recognised in profit or loss, begins when development is complete and the specific asset is available for use. It is amortised over the 5 years period of expected future benefit on a straight-line basis.

The residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

##### (ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. 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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

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

##### (iii) 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.

##### (iv) 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(j) on impairment of non-financial assets for intangible assets.

#### (g) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Group and the Company has elected not to restate the comparatives.

##### (i) Recognition and initial measurement

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

##### ***Policy applicable from 1 January 2018***

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

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

#### (g) Financial instruments (Cont'd)

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

###### ***Policy applicable before 1 January 2018***

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

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

###### ***Financial assets***

###### ***Policy applicable from 1 January 2018***

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

##### (a) Amortised cost

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(j)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment in accordance with Note 3(j) to the financial statements.

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

#### (g) Financial instruments (Cont'd)

##### (ii) Financial instrument categories and subsequent measurement (Cont'd)

#### ***Financial assets (Cont'd)***

#### ***Policy applicable before 1 January 2018***

In the previous financial year, financial assets of the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

##### (a) Loans and receivables

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

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

All financial assets are subject to impairment assessment in accordance with Note 3(j) to the financial statements.

#### ***Financial liabilities***

#### ***Policy applicable from 1 January 2018***

The categories of financial liabilities at initial recognition are as follows:

##### (a) Amortised cost

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

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

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

#### (g) Financial instruments (Cont'd)

- (ii) Financial instrument categories and subsequent measurement (Cont'd)

##### ***Financial liabilities (Cont'd)***

##### ***Policy applicable before 1 January 2018***

In the previous financial year, financial liabilities of the Group or of Company were subsequently measured at financial liabilities measured at amortised cost.

- (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current financial year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

- (iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

#### (g) Financial instruments (Cont'd)

##### (iv) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, 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.

#### (h) Contract asset/Contract liability

A contract asset is recognised when the Group's and Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 *Financial Instruments* (see Note 3(j)).

A contract liability is stated at cost and represents the obligation of the Group and of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### (i) Cash and cash equivalents

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



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

#### (j) 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, 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.

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.

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

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

##### (ii) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Company elected not to restate the comparatives.

##### ***Policy applicable from 1 January 2018***

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

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

(j) **Impairment of assets (Cont'd)**

(ii) **Financial assets (Cont'd)**

***Policy applicable from 1 January 2018 (Cont'd)***

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

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

***Policy applicable before 1 January 2018***

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

**Financial assets carried at amortised cost**

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

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

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

##### (ii) Financial assets (Cont'd)

##### *Policy applicable before 1 January 2018 (Cont'd)*

##### Financial assets carried at amortised cost (Cont'd)

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

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

#### (k) 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 instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

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

**(k) Share capital (Cont'd)**

**(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.

**(l) 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.

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

#### (m) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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 contributions 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.

#### (n) 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. 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.

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

#### (o) 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 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.

#### (ii) Royalty income

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

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

The Group sells 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 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.

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

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

##### 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.

#### (p) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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.



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

#### (p) Income taxes (Cont'd)

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, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. 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.

#### (q) 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 geographical location, with each segment representing a strategic business unit that offers different products.

#### (r) 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.

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

#### (s) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

## 4. Property, Plant and Equipment

Group 2018	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	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	716,100	6,897,431	2,510,273	6,344,830	1,804,196	18,272,830
<b>Accumulated depreciation</b>						
At 1 January	-	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	-	1,884,254	1,621,917	4,829,801	1,274,781	9,610,753
<b>Accumulated impairment losses</b>						
At 1 January	-	21,224	-	-	-	21,224
Additions	-	-	-	16,769	3,977	20,746
At 31 December	-	21,224	-	16,769	3,977	41,970
<b>Carrying amount</b>						
	716,100	4,991,953	888,356	1,498,260	525,438	8,620,107

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

Group 2017 Cost	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
At 1 January	633,000	7,125,087	2,938,888	6,144,628	1,821,310	18,662,913
Additions	-	758,777	344,825	488,589	500	1,592,691
Disposals	-	(1,005,294)	(351,824)	(271,967)	(7,545)	(1,636,630)
Written off	-	-	-	(18,222)	-	(18,222)
Transfer from investment properties	83,100	-	-	-	-	83,100
Exchange differences	-	(147,417)	(8,262)	(112,541)	(6,035)	(274,255)
At 31 December	716,100	6,731,153	2,923,627	6,230,487	1,808,230	18,409,597
<b>Accumulated depreciation</b>						
At 1 January	-	1,649,613	1,730,908	4,513,655	1,115,998	9,010,174
Charge for the financial year	-	117,321	349,174	475,449	87,741	1,029,685
Disposals	-	-	(191,057)	(271,197)	(1,525)	(463,779)
Written off	-	-	-	(6,340)	-	(6,340)
Exchange differences	-	-	(7,882)	(75,671)	(5,783)	(89,336)
At 31 December	-	1,766,934	1,881,143	4,635,896	1,196,431	9,480,404
<b>Impairment losses</b>						
At 1 January/31 December	-	21,224	-	-	-	21,224
<b>Carrying amount</b>						
	716,100	4,942,995	1,042,484	1,594,591	611,799	8,907,969

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

Company 2018	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	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	633,000	5,233,030	749,544	1,625,768	939,689	9,181,031
<b>Accumulated depreciation</b>						
At 1 January	-	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	-	1,884,256	311,764	1,516,004	738,118	4,450,142
<b>Impairment losses</b>						
At 1 January/31 December	-	21,224	-	-	-	21,224
<b>Carrying amount</b>	633,000	3,327,550	437,780	109,764	201,571	4,709,665

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

Company 2017	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	633,000	5,233,030	749,544	1,580,867	938,389	9,134,830
Additions	-	-	-	24,506	500	25,006
Written off	-	-	-	(11,688)	-	(11,688)
At 31 December	633,000	5,233,030	749,544	1,593,685	938,889	9,148,148
<b>Accumulated depreciation</b>						
At 1 January	-	1,649,614	232,748	1,385,028	652,787	3,920,177
Charge for the financial year	-	117,321	26,783	78,001	38,184	260,289
Written off	-	-	-	(1,731)	-	(1,731)
At 31 December	-	1,766,935	259,531	1,461,298	690,971	4,178,735
<b>Impairment losses</b>						
At 1 January/31 December	-	21,224	-	-	-	21,224
<b>Carrying amount</b>	633,000	3,444,871	490,013	132,387	247,918	4,948,189

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

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Motor vehicles	803,000	705,178	350,000	402,233
Office equipment	-	10,230	-	-
	<u>803,000</u>	<u>715,408</u>	<u>350,000</u>	<u>402,233</u>

Leased assets are pledged as security for the related finance lease liabilities.

- (b) Purchase of property, plant and equipment

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Aggregate costs	1,127,154	1,592,691	36,382	25,006
Less: Finance lease financing	<u>(300,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Cash payments	<u>827,154</u>	<u>1,342,691</u>	<u>36,382</u>	<u>25,006</u>

- (c) The strata titles of certain property of the Group and of the Company with carrying amounts of RM115,294 and RM32,194 (2017: RM117,075 and RM33,975) have yet to be issued by the relevant authorities.
- (d) Transferred from investment properties

In previous financial year, investment properties with carrying amount of RM83,100 have been transferred to property, plant and equipment, since the properties' usage has been changed from investment properties to owner-occupied properties.

## 5. Investment Properties

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>At fair value</b>				
At 1 January	240,000	303,100	240,000	220,000
Change in fair value recognised in profit or loss	5,000	20,000	5,000	20,000
Transfer to property, plant and equipment	-	(83,100)	-	-
At 31 December	<u>245,000</u>	<u>240,000</u>	<u>245,000</u>	<u>240,000</u>

Included in the above are:

<b>At fair value</b>				
Commercial properties	<u>245,000</u>	<u>240,000</u>	<u>245,000</u>	<u>240,000</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 (2017: RM20,000 and RM20,000) has been recognised in the profit or loss during the financial year.



5. **Investment Properties (Cont'd)**

- (b) The strata title of an investment property of the Company with carrying amount RM245,000 (2017: RM240,000) had been issued by the relevant authority during the financial year 2016.

6. **Deferred Development Costs**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	40,705,688	40,863,151
Additions for the financial year	810,777	542,627
Exchange differences	(399,069)	(700,090)
At 31 December	<u>41,117,396</u>	<u>40,705,688</u>
<b>Accumulated amortisation</b>		
At 1 January	28,055,454	24,488,562
Amortisation	4,756,635	4,446,186
Exchange differences	(495,647)	(879,294)
At 31 December	<u>32,316,442</u>	<u>28,055,454</u>
<b>Carrying amount</b>		
At 31 December	<u>8,800,954</u>	<u>12,650,234</u>
<b>Additions for the year include the following:</b>		
Employee benefits expense (Note 27)	<u>810,777</u>	<u>531,914</u>

The Group capitalises costs on development work on enhancement of existing as well as development of new software. These products are assessed to have a finite life of 5 years upon commercialisation. The amortisation period and amortisation method are reviewed at least annually for appropriateness.

## 7. Investment in Subsidiary Companies

	Company	
	2018 RM	2017 RM
<b>Unquoted shares, at cost</b>		
- Malaysia	5,249,980	5,249,980
- Outside Malaysia	11,738,627	9,511,827
	<u>16,988,607</u>	<u>14,761,807</u>
Less: Accumulated impairment losses	(9,429,323)	(9,429,323)
	<u>7,559,284</u>	<u>5,332,484</u>
Discount on amounts due from subsidiary companies	3,749,907	3,749,907
	<u>11,309,191</u>	<u>9,082,391</u>

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

	Company	
	2018 RM	2017 RM
At 1 January/ 31 December	<u>9,429,323</u>	<u>9,429,323</u>

Details of the subsidiary companies are as follows:

Name of company	Place of business / Country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
<b>Direct holding:</b>				
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
Property365 Sdn. Bhd.	Malaysia	85.71	85.71	Property online marketplace and research and development

## 7. 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
		2018 %	2017 %	
<b>Direct holding:</b>				
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
PT IFCA Property365 Indonesia*	Indonesia	100	100	Turnkey solutions provider
<b>Indirect holding:</b>				
<i>Subsidiaries of IFCA (Guangzhou) Technology Company Limited</i>				
IFCA (Wuhan) Technology Company Limited*	China	100	100	Research and development

\* *Subsidiary companies not audited by UHY*

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

### (a) Increase in investment in a subsidiary company

During the financial year, the Company had subscribed for additional 7,600 ordinary shares in PT IFCA Property365 Indonesia, a wholly-owned subsidiary company of the Company, at an issue price of IDR1,000,000, equivalent to RM293, each for total consideration of IDR7,600,000,000, equivalent to RM2,226,800, satisfied via cash payment.

### (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	
	2018	2017	2018	2017	2018	2017
	%	%	RM	RM	RM	RM
IFCA Solutions Sdn. Bhd.	14.29	14.29	139,943	210,605	242,136	459,336
Network Online Sdn. Bhd.	14.29	14.29	(337,092)	27,849	(292,951)	44,141
Property365 Sdn. Bhd.	14.29	14.29	629,198	(315,749)	(37,502)	(666,700)
IFCA Consulting (Sabah) Sdn. Bhd.	40.00	40.00	(72,658)	(108,225)	(405,312)	(332,654)
					(493,629)	(495,877)
Individually immaterial subsidiary companies with non-controlling interests					1,331	1,347
Total non-controlling interests					(492,298)	(494,530)

**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

	IFCA Solutions Sdn. Bhd.		Network Online Sdn. Bhd.		Property365 Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Non-current assets	1,797,802	1,866,852	206,680	308,686	1,643,848	1,047,323	30,000	97,418
Current assets	11,236,027	14,375,872	1,324,766	4,967,763	6,076,196	332,972	86,150	229,494
Non-current liabilities	(341,723)	(489,147)	(7,083)	-	(178,458)	-	(360)	(5,760)
Current liabilities	(11,383,087)	(12,538,219)	(3,629,243)	(5,017,470)	(7,804,097)	(6,047,192)	(1,153,613)	(1,177,025)
Net assets/(liabilities)	1,309,019	3,215,358	(2,104,880)	258,979	(262,511)	(4,666,897)	(1,037,823)	(855,873)

## 7. 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.		Network Online Sdn. Bhd.		Property365 Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	24,375,857	23,197,722	3,019,760	10,651,009	5,958,700	861,546	(60,133)	631,128
Profit/(Loss) for the financial year	979,603	1,474,238	(2,359,643)	194,943	4,404,386	(2,210,243)	(181,645)	(270,563)
Total comprehensive income/(loss) for the financial year	979,603	1,474,238	(2,359,643)	194,943	4,404,386	(2,210,243)	(181,645)	(270,563)

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

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

(iii) Summarised statements of cash flows

	IFCA Solutions Sdn. Bhd.		Network Online Sdn. Bhd.		Property365 Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Net cash from/(used in) operating activities	(2,023,114)	234,605	120,833	(277,762)	902,612	32,999	66,488	(156,821)
Net cash from/(used in) investing activities	141,874	(53)	(1,651)	89,826	(810,777)	(13,969)	-	19,000
Net cash used in financing activities	(343,891)	(126,608)	-	(10,083)	-	-	(5,040)	(3,600)
Net (decrease)/ increase in cash and cash equivalents	(2,225,131)	107,944	119,182	(198,019)	91,835	19,030	61,448	(141,421)

(c) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

## 8. Intangible Assets

	<b>Group/Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January/31 December	<u>3,925,192</u>	<u>3,925,192</u>
<b>Accumulated amortisation</b>		
At 1 January	3,150,823	2,441,766
Amortisation during the financial year	<u>525,836</u>	<u>709,057</u>
At 31 December	<u>3,676,659</u>	<u>3,150,823</u>
<b>Carrying amount</b>		
At 31 December	<u>248,533</u>	<u>774,369</u>

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:

## (i) Software Lease Contracts

PICI leases software applications to its customers for a lease period of approximately three 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.

## (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.

The Group has performed the impairment test on the intangible assets and concluded that no impairment is required at this juncture.



## 9. Goodwill on Combination

	<b>Group/Company</b>	
	<b>2018</b>	<b>2017</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 cash-generating unit (“CGU”) are acquisition of business of PICI during financial year ended 31 December 2016.

### (a) 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 three years period.
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranged from 1% to 3% (2017: 1% to 3%).
- (iii) Pre-tax discount rate of 25% (2017: 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.

### (b) 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.

## 10. Other Investments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>At cost</b>				
<b>Investment in club memberships:</b>				
At 1 January	275,674	275,674	165,000	165,000
Disposals	(74,000)	-	(74,000)	-
At 31 December	<u>201,674</u>	<u>275,674</u>	<u>91,000</u>	<u>165,000</u>
<b>Accumulated Impairment losses</b>				
At 1 January	-	-	-	-
Additions	7,174	-	-	-
At 31 December	<u>7,174</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amount</b>				
At 31 December	<u>194,500</u>	<u>275,674</u>	<u>91,000</u>	<u>165,000</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.

11. **Amount Due from Subsidiary Companies**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current Assets</b>		
<b>Amount due from subsidiary companies</b>		
Non-trade related	16,333,082	4,772,740
Less: Accumulated impairment losses	(2,482,389)	-
	<u>13,850,693</u>	<u>4,772,740</u>
<b>Current Assets</b>		
<b>Amount due from subsidiary companies</b>		
Non-trade related	7,528,536	21,399,701
Trade related	1,551,377	2,460,495
	<u>9,079,913</u>	<u>23,860,196</u>
Less: Accumulated impairment losses	(1,367,775)	(3,009,723)
	<u>7,712,138</u>	<u>20,850,473</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.

## 12. Trade Receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Third parties	19,791,848	21,123,570	3,197,189	293,122
Less: Accumulated impairment losses	<u>(5,904,904)</u>	<u>(3,823,607)</u>	<u>(28,909)</u>	<u>(28,909)</u>
	<u>13,886,944</u>	<u>17,299,963</u>	<u>3,168,280</u>	<u>264,213</u>

Trade receivables are non-interest bearing and are generally on nil days (2017: nil days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## 13. Other Receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sundry receivables	2,966,843	4,378,434	219,890	1,475,330
Deposits	754,223	664,290	90,343	79,786
GST receivables	<u>255,623</u>	<u>179,504</u>	<u>7,750</u>	<u>8,293</u>
	3,976,689	5,222,228	317,983	1,563,409
Less: Accumulated impairment losses sundry receivables	<u>(2,437,151)</u>	<u>(2,437,151)</u>	<u>-</u>	<u>-</u>
	<u>1,539,538</u>	<u>2,785,077</u>	<u>317,983</u>	<u>1,563,409</u>

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

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Contract assets</b>		
<b>Current</b>		
Software applications	8,720,800	-
	<hr/>	<hr/>
<b>Contract liabilities</b>		
<b>Non-Current</b>		
Maintenance, support system, training and implementation	(29,600)	-
	<hr/>	<hr/>
<b>Contract liabilities</b>		
<b>Current</b>		
Maintenance, support system, training and implementation	(7,467,456)	-
Software applications	(3,398,518)	-
	<hr/>	<hr/>
	<b>(10,865,974)</b>	<b>-</b>
	<hr/>	<hr/>

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.

15. **Other Current Assets**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Prepayment	285,097	661,446	61,822	213,009

16. **Fixed Deposits with Licensed Banks**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposits for short term funding - Due within 3 months	26,760,638	30,709,641	17,139,838	17,090,267
Fixed deposits not for short term funding - Due more than 3 months	6,406,860	5,000,000	2,000,000	2,000,000
	<u>33,167,498</u>	<u>35,709,641</u>	<u>19,139,838</u>	<u>19,090,267</u>

The interest rate of the fixed deposits of the Group and of the Company are range from 2.95% to 3.95% (2017: 2.95% to 3.70%) and 2.95% to 3.95% (2017: 2.95% to 3.60%) respectively and mature within 3 to 12 months (2017: 3 to 12 months) period.

17. **Share Capital**

	<b>Group and Company</b>			
	<b>Number of Shares</b>		<b>Amount</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Units</b>	<b>Units</b>	<b>RM</b>	<b>RM</b>
<b>Issued and fully paid:</b>				
At 1 January	608,290,900	608,290,900	83,947,005	60,829,090
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016	-	-	-	23,117,915
At 31 December	<u>608,290,900</u>	<u>608,290,900</u>	<u>83,947,005</u>	<u>83,947,005</u>

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.

**Share Premium**

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	-	23,117,915
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	-	(23,117,915)
At 31 December	<u>-</u>	<u>-</u>

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares.

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account become part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM23,117,915 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act. As at the date of issuance of the financial statements, the Company did not utilise the share premium account.

## 18. Treasury Shares

	Group/Company			
	Number of shares		Amount	
	2018 Unit	2017 Unit	2018 RM	2017 RM
At 1 January	70,000	40,000	38,052	25,216
Share repurchased	1,221,200	30,000	346,572	12,836
At 31 December	1,291,200	70,000	384,624	38,052

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 25 May 2018, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 1,221,200 (2017: 30,000) of its issued share capital from the open market at an average price of RM0.2838 (2017: RM0.4233) per share including transaction costs. The repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

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>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	107,855
					<u>346,572</u>
<b>2017</b>					
March	10,000	0.485	0.485	0.485	4,896
June	10,000	0.385	0.385	0.385	3,895
November	10,000	0.400	0.400	0.400	4,045
					<u>12,836</u>



19. **Other Reserves**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
At 1 January	(2,032,535)	(1,246,660)
Foreign exchange translation	367,368	(785,875)
At 31 December	<u>(1,665,167)</u>	<u>(2,032,535)</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.

20. **Other Liabilities**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current liabilities</b>					
Deferred income	(a)	-	1,401,234	-	-
Deposits and advance maintenance fees	(b)	-	10,799,903	-	-
Contingent consideration payable	(c)	3,701,952	3,293,785	3,701,952	3,293,785
		<u>3,701,952</u>	<u>15,494,922</u>	<u>3,701,952</u>	<u>3,293,785</u>
<b>Non-current liabilities</b>					
Deposits and advance maintenance fees	(b)	-	184,020	-	-
Contingent consideration payable	(c)	-	3,200,000	-	3,200,000
		<u>-</u>	<u>3,384,020</u>	<u>-</u>	<u>3,200,000</u>
		<u>3,701,952</u>	<u>18,878,942</u>	<u>3,701,952</u>	<u>6,493,785</u>

**20. Other Liabilities (Cont'd)**

- (a) Deferred income represents software applications income received in advance from customers. Revenue from software application is recognised in profit or loss upon license issuance.
- (b) Deposits and maintenance fees received in advance from customers are recognised over the respective periods to correlate with the delivery of goods or service obligations, as applicable.
- (c) Contingent consideration payable

The contingent consideration is payable in the following manner:

- (i) RM4 million shall be paid to PICI within fourteen days upon receipt by the Company of the PTIPI's signed audited accounts for financial year ended 31 December 2016;
- (ii) RM4 million shall be paid to PICI within fourteen days upon receipt by IFCA of the PTIPI's signed audited accounts for financial year ended 31 December 2017; and
- (iii) RM4 million shall be paid to PICI within fourteen (14) days upon receipt by IFCA of the PTIPI's signed audited accounts for financial year ended 31 December 2018.

21. **Finance Lease Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Minimum lease payments:</b>				
Within one year	242,844	279,366	112,008	112,008
Later than 1 year and not later than 2 years	121,710	275,850	9,294	121,302
Later than 2 years and not later than 5 years	231,490	176,436	-	-
	<u>596,044</u>	<u>731,652</u>	<u>121,302</u>	<u>233,310</u>
Less: Future finance charges	<u>(45,834)</u>	<u>(48,436)</u>	<u>(2,984)</u>	<u>(10,656)</u>
Present value of minimum lease payments	<u>550,210</u>	<u>683,216</u>	<u>118,318</u>	<u>222,654</u>
<b>Present value of minimum lease payments:</b>				
Within one year	221,383	254,010	109,057	104,336
Later than 1 year and not later than 2 years	108,805	261,186	9,261	118,318
Later than 2 years and not later than 5 years	220,022	168,020	-	-
	<u>550,210</u>	<u>683,216</u>	<u>118,318</u>	<u>222,654</u>
<b>Analysed as:</b>				
Payable within 12 months	221,383	254,010	109,057	104,336
Payable after 12 months	<u>328,827</u>	<u>429,206</u>	<u>9,261</u>	<u>118,318</u>
	<u>550,210</u>	<u>683,216</u>	<u>118,318</u>	<u>222,654</u>

The finance lease liabilities of the Group and of the Company bear interest at rates range between 2.28% and 3.40% (2017: 2.39% and 3.40%) per annum and at an average interest rate of 2.84% (2017: 2.90%) per annum respectively.

21. **Finance Lease Payables (Cont'd)**

The Group leases motor vehicles and office equipment under finance lease (Note 4(a)). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

22. **Deferred Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	1,514,504	1,959,839	246,980	431,762
Recognised in profit or loss	(373,939)	(445,455)	(129,082)	(182,323)
Under/(over) provision in prior year	144,849	120	103,991	(2,459)
At 31 December	<u>1,285,414</u>	<u>1,514,504</u>	<u>221,889</u>	<u>246,980</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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Deferred tax assets	(1,394,001)	(1,708,244)	-	-
Deferred tax liabilities	2,679,415	3,222,748	221,889	246,980
	<u>1,285,414</u>	<u>1,514,504</u>	<u>221,889</u>	<u>246,980</u>

22. **Deferred Taxation (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

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Accelerated capital allowances</b>				
At 1 January	233,727	306,271	61,132	75,740
Recognised in profit or loss	(12,670)	(66,381)	(2,882)	(12,149)
Under/(Over) provision in prior years	108,160	(6,163)	103,991	(2,459)
At 31 December	<u>329,217</u>	<u>233,727</u>	<u>162,241</u>	<u>61,132</u>
<b>Deferred development costs</b>				
At 1 January	2,803,173	2,994,591	-	-
Recognised in profit or loss	(512,623)	(191,418)	-	-
At 31 December	<u>2,290,550</u>	<u>2,803,173</u>	<u>-</u>	<u>-</u>
<b>Intangible assets</b>				
At 1 January	185,848	356,022	185,848	356,022
Recognised in profit or loss	(126,200)	(170,174)	(126,200)	(170,174)
At 31 December	<u>59,648</u>	<u>185,848</u>	<u>59,648</u>	<u>185,848</u>
	<u>2,679,415</u>	<u>3,222,748</u>	<u>221,889</u>	<u>246,980</u>

22. **Deferred Taxation (Cont'd)**Deferred tax assets

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Deferred revenue</b>				
At 1 January	(1,375,383)	(1,502,718)	-	-
Recognised in profit or loss	88,448	127,335	-	-
At 31 December	<u>(1,286,935)</u>	<u>(1,375,383)</u>	<u>-</u>	<u>-</u>
<b>Unabsorbed capital allowances</b>				
At 1 January	(15,075)	(9,616)	-	-
Recognised in profit or loss	(3,337)	(5,988)	-	-
Overprovision in prior years	-	529	-	-
At 31 December	<u>(18,412)</u>	<u>(15,075)</u>	<u>-</u>	<u>-</u>
<b>Unutilised tax losses</b>				
At 1 January	(317,786)	(184,711)	-	-
Recognised in profit or loss	192,443	(138,829)	-	-
Overprovision in prior years	36,689	5,754	-	-
At 31 December	<u>(88,654)</u>	<u>(317,786)</u>	<u>-</u>	<u>-</u>
	<u>(1,394,001)</u>	<u>(1,708,244)</u>	<u>-</u>	<u>-</u>

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

	Group	
	2018 RM	2017 RM
Unabsorbed capital allowances	14,741	-
Unutilised tax losses	12,013,949	14,722,279
	<u>12,028,690</u>	<u>14,722,279</u>

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 in subsidiary companies that have a recent history of losses.

23. **Trade Payables**

The trade credit terms granted to the Group and to the Company vary between 30 and 60 days (2017: 30 and 60 days) although in practice it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 120 days.

24. **Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Accruals	4,408,904	7,084,245	723,140	284,125
Amount due to a Director	-	141	-	-
Sundry payables	4,362,708	2,115,378	24,096	1,078,753
GST payables	166,132	206,926	-	-
SST payables	733,357	-	138,408	-
	<u>9,671,101</u>	<u>9,406,690</u>	<u>885,644</u>	<u>1,362,878</u>

The amount due to a Director represents non-trade balance which is unsecured, interest free and repayable on demand.

25. **Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue from contracts with customers:</b>				
Sale of software applications	46,661,993	42,101,891	-	-
Royalty income	229,110	322,068	4,308,457	4,212,384
Sale of hardware, networking, and operating systems	3,106,627	10,105,370	565,800	329,237
Maintenance, support system, training and implementation services rendered	43,209,026	36,298,464	-	-
	<u>93,206,756</u>	<u>88,827,793</u>	<u>4,874,257</u>	<u>4,541,621</u>

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

Revenue from contracts with customers recognised for the Group and of the Company in the current financial year included:

- (i) RM12,201,137 that was included in the contract liabilities at the beginning of the financial year.

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>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>



## 25. Revenue (Cont'd)

	Software applications and royalty income RM	Hardware, networking and operating systems RM	Maintenance, support systems, training and implementation RM	Total RM
<b>2018</b>				
<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>
<b>2017</b>				
<b>Major goods and services:</b>				
Sale of software applications	42,101,891	-	-	42,101,891
Royalty income	322,068	-	-	322,068
Sale of hardware, networking, and operating systems	-	10,105,370	-	10,105,370
Maintenance, support system, training and implementation services rendered	-	-	36,298,464	36,298,464
	<u>42,423,959</u>	<u>10,105,370</u>	<u>36,298,464</u>	<u>88,827,793</u>
<b>Geographical market:</b>				
Malaysia	7,518,779	9,237,393	28,845,665	45,601,837
China	30,276,482	-	4,506,255	34,782,737
Indonesia	4,351,033	867,977	2,647,382	7,866,392
Others	277,665	-	299,162	576,827
	<u>42,423,959</u>	<u>10,105,370</u>	<u>36,298,464</u>	<u>88,827,793</u>

## 25. Revenue (Cont'd)

	Software applications and royalty income RM	Hardware, networking and operating systems RM	Maintenance, support systems, training and implementation RM	Total RM
<b>2017</b>				
<b>Timing of revenue recognition:</b>				
At a point of time	42,423,959	10,105,370	-	52,529,329
Over time	-	-	36,298,464	36,298,464
	<u>42,423,959</u>	<u>10,105,370</u>	<u>36,298,464</u>	<u>88,827,793</u>

## 26. Other Income

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income	-	-	6,032,855	16,499,860
Fair value gain on investment properties	5,000	20,000	5,000	20,000
Gain on foreign exchange				
- Realised	185,523	27,342	-	8,288
- Unrealised	866	582,417	-	7,793
Interest income	1,453,267	1,292,310	720,168	696,247
Reimbursement-travelling and accomodation	12,165	23,872	-	-
Rental income	11,839	14,436	3,720	3,840
Reallocation of headquarter costs charged to subsidiary companies	-	-	4,195,247	4,032,102
Miscellaneous	533,096	176,761	833,658	17,997
Tax incentive from foreign subsidiary company	3,319,992	3,721,209	-	-
	<u>5,521,748</u>	<u>5,858,347</u>	<u>11,790,648</u>	<u>21,286,127</u>

27. **Employee Benefits Expenses**

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Salaries and wages	45,860,799	41,934,066	4,749,916	4,124,558
Social security contributions	2,741,476	1,989,654	28,161	24,117
Contributions to defined contribution plans	3,498,714	3,357,633	697,863	629,625
Other staff related expenses	73,057	21,943	18,832	21,943
<b>Total employee benefits expense</b>	<b>52,174,046</b>	<b>47,303,296</b>	<b>5,494,772</b>	<b>4,800,243</b>
Less: Amount capitalised under deferred development costs	(810,777)	(531,914)	-	-
	<b>51,363,269</b>	<b>46,771,382</b>	<b>5,494,772</b>	<b>4,800,243</b>

28. **Directors' Remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Directors of the Company</b>				
<b>Executive:</b>				
Salaries and other emoluments	1,680,000	1,620,000	1,680,000	1,620,000
Fees	46,500	44,500	46,500	44,500
Project incentive	405,500	395,500	405,500	395,500
Defined contribution plan	392,645	379,345	392,645	379,345
<b>Total executive directors' remuneration (excluding benefits-in-kind)</b>	<b>2,524,645</b>	<b>2,439,345</b>	<b>2,524,645</b>	<b>2,439,345</b>
Estimated money value of benefits-in-kind	215,000	210,000	215,000	210,000
<b>Total executive directors' remuneration (including benefits-in-kind)</b>	<b>2,739,645</b>	<b>2,649,345</b>	<b>2,739,645</b>	<b>2,649,345</b>
<b>Non-executive:</b>				
Fees	94,000	89,500	94,000	89,500
<b>Total Directors' emoluments</b>	<b>2,833,645</b>	<b>2,738,845</b>	<b>2,833,645</b>	<b>2,738,845</b>

## 28. Directors' Remuneration (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Other Directors of the Group:</b>				
<b>Executive:</b>				
Salaries and other emoluments	-	90,923	-	-
Contributions to defined contribution plan	-	10,920	-	-
Project incentive	-	118,882	-	-
	<u>-</u>	<u>220,725</u>	<u>-</u>	<u>-</u>
Total directors' remuneration	2,833,645	2,959,570	2,833,645	2,738,845
Non-monetary benefits-in-kind paid to executive directors	<u>56,475</u>	<u>58,500</u>	<u>30,500</u>	<u>30,500</u>
<b>Total Directors' remuneration</b>	<u>2,890,120</u>	<u>3,018,070</u>	<u>2,864,145</u>	<u>2,769,345</u>
<b>Represented by:</b>				
Directors' remuneration	2,833,645	2,959,570	2,833,645	2,738,845
Non-monetary benefits-in-kind	<u>56,475</u>	<u>58,500</u>	<u>30,500</u>	<u>30,500</u>
	<u>2,890,120</u>	<u>3,018,070</u>	<u>2,864,145</u>	<u>2,769,345</u>

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

	Number of Directors	
	2018	2017
<b>Executive directors:</b>		
RM200,000 and below	1	1
RM950,001 - RM1,050,000	1	1
RM1,250,001 - RM1,350,000	-	-
RM1,550,001 - RM1,650,000	<u>1</u>	<u>1</u>
<b>Non-Executive directors:</b>		
Less than RM50,000	<u>3</u>	<u>3</u>

29. **Finance Costs**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- Finance lease	28,083	30,510	7,672	12,393

30. **Profit before Taxation**

Profit before taxation is derived at after charging:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory audit				
- current year	174,239	169,506	58,000	53,000
- under provision in prior year	3,000	5,000	3,000	5,000
- non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of				
- development costs	4,756,635	4,446,186	-	-
- intangible asset	525,836	709,057	525,836	709,057
Bad debts written off	71,557	-	-	-
Depreciation of property, plant and equipment	870,484	1,029,685	272,548	260,289
Deposit written off	-	100,000	-	-
Loss on disposal of other investments	14,480	-	14,480	-

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

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

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Impairment loss on financial instruments:				
- amount due from subsidiary companies	-	-	2,124,068	1,726,096
- trade receivables	2,694,597	625,240	-	-
Reversal of impairment loss on financial instruments:				
- amount due from subsidiary companies	-	-	(1,283,627)	-
- trade receivables	(447,104)	(460,708)	-	-
Net losses on impairment of financial instruments	2,247,493	164,532	840,441	1,726,096
Impairment loss on non-financial instruments:				
- other investment	7,174	-	-	-
- property, plant and equipment	20,746	-	-	-
Loss on disposal of property, plant and equipment	40,747	90,592	525	-
Loss on foreign exchange				
- Realised	17,885	158,022	-	-
- Unrealised	23,351	-	11,997	-
Net fair value loss on contingent consideration payable	501,952	231,217	501,952	231,217
Property, plant and equipment written off	8,965	11,882	1,833	9,957
Rental of premises	2,699,895	2,214,523	59,923	20,250

31. **Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current tax</b>				
- Malaysian income tax	2,662,557	2,509,400	458,428	145,500
- Foreign tax	1,531,521	1,613,670	-	-
Under provision taxation in prior years	(256,765)	518,517	9,918	458,911
	<u>3,937,313</u>	<u>4,641,587</u>	<u>468,346</u>	<u>604,411</u>
<b>Deferred taxation</b>				
<b>(Note 22):</b>				
Relating to origination and reversal of temporary differences	(373,939)	(445,455)	(129,082)	(182,323)
Under/(Over) provision in prior years	144,849	120	103,991	(2,459)
	<u>(229,090)</u>	<u>(445,335)</u>	<u>(25,091)</u>	<u>(184,782)</u>
	<u>3,708,223</u>	<u>4,196,252</u>	<u>443,255</u>	<u>419,629</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

31. **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:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	<u>15,485,935</u>	<u>13,665,621</u>	<u>5,929,057</u>	<u>13,878,922</u>
At Malaysian statutory tax rate of 24% (2017: 24%)	3,716,624	3,279,749	1,422,974	3,330,941
Effect of different tax rates in other countries	78,674	13,014	-	-
Effect of income not subject to tax	(675,693)	(926,699)	(1,449,085)	(3,959,966)
Effect of expenses not deductible for tax purpose	1,346,995	792,122	355,457	592,202
Deferred tax assets not recognised	477,002	1,021,872	-	-
Utilisation of previously unrecognised tax and unabsorbed capital allowance	(1,123,463)	(502,443)	-	-
Under/(Over) provision of income tax expense in prior years	(256,765)	518,517	9,918	458,911
Underprovision of deferred tax in prior years	<u>144,849</u>	<u>120</u>	<u>103,991</u>	<u>(2,459)</u>
Income tax expense for the financial year	<u>3,708,223</u>	<u>4,196,252</u>	<u>443,255</u>	<u>419,629</u>



32. **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>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to owners of the parent for basic earnings	<u>11,418,335</u>	<u>9,655,040</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>(623,570)</u>	<u>(15,302)</u>
Weighted average number of ordinary shares as at 31 December	<u>607,667,330</u>	<u>608,275,598</u>
Basic earnings per share (in sen)	<u>1.88</u>	<u>1.59</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.

## 33. Dividends

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Final single-tier dividend of RM0.005 (2017: RM0.005) on 607,499,700 (2017: 608,230,900) ordinary shares, in respect of the financial year ended 31 December 2017 (2017: 31 December 2016)	3,037,498	3,041,154

The Directors had on 27 February 2019, declared a final single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2018, 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 2019.

## 34. 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	Additions RM	New finance lease (Note 4) RM	Net fair value loss on contingent consideration payable (Note 30) RM	Repayment RM	At 31 December RM
<b>Group</b>						
<b>2018</b>						
Finance lease payables (Note 21)	683,216	-	300,000	-	(433,006)	550,210
Contingent consideration (Note 20)	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)	4,252,162
<b>2017</b>						
Finance lease payables (Note 21)	657,528	-	250,000	-	(224,312)	683,216
Contingent consideration (Note 20)	-	10,262,568	-	231,217	(4,000,000)	6,493,785
Dividend payable	-	3,041,154	-	-	(3,041,154)	-
	657,528	13,303,722	250,000	231,217	(7,265,466)	7,177,001

## 34. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

	At 1 January RM	Additions RM	New finance lease (Note 4) RM	Net fair value loss on contingent consideration payable (Note 30) RM	Repayment RM	At 31 December RM
<b>Company</b>						
<b>2018</b>						
Finance lease payables (Note 21)	222,654	-	-	-	(104,336)	118,318
Contingent consideration (Note 20)	6,493,785	-	-	501,952	(3,293,785)	3,701,952
Dividend payable	-	3,037,498	-	-	(3,037,498)	-
	<u>6,716,439</u>	<u>3,037,498</u>	<u>-</u>	<u>501,952</u>	<u>(6,435,619)</u>	<u>3,820,270</u>
<b>2017</b>						
Finance lease payables (Note 21)	322,269	-	-	-	(99,615)	222,654
Contingent consideration (Note 20)	-	10,262,568	-	231,217	(4,000,000)	6,493,785
Dividend payable	-	3,041,154	-	-	(3,041,154)	-
	<u>322,269</u>	<u>13,303,722</u>	<u>-</u>	<u>231,217</u>	<u>(7,140,769)</u>	<u>6,716,439</u>

## 35. Commitments

## Non-cancellable operating lease commitment

## Group as lessors

	Group	
	2018 RM	2017 RM
<b>Future minimum rental receivable:</b>		
Not later than 1 year	3,840	5,734
Later than 1 year but not later than 3 years	960	25,221
	<u>4,800</u>	<u>30,955</u>

The Group entered into commercial property leases on its properties portfolio consisting of commercial and office space. These leases have remaining non-cancellable lease terms of between 1 and 3 years.

35. **Commitments (Cont'd)****Group as lessees**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Future minimum rental payable:</b>		
Not later than 1 year	3,030,851	1,526,091
Later than 1 year but not later than 3 years	<u>784,877</u>	<u>1,638,283</u>
	<u><b>3,815,728</b></u>	<u><b>3,164,374</b></u>

Operating lease payments represent rental payable by the Group for the use of its business operations. The tenure of the lease is between 1 and 3 years and the monthly rental consideration for the lease of these properties have been pre-determined over the same period.

36. **Related Parties Disclosures**

## (a) Identity of related parties

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

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

36. **Related Parties Disclosures (Cont'd)**

## (b) Significant related party transactions

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

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Dividend income receivable from subsidiary companies	6,032,855	16,499,860
Reallocation head quarter costs charged to subsidiary companies	4,195,247	4,032,102
Services payables to subsidiary companies	203,989	807,530
Services receivable to subsidiary companies	-	426,166
Services rendered to subsidiary companies	22,000	350,000
Royalty receivable from subsidiary companies	4,130,869	822,450
Sales receivable from subsidiary companies	565,800	345,765

## (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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fee	140,500	134,000	140,500	134,000
Salaries and other emoluments	2,340,000	1,894,839	2,340,000	1,894,839
Contributions to defined contribution plan	478,325	425,325	478,325	425,325
Estimated money value of benefits-in-kind	215,000	210,000	215,000	210,000
Project incentive	435,500	485,500	435,500	485,500
Benefits-in-kind	18,000	18,323	18,000	18,323
Non-monetary benefits-in-kind	56,475	58,500	30,500	30,500
	<u>3,683,800</u>	<u>3,226,487</u>	<u>3,657,825</u>	<u>3,198,487</u>

## 37. 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.

## 37. Segmental Reporting (Cont'd)

(a) Geographical segments (Cont'd)

	Malaysia		Foreign		Eliminations		Note	Per consolidated financial statements	
	2018	2017	2018	2017	2018	2017		2018	2017
	RM	RM	RM	RM	RM	RM		RM	RM
<b>Revenue:</b>									
External revenue	41,387,074	45,601,837	51,819,682	43,225,956	-	-		93,206,756	88,827,793
Inter-segment revenue	16,362,309	12,354,396	-	-	(16,362,309)	(12,354,396)		-	-
Total revenue	57,749,383	57,956,233	51,819,682	43,225,956	(16,362,309)	(12,354,396)	<b>A</b>	93,206,756	88,827,793
<b>Results:</b>									
Segment results	18,749,076	11,132,219	10,093,092	7,452,336	(5,697,863)	-		23,144,305	18,584,555
Interest income	929,875	947,617	523,392	344,693	-	-		1,453,267	1,292,310
Amortisation									
- Development costs	(2,135,932)	(1,814,138)	(306,983)	(220,122)	(2,313,720)	(2,411,926)		(4,756,635)	(4,446,186)
- Intangible assets	(525,836)	(709,057)	-	-	-	-		(525,836)	(709,057)
Depreciation	(694,801)	(848,832)	(175,683)	(180,853)	-	-		(870,484)	(1,029,685)
Other non-cash expenses	(2,079,387)	14,361	(789,960)	(177,257)	(61,252)	167,090	<b>B</b>	(2,930,599)	4,194
Finance costs	(28,083)	(30,510)	-	-	-	-		(28,083)	(30,510)
Profit/(Loss) before taxation	14,214,912	8,691,660	9,343,858	7,218,797	(8,072,835)	(2,244,836)		15,485,935	13,665,621
Income tax expense	(2,176,702)	(3,561,658)	(1,531,521)	(634,594)	-	-		(3,708,223)	(4,196,252)
Profit/(Loss) for the financial year	12,038,210	5,130,002	7,812,337	6,584,203	(8,072,835)	(2,244,836)		11,777,712	9,469,369
<b>Additions to non-current assets</b>	1,501,382	421,648	436,549	1,713,670	-	-	<b>C</b>	1,937,931	2,135,318
<b>Segment assets</b>	137,990,295	140,122,160	60,232,632	58,183,187	(51,974,652)	(53,650,082)	<b>D</b>	146,248,275	144,655,265
<b>Segment liabilities</b>	55,010,785	59,368,737	52,859,193	59,306,245	(80,612,098)	(85,409,316)	<b>E</b>	27,257,880	33,265,666

37. **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>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Bad debts written off	71,557	-
Deposit written off	-	100,000
Fair value gain of investment properties	(5,000)	(20,000)
Net fair value loss on contingent consideration payable	501,952	231,217
Impairment loss on trade receivables	2,694,597	625,240
Impairment loss on other investments	7,174	-
Impairment loss on property, plant and equipment	20,746	-
Loss/(Gain) on disposal of property, plant and equipment	40,747	90,592
Loss/(Gain) on disposal of other investment	14,480	-
Property, plant and equipment written off	8,965	11,882
Reversal of impairment loss on trade receivables	(447,104)	(460,708)
Unrealised loss/(gain) on foreign exchange	22,485	(582,417)
	<u>2,930,599</u>	<u>(4,194)</u>

- C** Additions to non-current assets consist of:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment	1,127,154	1,592,691
Development costs	810,777	542,627
	<u>1,937,931</u>	<u>2,135,318</u>



37. **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>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Inter-segment assets	(51,974,652)	(53,650,082)

- 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>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Inter-segment liabilities	(80,612,098)	(85,409,316)

Information about major customers

Revenue from five (2017: four) major customers amount to RM12,657,226 (2017: RM11,927,925), 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>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current Assets</b>		
Malaysia	36,848,469	44,228,163
Foreign	6,372,150	3,731,608
	43,220,619	47,959,771

37. **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

<b>Group</b>	<b>Software applications and royalty income</b>		<b>Hardware, networking and operating systems</b>		<b>Maintenance, support system, training and implementation</b>		<b>Per consolidated financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</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>
Total revenue from external customers	46,891,103	42,495,009	3,106,627	10,105,370	43,209,026	36,227,414	93,206,756	88,827,793
Segment assets	42,292,831	102,612,912	1,508,659	5,179,133	102,446,785	36,863,220	146,248,275	144,655,265
Additions to non-current assets	52,239	30,656	2,550	12,183	1,883,142	2,092,479	1,937,931	2,135,318

38. **Financial Instruments**

## (a) Classification of financial instruments

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2018 categorised as follows:

	<b>At AC RM</b>	<b>At FVTPL RM</b>	<b>Total RM</b>
<b>2018</b>			
<b>Group</b>			
<b>Financial Assets</b>			
Trade receivables	13,886,944	-	13,886,944
Other receivables	1,283,915	-	1,283,915
Contract assets	8,720,800	-	8,720,800
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>99,276,444</b>	<b>-</b>	<b>99,276,444</b>
<b>Financial Liabilities</b>			
Trade payables	589,493	-	589,493
Other payables	8,771,612	-	8,771,612
Contract liabilities	10,895,574	-	10,895,574
Other liabilities	-	3,701,952	3,701,952
Finance lease payables	550,210	-	550,210
<b>Total financial liabilities</b>	<b>20,806,889</b>	<b>3,701,952</b>	<b>24,508,841</b>
<b>Company</b>			
<b>Financial Assets</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 payables	118,318	-	118,318
<b>Total financial liabilities</b>	<b>911,319</b>	<b>3,701,952</b>	<b>4,613,271</b>

## 38. Financial Instruments (Cont'd)

## (a) Classification of financial instruments (Cont'd)

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2017 categorised as follows:

	Loans and receivables RM	At AC RM	At FVTPL RM	Total RM
<b>2017</b>				
<b>Group</b>				
<b>Financial Assets</b>				
Trade receivables	17,299,963	-	-	17,299,963
Other receivables	2,605,573	-	-	2,605,573
Fixed deposits with licensed banks	35,709,641	-	-	35,709,641
Cash and bank balances	37,520,223	-	-	37,520,223
<b>Total financial assets</b>	<b>93,135,400</b>	<b>-</b>	<b>-</b>	<b>93,135,400</b>
<b>Financial Liabilities</b>				
Trade payables	-	2,411,717	-	2,411,717
Other payables	-	9,199,764	-	9,199,764
Other liabilities	-	12,385,157	6,493,785	18,878,942
Finance lease payables	-	683,216	-	683,216
<b>Total financial liabilities</b>	<b>-</b>	<b>24,679,854</b>	<b>6,493,785</b>	<b>31,173,639</b>
<b>Company</b>				
<b>Financial Assets</b>				
Trade receivables	264,213	-	-	264,213
Other receivables	1,555,116	-	-	1,555,116
Amount due from subsidiary companies	25,623,213	-	-	25,623,213
Fixed deposits with licensed banks	19,090,267	-	-	19,090,267
Cash and bank balances	1,576,967	-	-	1,576,967
<b>Total financial assets</b>	<b>48,109,776</b>	<b>-</b>	<b>-</b>	<b>48,109,776</b>
<b>Financial Liabilities</b>				
Trade payables	-	2,413	-	2,413
Other payables	-	1,362,878	-	1,362,878
Other liabilities	-	-	6,493,785	6,493,785
Finance lease payables	-	222,654	-	222,654
<b>Total financial liabilities</b>	<b>-</b>	<b>1,587,945</b>	<b>6,493,785</b>	<b>8,081,730</b>

### 38. Financial Instruments (Cont'd)

#### (b) Financial risk management

The Group and the Company has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### (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 an associate and financial guarantee given to banks for credit facilities granted to related companies and 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.

38. **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 (2017: Nil) major contract customers accounted for approximately 63% (2017: Nil) 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 trade receivables RM</b>	<b>Allowance for Impairment RM</b>	<b>Net balance RM</b>
<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>

**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 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 assesses whether any of the trade receivables are credit impaired.

**38. Financial Instruments (Cont'd)****(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)****Trade receivables (Cont'd)**

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 determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

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 statement of financial position.

*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:

	<b>Group</b>			
	<b>2018</b>		<b>2017</b>	
	<b>RM</b>	<b>% of total</b>	<b>RM</b>	<b>% of total</b>
<b>By Country:</b>				
Malaysia	9,932,439	72%	12,122,598	70%
People's Republic of China	2,400,189	17%	3,102,288	18%
Indonesia	878,757	6%	1,254,343	7%
Singapore	337,695	2%	444,186	3%
Philippines	-	*	11,230	*
Other countries	337,864	2%	365,318	2%
	<u>13,886,944</u>	<u>100%</u>	<u>17,299,963</u>	<u>100%</u>

\* the percentage is inconsequential

38. **Financial Instruments (Cont'd)**

## (b) Financial risk management (Cont'd)

## (i) Credit risk (Cont'd)

**Trade receivables (Cont'd)***Concentration of credit risk (Cont'd)*

	<b>Company</b>			
	<b>2018</b>		<b>2017</b>	
	<b>RM</b>	<b>% of total</b>	<b>RM</b>	<b>% of total</b>
<b>By Country:</b>				
Malaysia	2,987,478	94%	-	0%
Singapore	180,802	6%	264,213	100%
	<u>3,168,280</u>	<u>100%</u>	<u>264,213</u>	<u>100%</u>

As at the end of the financial year 2018, the Group had approximately 39% (2017: 70%) of the Group's trade receivables were due from 17 (2017: 33) major customers who are reputable and located in Malaysia.

*Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages 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 debt recovery process is that when invoices which are exceeded credit terms, the Company will start to initiate a structured debt recovery process which is monitored by sales team.

The Group uses 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 believes that the forward-looking factors are immaterial for the purpose of calculation impairment for the year.



38. **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 31 December 2018 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 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>

38. **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 31 December 2018 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 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>

**38. 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 of 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, as previously stated	-	3,823,607	3,823,607
Opening balance adjustment from adoption of MFRS 9	803,069	-	803,069
At 1 January 2018, as restated	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>
<b>Company</b>			
At 1 January 2018/31 December 2018		<u>28,909</u>	<u>28,909</u>

38. **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)**Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement*

The aging of trade receivables of the Group and the Company as at 31 December 2017 was as follows:

	<b>Gross trade receivables RM</b>	<b>Allowance for impairment RM</b>	<b>Net balance RM</b>
<b>Group 2017</b>			
Current			
<i>Past due not impaired:</i>			
- Less than 30 days	6,620,481	-	6,620,481
- 31 to 60 days	3,412,501	-	3,412,501
- 61 to 90 days	1,610,560	-	1,610,560
- More than 90 days	9,480,028	(3,823,607)	5,656,421
	<u>21,123,570</u>	<u>(3,823,607)</u>	<u>17,299,963</u>
<b>Company 2017</b>			
Current			
<i>Past due not impaired:</i>			
- Less than 30 days	32,860	-	32,860
- 31 to 60 days	18,277	-	18,277
- 61 to 90 days	10,394	-	10,394
- More than 90 days	231,591	(28,909)	202,682
	<u>293,122</u>	<u>(28,909)</u>	<u>264,213</u>

**38. 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)**Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement (Cont'd)*

The movement in the allowance for impairment losses in respect of trade receivables during the previous financial year are as follows:

	<b>Group RM</b>	<b>Company RM</b>
At 1 January 2017	3,221,180	28,909
Impairment loss recognised	625,240	-
Impairment loss reversed	(460,708)	-
Exchange differences	437,895	-
At 31 December 2017	<u>3,823,607</u>	<u>28,909</u>

**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 statement 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.

## 38. Financial Instruments (Cont'd)

### (b) Financial risk management (Cont'd)

#### (i) Credit risk (Cont'd)

##### **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.

##### **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 indicators 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.

38. **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 31 December 2018 of the Company:

	<b>Gross trade receivables RM</b>	<b>Allowance for impairment RM</b>	<b>Net balance RM</b>
<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>

38. **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>Credit impaired RM</b>
<b>Company</b>	
At 1 January 2018	3,009,723
Impairment loss recognised	2,124,068
Impairment loss reversed	(1,283,627)
At 31 December 2018	<u>3,850,164</u>

*Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement*

The aging of inter-company loans and advances of the Company as at 31 December 2017 was as follows:

	<b>Gross trade receivables RM</b>	<b>Allowance for impairment RM</b>	<b>Net balance RM</b>
<b>Company</b>			
<b>2017</b>			
Current			
<i>Past due not impaired:</i>			
- Less than 30 days	1,814,713	-	1,814,713
- 31 to 60 days	325,685	-	325,685
- 61 to 90 days	145,975	-	145,975
- more than 90 days	18,023,313	(3,009,723)	15,013,590
	<u>20,309,686</u>	<u>(3,009,723)</u>	<u>17,299,963</u>



38. **Financial Instruments (Cont'd)**

## (b) Financial risk management (Cont'd)

## (i) Credit risk (Cont'd)

**Inter-company loans and advances (Cont'd)**

*Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement (Cont'd)*

The movement in the allowance for impairment losses in respect of inter-company loans and advances during the previous financial year are as follows:

	<b>Company RM</b>
At 1 January 2017	1,283,627
Impairment loss recognised	1,726,096
At 31 December 2017	<u>3,009,723</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.

38. **Financial Instruments (Cont'd)**
- (b) Financial risk management (Cont'd)
- (ii) Liquidity risk (Cont'd)

	Carrying amount RM	On demand or within			Total RM
		1 year RM	1 - 2 years RM	2 - 3 years RM	
<b>Group</b>					
<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
Contingent consideration	3,701,952	3,701,952	-	-	3,701,952
Finance lease payables	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
<b>2017</b>					
<b>Non derivative financial liabilities</b>					
Trade payables	2,411,717	2,411,717	-	-	2,411,717
Other payables	9,199,764	9,199,764	-	-	9,199,764
Contingent consideration	6,493,785	3,293,785	3,200,000	-	6,493,785
Finance lease payables	683,216	279,366	275,850	176,436	731,652
Total undiscounted financial liabilities	18,788,482	15,184,632	3,475,850	176,436	18,836,918

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(ii) **Liquidity risk (Cont'd)**

	Carrying amount RM	On demand or within				Total RM
		1 year RM	1 - 2 years RM	2 - 3 years RM		
<b>Company</b>						
<b>2018</b>						
<b>Non derivative financial liabilities</b>						
Trade payables	45,765	45,765	-	-	45,765	
Other payables	747,236	747,236	-	-	747,236	
Contingent consideration	3,701,952	3,701,952	-	-	3,701,952	
Finance lease payables	118,318	112,008	9,294	-	121,302	
Total undiscounted financial liabilities	4,613,271	4,606,961	9,294	-	4,616,255	
<b>2017</b>						
<b>Non derivative financial liabilities</b>						
Trade payables	2,413	2,413	-	-	2,413	
Other payables	1,362,878	1,362,878	-	-	1,362,878	
Contingent consideration	6,493,785	3,293,785	3,200,000	-	6,493,785	
Finance lease payables	222,654	112,008	121,302	-	233,310	
Total undiscounted financial liabilities	8,081,730	4,771,084	3,321,302	-	8,092,386	

38. **Financial Instruments (Cont'd)**

## (b) Financial risk management (Cont'd)

## (iii) Market risk

## (a) Interest rate risk

The Group's exposure to interest rate risk arises primarily from its' deposits placed with licensed banks and interest bearing financial liabilities. The Group is 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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>				
Financial assets	33,167,498	35,709,641	19,139,838	19,090,267
Financial liabilities	<u>(550,210)</u>	<u>(683,216)</u>	<u>(118,318)</u>	<u>(222,654)</u>
	<u>32,617,288</u>	<u>35,026,425</u>	<u>19,021,520</u>	<u>18,867,613</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 is exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily United States Dollar (USD).

The Group has 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 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.

**38. Financial Instruments (Cont'd)**

## (b) Financial risk management (Cont'd)

## (iii) Market risk (Cont'd)

## (b) Foreign currency exchange risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	<b>Denominated in RM</b>
<b>2018</b>	
<u>United States Dollar</u>	
Cash at Bank	137,903
Receivables	494,757
	<hr/>
<b>2017</b>	
<u>United States Dollar</u>	
Cash at Bank	126,730
Receivables	313,962
	<hr/>

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's Profit for the financial year to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

<b>Group</b>	<b>Change in currency rate</b>	<b>2018 Effect of profit before tax RM</b>	<b>Change in currency rate</b>	<b>2017 Effect of profit before tax RM</b>
RM/USD	Strengthened 5%	31,633	Strengthened 5%	22,035
	Weakened 5%	<u>(31,633)</u>	Weakened 5%	<u>(22,035)</u>

38. **Financial Instruments (Cont'd)**

(c) Fair values of financial assets and financial liabilities

The carrying amounts of receivables and payables, cash and bank balances, fixed deposits with licensed banks and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

38. **Financial Instruments (Cont'd)**

(c) Fair values of financial assets and financial liabilities (Cont'd)

	Fair value of financial instruments not carried at fair value					Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total RM		
<b>2018</b>							
<b>Group</b>							
<b>Financial liabilities</b>							
Contingent consideration	-	-	3,701,952	3,701,952	3,701,952	3,701,952	3,701,952
Finance lease payables	-	336,258	-	336,258	336,258	328,827	
<b>Company</b>							
<b>Financial liabilities</b>							
Contingent consideration	-	-	3,701,952	3,701,952	3,701,952	3,701,952	3,701,952
Finance lease payables	-	8,832	-	8,832	8,832	9,261	
<b>2017</b>							
<b>Group</b>							
<b>Financial liabilities</b>							
Contingent consideration	-	-	6,493,785	6,493,785	6,493,785	6,493,785	6,493,785
Finance lease payables	-	496,366	-	496,366	496,366	429,206	
<b>Company</b>							
<b>Financial liabilities</b>							
Contingent consideration	-	-	6,493,785	6,493,785	6,493,785	6,493,785	6,493,785
Finance lease payables	-	112,630	-	112,630	112,630	118,318	

**38. Financial Instruments (Cont'd)****(c) Fair values of financial assets and financial liabilities (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 years.

**(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 (i.e. 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.



### 39. Capital Management Objectives and Policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The gearing ratios are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total loans and borrowings (Note 21)	550,210	683,216	118,318	222,654
Less: Fixed deposits and cash and bank balances	<u>(75,384,785)</u>	<u>(73,229,864)</u>	<u>(20,359,574)</u>	<u>(20,667,234)</u>
Total net debts	<u>(74,834,575)</u>	<u>(72,546,648)</u>	<u>(20,241,256)</u>	<u>(20,444,580)</u>
Total equity	<u>119,482,693</u>	<u>111,884,129</u>	<u>83,026,332</u>	<u>80,924,600</u>
<b>Total equity and net debts</b>	<u>44,648,118</u>	<u>39,337,481</u>	<u>62,785,076</u>	<u>60,480,020</u>
<b>Gearing ratio</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The gearing ratio analysis is not applicable as the fixed deposits and cash and bank balances are sufficient to repay all the borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

40. **Date of Authorisation For Issue**

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 22 April 2019.

**List of Properties**

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2018 (RM)	Original Cost (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 - Tenanted	IFCA MSC Berhad	24	1,920 sq. feet	Freehold	510,000	750,000
<b>Penang Property</b> Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang	Penang Office	IFCA MSC Berhad	22	136.85 sq. metres	Freehold	290,360	427,000
<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	20	20,311 sq. feet	Freehold	3,128,000	4,600,000
Apartment D-G-38 Block Rapis, Pangsapuri Las Palmas, Jalan Desa Ria, Bandar Country Homes, 48000 Rawang, Selangor	Rented	Developer - Tanco Development Sdn Bhd	19	755 sq. Feet	Freehold	32,194	88,800
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	17	1,629 sq. feet	Freehold	245,000	291,800
<b>Perak Property</b> Bukit Kinding Orchard Land, held under Green 31413, Lot 127202, Mukim of Hulu Kinta, Perak	Vacant	Sunrise Excelsior (M) Sdn Bhd	-	0.4050 hectare	Freehold	83,100	198,000

## STATEMENT OF SHAREHOLDINGS

As at 29 March 2019

Total number of Issued Shares : 606,999,700 (excluding the treasury shares of 1,291,200)  
 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	18	0.22	434	0.00
100 - 1,000	537	6.68	374,558	0.06
1,001 - 10,000	3,422	42.58	21,930,000	3.61
10,001 - 100,000	3,499	43.55	124,095,200	20.45
100,001 - 30,377,485 *	559	6.96	259,994,865	42.83
30,377,486 and above **	1	0.01	200,604,643	33.05
<b>TOTAL</b>	<b>8,036</b>	<b>100.00</b>	<b>606,999,700</b>	<b>100.00</b>

Remarks:

\* Less than 5% of the issued holdings

\*\* 5% and above of the issued holdings

### Substantial Shareholders as at 29 March 2019

Name of Shareholder	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
IFCA Software (Asia) Sdn Bhd	208,604,643	34.36	-	-
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.52
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.96

### Directors' Shareholdings as at 29 March 2019

Name of Directors	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.52
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.96
Chow Chee Keng	45,000	immaterial	-	-
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 Chuen, a director of IFCA Software (Asia) Sdn Bhd

## STATEMENT OF SHAREHOLDINGS (cont'd)

### As at 29 March 2019

#### List of Thirty (30) Largest Registered Shareholders as at 29 March 2019

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.	DP Capital Limited	7,432,000	1.22
5.	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Rakuten Trade Sdn Bhd for Oo Phaik See	5,907,700	0.97
6.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Kwee Sow Fun	5,592,700	0.92
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Kwee Sow Fun (6000911)	5,560,000	0.92
8.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB Bank for Kwee Sow Fun (MY2268)	5,000,000	0.82
9.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Chung Keen Mean	4,500,000	0.74
10.	Pua Song King	4,497,500	0.74
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Lai Chie King (6000752)	4,020,000	0.66
12.	Lim Boon Yearn	3,968,500	0.65
13.	Musa Dirgantara	3,699,900	0.61
14.	Yong Keang Cheun	3,650,000	0.60
15.	Ooi Sin Heng	3,150,000	0.52
16.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Tee Mui Kea (BT Pahat-CL)	3,120,000	0.51
17.	Ung Yoke Hong	2,957,700	0.49
18.	Ooi Bee Bee	2,868,300	0.47
19.	HLB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Oo Phaik See	2,676,400	0.44
20.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB For Law King Hui (PB)	2,500,000	0.41
21.	Saw Suan Kheng	2,200,000	0.36
22.	Soo Sing Huat	2,000,000	0.33
23.	Lee Siew Pin	1,817,000	0.30
24.	Thong Weng Kin	1,800,000	0.30
25.	AMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Jega Devan A/L M Nadchatiram	1,677,000	0.28
26.	Ong Soi Tat	1,600,000	0.26
27.	Sim Kian Seng	1,600,000	0.26
28.	Liew Hui Lyn	1,570,000	0.26
29.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Soon Tuan Sin	1,303,000	0.21
30.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB Bank For Tan Chee Young (MY2263)	1,300,000	0.21
	Total	304,782,343	50.18

CDS Account No.	No. of Shares Held

I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of IFCA MSC Berhad hereby appoint:

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at the Auditorium, IFCA MSC Berhad, Block F2, No. 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor on Wednesday, 29 May 2019 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies will vote on the resolutions as indicated by an 'X' in the spaces provided below. In the absence of specific direction as to voting, my/our proxy/proxies will vote or abstain from voting at his/her discretion.

Resolution	Ordinary Business	For	Against
1.	To approve the payment of a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2018.		
2.	To approve the Directors' Fees and Allowances payable to the Non-Executive Directors of up to RM140,000 with effect from 29 May 2019 until the next Annual General Meeting of the Company.		
3.	To re-elect Mr. Ngian Siew Siong retiring as a Director of the Company in accordance with Article 85 of the Company's Articles of Association.		
4.	To re-elect Mr. Yong Kian Keong retiring as a Director of the Company in accordance with Article 85 of the Company's Articles of Association.		
5.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>Special Business</b>			
6.	Proposed renewal of authority for the Company to purchase its own shares.		
7.	To authorise Mr. Chew See Chiew to continue in office as Independent Non-Executive Director.		
<b>Special Resolution</b>			
1.	Proposed New Constitution of the Company.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

(\*delete if not applicable)

**NOTES:**

- Only members whose name appears in the Record of Depositors as at 21 May 2019 shall be regarded as a member of the Company and shall be entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his stead.
- A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy may but need not be a member of the Company.
- Where a member appoints more than two (2) proxies to attend the same meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

\_\_\_\_\_  
\*Signature(s)/ Common Seal of Shareholder

- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- Where a member is an exempt authorised nominee ("EAN") as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds
- To be valid, the duly completed form of proxy must be deposited at the Registered Office of the Company situated at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for taking of the poll or no later than Monday, 27 May 2019 at 10.00 a.m. (being the approximate time appointed for taking of the poll at the AGM.)
- Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions tabled at the AGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

*Fold this flap for sealing*

---

*Then fold here*

---

AFFIX  
STAMP

**The Company Secretary**  
Unit 07-02, Level 7, Persoft Tower,  
6B Persiaran Tropicana,  
Tropicana Golf & Country Resort,  
47410 Petaling Jaya,  
Selangor Darul Ehsan.

*1<sup>st</sup> fold here*

---

**This page has been intentionally left blank**



**This page has been intentionally left blank**

Wisma IFCA, No 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel: +603 7805 3838 Fax: +603 7804 0206 Email: [marketing@ifca.com.my](mailto:marketing@ifca.com.my) URL: [www.ifca.asia](http://www.ifca.asia)

---

Asia