



2020 ANNUAL REPORT

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IFCA @ a Glance

IFCA is a business software solution company specializing in the Property Industry for 34 years. “IFCA”, an acronym for “Information For Competitive Advantage”, is our motto to provide innovative and strategic software solution. Over the years, we have also developed our software to meet the needs of contractors, hotel operators and others. Established in 1987, our Company has a talent pool of about 600 staff across all IFCA offices in Asia.

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

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

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

Vision

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

Mission

We challenge the status quo by being receptive to new ideas

We create disruptive solutions that elevate the industries that we serve

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

We create compelling user experience with empowered talent and technology

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

Corporate Information

Board of Directors

Executive Directors

- **Yong Keang Cheun**
(Chairman)
- **Yong Kian Keong**
(Deputy Chairman)
- **Leong Nyu Kuan**
(Director of Corporate Services)

Non-Executive Independent Directors

- **Chew See Chiew**
(Senior Independent Director)
- **Ang Boon Pheng**
- **Eng Kim Haw** (Appointed on 1 March 2021)

Company Secretary

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

Audit and Risk Management Committee

Chew See Chiew (Chairman)
Ang Boon Pheng
Eng Kim Haw
(Appointed on 1 March 2021)
Ooi Bee Bee
(Resigned on 1 March 2021)

Remuneration Committee

Chew See Chiew (Chairman)
Yong Keang Cheun
Ang Boon Pheng

Nomination Committee

Chew See Chiew (Chairman)
Ang Boon Pheng

Auditors

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

Principal Bankers

Hong Leong Bank Berhad
OCBC Al-Amin Bank Berhad

Company No.

199701037892 (453392-T)

Registrar

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

Registered Office

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

Business Office

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

Stock Exchange Listing

Bursa Malaysia Securities Berhad – ACE Market

Stock Codes

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

Website

www.ifca.asia

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 2020 ("FY2020").

Business Overview

Since 1987, IFCA has focused on developing business software solutions for the property, construction and hospitality industries. This involves software development, system integration, training and implementation as well as other related professional services. In addition, the Group provides human resource management solutions for all companies across all businesses ranging from small to medium enterprises (SME) to large corporations as well as government linked agencies. More recently, our efforts have led us to pioneer mobile business solutions leveraging on the trend of mobility to drive widespread digital transformation.

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

Financial Results

The Group recorded revenue of RM81.1 million for the financial year ended 31 December 2020 ("FY2020") as compared to RM85.6 million in the previous financial year ended 31 December 2019 ("FY2019"). This represents a decrease of RM4.5 million or approximately 5.3%. The decrease of revenue was mainly attributable to the slow track of project deliverables in both Malaysia and Indonesia after movement restrictions were implemented by the local government during FY2020. On the other hand, there is positive contribution of revenue by China, which signal a strong recovery after being disrupted by Covid-19 outbreak since FY2020. Hence, domestic revenue recorded a decrease of 16.2% from RM38.0 million to RM31.9 million while overseas revenue recorded an increase of 3.4% from RM47.6 million to RM49.2 million.

Nevertheless, the Group recorded a profit attributable to equity holders of the parent company ("PATAMI") of RM8.4 million for FY2020 compared to RM6.0 million recorded in FY2019. The higher PATAMI in FY2020 arose mainly as a result of saving in operating expenditures. 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 FY2020:

A) Extract from Statement of Comprehensive Income

RM'000	FY2020	FY2019	Change
Revenue	81,061	85,589	-5%
Expenses	76,230	81,329	-6%
Other Income	5,404	3,899	39%
Profit Before Taxation	10,235	8,159	25%
Profit After Taxation	8,425	6,135	37%
Profit Attributable to Equity Holders of the Parent Company	8,388	5,957	41%
Basic Earnings Per Share (cent)	1.38	0.98	41%

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

B) Extract from Balance Sheet

RM'000	FY2020	FY2019	Change
Total Assets	147,175	140,630	5%
Total Liabilities	25,705	21,278	21%
Total Equity	121,470	119,352	2%
Trade Receivables	10,599	10,889	-3%
Contract Assets	3,952	6,124	-35%
Goodwill	25,112	25,112	0%
Deferred Development Expenditure	10,798	9,692	11%
Fixed Deposits, Cash and Bank Balances	79,588	74,959	6%
Net Asset Per Share	0.20	0.20	0%

IFCA's asset base continues to be strong with total assets of RM147.2 million and total equity of RM121.5 million in FY2020.

For FY2020, the Group recorded lower Trade Receivables by 2.7% from RM10.9 million to RM10.6 million, which was improved through continuous effort to follow up on regular and frequent basis. In addition, escalating disputed accounts to top management for higher-level discussion helped in expediting collection.

Contract Asset reduced by 35% from RM6.1 million to RM4.0 million as the Group continues to issue billings to customers following the terms as per contract agreement. Besides that, there is an impairment loss on contract asset which amounted to RM2.1 million in FY2020.

Deferred development expenditure ("DDE") increased by 11.4% from RM9.7 million to RM10.8 million as the Group continues to capitalize the Research & Development (R&D) cost incurred in developing the cloud-based platform for all the ready solutions. Meanwhile, the Group continues to amortize the investment related to products that are completed and ready for commercialization.

Cash reserves of the Group remains strong, improving by 6.2% to RM79.6 million despite a RM6.1 million dividend payment. 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 RM72.8 million in FY2020.

Thus, the Group's financial position remains positive at 20 cents net assets per share for both FY2020 and FY2019.

To reward shareholders' loyalty, the directors have recommended a final single tier dividend of 0.5 cent per ordinary share amounting to RM3.1 million, subject to shareholders' approval at the forthcoming Annual General Meeting.

Operational Review

During a challenging year facing the unprecedented global crisis caused by the Covid-19 pandemic and economic recession that followed, the Group focused mainly on business performance restoration and the development of our new X-series mobile internet solutions in efforts to deliver business growth in the new norm. In FY2020, the revenue contribution from Malaysia was 39.3%, from China was 50.2%, and Indonesia was 9.7%.

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

Malaysia segment is performing steadily as we introduce our X-series products into the respective markets. We have received strong interest and glowing reception thus far, securing a number of contracts upon launching. In the meantime, we continue to expand our reach and customer portfolio with our range of new cloud-based, mobile solutions.

In addition, China segment picks up rapid recovery since second quarter of FY2020 following a deep slump caused by the Covid-19 pandemic at the beginning of year. We continue to explore the market from other tier cities within the country border. Additionally, we are in the midst of finalising the product launch of Cloud products to strengthen our presence in the market.

Indonesia segment experienced slight slowdown due to the disruption of Covid-19 outbreak. Nonetheless, we will continue to explore more opportunities in both product and technology to strengthen our market position in the coming financial year.

The Group will continue to focus on achieving its long-term goal of sustainable development while exploring collaboration and partnership opportunities.

Research and Development

In FY2020, the Group invested approximately RM6.2 million in research and development activities for the development of a Cloud-based platform for our core solutions in line with the global trends of moving towards cloud computing and mobility. The Group continues to facilitate and enables digital transformation of our customers and industries by harnessing the advantages of Cloud infrastructure.

The Group entered into a strategic partnership with Huawei Technologies (Malaysia) Sdn Bhd following the memorandum of understanding (MoU) to jointly explore digitalisation and innovative projects in FY2020.

With this in effect, our X-series mobile internet solutions are targeted to roll out in FY2021 to help facilitate our customers' journey towards digital transformation and to overcome operational challenges presented by the recent global pandemic. The X-series mobile internet solutions are designed also with Fourth Industrial Revolution (IR4.0) in mind, promoting interconnectivity, process automation, Artificial Intelligence (AI), Internet of Things (IoT) and so on.

The Group's aim is to bring digital transformation to the forefront through our solutions for customers to optimize resources, elevate efficiencies and achieve sustainable growth. The Board is of the view that continued investment in R&D will contribute positively to the Group's earnings as we focus on extending our market leadership and competitiveness. We will see more Cloud-based products going into the market in 2021.

Anticipated or Known Risks

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

Technology Obsolescence

The Group operates in a market environment where its product competitiveness is heavily reliant on the technological advantage. The future sustainability of the Group also depends on its ability to adopt and deploy new technology that will help address challenges faced by the current pandemic and to continuously meet the needs of customers.

The Group stands to strategically invest in research and development into new coding framework and languages, the latest UI motion preferences, mobility, cloud-computing, data analytics and contact-less technology that will multiply the value of our product solutions to our customers.

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

The Group has managed the obsolescence risk by consistently finding ways to enhance the existing solutions while actively improving with the latest technology, and to be resilient in times of crisis. As the new norm sets in, our priority is to ensure competitive advantage and to strive to be ahead of the curve.

Cybersecurity and Operational Failure

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

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

Adequacy of Human Capital

Human capital is fundamental to the Group's success. The Group acknowledges that good human resource management and a positive corporate culture is vital to achieving our organizational objectives.

The Group has invested in professional training courses to keep our employees abreast with the latest technical developments as well as upskilling them in respective areas of knowledge involved in the operation of our business.

The Group also constantly scouts young talent for our graduate and internship programme as they often bring innovative ideas and fresh perspectives to the Group.

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

Prospects and Outlook

Strong Order Books, Financial Prudence and Strategy Execution

The Group continues to see new opportunities going into FY2021 with a strong carry through from FY2020 being mindful of the challenging economic outlook as a result of the recent pandemic. This is substantiated by our unbilled projects in hand with a value of RM25.4 million as at the financial year ended 31 December 2020.

Additionally, the Group recognizes increased interest and focus on innovation and digital transformation now more than ever as businesses take steps in the right direction to bolster their technology systems and digital infrastructure. The Group firmly believes it is opportune to launch our X-series touchless, collaborative, mobile solutions in this time to capitalize on customer readiness to adopt new technology.

The Group expects its financial resilience to continue to remain positive, with strategic focus on improved execution and to thrive and accelerate in 2021. At the same time, the Group is also cognizant of the fact that there are uncertainties in the various markets and therefore, will exercise prudence in cost expansion. With continued conviction and strategy execution, the Board is cautiously optimistic that its performance for FY2021 will be satisfactory.

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

Dividend Policy

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

Acknowledgement

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

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

Yong Keang Cheun
Chairman
22 April 2021

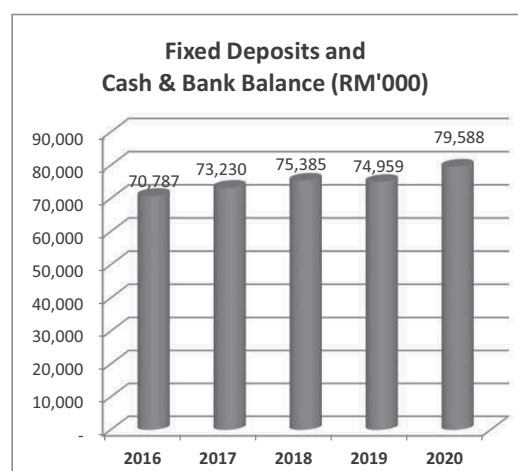
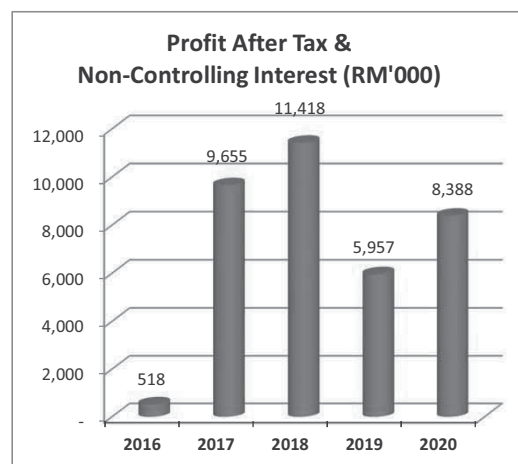
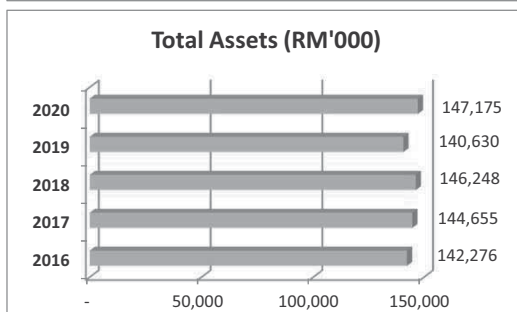
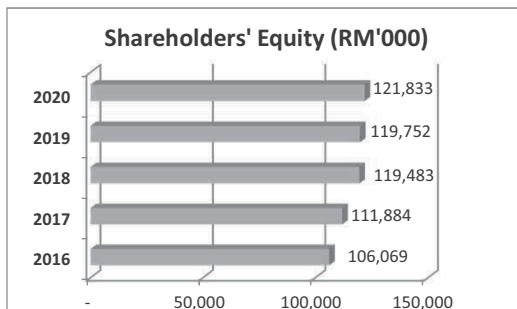
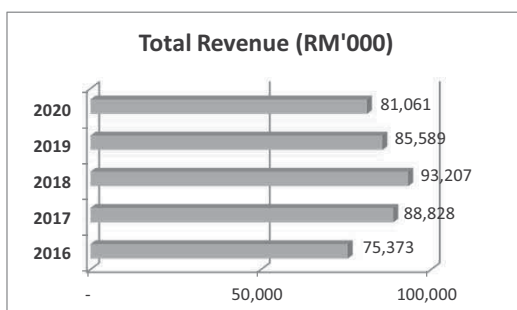
FINANCIAL HIGHLIGHTS

**Summarised Statement of Comprehensive Income
- Year Ended 31 December (RM'000)**

	2016	2017	2018	2019	2020
Revenue	75,373	88,828	93,207	85,589	81,061
Profit Before Taxation	959	13,666	15,486	8,159	10,235
Profit After Taxation & Non-Controlling Interest	518	9,655	11,418	5,957	8,388

**Summarised Statement of Financial Position As at
31 December (RM'000)**

	2016	2017	2018	2019	2020
Property, Plant & Equipment	9,632	8,908	8,620	9,495	6,277
Investment Properties	303	240	245	250	4,963
Deferred Development Costs	16,375	12,650	8,801	9,692	10,798
Intangible Assets	1,483	774	249	-	-
Goodwill on Combination	25,111	25,111	25,111	25,111	25,111
Right-of-use Assets	-	-	-	1,041	3,006
Other Investment	276	277	195	195	180
Total Non-Current Assets	53,180	47,960	43,221	45,784	50,335
Current Assets	89,096	96,695	103,027	94,846	96,840
TOTAL ASSETS	142,276	144,655	146,248	140,630	147,175
Shareholders' Equity	106,069	111,884	119,483	119,752	121,833
Non-Controlling Interest	(309)	(495)	(493)	(400)	(363)
Total Equity	105,760	111,389	118,990	119,352	121,470
Non-Current Liabilities	8,857	5,328	1,644	1,391	3,007
Current Liabilities	27,659	27,938	25,614	19,887	22,698
Total Liabilities	36,516	33,266	27,258	21,278	25,705
TOTAL EQUITY AND LIABILITIES	142,276	144,655	146,248	140,630	147,175
Basic earnings per share	sen	sen	sen	sen	sen
Net assets per share	0.09	1.59	1.88	0.98	1.38
	17	18	20	20	20



Directors' Profile

YONG KEANG CHEUN, 62, Malaysian *Non-Independent Executive Chairman*

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

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

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

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

He is the brother of Mr. Yong Kian Keong, the Executive Deputy Chairman and is 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, 60, Malaysian *Non-Independent Executive Deputy Chairman*

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

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

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

LEONG NYU KUAN, 62, Malaysian *Executive Director, Corporate Services*

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

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

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

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

Directors' Profile

CHEW SEE CHIEW, 68, Malaysian *Independent Non-Executive Director*

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

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

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

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

ANG BOON PHENG, 58, Malaysian *Independent Non-Executive Director*

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

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

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

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

ENG KIM HAW, 55, Malaysian *Independent Non-Executive Director*

Mr. Eng Kim Haw was appointed to the Board on 1 March 2021. He also sits on the Audit Committee of the Company.

He holds a Advanced Diploma of Accountancy from the Tunku Abdul Rahman University College. He is a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA).

He has more than 30 years of working experience in corporate finance, taxation and corporate planning in several public listed companies as well as private companies across various industries including property development, construction and fast-moving consumer product (FMCG). He also has extensive regional exposure in Malaysia, China and countries in South East Asia and Asia Pacific.

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

Senior Management Profile

LAI GUEY YANN, 43, Malaysian
Chief Financial Officer

Ms. Lai Guey Yann joined the Company as Accounts Executive on 5 May 2006 and was promoted to Finance Manager in 2014 and to the position of Vice President of Finance in 2017. In May 2019, she was appointed as Chief Financial Officer.

She has accumulated over 18 years of working experience in the field of accounting, financial operations, budget planning and corporate finance. She began her accounting career as an Audit Assistant in a small audit firm, before moving to property development industry.

She holds an Advanced Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman University College. She is an associate member of Chartered Institute of Management Accountants (CIMA), a member of Chartered Global Management Accountant (CGMA) and a member of Malaysian Institute of Accountants (MIA).

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.

TAI CHIN CHU, 46, Malaysian
Deputy Chief Operating Officer

Mr. Tai Chin Chu joined the Company as Analyst Programmer on 1 December 1998 and was promoted to Senior Product Consultant in 2008 and to the position of Vice President for Product Management in 2012. He left the Company in 2017 and subsequently joined SP Setia Bhd as Senior Manager. In February 2020, he rejoined the Company as Deputy Chief Operating Officer.

He has over 20 years of vast working experience and knowledge in software programming, application management and project implementation. Currently, he oversees the entire business operations in Malaysia.

He holds a Bachelor in Business Information Technology from Lincolnshire & Humberside University in United Kingdom.

He is the nephew-in-law of the Executive Chairman, Mr. Yong Keang Cheun and the Executive Deputy Chairman, Mr. Yong Kian Keong. 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.

KUAN SENG WOOD, 57, Malaysian
Executive Vice President, Business Development

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

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

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

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

Senior Management Profile

GRACE YONG YI XIANG, 33, Malaysian *Director of Business Development*

Ms Grace Yong Yi Xiang is the Director of Business Development since April 2020. In addition to business development responsibilities, she also oversees the Marketing and the UI/UX Department.

She is a transformation strategist with former experience in management consulting and law. She has worked in professional services industries for over 10 years, with hands-on experience leading and executing business optimisation strategies at various scales. Her areas of expertise centres on legal review, brand management and business process improvement.

She holds a Bachelor of Laws from Monash University and Masters of Business Administration from Melbourne University, Australia. She is also Lean Six Sigma Black Belt certified.

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

MUSA TAN, 53, Indonesian *President Director - Indonesia*

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

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

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

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

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

WAYNE CHEN, 46, Chinese *Country Manager - China*

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

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

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

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.

Corporate Presence



- 1. Push Technology Sdn Bhd 100%
- 2. IFCA Solutions Sdn Bhd 85.71%
- 3. Property365 Sdn Bhd 85.71%
- 4. Network Online Sdn Bhd 85.71%
- 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. IFCA Guangzhou Technology – Wuhan Branch
- 15. Jingyou Information Technology (Shanghai) Co., Ltd 100%
- 16. Jingyou Information Technology - Chengdu Branch
- 17. Jingyou Information Technology - Beijing Branch

- 18. Efficca Technology (Pty) Limited 100%
- 19. IFCA International Limited 100%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("AGM") of IFCA MSC Berhad ("the Company") (Company no. 199701037892 (453392-T)) will be held at the Auditorium, IFCA MSC Berhad, Block F2, No. 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor on Friday, 28 May 2021 at 10.00 a.m. to transact the following business: -

As Ordinary Business

- | | |
|--|---|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | Please refer to Note C of this agenda Resolution 1 |
| 2. To approve the payment of a first and final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2020. | |
| 3. To approve the Directors' Fees and Allowances payable to the Non-Executive Directors of up to RM111,000 with effect from 29 May 2021 until the next AGM of the Company. | Resolution 2 |
| 4. To re-elect Mr. Chew See Chiew who retires by rotation in accordance with Clause 94 of the Company's Consitution and who being eligible offers himself for re-election. | Resolution 3 |
| 5. To re-elect Mr. Yong Kian Keong who retires by rotation in accordance with Clause 94 of the Company's Consitution and who being eligible offers himself for re-election. | Resolution 4 |
| 6. To re-elect Mr. Eng Kim Haw who retires in accordance with Clause 99 of the Company's Consitution and who being eligible offers himself for re-election. | Resolution 5 |
| 7. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

As Special Business

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

- | | |
|--|---------------------|
| 8. Proposed Renewal of Authority for The Company To Purchase Its Own Shares. ("Proposed Share Buy-Back Renewal") | Resolution 7 |
|--|---------------------|

"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 Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase through Bursa Securities 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, and 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 an Ordinary Resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM 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.

9. Authority for Mr. Chew See Chiew to continue in office as Independent Non-Executive Director. **Resolution 8**

“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 a 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that a first and final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020, if approved by the shareholders at the Twenty-Third Annual General Meeting, will be payable on 5 July 2021 to shareholders whose names appear in the Record of Depositors at the close of business on 21 June 2021.

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 21 June 2021 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)
SSM Practising Certificate No. 202008000309
Company Secretary

28 APRIL 2021

Special Notes: In order to safeguard the health of attendees at AGM, you are requested to adhere strictly to the current COVID 19 Standard Operating Procedures (SOP) issued by the Government, the Ministry of Health, MKN and other relevant authorities.

Notes:**(A) GENERAL MEETING RECORD OF DEPOSITORS**

Only a member whose name appears in the Record of Depositors as at 21 May 2021 shall be regarded as a member of the Company and shall be entitled to attend and vote at this Annual General Meeting ("AGM") or appoint a proxy to attend and vote in his stead.

(B) PROXY

- a) A member of the Company entitled to attend and vote at this AGM is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
- b) A member may appoint not more than two (2) proxies to attend the same AGM. Where a member appoints more than one (1) proxy 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"), he 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 Wednesday, 26 May 2021 at 10.00 a.m. (being the approximate time appointed for the taking of the poll at the AGM.)

(C) AUDITED FINANCIAL STATEMENTS

This agenda is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016, does not require a formal approval of the audited financial statements by the members. Hence, this item of 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 7 – Proposed renewal of authority for the Company to purchase its own shares**

The proposed Ordinary Resolution 7, 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 number not exceeding 10% of the total number of issued shares of the Company. The renewal of the authority by the shareholders will be effective immediately upon the 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 the Share Buy-Back Statement dated 28 April 2021 which is accessible from the corporate website at <https://ifca.asia/investor-relations/>

Resolution 8 – 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 ("Mr. Chew") 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 criteria 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 with regards to which it concurs, has considered Mr. Chew to be independent and recommends that he should be re-appointed to continue to act as an Independent Non-Executive Director of the Company.

Corporate Governance Overview Statement

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

This Statement is prepared in accordance to Bursa Malaysia’s Ace Market Listing Requirements (“AMLR”) and it is to be read together with the Corporate Governance Report 2020, which details how each of the practices set out in the Code was applied during the financial year 2020.

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 2020, IFCA has applied all practices encapsulated in the MCCG except:

Practice 1.3	The positions of Chairman and CEO are held by different individuals.
Practice 4.5	The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets.
Practice 4.6	Utilising independent sources to identify suitably qualified candidate for Board membership.
Practice 6.1	Remuneration policy for Directors and Senior Management.
Practice 7.2	Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000.
Practice 11.2	Integrated reporting with respect to the business of the company, its policies on governance, the environment and social responsibility.

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1. Board’s Leadership on Objectives and Goals

1.1 Strategic Aim, Values and Standards

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

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

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

The authorities delegated to the Committees are operated within their respective defined Terms of Reference of each of the Committee as approved by the Board which can be found in IFCA's website - www.ifca.asia. These Committees have their own areas of responsibilities and subsequently, the matters discussed and/or recommendations are reported back to the Board for final decisions.

1.2 The Chairman

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

1.3 Chief Executive Officer

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

1.4 Qualified and Competent Company Secretary

The Company engages Strategy Corporate Secretariat Sdn Bhd on 2 January 2019, to provide corporate secretarial services and advice on matters and issues pertaining to compliance, to regulations and corporate governance. Mr. Ng Yim Kong from Strategy Corporate Secretariat Sdn Bhd was appointed as the Company Secretary of the Company and its local subsidiary companies in 2019. The responsibilities of the Company Secretary include among others, the following,:

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

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

1.5 Access to Information and Advice

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. They have direct access to the advice and service of the Company Secretary and Senior Management of IFCA. They may seek independent professional advice, at the Group's expense, if

required, in furtherance of their duties and responsibilities as Directors of IFCA, whether in their individual capacity or collectively as a Board including but not limited to obtaining full and unrestricted access to any information pertaining to the Company. During FY2020, none of the Directors had sought independent professional advice.

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

2. Demarcation of Responsibilities

2.1 Board Charter

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

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter can be found in IFCA's website - 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, accountability, 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 can be found in IFCA's website - www.ifca.asia.

3.2 Anti-Corruption Policy

The Group has adopted a "No Gift Policy" to prevent any conflicts of interest in business deals. The notice was published in the Group's intranet so that employees are aware of the importance and objectives of the newly-set policy. It is also aligned with the Group's direction to comply with the Malaysian Anti-Corruption Commission (MACC) Act 2009 to prevent corrupt practices, which include the offering and acceptance of gifts and other form of benefits and gratifications. Subsequent to the implementation of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into force on 1 June 2020 to introduce corporate liability, the Group has implemented adequate procedures guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2008 to strengthen its anti-bribery and anti-corruption compliance with the adoption of "Anti-Bribery and Anti-Corruption Policy" in May 2020. This policy is made available in IFCA's corporate website, www.ifca.asia.

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, corrupt practices, 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 in IFCA's website at 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 the date of this report, The Board of Directors consists of six (6) members, comprising three (3) Executive Directors, namely the Executive Chairman, the Executive Deputy Chairman and the Executive Director of Corporate Services, and three (3) Independent Non-Executive Directors. The Company complies with Practice 4.1 of the Code whereby at least half of the Board of Directors are Independent Directors.

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

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

4.2 Tenure of Independent Director

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine years as recommended by the MCGG. 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 coupled with his strong sense of integrity, accountability and transparency. 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 and opinion 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 23rd Annual General Meeting ("AGM") of the Company.

4.3 Policy of Independent Director's Tenure

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

4.4 Diverse Board and Senior Management Team

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

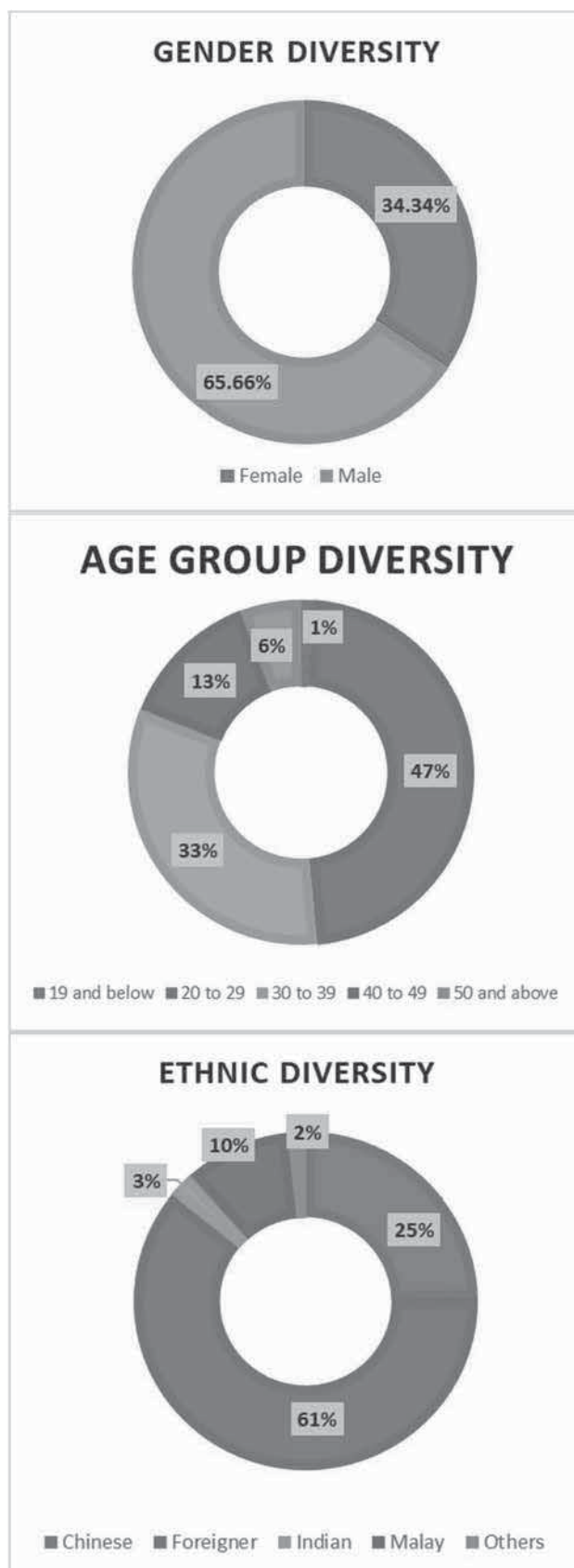
4.5 Gender Diversity

The Board is supportive of gender diversity in the Board Composition. Presently, there is no female director who sits on the Board after the resignation of Ms. Ooi Bee Bee on 1 March 2021.

The Board acknowledges the recommendation of the Code on gender diversity for the Board Composition. 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. Nonetheless, 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 Group's workforce in terms of age, ethnic, gender and nationality as at 31 December 2020 is as follows:



4.6 New Candidates for Board Appointment

On 1 March 2021, there was a new director (namely Mr. Eng Kim Haw) appointed to the Board through the recommendation made by existing board member. Mr. Eng has more than 30 years' experience and knowledge in property holding, property development and construction industries. He is also hands-on in Corporate Finance for Public Listed Company with knowledge of the listing requirement of the Exchange, corporate governance and taxation. Mr. Eng is independent of management and is free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. He is not an executive director of the Company or any of its related corporations. He is not an officer (except as a non-executive director) of the Company. He is neither a major shareholder of the Company nor a family member of any executive directors, officers nor major shareholders. He is not acting as a nominee or representative of the executive directors or the major shareholders of the Company. He has not been engaged as an advisor by the Company. He has not engaged in any transaction with the Company or is not presently a partner, director or major shareholder of a firm or company which engaged in any transaction with the Company. The Board is confident that he could bring valuable contribution to the Group with his wide industry expertise and knowledge.

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

4.7 Nomination Committee

The Nominating Committee ("NC") which comprises wholly of Independent Non-Executive Directors is responsible for the recommendation of candidates for the appointment of new Directors to the Board. The term of reference of the NC are found in IFCA's website - www.ifca.asia.

The current members of NC are:

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

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

During the financial year, the NC:

- Reviewed the Board's composition and proposed new nominees to the Board and Board committees. The NC considers diversity from various areas, including gender, age, ethnicity, academic and professional experience and skills. The NC reviews the appointment and resignation of Chief Executive Officer and makes the appropriate recommendations for the Board's consideration.
- Assessed 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 NC takes into consideration the required mix of skills, knowledge, expertise and experience of the Non-Executive Directors in the annual Directors' evaluation of the participation, contribution and advice given by the Non-Executive Directors to determine their performance.
- Reviewed the term of office and the performance of the Audit and Risk Management Committee and its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their Terms of Reference.

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

5. Overall Board's Effectiveness

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

The Board meets at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary of a form or company which has engaged in any transaction with the Company.

The Board meetings held for the year ended 31 December 2020 is as follows:

- i. Thursday, 27 February 2020
- ii. Friday, 15 May 2020
- iii. Friday, 26 Jun 2020
- iv. Friday, 21 August 2020
- v. Friday, 20 November 2020

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

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

The following is the record of attendance at meetings by the Board Members during the financial year 2020.

Directors	Number of Meetings Attended
Yong Keang Cheun (Executive Chairman)	5/5
Yong Kian Keong (Executive Director)	5/5
Leong Nyu Kuan (Executive Director)	5/5
Chew See Chiew (Independent Non-Executive Director)	5/5
Ooi Bee Bee (Independent Non-Executive Director) (resigned on 1 March 2021)	5/5
Ang Boon Pheng (Independent Non-Executive Director)	5/5

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. The Directors are also encouraged to attend courses and other relevant training programmes and seminars from time to time as they consider necessary, whether in-house or

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

During the financial year ended 31 December 2020, the following Board members have attended the relevant courses/seminars as detailed below:

Name of Directors	Courses Attended
Yong Keang Cheun	• Companies Act 2016 – Director & Officer's Offences and Penalties
Yong Kian Keong	• Companies Act 2016 – Director & Officer's Offences and Penalties
Leong Nyu Kuan	• Companies Act 2016 – Director & Officer's Offences and Penalties
Chew See Chiew	• Companies Act 2016 – Director & Officer's Offences and Penalties
Ooi Bee Bee	• Companies Act 2016 – Director & Officer's Offences and Penalties
Ang Boon Pheng	• Companies Act 2016 – Director & Officer's Offences and Penalties

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration policy

The Remuneration Committee (RC) is responsible for remuneration procedures for the Board of directors and operates under its own terms of reference (TOR). The remuneration package for Executive Directors is based on corporate and individual performance while the Non-Executive Directors' level of remuneration is based on their experience and level of responsibilities. There is no policy in place for senior management which is usually evaluated and determined by Executive Chairman and Executive Directors on a periodic basis.

6.2. Remuneration committee

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

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Yong Keang Cheun (Non-Independent Executive Chairman) – Member
- Ang Boon Pheng (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 2020 is RM2,724,731. The details of the remuneration are broken down into categories, including fees, salary, bonus, benefits in-kind and other emoluments. The remuneration of the Board for the year ended 31 December 2020 is as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors				
Yong Keang Cheun	36,000	1,238,750	23,950	1,298,700
Yong Kian Keong	36,000	892,823	14,208	943,031
Leong Nyu Kuan	36,000	336,000	-	372,000
Non-executive Directors				
Chew See Chiew	39,000	-	-	39,000
Ooi Bee Bee	36,000	-	-	36,000
Ang Boon Pheng	36,000	-	-	36,000
Total	219,000	2,467,573	38,158	2,724,731

7.2 Remuneration of Top Six Senior Management

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

Range of Remuneration	Top Six Senior Management
RM150,001 – RM200,000	1
RM200,001 – RM250,000	1
RM250,001 – RM300,000	1
RM300,001 – RM350,000	1
RM550,001 – RM600,000	1
RM850,001 – RM900,000	1

The remuneration of the top six (6) Senior Management of the Company disclosed above is on an aggregate basis. At this juncture, the Board is of the opinion that the disclosure on a named basis of the Senior Management's remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and sensitivity concerns.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit and Risk Management Committee

8. Effective and Independent Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises solely of Independent Non-Executive Directors. It is an existing practice that the Board shall not offer any former key audit partner the position as member of the ARMC. However, should such a need arise, such former key audit partner has to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. The ARMC is responsible to assess the suitability, objectivity and independence of the external auditor.

The current members of ARMC which composed no fewer than 3 members are:

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Ang Boon Pheng (Independent Non-Executive Director) – Member
- Ooi Bee Bee (Independent Non-Executive Director) – Member
(resigned on 1 March 2021)
- Eng Kim Haw (Independent Non-Executive Director) – Member
(appointed on 1 March 2021)

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

Meetings are held with the external auditor without the presence of the Executive Directors and management of the Company whenever deemed necessary, to ensure that the external auditors can freely discuss and express their opinions on any matter to the ARMC. For the year ended 31 December 2020, ARMC met once with the external auditors without the presence of the executive directors and management in the ARMC meetings held on 20 November 2020. In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report.

The ARMC had conducted the evaluation of performance of Messrs UHY to assess their suitability and independence as external auditors based on criteria adopted from best practices. The outcome of the assessment was satisfactory, and accordingly, the ARMC had recommended to the Board to table

the resolution for their re-appointment as external auditors for the next financial year for shareholders' approval at the forthcoming 23RD 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 control to the ARMC.

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

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

10. Effective Governance, Risk Management and Internal Control

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

The internal audit plan is designed to test the internal controls put in place to check the identified risks to ensure that they do not breach IFCA's risk tolerance level. The annual internal audit plan is presented to the ARMC for review, consideration and 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 33 to 34 of the Annual Report.

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

Part I – Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

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

IFCA is always mindful and ensures that there is no selective dissemination of information. In such meetings, there is always constructive exchange of information and ideas. The Board understands

that good corporate governance is beyond the minimum compliance prescribed by regulation. It upholds its commitment to cultivate a good corporate governance culture within IFCA and strives to continuously improve and strengthen its corporate governance framework.

Part II – Conduct of General Meetings

12. Encourage Shareholder Participation at General Meetings

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

The notices of AGM are issued to shareholders at least 28 days before the AGM, to allow shareholders to have sufficient time to go through the Annual Report and make time for the necessary attendance and voting arrangements. In view of the operational difficulties caused by the re-imposition of Movement Control Order (MCO) which commenced from 13 January 2021 to 4 March 2021, Bursa Malaysia had granted a one-month extension to the listed issuers on issuance of Annual Report which is due by 30 April 2021. Under the circumstances, the Group will release the Annual Report 2020 and CG report 2020 on 28 April 2021.

STATEMENT OF COMPLIANCE

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

This CG Overview Statement was approved by the Board of Directors of IFCA on 22 April 2021.

Additional Compliance Information

(Pursuant to Bursa Malaysia ACE Market Listing Requirements)

1. Share Buy-Back

During the financial year 2020, there were no share buy-back exercises undertaken by the Company. There were no treasury shares resold or cancelled during the financial year.

As at 31 December 2020, a total of 1,391,200 shares were held as treasury shares.

2. Options, Warrants or Convertible Securities

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

3. Depository Receipt Programme

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

4. Imposition of Sanctions and/or Penalties

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

5. Non-Audit Fee

There was non-audit fees amounting to RM 5,000.00 paid to the External Auditors, Messrs UHY during the financial year ended 31 December 2020.

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 84 of this Annual Report.

10. Recurrent Related Party Disclosures ("RRPTS") of a Revenue or Trading Nature

Disclosure to this effect is 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 financial year ended 31 December 2020.

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

12. Sustainability Statement

The Sustainability Statement is set out on Page 35 to 37 of this Annual Report.

13. Utilisation of Rights Issue Proceeds

There were no rights issue proceeds during the financial year ended 31 December 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

Composition of the Audit and Risk Management Committee

Chew See Chiew (Chairman / Independent Non-Executive Director)	
Ang Boon Pheng (Member / Independent Non-Executive Director)	
Ooi Bee Bee (Member / Independent Non-Executive Director)	<i>resigned on 1 March 2021</i>
Eng Kim Haw (Member / Independent Non-Executive Director)	<i>appointed on 1 March 2021</i>

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

During the financial year ended 31 December 2020, the Audit and Risk Management Committee held a total of five (5) meetings. Details of the attendance of each Audit and Risk Management Committee member are as follows:-

<u>Audit and Risk Management Committee Members</u>	<u>Attendance Record</u>
Chew See Chiew	5 out of 5
Ang Boon Pheng	5 out of 5
Ooi Bee Bee	5 out of 5

Summary of Work of the Audit and Risk Management Committee

During the financial year ended 31 December 2020, the Audit and Risk Management Committee has carried out the following work in accordance with its terms of reference to meet its responsibilities:-

- a. reviewed the audited financial statements of the Group for the financial year ended 31 December 2020 prior to the Board's approval, taking into consideration: -
 - i. changes in or implementation of any major accounting policies and practices, if any;
 - ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transaction, and how these matters are addressed, if any;
 - iii. compliance with accounting standards, regulatory and other legal requirements; and
 - iv. deliberated on major issues raised by the external auditors including Key Audit Matters, review the going concern assumptions and reservations arising from the final external audits, if any;
- b. reviewed the unaudited quarterly reports on the consolidated results prior to recommending to the Board's approval and announcement to Bursa Malaysia Securities Berhad;
- c. discussed and reviewed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
- d. discussed and reviewed the scope of work and audit plan of the external auditor for the financial year ended 31 December 2020, including any significant issues and concerns arising from the audit;
- e. reviewed the external audit reports and assessed the auditor's findings and the management's responses thereto;
- f. reviewed with the external and internal auditors, the adequacy of the internal control and risk management systems and evaluated the systems with the external and internal auditors;

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

- g. met once with the external auditors without the presence of the executive directors and management in the Audit and Risk Management Committee meetings held on 20 November 2020 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;
- n. reviewed and confirmed the minutes of the Audit and Risk Management Committee meetings;
- o. reviewed the internal risk policy as and when necessary; and
- p. reviewed any related party transaction and conflict of interest situation that may arise within the Company or the Group.

Summary of Work of the Internal Audit Function

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

The costs incurred for maintaining the outsourced internal audit function for the financial year ended 31 December 2020 amounted to RM30,000 (31 December 2019 : RM30,000)

The following are the summary of the work of the internal audit function for the financial year ended 31 December 2020:-

- (a) evaluation of the Group's adequacy and effectiveness of the internal control review covering sales, billing, collection, procurement to payment and project management of Northern and Southern branch in Malaysia as per the Internal Audit Plan;
- (b) presentation of audit findings and recommendation of corrective actions to be taken by Management in the regular Audit and Risk Management Committee meetings; and
- (c) conducted follow-up audits to ensure corrective actions had been taken on Research and Development function and Project Management cycle.

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 or fraud.

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

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

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

Audit and Risk Management Committee

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

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

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

Internal Audit

The Group outsources its internal audit function to an external professional service firm, Crowe Governance Sdn Bhd. The total costs incurred by the Group for its internal audit function in the financial year ended 31 December 2020 amounted to RM30,000. The firm is appointed by the Audit and Risk Management Committee and reports directly to the Audit and Risk Management Committee. Its role is to provide the Audit and Risk Management Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

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

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

Internal Audit (Cont')

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

Other Key Internal Control Elements

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

Board Assurance and Limitation

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

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2020 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 2021.

Sustainability Statement

IFCA Group is committed in 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. Our philosophy is to conduct IFCA Group's business 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 Group is highly committed to hone and sharpen our employees' talents and skills by constantly providing in-house and external training. During the financial year 2020, the Company has organised in-house seminar on effective training delivery to those who need to provide structured training sessions and conduct training assessment, such as managers, team leaders, and software consultants. Additionally, R&D team also attended on-going online courses to further enhance their development and technical skills. Continuous need-based trainings as such are mandatory to ensure the employees have the latest knowledge and skill to stay relevant amid the fast-paced IT environment.

Other than that, our employees from the R&D team are given opportunity to work with the market leader, Huawei Malaysia after the Company enter into a collaboration agreement with them during the financial year. The Group believes that through knowledge sharing and transfer, it helps the employees to foster their learning exposures and motivation.

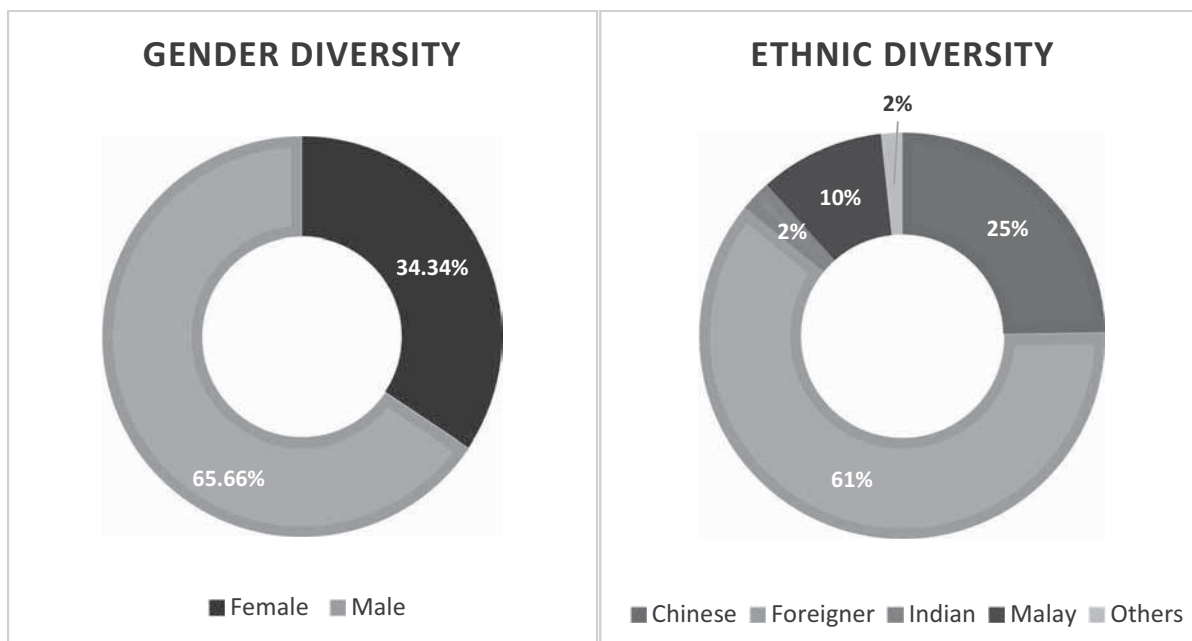
The Group understands that the future lies in the hand of the younger generation of our workforce. In order to create opportunities and to nurture young talents, we continue to encourage students to intern with us and gain first-hand experience of the industry, whilst preparing them for employment upon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

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

The Group currently does not have a policy on diversity of the workforce in terms of gender, age, and ethnicity. However, all employees from different background are treated and evaluated fairly based on their performance, capability and contribution. The Group practises 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 2020 are as follows:

Age Group	19 and below	20 to 29	30 to 39	40 to 49	50 and above	Grand Total
Female	1	104	62	27	10	204
Top Management	-	-	-	2	-	2
Senior Management	-	4	8	5	1	18
Others	1	100	54	20	9	184
Male	6	177	131	52	24	390
Top Management	-	-	-	1	5	6
Senior Management	-	2	35	21	6	64
Others	6	175	96	30	13	320
Grand Total	7	281	193	79	34	594



MARKETPLACE

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

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

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

ENVIRONMENT

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

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

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

COMMUNITY

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. During the financial year, IFCA China offices managed to organise annual staff gathering after the Covid-19 pandemic is under control within the boundary. However, festive gathering and annual dinner are cancelled in both IFCA Malaysia and Indonesia offices due to the continuing impacts of global pandemic.

To support the fight against Covid-19, the Group continues to play an integral role to protect the health and safety of the communities around us. During the phases of movement control issued by the government of Malaysia and Indonesia, the Group has conducted anti-Covid-19 preventive initiatives which include body temperature screening, face mask giving, physical distancing, workplace sanitisation and quarantine procedures. The Group also adopted the policy of work from home for operation team to minimise physical contact among the employees and to reduce the risk of infection.

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.

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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 2020.

Principal Activities

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

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

Financial Results

	Group RM	Company RM
Net profit for the financial year	<u>8,424,730</u>	<u>4,728,299</u>
Attributable to:		
Owners of the parent	8,387,854	4,728,299
Non-controlling interests	<u>36,876</u>	<u>-</u>
	<u>8,424,730</u>	<u>4,728,299</u>

Reserves and Provisions

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

Dividends

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

RM

A final single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2019 on 25 September 2020

6,068,997

The Directors recommend the payment of a final single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 December 2020, 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 2021.

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 21 August 2020, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 31 December 2020, the total number of treasury shares held by the Company was 1,391,200 out of the total 608,290,900 ordinary shares.

The details of the treasury shares are set out in Note 19 to the financial statements.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year until the date of this report are as follows:

Yong Keang Cheun*

Yong Kian Keong*

Chew See Chiew

Leong Nyu Kuan

Ang Boon Pheng

Eng Kim Haw

Ooi Bee Bee

(appointed on 01.03.2021)

(resigned on 01.03.2021)

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

** Directors of the Company and its subsidiary companies*

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

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related 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 01.01.2020	Bought	Sold	At 31.12.2020
<i>Interests in the Company</i>				
Direct Interests				
Yong Keang Cheun	3,650,045	-	-	3,650,045
Yong Kian Keong	1,000,365	-	-	1,000,365
Indirect Interests				
Yong Keang Cheun ^(a)	209,605,008	-	-	209,605,008
Yong Kian Keong ^(b)	212,254,688	-	-	212,254,688

Directors' Interests in Shares (Cont'd)

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

	Number of Ordinary Shares			
	At 01.01.2020	Bought	Sold	At 31.12.2020
<i>Interests in Subsidiary Companies</i>				
Property365 Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
IFCA Solutions Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
IFCA Systems (JB) Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	1	-	-	1
Yong Kian Keong	1	-	-	1
IFCA Consulting (Sarawak) Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
IFCA Systems (Penang) Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
Network Online Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000

Directors' Interests in Shares (Cont'd)

Notes:

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

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

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 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, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM19,642 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

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

Significant Event

The significant event is disclosed in Note 41 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 31 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 April 2021.

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 in Malaysia

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 55 to 174 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 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 2021.

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 in Malaysia

I, Lai Guey Yann (MIA Membership No: 41156), being the Officer primarily responsible for the financial management of IFCA MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 55 to 174 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 2021)

LAI GUEY YANN

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD

COMMISSIONER FOR OATHS

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IFCA MSC Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial years then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 174.

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 2020 and of their financial performance and their cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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

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

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

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<p>1. Goodwill impairment review</p> <p>The Group and the Company has significant goodwill arising from the acquisition of a business in Indonesia as disclosed in Note 10 to the financial statements. The goodwill on combination were tested for impairment annually in accordance to MFRS 136 <i>Impairment of Assets</i>. 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.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ul style="list-style-type: none"> assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to the approved budgets and comparing to recent performance and prior years' forecasted results; performed sensitivity analysis on the key inputs to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the end of the reporting period; checked and challenged the key assumptions used by management, in particular, annual revenue growth rate by comparing to business plans, historical results and market data; and assessed the adequacy of the disclosure in the financial statements.

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

[Registration No: 199701037892 (453392-T)]

(Incorporated in Malaysia)

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

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>2. Assessment of Carrying Amount of Deferred Development Costs</p> <p>As at 31 December 2020, the Group's carrying amount of the deferred development costs amounted to RM10,798,303.</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"> • tested the amounts capitalised in the reporting period are in accordance with the requirements of MFRS 138 <i>Intangible Assets</i>; • assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to the approved budgets and comparing to recent performance and prior years' forecasted results; • performed sensitivity analysis on the key inputs to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the deferred development costs at the end of the reporting period; • checked and challenged the key assumptions used by management, in particular, annual revenue growth rate by comparing to business plans, historical results and market data; and • assessed the adequacy of the disclosure in the financial statements.

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

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosure in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2022 J
Chartered Accountant

KUALA LUMPUR

22 April 2021

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020	2019	2020	2019
		RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	6,276,800	9,495,272	4,196,171	4,374,826
Investment properties	5	4,963,343	250,000	245,000	250,000
Deferred development costs	6	10,798,303	9,692,158	-	-
Intangible assets	7	-	-	-	-
Right-of-use assets	8	3,005,904	1,040,999	7,915	243,129
Investment in subsidiary companies	9	-	-	11,909,191	11,309,191
Goodwill on business combination	10	25,111,525	25,111,525	25,111,525	25,111,525
Other investments	11	179,500	194,500	76,000	91,000
Amount due from subsidiary companies	12	-	-	6,481,828	7,710,497
		<u>50,335,375</u>	<u>45,784,454</u>	<u>48,027,630</u>	<u>49,090,168</u>
Current Assets					
Contract assets	13	3,952,381	6,123,876	-	-
Trade receivables	14	10,599,322	10,888,906	453,463	335,297
Other receivables	15	1,019,796	1,232,173	222,999	358,676
Other current assets	16	293,588	402,982	124,759	99,618
Amount due from subsidiary companies	12	-	-	4,932,334	6,587,051
Tax recoverable		1,386,157	1,239,103	-	147,280
Fixed deposits with licensed banks	17	47,408,263	38,042,768	27,700,867	21,740,657
Cash and bank balances		<u>32,180,211</u>	<u>36,916,207</u>	<u>2,889,468</u>	<u>7,436,095</u>
		<u>96,839,718</u>	<u>94,846,015</u>	<u>36,323,890</u>	<u>36,704,674</u>
Total Assets		<u>147,175,093</u>	<u>140,630,469</u>	<u>84,351,520</u>	<u>85,794,842</u>

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (CONT'D)

		Group		Company	
	Note	2020	2019	2020	2019
		RM	RM	RM	RM
Equity					
Share capital	18	83,947,005	83,947,005	83,947,005	83,947,005
Treasury shares	19	(430,221)	(430,221)	(430,221)	(430,221)
Foreign currency translation reserve	20	(1,390,866)	(1,225,334)	-	-
Retained earnings/ (Accumulated losses)		<u>39,707,356</u>	<u>37,460,696</u>	<u>(76,467)</u>	<u>1,264,231</u>
Equity attributable to owners of the parent		121,833,274	119,752,146	83,440,317	84,781,015
Non-controlling interests		<u>(362,919)</u>	<u>(399,773)</u>	<u>-</u>	<u>-</u>
		<u>121,470,355</u>	<u>119,352,373</u>	<u>83,440,317</u>	<u>84,781,015</u>
Non-Current Liabilities					
Contract liabilities	13	166,713	74,929	-	-
Lease liabilities	21	1,548,852	297,032	6,097	8,134
Employees' retirement benefits	22	1,137,855	781,613	-	-
Deferred tax liabilities	23	<u>153,293</u>	<u>237,520</u>	<u>62,159</u>	<u>65,987</u>
		<u>3,006,713</u>	<u>1,391,094</u>	<u>68,256</u>	<u>74,121</u>
Current Liabilities					
Contract liabilities	13	12,932,017	10,624,439	-	-
Trade payables	24	57,908	129,770	-	12,428
Other payables	25	8,313,298	8,861,278	802,205	913,420
Lease liabilities	21	1,371,676	253,008	2,038	13,858
Tax payable		<u>23,126</u>	<u>18,507</u>	<u>38,704</u>	<u>-</u>
		<u>22,698,025</u>	<u>19,887,002</u>	<u>842,947</u>	<u>939,706</u>
Total Liabilities		<u>25,704,738</u>	<u>21,278,096</u>	<u>911,203</u>	<u>1,013,827</u>
Total Equity and Liabilities		<u>147,175,093</u>	<u>140,630,469</u>	<u>84,351,520</u>	<u>85,794,842</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 2020**

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	26	81,060,814	85,588,703	4,272,247	4,311,366
Other income	27	5,404,257	3,899,498	8,687,027	12,581,538
Employee benefits expenses	28	(51,120,259)	(51,542,113)	(5,042,267)	(5,261,284)
Changes in inventories		(96,856)	(2,561,315)	(126,065)	(142,112)
Depreciation of property, plant and equipment		(846,383)	(671,161)	(243,093)	(208,718)
Amortisation of development costs		(3,145,943)	(4,716,741)	-	-
Amortisation of intangible assets		-	(248,533)	-	(248,533)
Amortisation of right-of-use assets		(1,492,872)	(398,643)	(93,972)	(123,407)
Net gain/(loss) on impairment of financial instruments	31	722,788	2,375,528	284,613	(78,615)
Other expenses		(20,062,920)	(23,529,854)	(2,599,313)	(2,754,807)
Profit from operations		10,422,626	8,195,369	5,139,177	8,075,428
Finance costs	30	(187,626)	(36,246)	(556)	(3,370)
Profit before taxation	31	10,235,000	8,159,123	5,138,621	8,072,058
Taxation	32	(1,810,270)	(2,023,655)	(410,322)	(202,325)
Net profit for the financial year		8,424,730	6,135,468	4,728,299	7,869,733

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Other comprehensive income:					
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operation		(165,532)	439,833	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial loss recognised in employees' retirement benefits		(91,837)	-	-	-
Tax effects relating to employee's retirement benefits		19,640	-	-	-
Other comprehensive income for the financial year, net of taxation		(237,729)	439,833	-	-
Total comprehensive income for the financial year		8,187,001	6,575,301	4,728,299	7,869,733
Net profit for the financial year attributable to:					
Owners of the parent		8,387,854	5,956,514	4,728,299	7,869,733
Non-controlling interests		36,876	178,954	-	-
		8,424,730	6,135,468	4,728,299	7,869,733

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Total comprehensive income attributable to:					
Owners of the parent		8,150,125	6,396,347	4,728,299	7,869,733
Non-controlling interests		36,876	178,954	-	-
		<u>8,187,001</u>	<u>6,575,301</u>	<u>4,728,299</u>	<u>7,869,733</u>
Earnings per share (sen per share)	33				
- Basic		1.38	0.98		
- Diluted		<u>1.38</u>	<u>0.98</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 2020**

	Note	Attributable to Owners of the Parent						
		Non-distributable			Distributable			
		Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2020		83,947,005	(430,221)	(1,225,334)	37,460,696	119,752,146	(399,773)	119,352,373
Net profit for the financial year		-	-	-	8,387,854	8,387,854	36,876	8,424,730
Other comprehensive loss		-	-	(165,532)	(72,197)	(237,729)	-	(237,729)
Total comprehensive income for the financial year		-	-	(165,532)	8,315,657	8,150,125	36,876	8,187,001
Transactions with owners:								
Dividends to owners of the Company	34	-	-	-	(6,068,997)	(6,068,997)	-	(6,068,997)
Dividends to subsidiary companies' non-controlling interests		-	-	-	-	-	(22)	(22)
Total transactions with owners		-	-	-	(6,068,997)	(6,068,997)	(22)	(6,069,019)
At 31 December 2020		83,947,005	(430,221)	(1,390,866)	39,707,356	121,833,274	(362,919)	121,470,355

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Note	Attributable to Owners of the Parent						
		Non-distributable		Distributable				
		Share Capital	Treasury Shares	For foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM
Group								
At 1 January 2019, as previously stated		83,947,005	(384,624)	(1,665,167)	37,585,479	119,482,693	(492,298)	118,990,395
Effect of adoption of MFRS 16		-	-	-	(12,300)	(12,300)	-	(12,300)
At 1 January 2019, as restated		83,947,005	(384,624)	(1,665,167)	37,573,179	119,470,393	(492,298)	118,978,095
Net profit for the financial year		-	-	-	5,956,514	5,956,514	178,954	6,135,468
Other comprehensive income		-	-	439,833	-	439,833	-	439,833
Total comprehensive income for the financial year		-	-	439,833	5,956,514	6,396,347	178,954	6,575,301
Transactions with owners:								
Shares repurchased	19	-	(45,597)	-	-	(45,597)	-	(45,597)
Dividends to owners of the Company	34	-	-	-	(6,068,997)	(6,068,997)	-	(6,068,997)
Dividends to subsidiary companies' non-controlling interests		-	-	-	-	-	(86,429)	(86,429)
Total transactions with owners		-	(45,597)	-	(6,068,997)	(6,114,594)	(86,429)	(6,201,023)
At 31 December 2019		83,947,005	(430,221)	(1,225,334)	37,460,696	119,752,146	(399,773)	119,352,373

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Note	Non-distributable		Distributable Retained Earnings/ (Accumulated Losses) RM	Total Equity RM
		Share Capital RM	Treasury Shares RM		
Company					
At 1 January 2020		83,947,005	(430,221)	1,264,231	84,781,015
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	4,728,299	4,728,299
Transactions with owners:					
Dividends to owners of the Company	34	-	-	(6,068,997)	(6,068,997)
Total transactions with owners		-	-	(6,068,997)	(6,068,997)
At 31 December 2020		83,947,005	(430,221)	(76,467)	83,440,317

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Note	Non-distributable		Distributable		Total Equity RM
		Share Capital RM	Treasury Shares RM	Retained Earnings/ (Accumulated Losses) RM		
Company						
At 1 January 2019, as previously stated		83,947,005	(384,624)	(536,049)		83,026,332
Effect of adoption of MFRS 16		-	-	(456)		(456)
At 1 January 2019, as restated		83,947,005	(384,624)	(536,505)		83,025,876
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	7,869,733		7,869,733
Transactions with owners:						
Shares repurchased	19	-	(45,597)	-		(45,597)
Dividends to owners of the Company	34	-	-	(6,068,997)		(6,068,997)
Total transactions with owners		-	(45,597)	(6,068,997)		(6,114,594)
At 31 December 2019		83,947,005	(430,221)	1,264,231		84,781,015

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

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before taxation	10,235,000	8,159,123	5,138,621	8,072,058
Adjustments for:				
Depreciation of				
property, plant and equipment	846,383	671,161	243,093	208,718
Dividend income	-	-	(5,123,594)	(8,229,948)
Amortisation of:				
- development costs	3,145,943	4,716,741	-	-
- intangible asset	-	248,533	-	248,533
- right-of-use assets	1,492,872	398,643	93,972	123,407
Bad debts written off	37,146	1,648,555	-	28,909
Fair value loss/(gain) on investment properties	237,132	(5,000)	5,000	(5,000)
Impairment loss on:				
- contract assets	2,100,885	-	-	-
- deferred development costs	2,140,832	-	-	-
- amount due from subsidiary companies	-	-	100,595	123,330
- trade receivables	898,109	986,911	-	-
- other investments	15,000	-	15,000	-
- investment in a subsidiary company	-	-	600,000	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(7,728)	(5,983)	(16,758)	24,122
Property, plant and equipment written off	14,767	136,927	-	6,903
Reversal of impairment loss on:				
- trade receivables	(1,620,897)	(3,362,439)	-	(28,909)
- amount due from subsidiary companies	-	-	(385,208)	(15,806)
- property, plant and equipment	(13,140)	(4,567)	-	-

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unrealised loss/(gain) on foreign exchange	425,362	(100,327)	101,602	18,472
Waiver of amount due to other payables	-	(182,216)	-	-
Interest expense	187,626	36,246	556	3,370
Interest income	(1,682,669)	(1,726,215)	(661,880)	(738,114)
Operating profit/(loss) before working capital changes	18,452,623	11,616,093	110,999	(159,955)
Changes in working capital:				
Receivables	1,533,368	3,891,083	(7,630)	2,754,494
Payables	(2,058,065)	348,785	(123,643)	(5,561)
Contract assets	65,274	2,597,398	-	-
Contract liabilities	1,059,746	(196,206)	-	-
Subsidiary companies	-	-	2,039,925	9,466,659
Exchange differences	-	-	-	-
	600,323	6,641,060	1,908,652	12,215,592
Cash generated from operating activities	19,052,946	18,257,153	2,019,651	12,055,637
Tax paid	(1,504,067)	(3,858,721)	(228,166)	(386,435)
Tax refund	587,619	2,208,168	-	695,424
	(916,448)	(1,650,553)	(228,166)	308,989
Net cash from operating activities	18,136,498	16,606,600	1,791,485	12,364,626

IFCA MSC BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from investing activities				
Development costs incurred	(6,241,650)	(5,510,175)	-	-
Dividend received	-	-	5,123,594	5,920,948
Interest received	1,682,669	1,726,215	661,880	738,114
Purchase of property, plant and equipment	(2,754,620)	(2,798,123)	(64,438)	(302,904)
Proceeds from disposal of property, plant and equipment	425,499	139,626	158,000	48,000
Repayment of contingent consideration	-	(3,701,952)	-	(3,701,952)
Net movement of deposits not for short-term funding requirements	(2,287,012)	3,406,860	(2,287,012)	(3,603,704)
Net cash (used in)/from investing activities	<u>(9,175,114)</u>	<u>(6,737,549)</u>	<u>3,592,024</u>	<u>(901,498)</u>

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from financing activities				
Dividends paid	(6,068,997)	(6,068,997)	(6,068,997)	(6,068,997)
Interest paid	(187,626)	(36,246)	(556)	(3,370)
Repayments of lease liabilities	(1,340,215)	(409,043)	(13,857)	(113,318)
Net changes on fixed deposit pledged	(73,181)	(13,547,268)	(73,181)	5,096,274
Purchase of treasury shares	-	(45,597)	-	(45,597)
Net cash used in financing activities	<u>(7,670,019)</u>	<u>(20,107,151)</u>	<u>(6,156,591)</u>	<u>(1,135,008)</u>
Net increase/(decrease) in cash and cash equivalents	1,291,365	(10,238,100)	(773,082)	10,328,120
Effects on foreign exchange rate changes	977,941	(328,118)	(173,528)	(18,372)
Cash and cash equivalents at the beginning of the financial year	<u>58,411,707</u>	<u>68,977,925</u>	<u>12,629,484</u>	<u>2,319,736</u>
Cash and cash equivalents at the end of the financial year	<u>60,681,013</u>	<u>58,411,707</u>	<u>11,682,874</u>	<u>12,629,484</u>
Cash and cash equivalents comprises the following:				
Fixed deposits with licensed banks	47,408,263	38,042,768	27,700,867	21,740,657
Cash and bank balances	<u>32,180,211</u>	<u>36,916,207</u>	<u>2,889,468</u>	<u>7,436,095</u>
	79,588,474	74,958,975	30,590,335	29,176,752
Less: Fixed deposit pledged to licensed banks	(2,670,336)	(2,597,155)	(2,670,336)	(2,597,155)
Less: Deposits not for short-term funding requirements	<u>(16,237,125)</u>	<u>(13,950,113)</u>	<u>(16,237,125)</u>	<u>(13,950,113)</u>
	<u>60,681,013</u>	<u>58,411,707</u>	<u>11,682,874</u>	<u>12,629,484</u>

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

IFCA MSC BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. Corporate Information

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

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

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

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

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

2. Basis of Preparation

(a) Statement of Compliance

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

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

Adoption of new and amended standards

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

2. Basis of Preparation (Cont'd)

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

Adoption of new and amended standards (Cont'd)

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3

Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7

Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108

Definition of Material

Early adoption of amendments to MFRS

In current financial year, the Group and the Company have elected to early adopt Amendments to MFRS 16 Covid-19-Related Rent Concessions which is effective from the annual period, beginning on or after 1 June 2020.

The amendments grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The amendments shall be applied retrospectively.

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Company.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to MFRS 16 Amendments to MFRS 141	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

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

2. Basis of Preparation (Cont'd)

(b) Functional and Presentation Currency

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

(c) Significant Accounting Judgements, Estimates and Assumptions

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

Judgements

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

Satisfaction of performance obligations in relation to contracts with customers

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

The Group recognises revenue over time in the following circumstances:

- (i) The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (ii) 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
- (iii) The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

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

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

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

Key sources of estimation uncertainty

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

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

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 8 respectively to the financial statements.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2020 for investment properties. A valuation methodology based on sales comparison approach was used.

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

Deferred development costs

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

Recoverability of deferred development costs

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

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement 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.

In determining the impact of variable consideration, the Group uses the expected value method, whereby the transaction price is determined by reference to the sum of probability-weighted amounts in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Discount rate used in leases

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

Income taxes

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

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group and the Company have tax recoverable of RM1,386,157 (2019: RM1,239,103) and RMNil (2019: RM147,280) respectively and tax payable of RM23,126 (2019: RM18,507) and RM38,704 (2019: RMNil) respectively.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates.

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 38 to the financial statements.

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

3. **Significant Accounting Policies**

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

(a) **Basis of consolidation**

(i) **Subsidiary companies**

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

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

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

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

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

(iii) **Disposal of subsidiary companies**

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

(iv) **Goodwill on consolidation**

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

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

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

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

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

(i) **Recognition and measurement**

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

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

3. Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on reducing balance method to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

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

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

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

3. Significant Accounting Policies (Cont'd)

(d) Leases

(i) As lessee

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

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

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

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

The ROU assets are subject to impairment.

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

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(i) As lessee (Cont'd)

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

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

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

(ii) As lessor

When the Group or the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

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

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

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(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

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

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

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

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

(ii) Intangible assets acquired in a business combination

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

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(iii) Derecognition of intangible assets

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

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

(g) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition are as follows:

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

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

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

(h) Financial liabilities

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

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

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities (Con'd)

(b) Amortised cost

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

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

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

(i) Financial guarantee contracts

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

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

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

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

(j) Offsetting of financial instruments

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

3. Significant Accounting Policies (Cont'd)

(k) Contract assets and contract liabilities

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

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

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

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

(l) Cash and cash equivalents

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

(m) Impairment of assets

(i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

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

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.

(ii) Financial Asset

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

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

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial Asset (Cont'd)

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

(n) Share Capital

(i) Ordinary shares

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

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

(ii) Treasury shares

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

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

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

3. Significant Accounting Policies (Cont'd)

(o) Provisions

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

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

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

(p) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contribution to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits (Cont'd)

(iii) Defined benefits plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan is an approved fund independent of the Group's finances and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains / losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of reporting period.

The defined benefit obligation, calculated annually using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at statement of financial position date of Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past-service costs are recognised immediately in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

3. Significant Accounting Policies (Cont'd)

(q) Borrowing costs

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

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

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

(r) Revenue recognition

Revenue from contracts with customers

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

(i) Sale of software applications

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

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

(ii) Royalty income

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

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

Revenue from contracts with customers (Cont'd)

(iii) Sale of hardware, networking and operating systems

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

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

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

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

Revenue from other sources

(i) Interest income

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

(ii) Rental income

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

(iii) Dividend income

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

3. Significant Accounting Policies (Cont'd)

(s) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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

3. Significant Accounting Policies (Cont'd)

(t) Segment reporting

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

(u) Contingencies

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

(v) Fair value measurement

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

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

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

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

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

4. Property, Plant and Equipment

Group 2020	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Cost						
At 1 January 2020	633,000	8,235,719	1,020,104	6,763,083	1,654,743	18,306,649
Additions	-	2,044,761	373,765	303,562	32,532	2,754,620
Disposals	-	-	(1,167,078)	(3,228)	-	(1,170,306)
Transfer to investment properties (Note 5)	-	(4,990,457)	-	-	-	(4,990,457)
Transfer from right-of use assets (Note 8)	-	-	939,406	21,600	-	961,006
Reclassification	-	1	638,669	(556,399)	(82,271)	-
Written off	-	-	-	(35,846)	(1,850)	(37,696)
Exchange differences	-	(56,994)	10,662	45,178	4,378	3,224
At 31 December 2020	633,000	5,233,030	1,815,528	6,537,950	1,607,532	15,827,040
Accumulated depreciation						
At 1 January 2020	-	2,001,575	897,969	4,682,855	1,204,715	8,787,114
Charge for the financial year	-	117,321	202,658	457,933	68,471	846,383
Disposals	-	-	(749,307)	(3,228)	-	(752,535)
Transfer from right-of use assets (Note 8)	-	-	598,107	8,460	-	606,567
Reclassification	-	2	(475,191)	432,850	42,339	-
Written off	-	-	-	(21,079)	(1,850)	(22,929)
Exchange differences	-	-	485	56,594	4,298	61,377
At 31 December 2020	-	2,118,898	474,721	5,614,385	1,317,973	9,525,977
Accumulated impairment						
As at 1 January 2020	-	21,224	-	1,774	1,265	24,263
Transfer from right-of use assets (Note 8)	-	-	-	13,140	-	13,140
Reversals of impairment	-	-	-	(13,140)	-	(13,140)
At 31 December 2020	-	21,224	-	1,774	1,265	24,263
Carrying amount						
At 31 December 2020	633,000	3,092,908	1,340,807	921,791	288,294	6,276,800

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

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

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

Company 2020	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Cost						
At 1 January 2020	633,000	5,233,030	36,140	1,901,253	944,117	8,747,540
Additions	-	-	-	47,266	17,172	64,438
Disposal	-	-	(596,450)	-	-	(596,450)
Transfer from right-of use assets (Note 8)	-	-	596,450	-	-	596,450
Written off	-	-	-	(3,567)	(1,850)	(5,417)
At 31 December 2020	633,000	5,233,030	36,140	1,944,952	959,439	8,806,561
Accumulated depreciation						
At 1 January 2020	-	2,001,577	21,084	1,555,028	773,801	4,351,490
Charge for the financial year	-	117,321	7,228	81,794	36,750	243,093
Disposal	-	-	(455,208)	-	-	(455,208)
Transfer from right-of use assets (Note 8)	-	-	455,208	-	-	455,208
Written off	-	-	-	(3,567)	(1,850)	(5,417)
At 31 December 2020	-	2,118,898	28,312	1,633,255	808,701	4,589,166
Accumulated impairment						
As at 1 January 2020/ 31 December 2020	-	21,224	-	-	-	21,224
Carrying amount						
At 31 December 2020	633,000	3,092,908	7,828	311,697	150,738	4,196,171

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

Company**2019****Cost**

At 1 January 2019,
as previously stated
Effect of adoption of MFRS 16
At 1 January 2019, as restated
Additions
Disposal
Written off
At 31 December 2019

Freehold land RM	Freehold buildings RM	Motor vehicles RM	computer equipment RM	furniture and fittings RM	Total RM
633,000	5,233,030	749,544	1,625,768	939,689	9,181,031
-	-	(596,450)	-	-	(596,450)
633,000	5,233,030	153,094	1,625,768	939,689	8,584,581
-	-	-	298,476	4,428	302,904
-	-	(116,954)	-	-	(116,954)
-	-	-	(22,991)	-	(22,991)
633,000	5,233,030	36,140	1,901,253	944,117	8,747,540

Accumulated depreciation

At 1 January 2019,
as previously stated
Effect of adoption of MFRS 16
At 1 January 2019, as restated
Charge for the financial year
Disposal
Written off
At 31 December 2019

-	1,884,256	311,764	1,516,004	738,118	4,450,142
-	-	(246,450)	-	-	(246,450)
-	1,884,256	65,314	1,516,004	738,118	4,203,692
-	117,321	602	55,112	35,683	208,718
-	-	(44,832)	-	-	(44,832)
-	-	-	(16,088)	-	(16,088)
-	2,001,577	21,084	1,555,028	773,801	4,351,490

Accumulated impairment

As at 1 January 2019/
31 December 2019

-	21,224	-	-	-	21,224
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Carrying amount

At 31 December 2019

633,000	3,210,229	15,056	346,225	170,316	4,374,826
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4. **Property, Plant and Equipment (Cont'd)**

- (a) The strata titles of certain property of the Group and of the Company with carrying amounts of RM28,633 (2019: RM30,412) and RM28,633 (2019: RM30,412) respectively have yet to be issued by the relevant authorities.
- (b) During the financial year, certain of the right-of-use assets of the Group and of the Company were transferred to property, plant and equipment because these assets were previously used under lease agreements that had been purchased by the Group and by the Company.

5. **Investment Properties**

	Buildings RM	Buildings work-in- progress RM	Total RM
Group			
2020			
At fair value			
At 1 January 2020	250,000	-	250,000
Transferred from property, plant and equipment (Note 4)	2,790,839	2,199,618	4,990,457
Change in fair value recognised in profit or loss	(237,132)	-	(237,132)
Exchange differences	(21,500)	(18,482)	(39,982)
At 31 December 2020	<u>2,782,207</u>	<u>2,181,136</u>	<u>4,963,343</u>
Included in the above are:			
At fair value			
Residential properties	2,534,343	1,590,463	4,124,806
Commercial properties	247,864	590,673	838,537
	<u>2,782,207</u>	<u>2,181,136</u>	<u>4,963,343</u>
2019			
At fair value			
At 1 January 2019	245,000	-	245,000
Change in fair value recognised in profit or loss	5,000	-	5,000
At 31 December 2019	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Included in the above are:			
At fair value			
Commercial properties	<u>250,000</u>	<u>-</u>	<u>250,000</u>

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

	Company	
	2020	2019
	RM	RM
At fair value		
At 1 January	250,000	245,000
Change in fair value recognised in profit or loss	(5,000)	5,000
At 31 December	<u>245,000</u>	<u>250,000</u>
Included in the above are:		
At fair value		
Commercial properties	<u>245,000</u>	<u>250,000</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. 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 decrease in the fair values of the Group and of the Company of RM237,132 and RM5,000 (increase in fair values in 2019: RM5,000 and RM5,000) respectively has been recognised in the profit or loss during the financial year.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Direct operating expenses				
Non-income generating investment properties	<u>20,118</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. **Deferred Development Costs**

	Group	
	2020	2019
	RM	RM
Cost		
At 1 January	46,084,259	41,117,396
Additions	6,241,650	5,510,175
Exchange differences	1,077,078	(543,312)
At 31 December	<u>53,402,987</u>	<u>46,084,259</u>
Accumulated amortisation		
At 1 January	36,392,101	32,316,442
Charge for the financial year	3,145,943	4,716,741
Exchange differences	925,808	(641,082)
At 31 December	<u>40,463,852</u>	<u>36,392,101</u>
Accumulated impairment losses		
At 1 January	-	-
Charge for the financial year	2,140,832	-
At 31 December	<u>2,140,832</u>	<u>-</u>
Carrying amount		
At 31 December	<u>10,798,303</u>	<u>9,692,158</u>

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

	Group	
	2020	2019
	RM	RM
Employee benefits expense (Note 28)	<u>6,241,650</u>	<u>5,510,175</u>

6. Deferred Development Costs (Cont'd)

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

Amortisation begins only when the commercial production has commenced. At 31 December 2020, RM10,175,337 (2019: RM6,320,952) were incurred on the development of software that has not commenced commercial production yet, hence it is not subject to amortisation. The amortisation expense has been included in the statements of profit or loss and other comprehensive income.

Impairment testing for deferred development costs

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

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next five (5) years. The rate used to discount the forecast cash flows is 16.5% (2019: 11%).

During the financial year, management estimates the recoverable amount of certain deferred development costs estimated based on value-in-use method was RMNil due to the traditional Information and Communications Technology ("ICT") products may encounter a drastic drop in demand as well as the related revenues generated. Hence, an impairment loss of RM2,140,832 was recognised in profit or loss.

7. **Intangible Assets**

	Software lease contracts RM	Project software contracts RM	Software supports services contracts RM	Total RM
Group and Company				
2020				
Cost				
At 1 January 2020/ 31 December 2020	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Less : Accumulated amortisation				
At 1 January 2020/ 31 December 2020	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Carrying amount				
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2019				
Cost				
At 1 January 2019/ 31 December 2019	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Less : Accumulated amortisation				
At 1 January 2019	2,174,148	1,164,874	337,637	3,676,659
Charge for the financial year	<u>248,533</u>	<u>-</u>	<u>-</u>	<u>248,533</u>
At 31 December 2019	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Carrying amount				
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. Intangible Assets (Cont'd)

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

Software lease contracts, project software contracts and software support services contracts

(i) Software Lease Contracts

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

(ii) Project Software Contracts

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

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

(iii) Software Support Services Contracts

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

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

8. **Right-of-use Assets**

	Office buildings RM	Office equipments RM	Motor vehicles RM	Total RM
Group Cost				
As at 1 January 2020	680,311	110,010	1,431,314	2,221,635
Additions	3,777,940	21,136	-	3,799,076
Transferred to property, plant and equipment (Note 4)	-	(21,600)	(939,406)	(961,006)
At 31 December 2020	<u>4,458,251</u>	<u>109,546</u>	<u>491,908</u>	<u>5,059,705</u>
Accumulated amortisation				
As at 1 January 2020	499,035	63,526	604,935	1,167,496
Charge for the financial year	1,316,718	12,899	163,255	1,492,872
Transferred to property, plant and equipment (Note 4)	-	(8,460)	(598,107)	(606,567)
At 31 December 2020	<u>1,815,753</u>	<u>67,965</u>	<u>170,083</u>	<u>2,053,801</u>
Accumulated impairment losses				
As at 1 January 2020	-	13,140	-	13,140
Transferred to property, plant and equipment (Note 4)	-	(13,140)	-	(13,140)
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 December 2020	<u>2,642,498</u>	<u>41,581</u>	<u>321,825</u>	<u>3,005,904</u>

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

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

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

	Office equipments	Motor vehicle	Total
Company			
Cost			
As at 1 January 2020	28,501	596,450	624,951
Transferred to property, plant and equipment (Note 4)	-	(596,450)	(596,450)
At 31 December 2020	<u>28,501</u>	<u>-</u>	<u>28,501</u>
Accumulated amortisation			
As at 1 January 2020	16,082	365,740	381,822
Charge for the financial year	4,504	89,468	93,972
Transferred to property, plant and equipment (Note 4)	-	(455,208)	(455,208)
At 31 December 2020	<u>20,586</u>	<u>-</u>	<u>20,586</u>
Carrying amount			
At 31 December 2020	<u>7,915</u>	<u>-</u>	<u>7,915</u>
Cost			
As at 1 January 2019, as previously stated	-	-	-
Effect of adoption of MFRS 16	17,948	596,450	614,398
As at 1 January 2019, as restated	17,948	596,450	614,398
Addition	10,553	-	10,553
At 31 December 2019	<u>28,501</u>	<u>596,450</u>	<u>624,951</u>
Accumulated amortisation			
As at 1 January 2019, as previously stated	-	-	-
Effect of adoption of MFRS 16	11,965	246,450	258,415
As at 1 January 2019, as restated	11,965	246,450	258,415
Charge for the financial year	4,117	119,290	123,407
At 31 December 2019	<u>16,082</u>	<u>365,740</u>	<u>381,822</u>
Carrying amount			
At 31 December 2019	<u>12,419</u>	<u>230,710</u>	<u>243,129</u>

8. **Right-of-use Assets (Cont'd)**(a) Assets held under finance leases

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Motor vehicles	<u>321,825</u>	<u>826,379</u>	<u>-</u>	<u>230,710</u>

The leased ROU assets are pledged as security for the lease liabilities as disclosed in Note 21 to the financial statements.

(b) Transfer of right-of-use assets to property, plant and equipment

During the financial year, certain of the right-of-use assets of the Group and of the Company are transferred to property, plant and equipment because the right-of-use assets had been fully settled.

9. **Investment in Subsidiary Companies**

	Company	
	2020	2019
	RM	RM
Unquoted shares, at cost		
- Malaysia	6,449,980	5,249,980
- Outside Malaysia	<u>11,738,627</u>	<u>11,738,627</u>
	18,188,607	16,988,607
Less: Accumulated impairment losses	<u>(10,029,323)</u>	<u>(9,429,323)</u>
	8,159,284	7,559,284
Discount on amounts due from subsidiary companies	<u>3,749,907</u>	<u>3,749,907</u>
	<u>11,909,191</u>	<u>11,309,191</u>

During the current financial year, Network Online Sdn. Bhd. became inactive, which is an impairment indicator. An impairment assessment was performed by management. The recoverable amount of investment in Network Online Sdn. Bhd. estimated based on value-in-use method was RMNil. Impairment loss amounting to RM600,000 was recognised in 'administrative expenses' in the statements of profit or loss and other comprehensive income and as a result, the investment is fully impaired as at 31 December 2020.

9. Investment in Subsidiary Companies (Cont'd)

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

	Company	
	2020	2019
	RM	RM
At 1 January	9,429,323	9,429,323
Charge for the financial year	600,000	-
At 31 December	<u>10,029,323</u>	<u>9,429,323</u>

Details of subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2020	2019	
		%	%	
<i>Direct holding:</i>				
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
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

9. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2020 %	2019 %	
Direct holding:				
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	37.5	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
Held through Push Technology Sdn. Bhd.:				
SmartHR Sdn. Bhd.	Malaysia	62.5	-	Turnkey solutions provider

* Subsidiary companies not audited by UHY

9. Investment in Subsidiary Companies (Cont'd)

On 31 August 2020, the Company and Push Technology Sdn. Bhd. ("PTSB"), a wholly-owned subsidiary company of the Company, have respectively subscribed for additional 1,200,000 and 2,000,000 ordinary shares of RM1.00 each in SmartHR Sdn. Bhd. ("SmartHR"). SmartHR had increased its issued and paid-up share capital from RM2.00 to RM3,200,002 by an allotment of 3,200,000 ordinary shares of RM1.00 each. As such, the equity interest of the Company in SmartHR has been diluted from 100% to 37.5% and SmartHR became 62.5% indirect subsidiary company of the Company.

(a) 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	
	2020	2019	2020	2019	2020	2019
	%	%	RM	RM	RM	RM
IFCA Solutions Sdn. Bhd.	14.29	14.29	419,078	416,629	1,077,843	658,765
Property365 Sdn. Bhd.	14.29	14.29	(448,027)	(270,961)	(756,490)	(308,463)
Network Online Sdn. Bhd.	14.29	14.29	70,580	9,431	(212,940)	(283,520)
IFCA Consulting (Sabah) Sdn. Bhd.	40.00	40.00	(4,718)	23,814	(386,216)	(381,498)
Individually immaterial subsidiary companies with non-controlling interests					(85,116)	(84,057)
Total non-controlling interests					(362,919)	(399,773)

9. Investment in Subsidiary Companies (Cont'd)

(a) 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 statement of financial position

	IFCA Solutions Sdn. Bhd.		Property365 Sdn. Bhd.		Network Online Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM	RM	RM
Non-current assets	1,841,052	1,858,243	888,940	2,236,102	30,967	153,149	30,000	30,000
Current assets	12,262,244	12,880,084	8,055,152	6,937,354	286,003	587,895	44,315	61,486
Non-current liabilities	(111,045)	(285,090)	-	(196,015)	-	(2,083)	-	-
Current liabilities	(7,439,572)	(10,834,102)	(14,239,513)	(11,136,676)	(1,867,688)	(2,783,741)	(1,064,398)	(1,069,773)
Net assets/(liabilities)	6,552,679	3,619,135	(5,295,421)	(2,159,235)	(1,550,718)	(2,044,780)	(990,083)	(978,287)

9. Investment in Subsidiary Companies (Cont'd)**(a) Material partly-owned subsidiary companies (Cont'd)****(ii) Summarised statement of profit or loss and other comprehensive income**

	IFCA Solutions Sdn. Bhd.		Property365 Sdn. Bhd.		Network Online Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	22,037,658	25,012,895	7,852,648	5,940,349	97,134	856,923	-	-
Net profit/(loss) for the financial year	2,933,543	2,916,406	(3,136,188)	(1,896,724)	494,062	66,017	(11,796)	59,536
Total comprehensive income/(loss) for the financial year	2,933,543	2,916,406	(3,136,188)	(1,896,724)	494,062	66,017	(11,796)	59,536

9. Investment in Subsidiary Companies (Cont'd)

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

(iii) Summarised statement of cash flows

	IFCA Solutions Sdn. Bhd.		Property365 Sdn. Bhd.		Network Online Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM	RM	RM
Net cash from/(used in) operating activities	1,854,503	(2,533,680)	330,142	1,757,278	(44,626)	(61,423)	(7,631)	(15,088)
Net cash (used in)/from investing activities	(190,025)	(220,678)	(53,440)	(769,028)	62,051	30,245	-	-
Net cash used in financing activities	(187,574)	(747,797)	(45,600)	(38,000)	(29,700)	(39,600)	(338)	(4,702)
Net increase/ (decrease) in cash and cash equivalents	1,476,904	(3,502,155)	231,102	950,250	(12,275)	(70,778)	(7,969)	(19,790)

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

10. **Goodwill on Business Combination**

	Group and Company	
	2020	2019
	RM	RM
At 1 January/31 December	<u>25,111,525</u>	<u>25,111,525</u>

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

	Group and Company	
	2020	2019
	RM	RM
PT IFCA Property365 Indonesia ("PTIPI")	<u>25,111,525</u>	<u>25,111,525</u>

Recoverable amount on value-in-use

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

- (i) Pre-tax cash flow projection based on the most recent financial budgets covering a five (5) years period.
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranging 3% to 12% (2019: 1%).
- (iii) Pre-tax discount rate of 16.5% (2019: 11%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was based estimated based on the Group's weighted average cost of capital.

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

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

Sensitivity to changes in assumptions

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

11. Other Investments

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At cost				
Investment in club memberships:				
At 1 January/31 December	<u>201,674</u>	<u>201,674</u>	<u>91,000</u>	<u>91,000</u>
Accumulated impairment				
At 1 January	7,174	7,174	-	-
Charge for the financial year	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
At 31 December	<u>22,174</u>	<u>7,174</u>	<u>15,000</u>	<u>-</u>
Carrying amount				
At 31 December	<u>179,500</u>	<u>194,500</u>	<u>76,000</u>	<u>91,000</u>

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

12. **Amount Due from Subsidiary Companies**

	Company	
	2020	2019
	RM	RM
Non-Current Assets		
Amount due from subsidiary companies		
Non-trade related	10,154,903	11,668,185
Less: Accumulated impairment losses	(3,673,075)	(3,957,688)
	<u>6,481,828</u>	<u>7,710,497</u>
Current Assets		
Amount due from subsidiary companies		
Non-trade related	2,941,588	5,522,804
Trade related	1,990,746	1,064,247
	<u>4,932,334</u>	<u>6,587,051</u>

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

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

	Group	
	2020	2019
	RM	RM
Contract assets		
Current		
Software applications	6,053,266	6,123,876
Less: Accumulated impairment loss	(2,100,885)	-
	<u>3,952,381</u>	<u>6,123,876</u>
Contract liabilities		
Non-Current		
Maintenance, support system, training and implementation	(101,363)	(74,929)
Software applications	(65,350)	-
	<u>(166,713)</u>	<u>(74,929)</u>
Current		
Maintenance, support system, training and implementation	(9,486,653)	(8,626,627)
Software applications	(3,445,364)	(1,997,812)
	<u>(12,932,017)</u>	<u>(10,624,439)</u>
	<u>(13,098,730)</u>	<u>(10,699,368)</u>

Contract assets

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

Contract liabilities

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

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

14. Trade Receivables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables	13,350,064	14,415,040	453,463	335,297
Less: Accumulated impairment losses	(2,750,742)	(3,526,134)	-	-
	<u>10,599,322</u>	<u>10,888,906</u>	<u>453,463</u>	<u>335,297</u>

The Group's and the Company's normal trade credit terms is Nil days (2019: Nil days) and Nil days (2019: Nil days) respectively. These balances are unsecured and non-bearing interests. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

15. Other Receivables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other receivables	1,599,773	2,874,970	139,879	239,453
Deposits	663,182	695,995	83,120	111,473
GST recoverable	25,836	98,359	-	7,750
	<u>2,288,791</u>	<u>3,669,324</u>	<u>222,999</u>	<u>358,676</u>
Less: Accumulated impairment losses				
Other receivables	(1,268,995)	(2,437,151)	-	-
	<u>1,019,796</u>	<u>1,232,173</u>	<u>222,999</u>	<u>358,676</u>

16. Other Current Assets

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Prepayments	<u>293,588</u>	<u>402,982</u>	<u>124,759</u>	<u>99,618</u>

17. **Fixed Deposits with Licensed Banks**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fixed deposits for short term funding				
- Due within 3 months	28,500,802	21,495,500	8,793,406	5,193,389
- Due more than 3 months	16,237,125	13,950,113	16,237,125	13,950,113
	<u>44,737,927</u>	<u>35,445,613</u>	<u>25,030,531</u>	<u>19,143,502</u>
Fixed deposits pledged with licensed banks	2,670,336	2,597,155	2,670,336	2,597,155
	<u>47,408,263</u>	<u>38,042,768</u>	<u>27,700,867</u>	<u>21,740,657</u>

The interest rate of the fixed deposits of the Group and of the Company are range from 1.60% to 7.10% (2019: 2.80% to 7.10%) and 1.60% to 3.70% (2019: 2.95% to 3.70) respectively and mature within 1 to 6 months (2019: 3 to 12 months) period and 1 to 6 months (2019: 3 to 12 months) period respectively.

18. **Share Capital**

	Group and Company			
	Number of Shares		Amount	
	2020	2019	2020	2019
	Units	Units	RM	RM
Issued and fully paid:				
Ordinary shares				
At 1 January/				
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 declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

19. Treasury Shares

	Group and Company			
	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	Unit	Unit	RM	RM
At 1 January	1,391,200	1,291,200	430,221	384,624
Share repurchased	-	100,000	-	45,597
At 31 December	<u>1,391,200</u>	<u>1,391,200</u>	<u>430,221</u>	<u>430,221</u>

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

The details of the repurchase of treasury shares in the previous financial year were 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
2019					
May	100,000	0.455	0.450	0.453	<u>45,597</u>

There is no repurchase of treasury shares during the financial year.

20. Foreign Currency Translation Reserve

	Group	
	2020	2019
	RM	RM
At 1 January	1,225,334	1,665,167
Exchange translation differences for foreign operation	165,532	(439,833)
At 31 December	<u>1,390,866</u>	<u>1,225,334</u>

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

21. Lease Liabilities

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January, as previously stated	550,040	-	21,992	-
Effect of adoption of MFRS 16	-	785,876	-	124,757
At 1 January, as restated	<u>550,040</u>	<u>785,876</u>	<u>21,992</u>	<u>124,757</u>
Additions	3,710,703	173,207	-	10,553
Repayments	<u>(1,340,215)</u>	<u>(409,043)</u>	<u>(13,857)</u>	<u>(113,318)</u>
At 31 December	<u>2,920,528</u>	<u>550,040</u>	<u>8,135</u>	<u>21,992</u>
Presented as:				
Non-current	1,548,852	297,032	6,097	8,134
Current	<u>1,371,676</u>	<u>253,008</u>	<u>2,038</u>	<u>13,858</u>
	<u>2,920,528</u>	<u>550,040</u>	<u>8,135</u>	<u>21,992</u>

21. Lease Liabilities (Con'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Within one year	1,498,657	275,647	2,400	14,414
Later than 1 year and not later than 2 years	1,211,474	180,563	2,400	2,400
Later than 2 years and not later than 5 years	407,347	132,277	4,200	6,600
	<u>3,117,478</u>	<u>588,487</u>	<u>9,000</u>	<u>23,414</u>
Less: Future finance charges	<u>(196,950)</u>	<u>(38,447)</u>	<u>(865)</u>	<u>(1,422)</u>
Present value of minimum lease payments	<u>2,920,528</u>	<u>550,040</u>	<u>8,135</u>	<u>21,992</u>

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

Obligations under lease liabilities

These obligations are secured by a charge over the leased assets as disclosed in Note 8(a) to the financial statements. The interest rate of the Group and the Company for the leases are range from 2.31% to 4.45% (2019: 2.28% to 4.45%) and 4.45% (2019: 2.40% to 4.45%) per annum respectively.

22. **Employees' Retirement Benefits**

	Group	
	2020	2019
	RM	RM
Present value of unfunded defined benefit obligations		
defined benefit obligations	<u>1,137,855</u>	<u>781,613</u>

The Group recognises liabilities for employee benefits in respect of its overseas subsidiary company, PT IFCA Property365 Indonesia in accordance with the Indonesian Labour Law No. 13 Year 2003 dated 25 March 2003 ("Labour Law"). Under this Labour Law, the employee benefits are payable upon dismissal of employees.

The movements in the present value of defined benefits obligations is:

	Group	
	2020	2019
	RM	RM
At 1 January	781,613	-
Recognised in profit or loss:		
- Current service cost	229,863	214,209
- Interest costs	59,019	38,550
- Past service cost	-	524,564
Remeasurement recognised in other comprehensive income:		
- Effects of changes in financial assumptions	91,837	-
Foreign exchange translation differences	(24,477)	4,290
At 31 December	<u>1,137,855</u>	<u>781,613</u>

Actuarial assumptions

The principal actuarial assumptions at the end of the reporting period are:

	Group	
	2020	2019
Discount rate	7%	8%
Future average salary increases	8%	8%
Age of retirement	<u>57 years old</u>	<u>57 years old</u>

22. **Employees' Retirement Benefits (Cont'd)**Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations as at 31 December 2020 are as follows:

	Group	
	+1%	-1%
	RM	RM
(Decrease)/Increase of present value of the unfunded obligations		
-Discount rate	11,378	(11,378)
-Expected salary	11,378	(11,378)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be corrected.

23. **Deferred Tax Liabilities**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January	237,520	1,285,414	65,987	221,889
Recognised in profit or loss	36,943	(1,120,161)	(5,229)	(49,635)
(Over)/Under provision in prior year	(123,291)	73,348	1,401	(106,267)
Exchange differences	2,121	(1,081)	-	-
At 31 December	153,293	237,520	62,159	65,987

23. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deferred tax assets	(1,933,493)	(1,769,076)	-	-
Deferred tax liabilities	2,086,786	2,006,596	62,159	65,987
	<u>153,293</u>	<u>237,520</u>	<u>62,159</u>	<u>65,987</u>

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

Deferred tax liabilities of the Group and of the Company

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Accelerated capital allowances				
At 1 January	204,161	329,217	65,987	162,241
Recognised in profit or loss	(26,379)	1,861	(5,229)	10,013
(Over)/Under provision in prior year	(4,609)	(126,917)	1,401	(106,267)
At 31 December	<u>173,173</u>	<u>204,161</u>	<u>62,159</u>	<u>65,987</u>
Deferred development costs				
At 1 January	1,802,435	2,290,550	-	-
Recognised in profit or loss	383,010	(682,701)	-	-
Over provision in prior year	(271,832)	194,586	-	-
At 31 December	<u>1,913,613</u>	<u>1,802,435</u>	<u>-</u>	<u>-</u>
Intangible assets				
At 1 January	-	59,648	-	59,648
Recognised in profit or loss	-	(59,648)	-	(59,648)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,086,786</u>	<u>2,006,596</u>	<u>62,159</u>	<u>65,987</u>

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

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

Deferred tax assets of the Group and of the Company

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deferred revenue				
At 1 January	(1,510,658)	(1,286,935)	-	-
Recognised in profit or loss	(31,357)	(223,723)	-	-
Under provision in prior year	69,013	-	-	-
At 31 December	<u>(1,473,002)</u>	<u>(1,510,658)</u>	<u>-</u>	<u>-</u>
Unabsorbed capital allowances				
At 1 January	(11,641)	(18,412)	-	-
Recognised in profit or loss	(9,516)	8,935	-	-
Over provision in prior year	(1,847)	(2,164)	-	-
At 31 December	<u>(23,004)</u>	<u>(11,641)</u>	<u>-</u>	<u>-</u>
Unutilised tax losses				
At 1 January	(49,755)	(88,654)	-	-
Recognised in profit or loss	(223,388)	31,056	-	-
Under provision in prior year	85,984	7,843	-	-
At 31 December	<u>(187,159)</u>	<u>(49,755)</u>	<u>-</u>	<u>-</u>
Other temporary differences				
At 1 January	(197,022)	-	-	-
Recognised in profit or loss	(55,427)	(195,941)	-	-
Exchange differences	2,121	(1,081)	-	-
At 31 December	<u>(250,328)</u>	<u>(197,022)</u>	<u>-</u>	<u>-</u>
	<u>(1,933,493)</u>	<u>(1,769,076)</u>	<u>-</u>	<u>-</u>

23. Deferred Tax Liabilities (Cont'd)

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

	Group	
	2020	2019
	RM	RM
Unabsorbed capital allowances	36,289	-
Unutilised tax losses	13,652,229	11,754,626
Other temporary differences	4,543	6,930
	<u>13,693,061</u>	<u>11,761,556</u>

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

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

24. Trade Payables

The normal trade credit terms granted to the Group and to the Company range from 30 and 60 (2019: 30 and 60) days and 30 and 60 (2019: 30 and 60) days respectively depending on the terms of the contracts. These balances are unsecured and non-bearing interests.

25. Other Payables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables	4,973,635	5,873,123	7,122	360,314
Accruals	2,602,981	2,171,288	705,968	534,556
Deposit payables	450	450	450	450
GST payables	33,964	32,024	-	-
SST payables	642,616	784,393	88,665	18,100
VAT payables	59,652	-	-	-
	<u>8,313,298</u>	<u>8,861,278</u>	<u>802,205</u>	<u>913,420</u>

26. **Revenue**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue from contracts with customers:				
Sale of software applications	43,351,496	47,115,775	-	-
Royalty income	346,889	731,840	4,083,247	4,138,566
Sale of hardware, networking, and operating systems	1,200,383	2,208,093	189,000	172,800
Maintenance, support system, training and implementation services rendered	36,162,046	35,532,995	-	-
	<u>81,060,814</u>	<u>85,588,703</u>	<u>4,272,247</u>	<u>4,311,366</u>

Revenue from contracts with customers recognised for the Group in the current financial year included RM10,624,439 (2019: RM10,865,974) that was included in the contract liabilities at the beginning of the financial year.

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

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

	Software applications and royalty income RM	Hardware, networking and operating systems RM	Maintenance, support systems, training and implementation RM	Total RM
2020				
Major goods and services:				
Sale of software applications	43,351,496	-	-	43,351,496
Royalty income	346,889	-	-	346,889
Sale of hardware, networking, and operating systems	-	1,200,383	-	1,200,383
Maintenance, support system, training and implementation services rendered	-	-	36,162,046	36,162,046
	<u>43,698,385</u>	<u>1,200,383</u>	<u>36,162,046</u>	<u>81,060,814</u>
Geographical market:				
Malaysia	7,529,023	1,072,728	23,277,228	31,878,979
China	31,315,644	-	9,355,959	40,671,603
Indonesia	4,517,389	127,655	3,212,803	7,857,847
Others	336,329	-	316,056	652,385
	<u>43,698,385</u>	<u>1,200,383</u>	<u>36,162,046</u>	<u>81,060,814</u>
Timing of revenue recognition:				
At a point of time	43,698,385	1,200,383	-	44,898,768
Over time	-	-	36,162,046	36,162,046
	<u>43,698,385</u>	<u>1,200,383</u>	<u>36,162,046</u>	<u>81,060,814</u>

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

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

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

27. **Other Income**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Dividend income	-	-	5,123,594	8,229,948
Fair value gain on investment properties	-	5,000	-	5,000
Gain on disposals of property, plant and equipment	22,199	54,395	16,758	-
Gain on foreign exchange:				
- Realised	6,410	451	38	-
- Unrealised	-	142,108	-	-
Interest income	1,682,669	1,726,215	661,880	738,114
Reimbursement-travelling and accomodation	-	2,722	-	-
Rental income	32,220	33,540	3,840	3,840
Reallocation of headquarter costs charged to subsidiary companies	-	-	2,780,358	3,495,628
Reversals of impairment loss on plant, property, and equipment	13,140	4,567	-	-
Waiver of amount due to other payables	-	182,216	-	-
Miscellaneous	1,464,014	596,088	100,559	109,008
Tax incentive from foreign subsidiary companies	2,183,605	1,152,196	-	-
	<u>5,404,257</u>	<u>3,899,498</u>	<u>8,687,027</u>	<u>12,581,538</u>

28. **Employee Benefits Expenses**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive directors' fees	108,000	78,000	108,000	78,000
Salaries and wages	52,848,746	50,175,941	4,339,671	4,547,227
Social security contributions	916,864	3,313,270	21,695	26,274
Contributions to defined contribution plans	3,474,869	3,463,404	559,471	588,110
Other benefits	13,430	21,673	13,430	21,673
Total employee benefits expense	57,361,909	57,052,288	5,042,267	5,261,284
Less: Amount capitalised into deferred development costs (Note 6)	(6,241,650)	(5,510,175)	-	-
	<u>51,120,259</u>	<u>51,542,113</u>	<u>5,042,267</u>	<u>5,261,284</u>

29. **Directors' Remuneration**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,986,000	1,929,333	1,986,000	1,929,333
Fees	108,000	78,000	108,000	78,000
Project incentive	137,500	206,250	137,500	206,250
Defined contribution plan	339,625	356,243	339,625	356,243
Total executive Directors' remuneration (excluding benefits-in-kind)	2,571,125	2,569,826	2,571,125	2,569,826
Estimated money value of benefits-in-kind	4,448	137,210	4,448	137,210
Total executive Directors' remuneration (including benefits-in-kind)	2,575,573	2,707,036	2,575,573	2,707,036
Non-executive:				
Fees	111,000	99,500	111,000	99,500
Total Directors' remuneration	2,686,573	2,806,536	2,686,573	2,806,536
Non-monetary benefits-in-kind paid to executive directors	38,158	54,450	14,208	30,500
Total Directors' remuneration	2,724,731	2,860,986	2,700,781	2,837,036
Represented by:				
Directors' remuneration	2,686,573	2,806,536	2,686,573	2,806,536
Non-monetary benefits-in-kind	38,158	54,450	14,208	30,500
	2,724,731	2,860,986	2,700,781	2,837,036

29. Directors' Remuneration (Cont'd)

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

	Number of Directors	
	2020	2019
Executive Directors:		
RM200,000 and below	-	1
RM250,001 - RM350,000	-	1
RM350,001 - RM450,000	1	-
RM850,001 - RM950,000	1	-
RM950,001 - RM1,050,000	-	1
RM1,250,001 - RM1,350,000	1	-
RM1,351,001 - RM1,450,000	-	1
	<hr/>	<hr/>
Non-Executive Directors:		
Less than RM50,000	3	4
	<hr/>	<hr/>

30. Finance Costs

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest expense on:				
- Lease liabilities	187,626	36,246	556	3,370
	<hr/>	<hr/>	<hr/>	<hr/>

31. **Profit before Taxation**

Profit before taxation is derived at after charging/(crediting):

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit	195,800	195,356	73,000	68,000
- non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of:				
- development costs	3,145,943	4,716,741	-	-
- intangible asset	-	248,533	-	248,533
- Right-of-use assets	1,492,872	398,643	93,972	123,407
Bad debts written off	37,146	1,648,555	-	28,909
Depreciation of				
property, plant and equipment	846,383	671,161	243,093	208,718
Fair value loss on investment				
properties	237,132	-	5,000	-
Impairment loss on financial				
instruments:				
- amount due from subsidiary				
companies	-	-	100,595	123,330
- trade receivables	898,109	986,911	-	-
Reversal of impairment loss				
on financial instruments:				
- amount due from subsidiary				
companies	-	-	(385,208)	(15,806)
- trade receivables	(1,620,897)	(3,362,439)	-	(28,909)
Net (gain)/loss on impairment				
of financial instruments	(722,788)	(2,375,528)	(284,613)	78,615

31. Profit before Taxation (Cont'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Impairment loss on non-financial instruments:				
- investment in a subsidiary company	-	-	600,000	-
- deferred development costs	2,140,832	-	-	-
- other investments	15,000	-	15,000	-
- contract assets	2,100,885	-	-	-
Loss on disposal of property, plant and equipment	14,471	48,412	-	24,122
Loss on foreign exchange:				
- realised	10	193,166	-	4,712
- unrealised	425,362	41,781	101,602	18,472
Non-executive Directors' fees	111,000	99,500	111,000	99,500
Property, plant and equipment written off	14,767	136,927	-	6,903
Lease expense relating to short term lease	1,139,997	2,682,273	21,536	143,987

32. Taxation

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current tax				
- Malaysian income tax	1,332,403	1,730,577	393,321	192,720
- Foreign tax	668,183	1,047,063	-	-
- (Over)/Under provision				
taxation in prior years	(103,968)	292,828	20,829	165,507
	<u>1,896,618</u>	<u>3,070,468</u>	<u>414,150</u>	<u>358,227</u>
Deferred taxation				
(Note 23):				
- Relating to origination				
and reversal of				
temporary differences	36,943	(1,120,161)	(5,229)	(49,635)
- (Over)/Under provision				
in prior years	(123,291)	73,348	1,401	(106,267)
	<u>(86,348)</u>	<u>(1,046,813)</u>	<u>(3,828)</u>	<u>(155,902)</u>
	<u>1,810,270</u>	<u>2,023,655</u>	<u>410,322</u>	<u>202,325</u>
Income tax relating to items				
of other comprehensive income				
that will not be reclassified				
profit or loss				
Income tax relating to loss				
on remeasurement of				
defined benefit liability	19,640	-	-	-
	<u>19,640</u>	<u>-</u>	<u>-</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

32. **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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit before taxation	<u>10,235,000</u>	<u>8,159,123</u>	<u>5,138,621</u>	<u>8,072,058</u>
At Malaysian statutory tax rate of 24% (2019: 24%)	2,456,400	1,958,190	1,233,269	1,937,294
Effect of different tax rates in other countries	207,615	45,124	-	-
Effect of income not subject to tax	(2,542,778)	(2,003,900)	(1,233,347)	(1,980,181)
Effect of expenses not deductible for tax purpose	978,347	1,416,079	388,170	185,972
Capitalisation of development expenditure	474,384	440,425	-	-
Deferred tax assets not recognised	662,568	176,485	-	-
Utilisation of previously unrecognised deferred tax assets	(199,007)	(374,924)	-	-
(Over)/Under provision of income tax expense in prior years	(103,968)	292,828	20,829	165,507
(Over)/Under provision of deferred tax in prior years	<u>(123,291)</u>	<u>73,348</u>	<u>1,401</u>	<u>(106,267)</u>
Income tax expense for the financial year	<u>1,810,270</u>	<u>2,023,655</u>	<u>410,322</u>	<u>202,325</u>

33. 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:

	Group	
	2020	2019
	RM	RM
Profit attributable to owners of the parent for basic earnings	<u>8,387,854</u>	<u>5,956,514</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>(1,391,200)</u>	<u>(1,357,684)</u>
Weighted average number of ordinary shares as at 31 December	<u>606,899,700</u>	<u>606,933,216</u>
Basic earnings per share (in sen)	<u>1.38</u>	<u>0.98</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.

34. **Dividends**

	Group and Company	
	2020	2019
	RM	RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Final single-tier dividend of RM0.010 (2019: RM0.010) on 606,899,700 (2019: 606,899,700) ordinary shares, in respect of the financial year ended 31 December 2019 (2019: 31 December 2018)	<u>6,068,997</u>	<u>6,068,997</u>

The Directors recommend the payment of a final single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 December 2020, 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 2021.

35. Reconciliation of Liabilities Arising from Financing Activities

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

	At 1 January RM	Effect of adoption of MFRS 16 RM	Additions RM	Repayment RM	At 31 December RM
Group					
2020					
Lease liabilities (Note 21)	550,040	-	3,710,703	(1,340,215)	2,920,528
Dividend payable	-	-	6,068,997	(6,068,997)	-
	550,040	-	9,779,700	(7,409,212)	2,920,528
2019					
Finance lease liabilities	550,210	(550,210)	-	-	-
Other liabilities	3,701,952	-	-	(3,701,952)	-
Lease liabilities (Note 21)	-	785,876	173,207	(409,043)	550,040
Dividend payable	-	-	6,068,997	(6,068,997)	-
	4,252,162	235,666	6,242,204	(10,179,992)	550,040

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

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

Company	At 1 January RM	Effect of adoption of MFRS 16 RM	Additions RM	Repayment RM	At 31 December RM
2020					
Lease Liabilities (Note 21)	21,992	-	-	(13,857)	8,135
Dividend payable	-	-	6,068,997	(6,068,997)	-
	<u>21,992</u>	<u>-</u>	<u>6,068,997</u>	<u>(6,082,854)</u>	<u>8,135</u>
2019					
Finance lease liabilities	118,318	(118,318)	-	-	-
Lease Liabilities (Note 21)	-	124,757	10,553	(113,318)	21,992
Other liabilities	3,701,952	-	-	(3,701,952)	-
Dividend payable	-	-	6,068,997	(6,068,997)	-
	<u>3,820,270</u>	<u>6,439</u>	<u>6,079,550</u>	<u>(9,884,267)</u>	<u>21,992</u>

36. Related Parties Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	Company	
	2020	2019
	RM	RM
Purchases of subsidiary companies	1,815,675	4,239,390
Dividend income receivable from subsidiary companies	5,123,594	8,229,948
Reallocation head quarter costs charged to subsidiary companies	2,780,358	3,495,628
Services payables to subsidiary companies	860,870	784,810
Services receivable to subsidiary companies	1,526,087	1,969,050
Services rendered to subsidiary companies	34,000	28,700
Services rendered payable to subsidiary companies	75,996	-
Royalty receivable from subsidiary companies	4,083,248	4,138,567
Sales receivable from subsidiary companies	189,000	172,800

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

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fee	219,000	177,500	219,000	177,500
Salaries and other emoluments	2,370,782	2,427,506	2,370,782	2,427,506
Contributions to defined contribution plan	385,825	428,084	385,825	428,084
Estimated money value of benefits-in-kind	4,448	137,210	4,448	137,210
Project incentive	137,500	288,750	137,500	288,750
Benefits-in-kind	-	18,000	-	18,000
Non-monetary benefits-in-kind	38,158	54,450	14,208	30,500
	<u>3,155,713</u>	<u>3,531,500</u>	<u>3,131,763</u>	<u>3,507,550</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 activities are including a turnkey e-business application provider functionality on in-house industry specific software and local research and development centre, as the domain for all customised projects and undertake marketing activities that cater for Malaysia market.
- (ii) Foreign - the activities are including a turnkey e-business application provider functionality on in-house industry specific software and overseas' research and development centre.

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	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM		2020 RM	2019 RM
Revenue:									
External revenue	32,341,252	38,023,229	48,719,562	47,565,474	-	-		81,060,814	85,588,703
Inter-segment revenue	12,671,014	15,657,339	-	-	(12,671,014)	(15,657,339)		-	-
Total revenue	45,012,266	53,680,568	48,719,562	47,565,474	(12,671,014)	(12,354,396)	A	81,060,814	85,588,703
Results:									
Segment results	11,210,265	14,994,725	11,860,864	4,355,593	(4,618,506)	(7,734,226)		18,452,623	11,616,092
Interest income	683,989	846,208	998,680	880,007	-	-		1,682,669	1,726,215
Amortisation									
- Development costs	(686,468)	(2,135,932)	(150,305)	(306,523)	(2,309,170)	(2,274,286)		(3,145,943)	(4,716,741)
- Intangible assets	-	(248,533)	-	-	-	-		-	(248,533)
- Right-of-use assets	(350,922)	(398,643)	(1,141,950)	-	-	-		(1,492,872)	(398,643)
Depreciation	(588,746)	(491,836)	(257,637)	(179,325)	-	-		(846,383)	(671,161)
Other non-cash expenses	(4,558,504)	1,025,182	465,549	864	(134,513)	(137,907)	B	(4,227,468)	888,139
Finance costs	(187,626)	(36,246)	-	-	-	-		(187,626)	(36,246)
Profit/(Loss) before taxation	5,521,988	13,554,925	11,775,201	4,750,616	(7,062,189)	(10,146,418)		10,235,000	8,159,123
Income tax expense	(994,961)	(1,819,436)	(1,087,141)	(851,122)	271,832	646,903		(1,810,270)	(2,023,655)
Profit/(Loss) for the financial year	4,527,027	11,735,489	10,688,060	3,899,494	(6,790,357)	(9,499,515)		8,424,730	6,135,468
Additions to non-current assets	8,996,270	2,837,468	-	5,470,830	-	-	C	8,996,270	8,308,298
Segment assets	117,007,190	123,284,278	68,065,161	62,091,998	(37,897,258)	(44,745,807)	D	147,175,093	140,630,469
Segment liabilities	33,629,257	40,280,171	53,006,280	53,294,024	(60,930,799)	(72,296,099)	E	25,704,738	21,278,096

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:

	Group	
	2020	2019
	RM	RM
Bad debts written off	37,146	1,648,555
Fair value (loss)/gain of investment properties	237,132	(5,000)
Impairment loss on:		
- deferred development costs	2,140,832	-
- other investments	15,000	-
- contract assets	2,100,885	-
- trade receivables	898,109	986,911
Gain on disposal of		
property, plant and equipment	(7,728)	(5,983)
Property, plant and equipment written off	14,767	136,927
Reversal of impairment loss on:		
property, plant and equipment	(13,140)	(4,567)
trade receivables	(1,620,897)	(3,362,439)
Unrealised loss/(gain) on foreign exchange	425,362	(100,327)
Waiver of amount due to other payables	-	(182,216)
	<u>4,227,468</u>	<u>(888,139)</u>

C Additions to non-current assets consist of:

	Group	
	2020	2019
	RM	RM
Property, plant and equipment	2,754,620	2,798,123
Development costs	6,241,650	5,510,175
	<u>8,996,270</u>	<u>8,308,298</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:

	Group	
	2020	2019
	RM	RM
Inter-segment assets	<u>(37,897,258)</u>	<u>(44,745,807)</u>

- E** The following item is deducted from segment liabilities to arrive at total liabilities reported in the statements of financial position:

	Group	
	2020	2019
	RM	RM
Inter-segment liabilities	<u>(60,930,799)</u>	<u>(72,296,099)</u>

Information about major customers

Revenue from five (2019: five) major customers amount to RM12,483,603 (2019: RM10,480,441), arising from sales by the Foreign segment.

Non-current assets information based on the geographical location of assets is as follow:

	Group	
	2020	2019
	RM	RM
Non-Current Assets		
Malaysia	35,617,754	36,379,494
Foreign	<u>14,717,621</u>	<u>9,404,960</u>
	<u>50,335,375</u>	<u>45,784,454</u>

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

Group	Software applications and royalty income		Hardware, networking and operating systems		Maintenance, support system, training and implementation		Per consolidated financial statements	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Total revenue from external customers	43,698,385	47,847,615	1,200,383	2,208,093	36,162,046	35,532,995	81,060,814	85,588,703
Segment assets	66,182,129	45,760,547	316,470	728,736	80,676,494	94,141,186	147,175,093	140,630,469
Additions to non-current assets	2,641,009	1,783,362	-	-	6,355,261	6,524,936	8,996,270	8,308,298

38. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At Amortised Cost RM
Group	
2020	
Financial Assets	
Trade receivables	10,599,322
Other receivables	993,960
Fixed deposits with licensed banks	47,408,263
Cash and bank balances	32,180,211
Total financial assets	<u>91,181,756</u>
Financial Liabilities	
Trade payables	57,908
Other payables	7,577,066
Lease liabilities	2,920,528
Financial guarantee	1,777,086
Total financial liabilities	<u>12,332,588</u>
2019	
Financial Assets	
Trade receivables	10,888,906
Other receivables	1,133,814
Fixed deposits with licensed banks	38,042,768
Cash and bank balances	36,916,207
Total financial assets	<u>86,981,695</u>
Financial Liabilities	
Trade payables	129,770
Other payables	8,044,861
Lease liabilities	550,040
Financial guarantee	1,777,086
Total financial liabilities	<u>10,501,757</u>

38. **Financial Instruments (Cont'd)**(a) **Classification of financial instruments (Cont'd)**

	At Amortised Cost RM
Company	
2020	
Financial Assets	
Trade receivables	453,463
Other receivables	222,999
Amount due from subsidiary companies	11,414,162
Fixed deposits with licensed banks	27,700,867
Cash and bank balances	2,889,468
Total financial assets	42,680,959
Financial Liabilities	
Other payables	713,540
Lease liabilities	8,135
Financial guarantee	1,777,086
Total financial liabilities	2,498,761
2019	
Financial Assets	
Trade receivables	335,297
Other receivables	350,926
Amount due from subsidiary companies	14,297,548
Fixed deposits with licensed banks	21,740,657
Cash and bank balances	7,436,095
Total financial assets	44,160,523
Financial Liabilities	
Trade payables	12,428
Other payables	895,320
Lease liabilities	21,992
Financial guarantee	1,777,086
Total financial liabilities	2,706,826

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

(b) **Financial risk management**

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit risk**

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer, loans and advances to subsidiary companies and financial guarantee given to banks for credit facilities granted to third parties. There are no significant changes as compared to prior periods.

Contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long overdue contract assets.

At each reporting date, the Group assesses whether any of the contract assets are credit impaired.

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Contract assets (Cont'd)***Concentration of credit risk*

As at the end of the financial year, the Group has 5 (2019: 3) major contract customers accounted for approximately 75% (2019: 86%) 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, except for as below. The Company is of the view that loss allowance is not material and hence, it is not provided for, except for as below.

The aged analysis of contract assets as at the end of the reporting period:

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Group			
2020			
- Less than 30 days	253,667	-	253,667
- 31 to 60 days	343,398	-	343,398
- 61 to 90 days	208,332	-	208,332
- More than 90 days	3,146,984	-	3,146,984
	<u>3,952,381</u>	<u>-</u>	<u>3,952,381</u>
Credit impaired			
- More than 90 days	2,100,885	(2,100,885)	-
	<u>6,053,266</u>	<u>(2,100,885)</u>	<u>3,952,381</u>
2019			
- Less than 30 days	33,300	-	33,300
- 31 to 60 days	165,251	-	165,251
- 61 to 90 days	266,270	-	266,270
- More than 90 days	5,659,055	-	5,659,055
	<u>6,123,876</u>	<u>-</u>	<u>6,123,876</u>

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Contract Assets (Cont'd)**

The movement in the allowance for impairment losses in respect of contract assets of the Group and the Company during the financial year are as follows:

	Credit Impaired RM
Group	
At 1 January 2019/31 December 2019 and 1 June 2020	-
Impairment loss recognised	2,100,885
At 31 December 2020	<u>2,100,885</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 the Group's and the Company's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from sale of software applications, sale of hardware, networking and rendering of operating systems, maintenance, support systems, training and implementation services.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

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

There are no significant changes as compared to previous year.

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Trade receivables (Cont'd)***Exposure to credit risk, credit quality and collateral*

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

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:

	2020		2019	
	RM	% of total	RM	% of total
Group				
By Country:				
Malaysia	6,282,077	59%	7,692,859	71%
People's Republic of China	3,040,493	29%	1,357,363	12%
Indonesia	713,233	7%	1,037,372	10%
Singapore	-	0%	88,924	1%
Other countries	563,519	5%	712,388	7%
	<u>10,599,322</u>	<u>100%</u>	<u>10,888,906</u>	<u>100%</u>
Company				
By Country:				
Malaysia	453,463	100%	246,373	73%
Singapore	-	0%	88,924	27%
	<u>453,463</u>	<u>100%</u>	<u>335,297</u>	<u>100%</u>

As at the end of the financial year 2020, the Group and the Company had approximately 17% (2019: 16%) and 100% (2019: 73%) respectively of the Group's and the Company's trade receivables were due from 12 (2019: 23) and 1 (2019: 1) respectively major customers who are reputable and located in Malaysia.

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

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms. The Group's and the Company's debt recovery process is that when invoices which are exceeded credit terms, the Group and the Company will start to initiate a structured debt recovery process which is monitored by sales team.

The Group and the Company use an allowance matrix to measure ECLs for trade receivables. Consistent with the debt recovery process, invoices which are exceeded credit terms may be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group and the Company believe that the forward-looking factors are immaterial for the purpose of calculation impairment for the year.

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 reporting period of the Group and of the Company.

	Gross Trade Receivables RM	Allowance for Impairment RM	Net Balance RM
Group			
2020			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	3,293,237	(8,833)	3,284,404
- 31 to 60 days	1,976,713	(7,681)	1,969,032
- 61 to 90 days	1,777,968	(10,922)	1,767,046
- More than 90 days	3,736,036	(157,196)	3,578,840
	<u>10,783,954</u>	<u>(184,632)</u>	<u>10,599,322</u>
Credit impaired			
More than 90 days			
- Individually impaired	2,566,110	(2,566,110)	-
	<u>13,350,064</u>	<u>(2,750,742)</u>	<u>10,599,322</u>
2019			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	3,872,975	(101,690)	3,771,285
- 31 to 60 days	1,625,499	(170,433)	1,455,066
- 61 to 90 days	1,643,903	(165,377)	1,478,526
- More than 90 days	4,495,489	(311,460)	4,184,029
	<u>11,637,866</u>	<u>(748,960)</u>	<u>10,888,906</u>
Credit impaired			
More than 90 days			
Individually impaired	2,777,174	(2,777,174)	-
	<u>14,415,040</u>	<u>(3,526,134)</u>	<u>10,888,906</u>

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 reporting period of the Group and of the Company. (Cont'd)

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Company			
2020			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	250,006	-	250,006
- 31 to 60 days	21,863	-	21,863
- 61 to 90 days	5,724	-	5,724
- More than 90 days	175,870	-	175,870
	<u>453,463</u>	<u>-</u>	<u>453,463</u>
2019			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	21,200	-	21,200
- 31 to 60 days	159,453	-	159,453
- More than 90 days	154,644	-	154,644
	<u>335,297</u>	<u>-</u>	<u>335,297</u>

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 the Company during the financial year are as follows:

	Lifetime ECL RM	Credit Impaired RM	Total RM
Group			
At 1 January 2020	748,960	2,777,174	3,526,134
Impairment loss recognised	135,152	762,957	898,109
Impairment loss reversed	(721,149)	(899,748)	(1,620,897)
Exchange differences	21,669	(74,273)	(52,604)
At 31 December 2020	184,632	2,566,110	2,750,742
At 1 January 2019	775,156	5,129,748	5,904,904
Impairment loss recognised	660,387	326,524	986,911
Impairment loss reversed	(690,231)	(2,672,208)	(3,362,439)
Exchange differences	3,648	(6,890)	(3,242)
At 31 December 2019	748,960	2,777,174	3,526,134
			Credit Impaired RM
Company			
At 1 January/31 December 2020			-
At 1 January 2019			28,909
Impairment loss reversed			(28,909)
At 31 December 2019			-

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(i) **Credit risk (Cont'd)****Cash and cash equivalent***Risk management objectives, policies and processes for managing the risk*

The cash and cash equivalents are held with banks and financial institutions. The Group has a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables*Risk management objectives, policies and processes for managing the risk*

Credit risks on other receivables are mainly arising from receivables from third parties. The Group manages the credit risk on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

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

	2020	2019
	RM	RM
At 1 January	2,437,151	2,437,151
Written off	(1,168,156)	-
At 31 December	<u>1,268,995</u>	<u>2,437,151</u>

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provide unsecured financial guarantees to a third party in respect of a project entered into by the Group. The Group monitor the ability of the third party to service its loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group refer to Note 39 amounting to RM1,777,086 (2019: RM1,777,086) representing the performance guarantee to a third party in respect of projects entered by the Group as at the end of the reporting period.

Recognition and measurement of impairment loss

There is no history of default from a third party, and there are no indicates that any going concern from this third party. The Group is of the view that loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

As there are only a few subsidiary companies, the Company assessed the risk of loss of each subsidiary companies individually based on their financial information and past trend of payments, where applicable.

Generally, the Company considers loans and advances to subsidiary companies has low credit risk because there is no indicates that any going concern from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for during the financial year.

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 reporting period of the Company:

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Company			
2020			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	1,049,026	-	1,049,026
- 31 to 60 days	229,011	-	229,011
- 61 to 90 days	224,633	-	224,633
- More than 90 days	9,911,492	-	9,911,492
	<u>11,414,162</u>	<u>-</u>	<u>11,414,162</u>
Credit impaired			
More than 90 days			
Individually impaired	3,673,075	(3,673,075)	-
	<u>15,087,237</u>	<u>(3,673,075)</u>	<u>11,414,162</u>
2019			
Current	-	-	-
<i>Past due not impaired:</i>			
- Less than 30 days	937,198	-	937,198
- 61 to 90 days	108,129	-	108,129
- More than 90 days	13,252,221	-	13,252,221
	<u>14,297,548</u>	<u>-</u>	<u>14,297,548</u>
Credit impaired			
More than 90 days			
Individually impaired	3,957,688	(3,957,688)	-
	<u>18,255,236</u>	<u>(3,957,688)</u>	<u>14,297,548</u>

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:

	Company RM
At 1 January 2020	3,957,688
Impairment loss recognised	100,595
Impairment loss reversed	(385,208)
At 31 December 2020	<u>3,673,075</u>
At 1 January 2019	3,850,164
Impairment loss recognised	123,330
Impairment loss reversed	(15,806)
At 31 December 2019	<u>3,957,688</u>

(ii) **Liquidity risk**

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	Carrying amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 3 years RM	Total RM
Group					
2020					
Non-derivative financial liabilities					
Trade payables	57,908	57,908	-	-	57,908
Other payables	7,577,066	7,577,066	-	-	7,577,066
Lease liabilities	2,920,528	1,498,657	1,211,474	407,347	3,117,478
Financial guarantee	1,777,086	1,777,086	-	-	1,777,086
Total undiscounted financial liabilities	12,332,588	10,910,717	1,211,474	407,347	12,529,538
2019					
Non-derivative financial liabilities					
Trade payables	129,770	129,770	-	-	129,770
Other payables	8,044,861	8,044,861	-	-	8,044,861
Lease liabilities	550,040	275,647	180,563	132,277	588,487
Financial guarantee	1,777,086	1,777,086	-	-	1,777,086
Total undiscounted financial liabilities	10,501,757	10,227,364	180,563	132,277	10,540,204

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	Carrying amount RM	On demand or within 1 year RM	1 - 2 years RM	2 - 3 years RM	Total RM
Company 2020					
Non-derivative financial liabilities					
Other payables	713,540	713,540	-	-	713,540
Lease liabilities	8,135	2,400	2,400	4,200	9,000
Finance guarantee	1,777,086	1,777,086	-	-	1,777,086
Total undiscounted financial liabilities	2,498,761	2,493,026	2,400	4,200	2,499,626
2019					
Non-derivative financial liabilities					
Trade payables	12,428	12,428	-	-	12,428
Other payables	895,320	895,320	-	-	895,320
Lease liabilities	21,992	14,414	2,400	6,600	23,414
Financial guarantee	1,777,086	1,777,086	-	-	1,777,086
Total undiscounted financial liabilities	2,706,826	2,699,248	2,400	6,600	2,708,248

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(iii) **Market risk**(a) **Interest rate risk**

The Group's and the Company's exposure to interest rate risk arises primarily from its' deposits placed with licensed banks and interest bearing financial liabilities. The Group and the Company are not exposed to significant interest rate risk as there were no floating rate financial instrument at the end of the financial reporting period.

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	47,408,263	38,042,768	27,700,867	21,740,657
Financial liabilities	(158,505)	(328,323)	-	(9,261)
	<u>47,249,758</u>	<u>37,714,445</u>	<u>27,700,867</u>	<u>21,731,396</u>

Fair value sensitivity analysis for fixed rate instruments

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

(b) **Foreign currency exchange risk**

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of the Group's and the Company's entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD) and Vietnam Dong (VND).

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group and the Company will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risk (Cont'd)

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

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group's and Company's functional currencies are as follows:

	Denominated in			Total
	USD RM	VND RM	SGD RM	RM
Group				
2020				
Cash and bank balances	1,851,162	-	-	1,851,162
Trade receivables	563,520			563,520
	<u>2,414,682</u>	<u>-</u>	<u>-</u>	<u>2,414,682</u>
2019				
Cash and bank balances	2,053,437	14,384	-	2,067,821
Trade receivables	712,388	-	88,924	801,312
	<u>2,765,825</u>	<u>14,384</u>	<u>88,924.00</u>	<u>2,869,133</u>
Company				
2020				
Cash and bank balances	1,507,445	-	-	1,507,445
	<u>1,507,445</u>	<u>-</u>	<u>-</u>	<u>1,507,445</u>
2019				
Cash and bank balances	1,645,376	14,384	-	1,659,760
Trade receivables	-	-	88,924	88,924
	<u>1,645,376</u>	<u>14,384</u>	<u>88,924</u>	<u>1,748,684</u>

38. **Financial Instruments (Cont'd)**(b) **Financial risk management (Cont'd)**(iii) **Market risk (Cont'd)**(b) **Foreign currency exchange risk (Cont'd)**Foreign currency risk sensitivity analysis

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

Group	Change in currency rate	2020	Change in currency rate	2019
		Effect of profit before taxation RM		Effect of profit before taxation RM
USD	Strengthened 5%	120,734	Strengthened 5%	138,291
	Weakened 5%	(120,734)	Weakened 5%	(138,291)
VND	Strengthened 5%	-	Strengthened 5%	719
	Weakened 5%	-	Weakened 5%	(719)
SGD	Strengthened 5%	-	Strengthened 5%	4,446
	Weakened 5%	-	Weakened 5%	(4,446)
Company				
USD	Strengthened 5%	75,372	Strengthened 5%	82,269
	Weakened 5%	(75,372)	Weakened 5%	(82,269)
VND	Strengthened 5%	-	Strengthened 5%	719
	Weakened 5%	-	Weakened 5%	(719)
SGD	Strengthened 5%	-	Strengthened 5%	4,446
	Weakened 5%	-	Weakened 5%	(4,446)

(c) **Fair value of financial instruments**

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

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

39. **Financial Guarantees**

	Group	
	2020	2019
	RM	RM
Unsecured		
Performance guarantee made in favour of:		
- Malaysian Resources Corporation Berhad in respect of performance bond	1,721,203	1,721,203
- Tenaga National Berhad in respect of performance security	55,883	55,883
	<u>1,777,086</u>	<u>1,777,086</u>

40. **Capital Management**

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy are to maintain a prudent level of gearing ratio with debt covenants and regulatory requirements. The gearing ratio at end of the reporting periods are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Total loans and borrowings	-	-	-	-
Less: Fixed deposits with licensed bank	(47,408,263)	(38,042,768)	(27,700,867)	(21,740,657)
Less: Cash and bank balances	<u>(32,180,211)</u>	<u>(36,916,207)</u>	<u>(2,889,468)</u>	<u>(7,436,095)</u>
Excess of cash and bank balances	<u>(79,588,474)</u>	<u>(74,958,975)</u>	<u>(30,590,335)</u>	<u>(29,176,752)</u>
Total equity	<u>121,833,274</u>	<u>119,752,146</u>	<u>83,440,317</u>	<u>84,781,015</u>
Total equity and net debts	<u>42,244,800</u>	<u>44,793,171</u>	<u>52,849,982</u>	<u>55,604,263</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

40. Capital Management (Cont'd)

N/A - Gearing ratio not applicable as the cash and cash equivalent of the Group and the Company are sufficient to settle the outstanding debt.

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

41. Significant Events

Outbreak of Coronavirus Pandemic ("Covid-19")

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries. The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2020, except as disclosed elsewhere in the financial statements. Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

42. Comparative Information

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2019.

43. Date of Authorisation For Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 22 April 2021.

List of Properties

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2020 (RM)
Johor Property 4-storey shop office at 31, Jalan Permas 10/07, Taman Permas Jaya, 81750 Johor Bahru, Johor	Ground Floor, 1 st & 2 nd - JB Office 3rd - Vacant	IFCA MSC Berhad	26	1,920 sq. feet	Freehold	480,000
Penang Property Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang	Penang Office	IFCA MSC Berhad	24	136.85 sq. meters	Freehold	273,280
Selangor Properties 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	22	20,311 sq. feet	Freehold	2,944,000
Unit 1-1 in a 4-storey shop office at 2-1, Jalan Desa 9/5, Bandar Country Homes, 48000 Rawang, Selangor	Vacant	IFCA MSC Berhad	19	1,629 sq. feet	Freehold	245,000*
Indonesia Properties Unit 2-05-06 Lantai 5, Apartment Lexington Residence, JL. Deplu Raya No.12, Bintaro, Pesanggrahan Jakarta Selatan 12330, Indonesia	Vacant	PT IFCA Property365 Indonesia	N/A	51.70 sq. meters	Freehold	355,406*
Unit 06-20, Tower Marwa, Apartemen Safa Marwa Tower Residence Jalan Raya Mabes Hankam Lot 10, RT.4/RW.2, Bambu Apus, Kec. Cipayung, Kota Jakarta Timur, Daerah Khusus Ibukota Jakarta 13820, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	31.10 sq. meters	Freehold	277,506*

List of Properties (Con't)

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2020 (RM)
Indonesia Properties (Con't) Unit B-8-3, Perumahan Diamond Park Residence, Jalan Raya Bandara Juanda, No. 5, Dukuh, Sedati Agung, Kec. Sedati, Kabupaten Sidoarjo, Jawa Timur 61253, Indonesia	Vacant	PT IFCA Property365 Indonesia	N/A	112 sq. meters	Freehold	260,211*
Unit 95/60 Block A No.7, Samira Regency, Jl. Gondang, RT.003/RW.005, Cimuning, Kec. Mustika Jaya, Kota Bks, Jawa Barat 17155, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	95 sq. meters	Freehold	295,336*
Unit 95/60 Block A No.6, Samira Regency, Jl. Gondang, RT.003/RW.005, Cimuning, Kec. Mustika Jaya, Kota Bks, Jawa Barat 17155, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	95 sq. meters	Freehold	295,336*
Unit S/07/CB, Tower Saweda, Synthesis Residence, Jl. Ampera Raya No.1A, RT.5/RW.6, Cilandak Tim., Kec. Ps. Minggu, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12550, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	107.17 sq. meters	Freehold	842,615*

* Investment Property stated at fair value

STATEMENT OF SHAREHOLDINGS

As at 06 April 2021

Total number of Issued Shares : 606,899,700 (excluding the treasury shares of 1,391,200)

Class of Shares : Ordinary Shares

Voting Rights : One vote per Ordinary Share

Breakdown of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	20	0.21	454	0.00
100 - 1,000	610	6.28	409,771	0.07
1,001 - 10,000	4,213	43.36	27,363,567	4.51
10,001 - 100,000	4,274	43.98	152,640,300	25.15
100,001 - 30,344,985 *	599	6.16	225,880,965	37.22
30,344,986 and above **	1	0.01	200,604,643	33.05
TOTAL	9,717	100.00	606,899,700	100.00

Remarks:

* Less than 5% of the issued holdings

** 5% and above of the issued holdings

Substantial Shareholders as at 06 April 2021

Name of Shareholder	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
IFCA Software (Asia) Sdn Bhd	208,604,643	34.37	-	-
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.53
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.97

Directors' Shareholdings as at 06 April 2021

Name of Directors	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.53
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.97

*Deemed interest by virtue of his interest in IFCA Software (Asia) Sdn Bhd and being the brother of Yong Kian Keong, a director of IFCA Software (Asia) Sdn Bhd

#Deemed interest by virtue of his interest in IFCA Software (Asia) Sdn Bhd and being the brother of Yong Keang Cheun, a director of IFCA Software (Asia) Sdn Bhd

STATEMENT OF SHAREHOLDINGS (cont'd)

As at 06 April 2021

List of Thirty (30) Largest Registered Shareholders as at 06 April 2021

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.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Lai Chie King (6000752)	4,020,000	0.66
5.	Thong Weng Kin	3,900,000	0.64
6.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Maybank Private Wealth Management for Yong Keang Cheun (PW-M-00409) (410463)	3,650,000	0.60
7.	RHB Capital Nominees (Asing) Sdn Bhd Beneficiary: Pledged Securities Account for Ioannis Koromilas	3,200,000	0.53
8.	Ooi Sin Heng	3,150,000	0.52
9.	Ooi Bee Bee	2,868,300	0.47
10.	Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Mat Alewi Bin Zakaria (M04)	2,700,000	0.44
11.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Kor Hock Lee (T Cheras-CL)	2,510,000	0.41
12.	Byond Group Sdn Bhd	2,200,000	0.36
13.	Tan Kin Seng	2,133,000	0.35
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Gan Seong Liam (7001349)	2,000,000	0.33
15.	Chew Bak Hin	2,000,000	0.33
16.	Quah Chean Chok	2,000,000	0.33
17.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary: Gan Seong Liam	2,000,000	0.33
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary: Phua Sin Mo	2,000,000	0.33
19.	DP Capital Limited	1,714,000	0.28
20.	Kong Choke Lei	1,500,000	0.25
21.	Ooi Eng Bee	1,500,000	0.25
22.	Ngo Yoke San	1,490,000	0.25
23.	Teoh King Long	1,400,000	0.23
24.	Musa Dirgantara	1,349,900	0.22
25.	Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For JS Portfolio Sdn Bhd	1,250,000	0.21
26.	Lim Boon Yean	1,212,500	0.20
27.	Cha Fui Yee	1,165,100	0.19
28.	Chai Min Kian	1,150,000	0.19
29.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Gan Seong Liam	1,143,300	0.19
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Wong Quet Siong (S Petaling-CL)	1,100,000	0.18
	Total	273,120,743	44.99

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/ Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Full Name (in Block)	NRIC/ Passport/ Company 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-Third 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 Friday, 28 May 2021 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 first and final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2020.		
2.	To approve the Directors' Fees and Allowances payable to the Non-Executive Directors of up to RM111,000 with effect from 29 May 2021 until the next Annual General Meeting of the Company.		
3.	To re-elect Mr. Chew See Chiew who retires by rotation in accordance with Clause 94 of the Company's Constitution and who being eligible offers himself for re-election.		
4.	To re-elect Mr. Yong Kian Keong who retires by rotation in accordance with Clause 94 of the Company's Constitution and who being eligible offers himself for re-election.		
5.	To re-elect Mr. Eng Kim Haw who retires in accordance with Clause 99 of the Company's Constitution and who being eligible offers himself for re-election.		
6.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
7.	Proposed renewal of authority for the Company to purchase its own shares.		
8.	To authorise Mr. Chew See Chiew to continue in office as Independent Non-Executive Director.		

Dated this _____ day of _____ 2021

(*delete if not applicable)

NOTES:

- Only a member whose name appears in the Record of Depositors as at 21 May 2021 shall be regarded as a member of the Company and shall be entitled to attend and vote at this Annual General Meeting ("AGM") or appoint a proxy to attend and vote on his stead.
- A member of the Company entitled to attend and vote at this AGM 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.
- A member may appoint not more than two (2) proxies to attend the same AGM. Where a member appoints more than one (1) proxy 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.

5. 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.

6. 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

7. 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 Wednesday, 26 May 2021 at 10.00 a.m. (being the approximate time appointed for taking of the poll at the AGM.)

8. 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.

*Signature(s)/ Common Seal of Shareholder

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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.

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www.ifca.asia

IFCA MSC Berhad
199701037892 (453392-T)