Annual Report 2017

IFCA MSC Berhad
(453392-T)

Contents

IFCA @ a Glance

IFCA is a business software solution company specializing in the Property industry for 31 years. Established in 1987, the company has a talent pool of over 400 staff across all IFCA offices in Asia.

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

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

With decades of staff dedication and commitment, IFCA property software has served over a thousand satisfied customers. IFCA the company and the software have gained multiple industry awards and recognitions. These include Technology Fast 500 Asia Pacific, APICTA Award, IBM, Microsoft, PIKOM - Computimes Technopreneur of The Year, Sin Chew Business Excellence Awards 2016 in the category of Digital and Technology Business Excellence Award to name a few.

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

Vision

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

Mission

We challenge the status quo by being receptive to new ideas
We create disruptive solutions that elevate the industries that we serve
We listen and strive to understand our customers, team members and market
We create compelling user experience with empowered talent and technology
We are passionate about what we do and we build authentic relationships

Corporate Information

Board of Directors

Executive Directors
- **Yong Keang Cheun**
(Chairman)
- **Yong Kian Keong**
(Deputy Chairman)
- **Chow Chee Keng**
(Finance Director)

Non Executive Independent Directors
- **Chew See Chiew**
- **Hoe Kah Soon**
- **Ngian Siew Siong**
- **Ooi Bee Bee**
(appointed w.e.f. 2 April 2018)

Company Secretaries
Yap Kim Sing (LS0001376)
Wong Kam Khan (MIA No.3153)

Audit Committee
Chew See Chiew (Chairman)
Hoe Kah Soon
Ngian Siew Siong

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

Nomination Committee
Hoe Kah Soon (Chairman)
Chew See Chiew

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

Principal Bankers
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad

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

Registered Office
24B, Persiaran Zaaba
Taman Tun Dr. Ismail
60000 Kuala Lumpur
T 603 7727 0321
F 603 7727 0326

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

Stock Exchange Listing
Bursa Malaysia Securities – ACE Market

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

Website
www.ifca.asia

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 2017 ("FY2017").

Business Overview

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

Today, we have a talent pool of over 400 staffs across all IFCA offices in Malaysia, China and Indonesia. Our research and development activities are carried out in Malaysia and China, providing best of breed technology and industry domain expertise. At IFCA, we are engaging a highly passionate workforce to constantly enhance positive customer experience. We are continuously innovating and identifying new business models, products and services within the connected digital economy to empower our customers to deliver business excellence. Looking ahead, we will continue our path of customer centricity, delivering quality service which delights and exceeds customers' expectations.

Financial Results

The Group recorded revenue of RM88.8 million, representing an increase of RM13.5 million or approximately 17.9% as compared to RM75.4 million in the previous financial year ended 31 December 2016 ("FY2016"). The increase in revenue is mainly attributable to the overall improvement in sales contribution from our Malaysia and China segment. Domestic revenue recorded an increase of 16.9% from RM39.0 million to RM45.6 million. As a result of our revenue diversification strategy, our international revenues recorded a gain of 18.7% from RM36.4 million to RM43.2 million.

Consequently, the Group recorded a profit attributable to equity holders of the parent company ("PATAMI") of RM9.7 million for FY2017 compared to RM0.5 million recorded in FY2016. The higher PATAMI in FY2017 arose mainly as a result of increasing revenue.

Despite the higher cost pressure, the Group's expenses for FY2017 compared to FY2016 were contained. The Group continues its strategic effort to improve operational productivity, efficiency and cost management.

The tables below highlight the Group's key financial performance for FY2017:

A) Extract from Statement of Comprehensive Income

RM'000	FY2017	FY2016	Change
Revenue	88,828	75,373	18%
Expenses	81,481	79,910	2%
Other Income	6,319	5,497	15%
Profit Before Taxation	13,666	959	1324%
Profit/(Loss) After Taxation	9,469	(160)	6005%
Profit Attributable to Equity Holders of the Parent Company	9,655	518	1764%
Basic Earnings Per Share (sen)	1.59	0.09	1667%

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

B) Extract from Balance Sheet

RM'000	FY2017	FY2016	Change
Total Assets	144,655	142,276	2%
Total Liabilities	33,266	36,516	-9%
Total Equity	111,389	105,760	5%
Trade Debtors	17,300	12,414	39%
Goodwill	25,112	25,112	n/a
Deferred Development Expenditure	12,650	16,375	-23%
Fixed Deposits, Cash and Bank Balances	73,230	70,787	3%
Net Asset Per Share (sen)	0.18	0.17	6%

IFCA's asset base continues to be strong with total assets of RM144.7 million and total equity of RM111.4 million in FY2017.

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

Deferred development expenditure (''DDE") reduced by 22.7% from RM16.4 million to RM12.7 million as the Group started to amortize the investment related to products that are completed and ready for commercialization.

Cash reserves of the Group improved by 3.0% to RM73.2 million despite a RM3.0 million dividend payment and RM4.0 million first profit guarantee pay-out for the Indonesia acquisition. This comes from prudent cash management and aggressive collection resulting in a strong cash-flow generating engine. Apart from hire purchase and finance leases, the Group has no borrowing and continued to generate healthy cash flows as indicated by the working capital surplus of RM111.4 million in FY2017.

Thus, the Group's financial position remains positive at 0.18 sen net assets per share for FY2017. Basic earnings per share in FY2017 was 1.59 sen per share as compared to 0.09 sen per share in FY2016.

To reward shareholders' loyalty, the directors are recommending a final single tier dividend of 0.5 sen per ordinary share that would amount to RM3.0 million, subject to shareholders' approval.

Review of Operating Activities

General Comments

After a slow year in FY2016 due to the economic situation, the Group has focused highly on growth and this has resulted in the revenue growth of 17.9% to RM 88.8 million in 2017. Matched with an eye on productivity and cost control, this revenue growth is achieved with only a small marginal increase in expenses which bodes well for the overall profitability of the Group.

A) Market Expansion

Our strength has always been serving the enterprise level of the market and we have been doing this well over the years with a solid track record. However, the market is changing, and we are seeing the expansion of smaller, medium sized and boutique property developers who have the similar business requirements but not necessary in the same complexity and depth as the enterprise developers.

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

To address this market need we have reviewed our product packaging and pricing strategy to avail our products to a wider segment of the market. Available in Express, Standard, Professional and Enterprise versions, it will allow our customers to consume and enter at the level of their needs and affordability and we will be there to support their business growth with just a simple upgrade.

This is a great opportunity to bring our award-winning solutions, paired with a simplified delivery to a larger target market whom can benefit from the years of product development, experience that IFCA has invested it. Truly a win-win scenario for everyone.

B) Service Platform Initiatives – Digital Transformation and New Business Models

The Group has reviewed our digital initiative and have solidified a clear vision of future with clear deliverables to our customers and the market with a service platform. This is done in collaboration with Google and the Google Cloud Platform and will focus on the key deliverables.

- Enable our customers to digitally engage with their communities, be it customers, prospects, supplier, employees or the general public.
- Enable all actors in a customers' eco-system to digitally transact thus increasing productivity and engagement levels, driving everyone fast into the digital economy.
- Enable the benefits of working on a Cloud platform and participate on how the Internet is changing the world.

This vision has led us to the innovation of new solutions and services which will enhance and assist in our customers' digital transformation. The market should look forward to new solution launches in the course of 2018.

Property365 has continued to evolve into an integrated service platform that serves multiple parties in the property transaction process. It brings together property developers, property agents with potential buyers as well as enabling collaboration of marketing services, bankers and lawyers to ensure a smooth and digital end-to-end process. As more inventory and parties are on-boarded we should see an increase in transactions processed through the platform.

This particular initiative will contribute significantly to the Group in the areas of big data, analytics and also demand for our operational solutions. It will also be the platform for our next generation solutions which will be delivered as user configurable services to tailor their specific needs.

C) IFCA Accelerator Program (IAP)

The launch of the IAP has seen many applications of start-ups interested in participating into the program. The IAP is another avenue of growth for IFCA and this is achieved via a synergistic effort in leveraging high potential and high growth start-up solutions that will complement our current offerings in the property solutions market. As we progress in this program we will be announcing investments or partnerships.

D) ASEAN Regional Expansion

During 2017 we saw positive activities in the ASEAN region with significant contract wins in Myanmar as well as Vietnam. This proves that our strong experience in property development over the last 30 years has enormous value in the region and is now getting traction in up-and-coming growth economies. As a result of this, we are looking to structurally invest in expanding our regional presence, specifically establishing ourselves as the ASEAN powerhouse in the property development and management market.

This move will accelerate our internationalisation and revenue diversification strategy as well as tap into the up-and-coming growth markets in the region to accelerate the Group's growth into the future.

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

E) China Market Expansion

We continue to see strong growth in our China business, delivering the highest revenue achievement in its 15-year history. Whilst this market remains full of potential, it is at the same time an extremely competitive market with escalating costs of doing business. Nevertheless, our focus and engagement with the top 20 property conglomerates in China has greatly expanded our capability and forward know-how on how the industry will be moving in the next 2-3 years.

A natural next step is for us to further harvest this know-how and invest in further productisation of our solutions and start to penetrate into the top 250 property conglomerates in China, directly expanding our market share. With this approach we should see an increase in economies of scale and coverage, directly contributing to both our top and bottom-line.

F) IFCA 2.0

The most important aspect of any business is the awareness of the need to transform as markets and technology moves into new cycles. The transformation of IFCA continues and can be seen clearly in motion from the various initiatives that has been covered in the earlier points. With a clear goal on ensuring this transformation in will be executed and done not in isolation but with the leverage of all the assets, resources, market position, customers and experience that IFCA has had over the last 30 years, the success of this endeavour should be high.

Operational Risk

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

The Group is also reviewing cost structures in addition to exploring new key initiatives to diversify and increase the revenue base, including but not limited to strategic collaborations and partnerships to increase market reach.

Future Prospects

Strong Order Books, Financial Prudence and Strategy Execution

The Group continues to see opportunities going into FY2018 with a strong carry through from 2017. This is substantiated by our unbilled projects in hand with a value of over RM35.6 million as at year ended 2017.

The Board expects the business to continue to have a growth trajectory as strategic focus and execution accelerate in 2018. At the same time the Board is also cognizant to the fact of the uncertainties in the various markets and therefore will exercise prudence in cost expansion.

With continued conviction and strategy execution, The Board is optimistic that FY2018 would deliver better performance than the current year.

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

Dividend Policy

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

Acknowledgement

With this opportunity, I would like to express my appreciation to the Board for their invaluable and insightful contributions to the Group. On behalf of the Board, I would also extend our appreciation to the entire management and members of the IFCA family. Their extraordinary efforts and contributions throughout the year have contributed to the significant achievement for the Group.

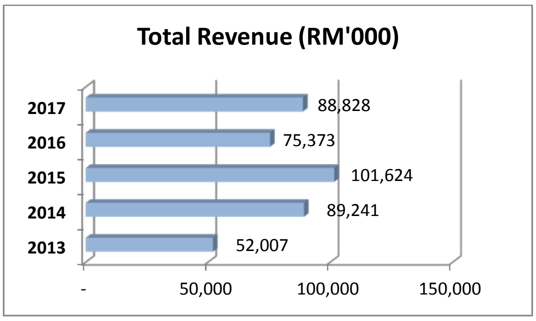
A sincere thank you goes out to our valued shareholders for their continued trust and confidence in us and, finally, our highest appreciation to all our business partners and cherished customers, for extending your invaluable support to us as your trusted solution provider.

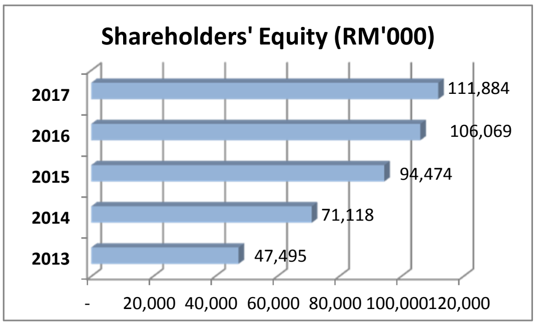
Yong Keang Cheun
Chairman
20 April 2018

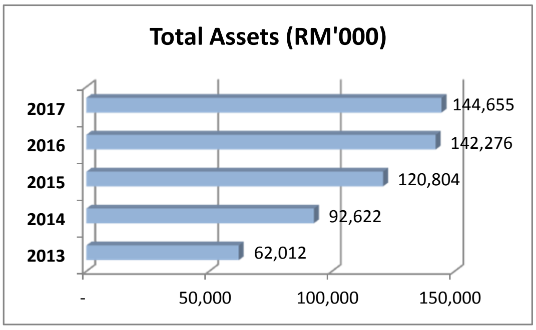
FINANCIAL HIGHLIGHTS

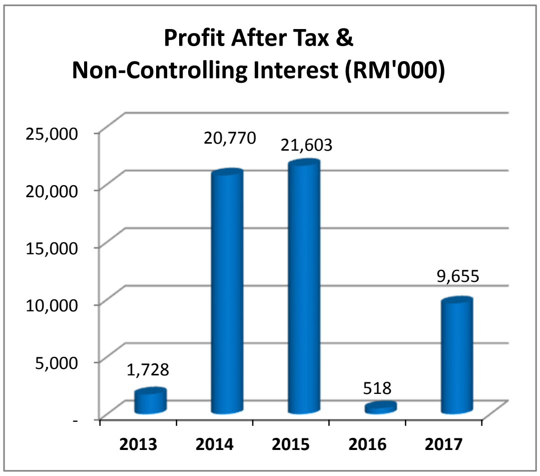
Summarised Statement of Comprehensive Income - Year Ended 31 December (RM'000)	2013	2014	2015	2016	2017
Revenue	52,007	89,241	101,624	75,373	88,828
Profit Before Tax	1,897	25,384	25,753	959	13,666
Profit After Tax & Non-Controlling Interest	1,728	20,770	21,603	518	9,655

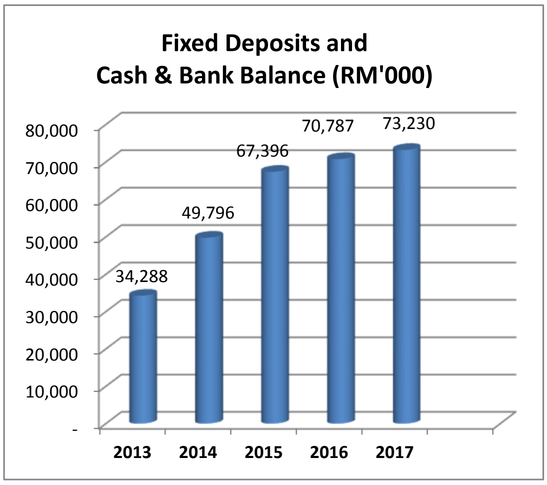
Summarised Statement of Financial Position As at 31 December (RM'000)	2013	2014	2015	2016	2017
Property, Plant & Equipment	9,303	9,169	9,412	9,632	8,908
Investment Properties	278	287	293	303	240
Deferred Development Costs	5,206	13,257	19,560	16,375	12,650
Intangible Asset	-	-	-	1,483	774
Goodwill	-	-	-	25,111	25,111
Other Non-Current Assets	300	202	276	276	277
Total Non-Current Assets	15,087	22,915	29,541	53,180	47,960
Current Assets	46,925	69,707	91,263	89,096	96,695
TOTAL ASSETS	62,012	92,622	120,804	142,276	144,655
Shareholders' Equity	47,495	71,118	94,474	106,069	111,884
Minority Interest	(350)	440	370	(309)	(495)
Total Equity	47,145	71,558	94,844	105,760	111,389
Non-Current Liabilities	444	1,870	3,782	8,857	5,328
Current Liabilities	14,423	19,194	22,178	27,659	27,938
Total Liabilities	14,867	21,064	25,960	36,516	33,266
TOTAL EQUITY AND LIABILITIES	62,012	92,622	120,804	142,276	144,655
	sen	**sen**	**sen**	**sen**	**sen**
Basic earnings per share	0.38	4.58	3.97	0.09	1.59
Net assets per share	11	15	17	17	18











Directors’ Profile

YONG KEANG CHEUN, 59, *Malaysian*
Non Independent Executive Chairman

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

With more than 31 years of experience in the ICT industry, he has been involved in many aspects of the software business, including product development, business development and project implementation.

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

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

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

YONG KIAN KEONG, 57, *Malaysian*
Non Independent Executive Deputy Chairman

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

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

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

CHOW CHEE KENG, 45, *Malaysian*
Executive Director / Finance Director

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

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

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

Directors' Profile

CHEW SEE CHIEW, 65, *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 and Remuneration Committee of the Company.

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

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

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

HOE KAH SOON, 59, *Malaysian*
Independent Non-Executive Director

Mr. Hoe Kah Soon was appointed to the Board on 22 January 2009. He serves as Chairman of Nomination Committee and also sits on the Audit Committee of the Company. He holds a Bachelor of Accounting Degree from University Malaya, with a first class honours.

After graduation in 1982, he joined Arthur Andersen (Audit Division) where he successfully completed his MICPA examinations. In 1984, he transferred to its Consulting Division (which eventually became Accenture) and was admitted to global partnership in 1995. At Accenture (until 2005), he specializes in program managing large scale business systems integration projects. He also assumed several leadership positions including Country Managing Partner Taiwan, Accenture Global People Matters (HR) advisory committee and Head of Malaysia Resources Operating Group.

Currently he also serves as an independent non-executive director of Diversified Gateway Solutions Berhad and Ireka Corporation Berhad. He also sit on the board of Universiti Malaya, UM Specialist Centre Sdn Bhd and UM Holdings Sdn Bhd.

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

NGIAN SIEW SIONG, 65, *Malaysian*
Independent Non-Executive Director

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

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

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

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

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

Directors' Profile

OOI BEE BEE, 58, *Malaysian*
Independent Non-Executive Director

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

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

She served in IFCA Group from 1987 to 2007.

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

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

Senior Management Profile

MICHAEL CHO NGAI MING, 43, *Malaysian*
Chief Executive Officer

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

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

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

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

MUSA TAN, 50, Indonesian
President Director - Indonesia

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

He has over 25 years of working experience in software product customization to satisfy the customer's needs and requirement, business development, sales and marketing and project management.

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

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

WAYNE CHEN, 43, Chinese
Country Manager – China

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

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

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

Senior Management Profile

KUAN SENG WOOD, 54, *Malaysian*
Executive Vice President of Business Development

Mr. Kuan Seng Wood joined the Company as System Analyst on 15 June 1992 and was promoted to General Manager on 1 March 1998 and to the position of Senior General Manager on 26 June 2008. He assumed his current position as Executive Vice President of Business Development in May 2017. He is responsible for the sales and business development and the management of property software division in IFCA Malaysia. He has over 25 years of extensive working experience in the software industry specializing in property development sector. He holds a Diploma in Accountancy from the School of Marketing.

TE JIN JUAN, 50, *Malaysian*
Vice President for Customer Service

Mr. Te Jin Juan joined the Company as Senior Business Development Manager on 2 September 2008 and was promoted to Vice President for Customer Service on 24 May 2017. He is responsible for project planning, managing and executing for property software division in IFCA Malaysia. He has over 25 years of extensive working experience in the software industry specializing in property development sector. He holds a Bachelor in Accountancy from University Utara Malaysia. He is also a Chartered Accountant registered with Malaysia Institute of Accountants.

Additional notes on Key Senior Management

None of the key senior management has any:-

1. Directorship in public companies and listed issuers;
2. Family relationship with any Directors and/or major shareholders of the Company
3. Conflict of interest with the Company; and
4. Conviction for offences within the past five (5) years, and public sanction or penalty by the relevant regulatory bodies on him during the financial year ended 31 December 2017, which requires disclosure pursuant to paragraph 4A(g) of Part A of Appendix 9C of Bursa Malaysia Securities Ace Market Listing Requirements

Corporate Presence

1. Push Technology Sdn Bhd 100%
2. IFCA Solutions Sdn Bhd 85.17%
3. Property365 Sdn Bhd 85.71%
4. Network Online Sdn Bhd 85.17%
5. IFCA Systems (Penang) Sdn Bhd 99.99%
6. IFCA Systems (JB) Sdn Bhd 99.99%
7. IFCA Consulting (Sarawak) Sdn Bhd 99.99%
8. IFCA Consulting (Sabah) Sdn Bhd 60%
9. SmartHR Sdn Bhd 100%
10. PT IFCA Property365 Indonesia 100%
11. IFCA Affiliate (Philippines)
12. IFCA Affiliate (Singapore)
13. IFCA Guangzhou Technology Co., Ltd 100%
14. Jingyou Information Technology (Shanghai) co., Ltd 100%
15. Jingyou Information Technology - Chengdu Branch
16. Jingyou Information Technology - Fu Zhou Branch
17. Jingyou Information Technology - Beijing Branch
18. IFCA (Wuhan) Technology Co Ltd 100%
19. Effica Technology (Pty) Limited 100%
20. IFCA International Limited 100%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of IFCA MSC Berhad ("the Company") will be held at the Auditorium, IFCA MSC Berhad, Block F2, No. 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor on Friday, 25 May 2018 at 10.00 a.m. to transact the following business: -

As Ordinary Business

1. To receive the Audited Financial Statements of the Group for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **Please refer to Note C of this agenda**
2. To approve the payment of a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2017. **Resolution 1**
3. To approve the payment of Directors' fees amounting to RM134,000 to Directors of the Company in respect of the financial year ended 31 December 2017. **Resolution 2**
4. To approve the Directors' Fees and Allowances payable to the Non-Executive Directors of up to RM138,000 with effect from 1 January 2018 until the next Annual General Meeting of the Company. **Resolution 3**
5. To re-elect as Director, Mr. Chew See Chiew who retires pursuant to Article 85 of the Company's Articles of Association. **Resolution 4**
6. To re-elect as Director, Ms Ooi Bee Bee who retires pursuant to Article 90 of the Company's Articles of Association . **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 Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase and/or hold such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:-

   i) the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as at the date of the share buy-back; and

   ii) the aggregate amount of the funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

   iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

Notice of Annual General Meeting (Cont'd)

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

i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

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

AND THAT the Board be as 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. To transact any other ordinary business of which due notice has been duly given in accordance with the Company's Articles of Association and/ or the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT
Notice is hereby given that the final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2017, if approved by the shareholders at the Twentieth Annual General Meeting, will be payable on 5 July 2018 to shareholders whose names appear in the Record of Depositors at the close of business on 13 June 2018.

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

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 June 2018 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
Wong Kam Khan (MIA 3153)
Yap Kim Sing (LS 0001376)
Company Secretaries

27 APRIL 2018

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only members whose name appears in the Record of Depositors as at 18 May 2018 shall be regarded as a member of the Company and shall be entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his stead.

(B) PROXY

a) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy may but need not be a member of the Company.

b) Where a member appoints more than 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"), it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

e) Where a member is an exempt authorised nominee ("EAN") as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

f) To be valid, the completed form of proxy must be deposited at the Registered Office of the Company situated at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding this Meeting or any adjournment thereof; or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

(C) AUDITED FINANCIAL STATEMENTS

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

(D) POLL VOTING

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

(E) EXPLANATORY NOTES ON SPECIAL BUSINESS:

Resolution 7 – Proposed renewal of authority for the Company to purchase its own shares

The Ordinary Resolution 7 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:
(i) the conclusion of the next AGM of the Company; or
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to Share Buy-Back Statement dated 27 April 2018 which is despatched together with the Company's Annual Report 2017.

Corporate Governance Overview Statement

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

This statement is prepared in accordance to the Bursa Malaysia Securities Berhad Ace Market Listing Requirements ("AMLR") and it is to be read together with the Corporate Governance Report 2017, which details how each of the practices set out in the Code was applied during the financial year 2017.

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 practice.

For the financial year ended 31 December 2017, IFCA has applied all practices encapsulated in the MCCG 2017 except:

Practice 4.6	Utilising independent sources to identify suitably qualified candidate for Board membership.
Practice 5.1	Annual evaluation to determine the effectiveness of the Board, its committees and each individual director
Practice 6.1	Remuneration policy for Directors and Senior Management.
Practice 7.2	Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000.
Practice 11.2	Integrated reporting with respect to the business of the company, its policies on governance, the environment and social responsibility.

In line with the latitude conferred in the application mechanism of MCCG, the Company has provided forthcoming explanations for the departures from said practices. The explanation on the departures are supplemented by a description on alternative measures that aim to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report available at www.ifca.asia as well as in the announcement to Bursa Malaysia Securities Berhad.

The following paragraphs describe the manner and extent of compliance with the key principles and best practice set out in MCCG 2017 throughout the financial year under review.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aim, Values and Standards

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

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

i. Audit Committee
ii. Nomination Committee
iii. Remuneration Committee

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

1.2 The Chairman

The Chairman leads the Board in establishing and monitoring good corporate governance practice in the Group so that the Board can perform its responsibilities effectively.

1.3 Chairman and Chief Executive Officer

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

1.4 Qualified and Competent Company Secretary

The Group engages with Key Management Services Sdn Bhd, who provides advice and services on corporate secretarial matters and issues pertaining to compliance and Corporate Governance. The role of Company Secretary is currently held by Mr. Yap Kim Sing of Key Management Services Sdn Bhd, who has held this position since the listing of IFCA MSC Berhad in 2003. The responsibilities of the company secretary include the following, among others:

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

The Company Secretary is suitably competent and capable of carrying out the duties required of the position and qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

1.5 Access to Information and Advice

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. They have direct access to the advice and service of the Company Secretary and Senior Management of IFCA. They may seek independent professional advice, at the Group's expense, if required, in furtherance of their duties and responsibilities as Directors of IFCA, whether in their individual capacity or collectively as a Board.

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

During FY2017, none of the Directors had sought independent professional advice.

2. Demarcation of Responsibilities

2.1 Board Charter

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

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

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct

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

The Group has adopted a "No Gift Policy" to prevent any conflicts of interest in business deals. The notice was published in the Group's intranet so that employees are well aware of the importance and objectives of the newly-set policy. It is also aligned with the Group's concern to prevent corrupt practices, which include the offering and acceptance of gifts and other form of benefits.

3.2 Whistleblowing Policy

The Group has in place a Whistleblowing Policy to promote the culture of good business ethics and governance and to encourage the employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. This policy addresses the Group's commitment to integrity and ethical behaviour by helping to maintain an environment where employees can act appropriately without fear of retaliation. The Whistleblowing Policy is available at IFCA's website at www.ifca.asia.

Part II - Board Composition

4. Board's Objectivity

4.1 Composition of the Board

The Board recognised the importance of independence and objectivity in decision making. As at 31 December 2017, The Board of Directors consists of six (6) members, comprising three (3) Executive Directors and they are the Executive Chairman, the Deputy Chairman and the Finance Director, and three (3) Independent Non-Executive Directors. The Company complies with the Practice 4.1 of the Code whereby at least half of the Board of Directors are independent directors. Another Independent Non-Executive Director, Ms. Ooi Bee Bee, resigned on 28 December 2016 due to medical reasons, but she has been reappointed to the Board on 2 April 2018. As at the date of this Statement, Independent Directors represent majority of the Board, which is 57% of the Board as at the date of the statement.

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

Mr. Chew See Chiew, who is also the chairman of the Audit Committee, is identified as a senior Independent Non-Executive Director to whom concerns may be conveyed.

4.2 Tenure of Independent Director

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine years as recommended by the MCCG 2017. Upon completion of the 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. Hoe Kah Soon, who is an Independent Non-Executive Director, has served the Board for slightly more than nine (9) years as at the date of this Statement. Mr. Hoe does not intend to seek re-election as a director of the Company in the upcoming Annual General Meeting ("AGM").

4.3 Policy of Independent Director's Tenure

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

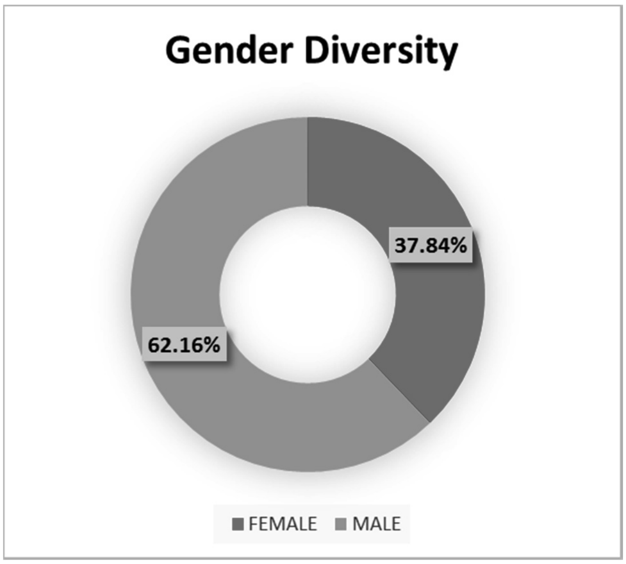
4.4 Diverse Board and Senior Management Team

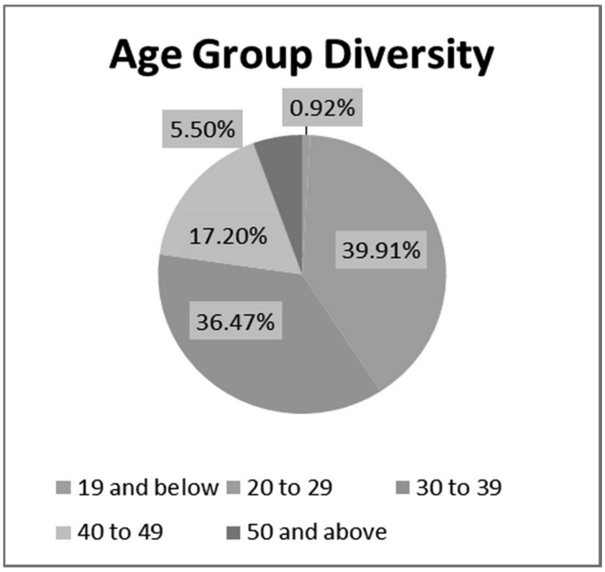
Appointment of Board and Senior Management are based on objective criteria and merit. Beside gender diversity, due regard is placed on diversity in skills, experience, age and cultural background. Please refer to the Profile of Directors and the Management Team on pages 10 to 12 and 13 to 14 respectively for further information.

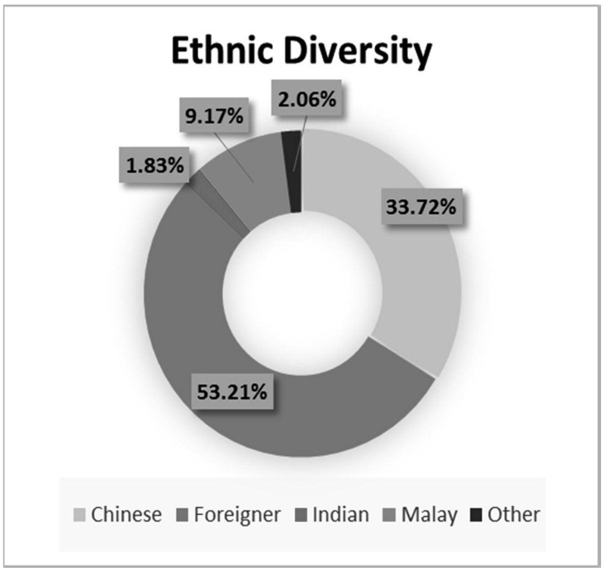
4.5 Gender Diversity

The Board is supportive of gender diversity in the Board Composition. Ms. Ooi Bee Bee was appointed as Independent Director of IFCA on 2 April 2018. The Board, through the Nomination Committee, will consider gender diversity as part of its future selection and will look into increasing female board representation in year 2018.

The Board is also aware of the importance of senior management diversity including diversity in ethnicity, gender and age. However, the Board is of the view that the selection criteria of an officer, based on effective blend of competencies, skills, experience and knowledge should remain as priority. The Group's workforce in terms of age, ethnic, gender and nationality as at 31 December 2017 are as follows:







4.6 New Candidates for Board Appointment

The Board is aware that a variety of approaches should be adopted to ensure that the most suitable candidate for non-executive director positions are sourced and identified, rather than solely based on the recommendations made by existing board members. The Company has attempted to look for the candidate through independent sources but did not manage to identify a suitably qualified candidate for the position. Thus, Ms. Ooi Bee Bee, who is the former Independent Director of the Company, was recommended by the existing board member to the Nomination Committee, by taking into consideration of Ms. Ooi Bee Bee's experience, physical well-being, competency, character, time commitment, integrity, and potential contribution to the Group.

4.7 Nomination Committee

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

The current members of NC are:

- Hoe Kah Soon (Independent Non-Executive Director) – Chairman
- Chew See Chiew (Independent Non-Executive Director) – Member

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

The principal responsibilities of the NC are:

- Reviewing the Board's composition and proposing new nominees to the Board and Board committees. The Board considers diversity from various areas, including gender, age, ethnicity, academic and professional experience and skills. The Board reviews the appointment and resignation of Chief Financial Officer for the Board's consideration.
- Reviewing the effective functions of the Board and Board Committees to meet the needs of the Group and the contribution of each Director (including the Independent Non-Executive Directors) and Chief Financial Officer every year. The Board takes into consideration the required mix of skills, knowledge, expertise and experience contributed by Non-Executive Directors.

The Group maintains a policy for any new appointed director to undergo the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd, as well as other training programmes deemed necessary for all existing directors to contribute effectively to the Group, at the Company's expense. Relevant sections of AMLR, particularly in relation to their responsibilities as Directors, are also conveyed to them by the Company Secretary.

5. Overall Board's Effectiveness

The Board is cognisant of the recommendation in the Code to undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. Towards this end, the Board is on evaluation the best methods to be adopted and shall report according in the future Annual Report.

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

The Board meetings held for the year ended 31 December 2017 is as follows:

i. Monday, 27 February 2017
ii. Friday, 18 April 2017
iii. Tuesday, 30 May 2017
iv. Wednesday, 16 August 2017
v. Thursday, 16 November 2017

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

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

The following is the record of attendance of the Board Members during the financial year 2017.

Directors	**Number of Meetings Attended**
Yong Keang Cheun (Executive Chairman)	5/5
Yong Kian Keong (Executive Director)	4/5
Chow Chee Keng (Executive Director)	5/5
Chew See Chiew (Independent Non-Executive Director)	5/5
Hoe Kah Soon (Independent Non-Executive Director)	4/5
Ngian Siew Siong (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. They are also encouraged to attend courses and other relevant training programmes and seminars from time to time as they consider necessary, whether in-house or external, to equip themselves with the relevant knowledge and ideas to discharge their duties as Directors or Board Committee members effectively, at the Company's expense.

During the financial year ended 31 December 2017, the following Board members have attended relevant courses/seminars as detailed below:

Name of Directors	**Courses Attended**
Yong Keang Cheun	• Leap Market of Bursa Malaysia
Yong Kian Keong	• Leap Market of Bursa Malaysia
Chow Chee Keng	• Tax Impact of 2018 Budget on Businesses • CFO Dialogue 2017 (The New Business As Usual-Globalisation, Digitalisation, Disruption) • ACCA National Conference 2017 - Decoding the New Business DNA • Transfer Pricing Documentation and Base Erosion Profit Shifting • Sustainability Engagement Series for Chief Financial Officers

Name of Directors	Courses Attended
	• GST Audit Framework – A Complete Analysis • National GST Conference 2017
Chew See Chiew	• Leap Market of Bursa Malaysia
Hoe Kah Soon	• Leap Market of Bursa Malaysia • Program Latihan Pengarah - Pengarah Badan-Badan Berkanun • BOS Global Outlook 2017 - A Brave World • Credit Suisse Market Outlook Seminar • BOS Global Outlook 2017 - Capturing Value in a Fully-Valued World
Ngian Siew Siong	• Leap Market of Bursa Malaysia

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration policy

The Company's remuneration policy for Directors is designed to enable the Company to attract and retain experienced and knowledgeable individuals of caliber needed to lead and manage the Group effectively. The remuneration package for Executive Directors is based on corporate and individual performance while for Non-Executive Directors; the level of remuneration is based on their experience and level of responsibilities. The Remuneration Committee annually reviews and assesses the remuneration of the Executive and Non-Executive Directors. The fees were last reviewed in 2015.

6.2. Remuneration committee

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

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Yong Keang Cheun (Non-Independent Executive Chairman) – Member
- Ngian Siew Siong (Independent Non-Executive Director) – Member

The current Board Remuneration Policy was approved by the shareholders at the 19th Annual General Meeting of the Company (AGM) held in May 2017.

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

The remuneration of the Board for the year ended 31 December 2017 is as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors				
Yong Keang Cheun	12,000	1,588,000	28,000	1,628,000
Yong Kian Keong	10,000	949,045	28,000	987,045
Chow Chee Keng	22,500	67,800	2,500	92,800
Non-executive Directors				
Chew See Chiew	33,000	-	-	33,000
Hoe Kah Soon	26,500	-	-	26,500
Ngian Siew Siong	30,000	-	-	30,000
Total	**134,000**	**2,604,845**	**58,500**	**2,797,345**

7.2 Remuneration of Top Five Senior Management

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

Range of Remuneration	Top Five Senior Management
RM250,001 – RM300,000	1
RM300,001 – RM350,000	1
RM350,001 – RM400,000	1
RM400,001 – RM450,000	1
RM750,001 – RM800,000	1

No Senior Management’s remuneration falls within the RM450,001 to RM750,000 band. The remuneration of the top five (5) Senior Management of the Company disclosed above is on an aggregate basis. At this juncture, the Board is of the opinion that the disclosure of the Senior Management’s individual remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit and Risk Management Committee

8. Effective and Independent Audit Committee

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

The current members of Audit Committee are:

- Chew See Chiew (Independent Non-Executive Director) – Chairman
- Hoe Kah Soon (Independent Non-Executive Director) – Member
- Ngian Siew Siong (Independent Non-Executive Director) – Member

The Group, through the Audit Committee, maintains a formal and transparent professional relationship with the Group’s external auditors. The external auditors would highlight matters that require the Board’s attention to the Audit Committee in the course of audit of the Group’s financial statements. The Audit Committee can be sufficiently assured that the management has fully provided all relevant information and responded to all queries from external auditors.

Meetings are held at least twice a year without the presence of the management of the Company to ensure that the external auditors can freely discuss and express their opinions on any matter to the Audit Committee. For the year ended 31 December 2017, the two meetings were held on 18 April 2017 and 16 November 2017. In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders’ questions on the conduct of the statutory audit and contents of their audit report.

The Audit Committee had conducted the assessment on Messrs UHY to assess the suitability and independence of external auditors based on criteria adopted from best practices. The outcome of the assessment was satisfactory, and accordingly, the Audit Committee recommended to the Board to table the resolution for their re-appointment as external auditors for the next financial year for shareholders’ approval at the forthcoming 20th AGM of the Company.

Part II –Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

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

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

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

10. Effective Governance, Risk Management and Internal Control

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

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

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

Details of IFCA's risk management framework and system of internal controls are set out in the Statement of Risk Management & Internal Control on Page 33 to 34 of the Annual Report.

C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

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

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

Part II – Conduct of General Meetings

12. Encourage Shareholder Participation at General Meetings

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

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

	Date of Issue	No. of days before AGM	Date of AGM
Annual Report 2016	28 April 2017	28 days	26 May 2017
Annual Report 2017	27 April 2018	28 days	25 May 2018

STATEMENT OF COMPLIANCE

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

This CG Overview Statement was approved by the Board of Directors of IFCA on 20 April 2018.

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

1. Share Buy-Back

During the financial year 2017, the Company bought back 30,000 shares from the open market as follows:

Month of Purchase	Total No. of Shares Purchased	Total Purchase Consideration (RM)	Highest Price Paid (RM)	Lowest Price Paid (RM)	Average Price Paid (RM)
Mar 2017	10,000	4,896	0.485	0.485	0.485
Jun 2017	10,000	3,895	0.385	0.385	0.385
Nov 2017	10,000	4,045	0.400	0.400	0.400

All the shares purchased by the Company were retained as treasury shares. There were no treasury shares resold or cancelled during the financial year. As at 31 December 2017, a total of 70,000 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 no non-audit fees paid to the External Auditors, Messrs UHY during the financial year ended 31 Dec 2017.

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.

Additional Compliance Information (Cont'd)

(Pursuant to Bursa Malaysia ACE Market Listing Requirements)

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

Disclosure to this effect was set out in Note 37 of the Financial Statements on Page 140 to 141 of this Annual Report.

11. Share Options Offered To Non-executive Directors

There were no share options granted during the year ended 31 December 2017.

12. Sustainability Statement

The Sustainability Statement was 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 year ended 31 December 2017.

AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board of Directors with the primary objective to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and financial reporting practices of the Group.

Composition of the Audit Committee

Chew See Chiew (Chairman / Independent Non-Executive Director)
Hoe Kah Soon (Member / Independent Non-Executive Director)
Ngian Siew Siong (Member / Independent Non-Executive Director)

Number of Audit Committee Meetings and Details of Attendance

During the financial year ended 31 December 2017, the Audit Committee held a total of five (5) meetings. Details of the attendance of each Audit Committee member are as follows:-

Audit Committee Members	Attendance Record
Chew See Chiew	5 out of 5
Hoe Kah Soon	4 out of 5
Ngian Siew Siong	5 out of 5

Summary of Work of the Audit Committee

During the financial year ended 31 December 2017, the Audit Committee has carried out the following works in accordance with its terms of reference to meet its responsibilities:-

a. reviewed the audited financial statements of the Group for the financial year ended 31 December 2017 prior to the Board's approval, taking into consideration also:-

   i. changes in or implementation of any major accounting policies and practices, if any;
   ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transaction, and how these matters are addressed, if any;
   iii. compliance with accounting standards, regulatory and other legal requirements; and
   iv. deliberated on major issues raised by the external auditors, review the going concern assumptions and reservations arising from the final external audits, if any;

b. reviewed the unaudited quarterly reports on the consolidated results prior to the Board's approval;

c. discussed and reviewed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;

d. discussed and reviewed the scope of work and audit plan for the financial year ended 31 December 2017, 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;

g. met twice with the external auditors without the presence of the executive directors and management in the Audit Committee meetings held on 18 April 2017 and 16 November 2017 to enquire on significant findings, fraud consideration, if any, and/or management cooperation level;

Summary of Work of the Audit Committee (cont'd)

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; and

m. reviewed and confirmed the minutes of the Audit Committee meetings.

Summary of Work of the Internal Audit Function

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

The costs incurred for maintaining the outsourced internal audit function for the financial year ended 31 December 2017 amounted to RM30,000 (31 December 2016 : RM30,000)

The following are the summary of the works of the internal audit function for the financial year ended 31 December 2017:-

(a) reviewed the adequacy and effectiveness of internal controls covering the Sales, Billing, Collection and Credit Control Cycle, Project Management Cycle and Human Resources and Payroll Processing Cycle of the Indonesia subsidiary;

(b) presentation of audit findings and recommendation of corrective actions to be taken by Management in the quarterly Audit Committee meetings.

(c) evaluation of the Group's adequacy and effectiveness of the internal control review covering the Project Management Cycle for IT projects in business units in the Klang Valley per the Internal Audit Plan;

(d) conducted follow-up audits to ensure corrective actions had been taken on Human Resource and Payroll function; and

(e) conducted follow-up audits to ensure corrective actions had been taken on the Information Technology Governance.

Statement of Risk Management & Internal Control

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

Board Responsibility

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

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

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

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

Audit Committee

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

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

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

Internal Audit

The Group outsources its internal audit function to an external professional service firm, Crowe Horwath Governance Sdn Bhd. The total costs incurred by the Group for its internal audit function in the financial year ended 31 December 2017 amount to RM30,000. The firm is appointed by Audit Committee and reports directly to the Audit Committee. Its role is to provide the Audit Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

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

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

Internal Audit (Cont')

During the financial year under review, internal audit were performed on Indonesia subsidiary reviewing Sales, Billing, Collection and Credit Control Cycle, Project Management Cycle and Human Resources and Payroll Processing Cycle and follow up review on Human Resources Department, IT Governance and Project Management Cycle for IT projects in business units in the Klang Valley. Recommendations were made to improve the system of internal controls to the Audit Committee on the mentioned areas.

Other Key Internal Control Elements

i. The Group has in place an organisational structure that is aligned to business and operational requirements, with clearly defined lines of accountability.

ii. Clear delegation of authority through well-defined limit of authority and approval.

iii. The Board meets on a regular basis to review the performance and operations of the Group.

iv. Active involvement by the Chief Executive Officer in the day-to-day business operations of the Group including weekly operational and management meetings to identify, discuss and resolve business and operational issues.

v. Bi-weekly meeting on sales performance updates with Solutions team and divisional manager to get updates on sales pipelines and sales opportunities.

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. 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 2017 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 20 April 2018.

Sustainability Statement

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

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

WORKPLACE

Malaysia is set to create a pool of talent for the tech-driven workforce to meet the digital economy's demands in future. In contributing to this, the Company is highly committed to hone and sharpen our employees' talents and skills by constantly providing in-house and external training. During the financial year 2017, our employees from the R&D team had the opportunity of working with Google's engineers for upcoming product development. IFCA's engineers engaged closely with the Google Cloud Platform professionals to better design and architect our solution.

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

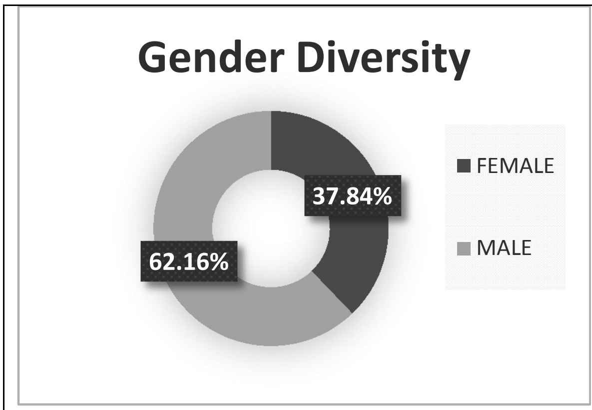
The Group ensures that a two-way communication channels are made available to all employees through various initiatives. During the year, a semi-annually town hall is held in IFCA Malaysia corporate office. Live webcast town hall was conducted so that employees across the states can participate virtually on any remote device. Important information and goals were shared during the town hall meetings, which are effective for improving transparency and communicating the company's plans for the future. This is to ensure that all of the employees are having the same common goals in driving the company forward. The employees would feel more engaged and connected as they are able to raise their concerns to the management during the town hall meeting. On the other hand, throughout the year, employees are able to gain access to the latest and important news of the Group through a shared portal on the Intranet, namely 'IFCA Share Portal' where sharing of ideas, articles and updates via IFCA Share Portal are encouraged.

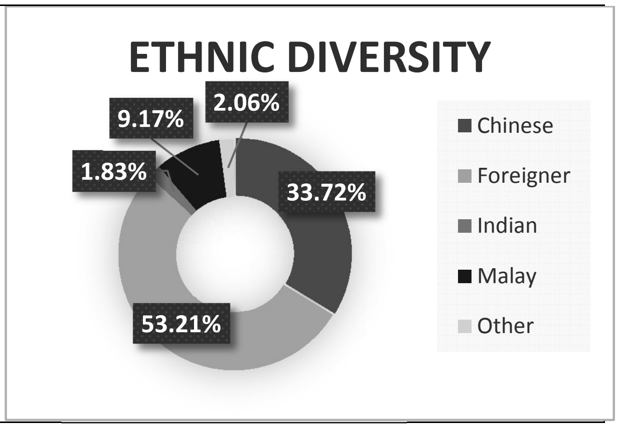
In June 2017, a senior management strategic alignment retreat was organized in Avillion, Port Dickson which more than 40 key senior employees were participated. The retreat session helped to improve the team building through extended interaction and brainstorming of new ideas and opportunities, all away from offices.

The Group currently does not have a policy on diversity of the workforce in terms of gender, age and ethnicity. However, the Group practices equal opportunity and has a healthy multi-cultural mix of employees with approximately 77% of the workforce representing the age group of 18 to 39 years old.

The profiles of the Group's workforce as at 31 December 2017 are as follows:

Age Group	19 and below	20 to 29	30 to 39	40 to 49	50 and above	Grand Total
FEMALE	**-**	**77**	**57**	**27**	**4**	**165**
Top Management	-	-	-	1	-	1
Senior Management	-	1	6	5	-	12
Others	-	76	51	21	4	152
MALE	**4**	**97**	**102**	**48**	**20**	**271**
Top Management	-	-	-	4	5	9
Senior Management	-	-	6	8	8	22
Others	4	97	96	36	7	240
Grand Total	**4**	**174**	**159**	**75**	**24**	**436**





MARKETPLACE

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

The Group recognises its responsibility in helping customers to make informed and correct decisions. We are cautious in marketing campaigns conducted to ensure accurate representations in all media used to support the sales of a product or service. We strictly review materials that is published and/or distributes for our electronic property portal Property365 to not to breach the regulatory requirements set by The Board of Valuers, Appraisers and Estate Agents Malaysia.

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

ENVIRONMENT

The Group does not operate in an environmentally sensitive business but we do take note on any impact that our business operations may have on the environment. Hence, we constantly advocate environmentally friendly practices in the office.

IFCA Group's employees keep the good habits of switching off lights and air-conditioning during lunch hour or when they are out of the office. We continuously encourage employees to go paperless as much as possible to save paper. For example, soft copy of documents should be sent via email and only are printed when necessary. Employees' leave approvals, monthly pay slips and staff claims are processed via our in-house, online and paperless HR365 software solutions.

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

COMMUNITY

The Group understand that our business does benefit from the support of society. One of the core values of the Group is we believe in giving back to the community. We in turn, have a responsibility to contribute to the welfare of society. IFCA donated to the Kiwanis Down Syndrome Foundation Food & Fun Fair where we purchased food vouchers, which were then given away to interested IFCA's employees.

During the Group's 30th Anniversary celebration themed, Celebrate. Giving Back., we honoured long-serving employees and esteemed customers, while giving back to the community. IFCA contributed to three causes – Kiwanis Job Training Centre (KJTC), National Stroke Association of Malaysia

(NASAM) and Beautiful Gate Foundation for the Disabled during the Group's 30^{th} Anniversary celebration dinner. Each organisation received a donation of RM5,000, during the Gala Dinner on 8 December 2017. Prior to the event, employees also visited the Kiwanis Job Training Centre (KJTC) in Petaling Jaya to present goodie bags, lunch and entertainment in November 2017. By engaging in charity works, it has helped to improve employees' satisfaction and morale which they get to see the values of human spirit, passion and teamwork. As such, the Group is proud to say that we are playing a role in contributing and making a greater society.

We also encourage internal activities for the staff to ensure that our working place is a happy place and employees' drive is consistently high and well maintained.

MOVING FORWARD

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

Financial Statements

IFCA MSC BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal Activities

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit for the financial year	9,469,369	13,459,293
Attributable to:		
Owners of the parent	9,655,040	13,459,293
Non-controlling interests	(185,671)	-
	9,469,369	13,459,293

Reserves and Provisions

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

Dividends

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

	RM
A final single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 December 2016 on 7 July 2017	3,041,154

The Directors recommend the payment of a final single tier dividend of RM0.005 per ordinary share in respect of the current financial year, 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 proposed 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 2018.

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 26 May 2017, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 30,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.4279 per share. The total consideration paid for the repurchase, including transaction costs, was RM12,836. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

As at 31 December 2017, the total number of treasury shares held by the Company is 70,000 out of the total 608,290,900 issued ordinary shares. Further relevant details are disclosed in Note 18 to the financial statements.

Options Granted Over Unissued Shares

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

Directors

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

Yong Keang Cheun*
Yong Kian Keong*
Hoe Kah Soon
Chew See Chiew
Ngian Siew Siong
Chow Chee Keng
Ooi Bee Bee (appointed on 2 April 2018)

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

Beh Soo Lang
Musa Dirgantara

* Directors of the Company and its subsidiary companies

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

Directors' Interests in Shares

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

	Number of Ordinary Shares			
	At 1.1.2017 Date of Appointment	**Bought**	**Sold**	**At 31.12.2017**
Interests in the Company				
Direct Interests				
Yong Keang Cheun	3,650,045	-	-	3,650,045
Yong Kian Keong	1,000,365	-	-	1,000,365
Chow Chee Keng	45,000	-	-	45,000
Ooi Bee Bee	4,400,598	-	-	4,400,598
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 related corporations (other than wholly-owned subsidiary companies) of those who were directors at financial year end according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of Ordinary Shares			
	At 1.1.2017 Date of Appointment	**Bought**	**Sold**	**At 31.12.2017**
Interests in Subsidiary Companies				
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

Directors' Interests in Shares (Cont'd)

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

	Number of Ordinary Shares			
	At 1.1.2017 Date of Appointment	**Bought**	**Sold**	**At 31.12.2017**
Interests in Subsidiary Companies (Cont'd)				
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

Note:

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

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

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

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 29(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Indemnity and Insurance Costs

During the financial year, Directors and certain officers of the Group and of the Company are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as inter alia, Directors and certain officers of the Group and of the Company subject to the terms of the policy. The total amount of coverage and premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company were RM3,000,000 and RM9,975 respectively.

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

Other Statutory Information

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

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

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

Other Statutory Information (Cont'd)

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

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Auditors

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

The details of the auditors' remuneration are set out in Note 31 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2018.

YONG KEANG CHEUN

YONG KIAN KEONG

KUALA LUMPUR

IFCA MSC BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 56 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2018.

YONG KEANG CHEUN	YONG KIAN KEONG

KUALA LUMPUR

IFCA MSC BERHAD
(Incorporated in Malaysia)

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

I, Chow Chee Keng (MIA Membership No: 12860), being the Director primarily responsible for the financial management of IFCA MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 158 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 20 April 2018)

CHOW CHEE KENG

Before me,

No. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IFCA MSC BERHAD, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 158.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Requirements

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

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

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
1. Goodwill impairment review The Group and the Company has significant goodwill arising from the acquisition of a business in Indonesia as disclosed in Note 7. The goodwill on combination shall be tested for impairment annually in accordance to MFRS 136 Impairment of Assets. The estimation of recoverable amount is complex and significant judgement is required for estimates, 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 judgemental area that our audit was concentrated on.	Our audit procedures performed in this area included, among others: • assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to the approved budgets and comparing to recent performance and prior years' forecasted results; • performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying value of the goodwill at the end of the reporting period; • checked the key assumptions used by management, in particular, revenue volume growth rate and margins by product comparing to business plans, historical results and market data. • challenged the assumptions in the specialist valuation report supporting goodwill; and • assessed the adequacy of the disclosure in the financial statements.

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

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Assessment of Carrying Amount of Development Costs As part of the business operation, the Group is continuing developing new software and systems. As at 31 December 2017, the carrying amount of the development cost amounted to RM12.65 million. These development costs was capitalised until the intended products commercialised, thereafter amortised over the respective estimated useful life. Estimation of recoverable amount of the development costs is based on forecasting and discounting future cash flows, which are inherently judgmental. In addition, we focused on this area because of the significance of the costs capitalised and the fact that there is judgement involved in assessing whether the criteria, set out in MFRS 138 Intangible Assets, required for capitalisation of such costs have been met, including the likelihood of the project delivering sufficient future economic benefits. Where the costs incurred are internally generated (for example employee costs) there is further judegment required in the calculation, such as the accuracy of amount of time spent on the projects.	Our audit procedures performed in this area included, among others: • tested the operating effectiveness of relevant internal controls related to the capitalisation of cost of developing intangible assets such as employee costs, hardware costs and overhead, according to respective projects; • tested the amounts capitalised in the reporting period are in accordance with the requirements of MFRS 138 *Intangible Assets*; • assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results; • tested the discount rates and the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit; and • assessed the adequacy of the disclosure in the financial statements.

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

Report on the Audit of the Financial Statements (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

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

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

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

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report the subsidiary companies of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

TAN TIAN WOOI
Approved Number: 2969/05/18 (J)
Chartered Accountant

KUALA LUMPUR

20 April 2018

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	8,907,969	9,631,515	4,948,189	5,193,429
Investment properties	5	240,000	303,100	240,000	220,000
Deferred development costs	6	12,650,234	16,374,589	-	-
Investment in subsidiary companies	7	-	-	9,082,391	9,082,391
Intangible assets	8	774,369	1,483,426	774,369	1,483,426
Goodwill on combination	9	25,111,525	25,111,525	25,111,525	25,111,525
Other investments	10	275,674	275,674	165,000	165,000
Amount due from subsidiary companies	11	-	-	4,772,740	6,462,720
		47,959,771	53,179,829	45,094,214	47,718,491
Current Assets					
Trade receivables	12	17,299,963	12,413,888	264,213	405,027
Other receivables	13	2,785,077	2,425,092	1,563,409	1,456,040
Other current assets	14	661,446	955,271	213,009	246,237
Amount due from subsidiary companies	11	-	-	20,850,473	5,507,924
Tax recoverable		2,719,144	2,514,241	600,758	205,095
Fixed deposits with licensed banks	15	35,709,641	23,684,243	19,090,267	20,601,015
Cash and bank balances		37,520,223	47,103,148	1,576,967	5,996,298
		96,695,494	89,095,883	44,159,096	34,417,636
Total Assets		144,655,265	142,275,712	89,253,310	82,136,127

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Equity					
Share capital	16	83,947,005	60,829,090	83,947,005	60,829,090
Share premium	17	-	23,117,915	-	23,117,915
Treasury shares	18	(38,052)	(25,216)	(38,052)	(25,216)
Warrant reserves	19	-	-	-	-
Other reserves	20	(2,032,535)	(1,246,660)	-	-
Retained earnings/ (Accumulated losses)		30,007,711	23,393,825	(2,984,353)	(13,402,492)
Equity attributable to owners of the parent		111,884,129	106,068,954	80,924,600	70,519,297
Non-controlling interests		(494,530)	(308,859)	-	-
		111,389,599	105,760,095	80,924,600	70,519,297
Non-Current Liabilities					
Other liabilities	21	3,384,020	6,433,226	3,200,000	6,262,568
Finance lease payables	22	429,206	463,783	118,318	222,654
Deferred taxation	23	1,514,504	1,959,839	246,980	431,762
		5,327,730	8,856,848	3,565,298	6,916,984
Current Liabilities					
Trade payables	24	2,411,717	750,045	2,413	-
Other payables	25	9,406,690	8,776,212	1,362,878	600,231
Other liabilities	21	15,494,922	16,521,686	3,293,785	4,000,000
Finance lease payables	22	254,010	193,745	104,336	99,615
Tax payable		370,597	1,417,081	-	-
		27,937,936	27,658,769	4,763,412	4,699,846
Total Liabilities		33,265,666	36,515,617	8,328,710	11,616,830
Total Equity and Liabilities		144,655,265	142,275,712	89,253,310	82,136,127

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 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	26	88,827,793	75,372,875	4,541,621	5,419,589
Other income	27	6,319,055	5,496,950	21,286,127	5,411,777
Employee benefits expense	28	(46,771,382)	(45,785,978)	(4,800,243)	(4,354,195)
Changes in inventories		(6,230,640)	(2,594,739)	-	-
Depreciation of property, plant and equipment		(1,029,685)	(1,131,420)	(260,289)	(349,218)
Amortisation of					
- development costs		(4,446,186)	(4,377,613)	-	-
- intangible assets		(709,057)	(2,441,766)	(709,057)	(2,441,766)
Other expenses		(22,263,767)	(23,544,469)	(6,166,844)	(2,657,506)
Profit from operations		13,696,131	993,840	13,891,315	1,028,681
Finance costs	30	(30,510)	(34,351)	(12,393)	(17,184)
Profit before taxation	31	13,665,621	959,489	13,878,922	1,011,497
Taxation	32	(4,196,252)	(1,119,841)	(419,629)	(193,879)
Profit/(Loss) for the financial year		9,469,369	(160,352)	13,459,293	817,618
Other comprehensive income:					
Item that is or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operation		(785,875)	440,815	-	-
Total comprehensive income for the financial year		8,683,494	280,463	13,459,293	817,618

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		9,655,040	518,439	13,459,293	817,618
Non-controlling interests		(185,671)	(678,791)	-	-
		9,469,369	(160,352)	13,459,293	817,618
Total comprehensive income attributable to:					
Owners of the parent		8,869,165	959,254	13,459,293	817,618
Non-controlling interests		(185,671)	(678,791)	-	-
		8,683,494	280,463	13,459,293	817,618
Earnings per share attributable to owners of the parent (sen per share)	33				
- Basic		1.59	0.09		
- Diluted		1.59	0.09		

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 2017

		Attributable to Owners of the Parent								
		Non-distributable								
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Warrant Reserves RM	Other Reserves RM	Distributable Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group										
At 1 January 2016		57,055,410	9,590,868	(9,821)	596,084	(1,687,475)	28,929,058	94,474,124	369,932	94,844,056
Profit for the financial year		-	-	-	-	-	518,439	518,439	(678,791)	(160,352)
Foreign exchange translation reserve		-	-	-	-	440,815	-	440,815	-	440,815
Total comprehensive income for the financial year		-	-	-	-	440,815	518,439	959,254	(678,791)	280,463
Transactions with owners:										
Issue of ordinary shares:										
- Exercise of warrants	16,17,19	2,173,680	567,047	-	(567,047)	-	-	2,173,680	-	2,173,680
- Acquisition of business	16,17,19	1,600,000	12,960,000		-	-	-	14,560,000	-	14,560,000
Shares repurchased	18	-	-	(15,395)	-	-	-	(15,395)	-	(15,395)
Realisation of reserves	19	-	-	-	(29,037)	-	29,037	-	-	-
Dividends paid	34	-	-	-	-	-	(6,082,709)	(6,082,709)	-	(6,082,709)
Total transactions with owners		3,773,680	13,527,047	(15,395)	(596,084)	-	(6,053,672)	10,635,576	-	10,635,576
At 31 December 2016		60,829,090	23,117,915	(25,216)	-	(1,246,660)	23,393,825	106,068,954	(308,859)	105,760,095

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Attributable to Owners of the Parent							
		Non-distributable							
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Other Reserves RM	Distributable Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group									
At 1 January 2017		60,829,090	23,117,915	(25,216)	(1,246,660)	23,393,825	106,068,954	(308,859)	105,760,095
Profit for the financial year		-	-	-	-	9,655,040	9,655,040	(185,671)	9,469,369
Foreign exchange translation reserve		-	-	-	(785,875)	-	(785,875)	-	(785,875)
Total comprehensive income for the financial year		-	-	-	(785,875)	9,655,040	8,869,165	(185,671)	8,683,494
Transactions with owners:									
Shares repurchased	18	-	-	(12,836)	-	-	(12,836)	-	(12,836)
Dividends paid	34	-	-	-	-	(3,041,154)	(3,041,154)	-	(3,041,154)
Total transactions with owners		-	-	(12,836)	-	(3,041,154)	(3,053,990)	-	(3,053,990)
Transfer in accordance with Section 618(2) of the Companies Act, 2016	16,17	23,117,915	(23,117,915)	-	-	-	-	-	-
At 31 December 2017		83,947,005	-	(38,052)	(2,032,535)	30,007,711	111,884,129	(494,530)	111,389,599

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Non-distributable					
	Note	**Share Capital RM**	**Share Premium RM**	**Treasury Shares RM**	**Warrant Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Company							
At 1 January 2016		57,055,410	9,590,868	(9,821)	596,084	(8,166,438)	59,066,103
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	817,618	817,618
Transactions with owners:							
Issue of ordinary shares:							
- Exercise of warrants	16,17,19	2,173,680	567,047	-	(567,047)	-	2,173,680
- Acquisition of business	16,17,19	1,600,000	12,960,000	-	-	-	14,560,000
Shares repurchased	18	-	-	(15,395)	-	-	(15,395)
Realisation of reserves	19	-	-	-	(29,037)	29,037	-
Dividends paid	34	-	-	-	-	(6,082,709)	(6,082,709)
Total transactions with owners		3,773,680	13,527,047	(15,395)	(596,084)	(6,053,672)	10,635,576
At 31 December 2016		60,829,090	23,117,915	(25,216)	-	(13,402,492)	70,519,297

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Non-distributable					
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Warrant Reserves RM	Accumulated Losses RM	Total Equity RM
Company							
At 1 January 2017		60,829,090	23,117,915	(25,216)	-	(13,402,492)	70,519,297
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	13,459,293	13,459,293
Transactions with owners:							
Shares repuchased	18	-	-	(12,836)	-	-	(12,836)
Dividends paid	34	-	-	-	-	(3,041,154)	(3,041,154)
Total transactions with owners		-	-	(12,836)	-	(3,041,154)	(3,053,990)
Transfer in accordance with Section 618(2) of the Companies Act, 2016	16,17	23,117,915	(23,117,915)	-	-	-	-
At 31 December 2017		83,947,005	-	(38,052)	-	(2,984,353)	80,924,600

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 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before taxation	13,665,621	959,489	13,878,922	1,011,497
Adjustments for:				
Depreciation of property, plant and equipment	1,029,685	1,131,420	260,289	349,218
Dividend income	-	-	(16,499,860)	-
Deposit written off	100,000	-	-	-
Amortisation of				
- development costs	4,446,186	4,377,613	-	-
- intangible asset	709,057	2,441,766	709,057	2,441,766
Fair value gain of investment properties	(20,000)	(10,000)	(20,000)	(10,000)
Impairment loss on:				
- trade receivables	625,240	1,929,979	-	-
- investment in subsidiary companies	-	-	-	5,400
- amount due from subsidiary companies	-	-	1,726,096	-
Loss/(Gain) on disposal of property, plant and equipment	90,592	(18,095)	-	(25,435)
Net fair value loss on contingent consideration payable	231,217	-	231,217	-
Property, plant and equipment written off	11,882	13,841	9,957	822
Reversal of impairment loss on trade receivables	(460,708)	(489,126)	-	-
Unrealised gain on foreign exchange	(582,417)	(463,676)	(7,793)	(155,574)
Interest expense	30,510	34,351	12,393	17,184
Interest income	(1,292,310)	(1,085,165)	(696,247)	(794,032)
Operating profit before working capital changes	18,584,555	8,822,397	(395,969)	2,840,846

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Changes in working capital:					
Receivables		(5,472,059)	6,489,492	74,466	(775,621)
Payables		3,444,190	680,821	765,060	(110,912)
Subsidiary companies		-	-	1,217,436	755,077
		(2,027,869)	7,170,313	2,056,962	(131,456)
Cash generated from operating activities		16,556,686	15,992,710	1,660,993	2,709,390
Tax paid		(6,123,725)	(4,074,529)	(1,027,165)	(983,831)
Tax refund		293,149	179,306	27,091	-
		(5,830,576)	(3,895,223)	(1,000,074)	(983,831)
Net cash from operating activities		10,726,110	12,097,487	660,919	1,725,559
Cash flows from investing activities					
Net cash outflow arising from acquisition of a business	7(a)	-	(4,000,000)	-	(4,000,000)
(Repayment from)/Advances to subsidiary companies		-	-	(96,241)	2,869,807
Development costs incurred	6	(542,627)	(1,016,568)	-	-
Decrease in fixed deposit pledged to a licensed bank		-	136,870	-	136,870
Investment in a subsidiary company		-	-	-	(832,502)
Interest received		1,292,310	1,085,165	696,247	794,032
Purchase of property, plant and equipment	4(b)	(1,342,691)	(1,233,078)	(25,006)	(183,665)
Proceeds from disposal of property, plant and equipment		1,082,259	83,028	-	27,359
Repayment of contingent consideration		(4,000,000)	-	(4,000,000)	-
Net movement of fixed deposits not for short-term funding requirements		-	476,682	-	1,476,682
Net cash (used in)/from investing activities		(3,510,749)	(4,467,901)	(3,425,000)	288,583

IFCA MSC BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
Cash flows from financing activities					
Dividends paid	34	(3,041,154)	(6,082,709)	(3,041,154)	(6,082,709)
Interest paid		(30,510)	(34,351)	(12,393)	(17,184)
Payments of finance lease payables		(224,312)	(187,505)	(99,615)	(99,828)
Proceeds from issue of share capital	16	-	2,173,680	-	2,173,680
Purchase of treasury shares	18	(12,836)	(15,395)	(12,836)	(15,395)
Net cash used in financing activities		(3,308,812)	(4,146,280)	(3,165,998)	(4,041,436)
Net increase/(decrease) in cash and cash equivalents		3,906,549	3,483,306	(5,930,079)	(2,027,294)
Effects on foreign exchange rate changes		(1,464,076)	521,822	-	-
Cash and cash equivalents at the beginning of financial year		65,787,391	61,782,263	24,597,313	26,624,607
Cash and cash equivalents at the end of financial year		68,229,864	65,787,391	18,667,234	24,597,313
Cash and cash equivalents comprises the following:					
Fixed deposits with licensed banks		35,709,641	23,684,243	19,090,267	20,601,015
Cash and bank balances		37,520,223	47,103,148	1,576,967	5,996,298
		73,229,864	70,787,391	20,667,234	26,597,313
Less: Fixed deposit not for short-term funding requirements		(5,000,000)	(5,000,000)	(2,000,000)	(2,000,000)
		68,229,864	65,787,391	18,667,234	24,597,313

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

IFCA MSC BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

1. Corporate Information

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

The Company's principal place of business is located at Wisma IFCA, 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan whilst its registered office is located at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of its subsidiary companies are described in Note 7 to the financial statements.

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

2. Basis of Preparation

(a) Statement of Compliance

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

Adoption of new and amended standards

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

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 –2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 35 to the financial statements. Other than that, the adoption of above amendments to MFRS did not have any significant impact on the financial statements of the Group and 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, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates or Joint Ventures	1 January 2019

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

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

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

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

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

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

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

Standards issued but not yet effective (Cont'd)

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

MFRS 9, Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:
- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on its assessment, the financial assets held by the Group and by the Company as at 31 December 2017 will be reclassified to the following classifications:

	2017	**Existing classification under MFRS 139**	**New classification under MFRS 9**
Group	**RM**		
Financial assets			
Trade receivables	17,299,963	L&R	AC
Other receivables	2,605,573	L&R	AC
Fixed deposits with licensed banks	35,709,641	L&R	AC
Cash and bank balances	37,520,223	L&R	AC

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

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

Standards issued but not yet effective (Cont'd)

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

(a) Classification of financial assets (Cont'd)

Company	**2017 RM**	**Existing classification under MFRS 139**	**New classification under MFRS 9**
Financial assets			
Trade receivables	264,213	L&R	AC
Other receivables	1,555,116	L&R	AC
Amount due from subsidiary companies	25,623,213	L&R	AC
Fixed deposits with licensed banks	19,090,267	L&R	AC
Cash and bank balances	1,576,967	L&R	AC

(b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:
- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

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

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

Standards issued but not yet effective (Cont'd)

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

(b) Impairment of financial assets (Cont'd)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes is that, in case where the fair value option is taken for financial liabilities, the part of fair value change due to entity's own credit risk is recoded in other comprehensive income rather than in profit or loss, unless this create an accounting mismatch.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group and the Company expects an increase in the Group's and the Company's allowance for impairment by less than 5% of loans and receivables.

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

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

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

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

Standards issued but not yet effective (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers (Cont'd)*

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has assessed the impact of initial application of MFRS 15 on its trading business and does not expect significant impact on the Group's financial statements, except for additional disclosure.

Revenue from sale of goods will be recognised when control of the products has transferred, being the point when products are delivered to customers. As the transfer of risk and rewards generally coincides with the transfer of control at point in time, the timing and amount of revenue recognised under MFRS 15 is unlikely to be materially different from its current practice.

(iii) MFRS 16 *Leases*

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

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

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

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

(iii) MFRS 16 *Leases* (Cont'd)

The Group and the Company is assessing the impact of the above new standard on the financial statements of the Group and of the Company in the year of initial adoption.

(b) **Basis of measurement**

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

(c) **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.

(d) **Significant accounting judgements, estimates and assumptions**

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

Judgements

Classification between investment properties and property, plant and equipment

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

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

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

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

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

(d) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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

Capitalisation and amortisation of deferred development costs

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

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

Recoverability of development costs

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

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

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

(d) **Significant accounting judgments, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Amoritsation of intangible assets

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

Impairment of goodwill on consolidation

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

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 12 and 13 respectively.

2. **Basis of Preparation (Cont’d)**

(d) **Significant accounting judgments, estimates and assumptions (Cont’d)**

Key sources of estimation uncertainty (Cont’d)

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group and the Company have tax recoverable of RM2,719,144 and RM600,758 (2016: RM2,514,241 and RM205,095) and tax payable of RM370,597 and RM Nil (2016: RM1,417,081 and RM Nil) respectively.

Revenue recognition (Note 26)

Revenue from contract work/sale of software applications is recognised on the percentage of completion method determined on the proportion of cost incurred to date against total estimated cost. Significant judgement is required to determine the stage of completion. In all cases, anticipated losses are provided in full.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 39 regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

(b) **Foreign currency translation**

(i) **Foreign currency transactions and balances**

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

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

(b) **Foreign currency translation**

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

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

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

(ii) **Foreign operations**

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

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

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

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

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

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

(i) **Recognition and measurement**

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

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

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

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

(ii) **Subsequent costs**

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

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

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

(iii) **Depreciation**

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

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

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

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

(d) **Leases**

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

As lessee

(i) **Finance Lease**

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

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

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

(d) **Leases (Cont'd)**

As lessee (Cont'd)

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

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

(ii) **Operating Lease**

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

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

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

As lessor

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

(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.

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

(f) **Investment properties (Cont'd)**

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)**

(g) **Intangible assets**

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

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

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

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

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

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

(ii) **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

(g) **Intangible assets (Cont'd)**

(iii) **Intangible assets acquired in a business combination**

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

(iv) **Derecognition of intangible assets**

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

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

(h) **Financial assets**

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

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

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

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

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

Loans and receivables

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

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

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

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

(i) **Financial Liabilities**

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

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

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

(i) **Financial Liabilities (Cont'd)**

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

(i) Financial liabilities measured at amortised cost

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

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

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

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

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

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

(j) **Offsetting of financial instruments**

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

(k) **Cash and cash equivalents**

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

(l) **Impairment of Assets**

(i) **Non-financial assets**

The carrying amounts of non-financial assets (except for investment properties measured at fair value 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)**

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

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 unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

(l) **Impairment of Assets (Cont'd)**

(ii) **Financial assets**

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

Financial assets carried at amortised cost

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

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

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

3. Significant Accounting Policies (Cont'd)

(m) Share capital

(i) Ordinary shares

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

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

(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.

(n) 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.

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

(n) **Provisions (Cont'd)**

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

(o) **Employee benefits**

(i) **Short term employee benefits**

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

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

(ii) **Defined contribution plans**

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

(p) **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 theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

(p) **Borrowing costs (Cont'd)**

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.

(q) **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) **Sale of goods**

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

(ii) **Rendering of services**

Revenue from rendering of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iii) **Interest income**

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

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

(q) **Revenue recognition (Cont'd)**

(iv) **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.

(v) **Royalty income**

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

(r) **Income taxes**

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

3. Significant Accounting Policies (Cont'd)

(r) Income taxes (Cont'd)

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

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

(s) Segment reporting

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

(t) 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.

(u) Goods and Services Tax ("GST")

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

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

- receivables and payables are recognised inclusive of GST.

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

4. Property, Plant and Equipment

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

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

	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Group						
2016						
Cost						
At 1 January	633,000	6,092,933	3,135,237	6,000,462	1,744,741	17,606,373
Additions	-	819,700	116,954	187,507	108,917	1,233,078
Disposals	-	-	(310,601)	(1,950)	(12,270)	(324,821)
Written off	-	-	-	(6,741)	(16,070)	(22,811)
Exchange differences	-	212,454	(2,702)	(34,650)	(4,008)	171,094
At 31 December	633,000	7,125,087	2,938,888	6,144,628	1,821,310	18,662,913
Accumulated depreciation						
At 1 January	-	1,532,292	1,625,244	4,020,100	995,374	8,173,010
Charge for the financial year	-	117,321	362,725	522,314	129,060	1,131,420
Disposals	-	-	(257,831)	(260)	(1,797)	(259,888)
Written off	-	-	-	(5,287)	(3,683)	(8,970)
Exchange differences	-	-	770	(23,212)	(2,956)	(25,398)
At 31 December	-	1,649,613	1,730,908	4,513,655	1,115,998	9,010,174
Impairment losses						
At 1 January/31 December	-	21,224	-	-	-	21,224
Carrying amount	633,000	5,454,250	1,207,980	1,630,973	705,312	9,631,515

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

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

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

	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Company						
2016						
Cost						
At 1 January	633,000	5,233,030	690,303	1,568,769	885,692	9,010,794
Additions	-	-	116,954	14,014	52,697	183,665
Disposal	-	-	(57,713)	-	-	(57,713)
Written off	-	-	-	(1,916)	-	(1,916)
At 31 December	633,000	5,233,030	749,544	1,580,867	938,389	9,134,830
Accumulated depreciation						
At 1 January	-	1,532,293	188,458	1,300,879	606,212	3,627,842
Charge for the financial year	-	117,321	100,079	85,243	46,575	349,218
Disposal	-	-	(55,789)	-	-	(55,789)
Written off	-	-	-	(1,094)	-	(1,094)
At 31 December	-	1,649,614	232,748	1,385,028	652,787	3,920,177
Impairment losses						
At 1 January/31 December	-	21,224	-	-	-	21,224
Carrying amount	633,000	3,562,192	516,796	195,839	285,602	5,193,429

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

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Motor vehicles	1,050,286	915,386	402,233	516,798

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

(b) Purchase of property, plant and equipment

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Aggregate costs	1,592,691	1,233,078	25,006	183,665
Less: Finance lease financing	(250,000)	-	-	-
Cash payments	1,342,691	1,233,078	25,006	183,665

(c) The strata titles of certain property of the Group and of the Company with carrying amounts of RM117,075 and RM33,975 (2016: RM35,755 and RM35,755) have yet to be issued by the relevant authorities.

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

5. Investment Properties

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
At fair value				
At 1 January	303,100	293,100	220,000	210,000
Change in fair value recognised in profit or loss	20,000	10,000	20,000	10,000
Transfer to property, plant and equipment	(83,100)	-	-	-
At 31 December	240,000	303,100	240,000	220,000
Included in the above are:				
At fair value				
Commercial properties	240,000	220,000	240,000	220,000
Freehold land	-	83,100	-	-
	240,000	303,100	240,000	220,000

(a) Fair value basis of investment properties

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

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

The increase in the fair values of the Group and of the Company of RM20,000 and RM20,000 (2016: RM10,000 and RM10,000) has been recognised in the profit or loss during the financial year.

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

(b) The strata title of an investment property of the Company with carrying amount RM240,000 (2016: RM220,000) had been issued by the relevant authority during the financial year 2016.

(c) The land title of an investment property of the Group with carrying amount of RMNil (2016: RM83,100) has yet to be transferred by the vendor.

6. **Deferred Development Costs**

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 January	40,863,151	40,273,741
Additions for the financial year	542,627	1,016,568
Exchange differences	(700,090)	(427,158)
At 31 December	40,705,688	40,863,151
Accumulated amortisation		
At 1 January	24,488,562	20,713,980
Amortisation	4,446,186	4,377,613
Exchange differences	(879,294)	(603,031)
At 31 December	28,055,454	24,488,562
Carrying amount		
At 31 December	12,650,234	16,374,589
Additions for the year include the following:		
Employee benefits expense (Note 28)	531,914	1,016,568

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

7. Investment in Subsidiary Companies

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost		
- Malaysia	5,249,980	5,249,980
- Outside Malaysia	9,511,827	9,511,827
	14,761,807	14,761,807
Less: Accumulated impairment losses	(9,429,323)	(9,429,323)
	5,332,484	5,332,484
Discount on amounts due from subsidiary companies	3,749,907	3,749,907
	9,082,391	9,082,391

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

	Company 2017 RM	Company 2016 RM
At 1 January	9,429,323	9,423,923
Charge for the financial year	-	5,400
At 31 December	9,429,323	9,429,323

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Direct holding:				
IFCA Solutions Sdn. Bhd.	Malaysia	85.71	85.71	Turnkey solutions provider
IFCA Systems (JB) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
IFCA Systems (Penang) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
IFCA Consulting (Sarawak) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
Property365 Sdn. Bhd.	Malaysia	85.71	85.71	Property online marketplace and research and development

7. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Direct holding:				
Network Online Sdn. Bhd.	Malaysia	85.71	85.71	Installation and servicing of computer hardware and networks
IFCA Consulting (Sabah) Sdn. Bhd.	Malaysia	60	60	Turnkey solutions provider
Push Technology Sdn. Bhd.	Malaysia	100	100	Turnkey solutions provider and research and development
IFCA International Limited	Republic of Seychelles	100	100	Turnkey solutions provider
SmartHR Sdn Bhd	Malaysia	100	100	Turnkey solutions provider
Jingyou Information Technology (Shanghai) Co. Ltd.*	China	100	100	Turnkey solutions provider
IFCA (Guangzhou) Technology Company Limited*	China	100	100	Research and development
EFFICA Technology (Pty) Ltd.*	South Africa	100	100	Turnkey solutions provider
PT IFCA Property365 Indonesia*	Indonesia	100	100	Turnkey solutions provider
Indirect holding:				
Subsidiaries of IFCA (Guangzhou) Technology Company Limited				
IFCA (Wuhan) Technology Company Limited*	China	100	100	Research and development

* *Subsidiary companies not audited by UHY*

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

(a) Acquisition of subsidiary company

There was no acquisition in the current financial year.

In previous financial year

Acquisition of business

On 20 May 2015, the Company had entered into a head of agreement with PT IFCA Consulting Indonesia ("PICI") with the intention to acquire the Business for a total purchase consideration of RM32.0 million. The heads of agreement served as a platform for IFCA and PICI to commence formal negotiations and due diligence on the Business.

Subsequently, on 3 September 2015, Company had entered into the business sale agreement with PICI to undertake the Acquisition of the Business of PICI ("Acquisition")

The Purchase Consideration of the Acquisition are satisfied in the following manner:

(i) RM16 million, of which is satisfied through the issuance of 16,000,000 new ordinary shares of the Company at the issue price of RM1.00 allotted to PICI on completion date

(ii) The balance RM16 million is to be fully satisfy with cash, of which:

   (a) RM4 million of the cash consideration paid to PICI on the completion date; and

   (b) The balance RM12 million of the cash consideration will be paid accordingly under the profit guarantee mechanism as disclosed in Note 21(c).

The acquisition of PICI's business includes the trade receivables of PICI amounted to IDR2,312,294,590, which is equivalents to RM727,897 at the date of acquisition and all its rights under the PICI's contracts as at the Completion date.

The liabilities relating to the business will remain with PICI as the Company does not intend to acquire the said liabilities from PICI under the Acquisition.

PICI has provided a Profit Guarantee to the Company that PTIPI with the Business shall achieve an annual audited profit after tax equivalent to RM4 million for three financial years, ie. from financial years ended 31 December 2016, 31 December 2017, and financial year ending 31 December 2018.

In the event of shortfall of the PTIPI's annual profit after tax from the Profit Guarantee, the Company shall deduct any shortfall from the balance of cash consideration payable to PICI.

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

(a) Acquisition of subsidiary company (Cont'd)

If the annual profit after tax of the respective finance year exceeds the Profit Guarantee, the achieved excess amount shall be carried forward for the upcoming year's profit after tax. Conversely, any shortfall in certain annual profit after tax shall not be carried forward to set off the PTIPI's profit after tax for the upcoming year.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	Group 2016 RM
Cash consideration	4,000,000
Equity instruments issued	14,560,000
Contingent consideration recognised as at acquisition date	10,262,568
	28,822,568
Less: Fair value of equity interest in PTIPI held by the Group immediately before the acquisition	(3,711,043)
Goodwill arising from business combination	25,111,525

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the business into the Group's existing software solution business.

Fair value of identifiable assets acquired and liabilities assumed

	Group 2016 RM
Intangible assets	3,925,192
Trade receivables	727,897
Deferred taxation	(942,046)
	3,711,043

The gross carrying amount of trade receivables approximate their fair value. None of the trade receivables were impaired and the full contractual amounts were expected to be collectable.

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

(a) Acquisition of subsidiary company (Cont'd)

Net cash outflows arising from acquisition of a subsidiary company and business

	Group 2016 RM
Purchase consideration settled in cash	4,000,000
Cash and cash equivalents acquired	-
	4,000,000

Incorporation of new subsidiary company

Pursuant to the acquisition of business, the Company has incorporate a new subsidiary company in Indonesia, PT IFCA Property365 Indonesia ("PTIPI") by subscription of its entire equity interest of 2,500 ordinary shares for a total cash consideration of RM832,500 on 30 October 2015. Consequently, PTIPI became a wholly-owned subsidiary company of the Company that will assume the entire clientele and distribution network of PICI in Indonesia.

Acquisition-related costs

The Group incurred acquisition-related costs of RM663,298 related to external legal fees and due diligence costs. The expenses have been included in other expenses in the profit or loss.

Impact of the acquisition on the Statement of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary company has contributed RM9,302,061 and RM4,265,695 to the Group's revenue and profit for the financial year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year from its continuing operations would have been RM9,302,061 and RM4,265,695 respectively.

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

(b) Material partly-owned subsidiary companies

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

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2017 %	2016 %	2017 RM	2016 RM	2017 RM	2016 RM
IFCA Solutions Sdn. Bhd.	14.29	14.29	210,605	(259,082)	459,336	248,731
Network Online Sdn. Bhd	14.29	14.29	27,849	(16,905)	44,141	16,292
Property365 Sdn. Bhd.	14.29	14.29	(315,749)	(170,074)	(666,700)	(350,951)
IFCA Consulting (Sabah) Sdn. Bhd.	40.00	40.00	(108,225)	(232,707)	(332,654)	(224,429)
					(495,877)	(310,357)
Individually immaterial subsidiary companies with non-controlling interests					1,347	1,498
Total non-controlling interests					(494,530)	(308,859)

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

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

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

(i) Summarised statements of financial position

	IFCA Solutions Sdn. Bhd.		**Network Online Sdn. Bhd.**		**Property365 Sdn. Bhd.**		**IFCA Consulting (Sabah) Sdn. Bhd.**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Non-current assets	1,866,852	1,793,325	308,686	491,958	1,047,323	1,076,758	97,418	155,625
Current assets	14,375,872	13,560,334	4,967,763	1,880,235	332,972	224,920	229,494	619,548
Non-current liabilities	(489,147)	(386,056)	-	-	-	-	(5,760)	(25,182)
Current liabilities	(12,538,219)	(13,226,484)	(5,017,470)	(2,308,157)	(6,047,192)	(3,758,331)	(1,177,025)	(1,335,301)
Net assets/liabilities	3,215,358	1,741,119	258,979	64,036	(4,666,897)	(2,456,653)	(855,873)	(585,310)

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

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

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

	IFCA Solutions Sdn. Bhd.		Network Online Sdn. Bhd.		Property365 Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Revenue	23,197,722	20,603,462	10,651,009	5,685,372	861,546	700,000	631,128	1,001,153
Profit/(Loss) for the financial year	1,474,238	(1,813,576)	194,943	(118,337)	(2,210,243)	(1,190,516)	(270,563)	(581,767)
Total comprehensive income for the financial year	1,474,238	(1,813,576)	194,943	(118,337)	(2,210,243)	(1,190,516)	(270,563)	(581,767)

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

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

(iii) Summarised statements of cash flows

	IFCA Solutions Sdn. Bhd.		Network Online Sdn. Bhd.		Property365 Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Net cash from/(used in) operating activities	234,605	2,112,704	(277,762)	(834,790)	32,999	963,063	(156,821)	(563,115)
Net cash (used in)/from investing activities	(53)	67,004	89,826	(9,494)	(13,969)	(1,065,028)	19,000	-
Net cash used in financing activities	(126,608)	(93,473)	(10,083)	(19,857)	-	-	(3,600)	-
Net increase/ (decrease) in cash and cash equivalents	107,944	2,086,235	(198,019)	(864,141)	19,030	(101,965)	(141,421)	(563,115)

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

8. Intangible Assets

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cost				
At 1 January	3,925,192	-	3,925,192	-
Arising from acquisition of business	-	3,925,192	-	3,925,192
At 31 December	3,925,192	3,925,192	3,925,192	3,925,192
Accumulated amortisation				
At 1 January	2,441,766	-	2,441,766	-
Amortisation during the financial year	709,057	2,441,766	709,057	2,441,766
At 31 December	3,150,823	2,441,766	3,150,823	2,441,766
Carrying amount				
At 31 December	774,369	1,483,426	774,369	1,483,426

During the financial year ended 31 December 2016, the Company had acquired business of PICI as disclosed in Note 7(a) and a purchase price allocation exercise was conducted to determine the fair value of the identifiable assets and liabilities, identified and measured intangible assets as follows:

(i) Software Lease Contracts

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

(ii) Project Software Contracts

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

(iii) Software Support Services Contracts

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

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

9. Goodwill on Combination

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 January	25,111,525	-	25,111,525	-
Arising from acquisition of business	-	25,111,525	-	25,111,525
At 31 December	25,111,525	25,111,525	25,111,525	25,111,525

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are acquisition of business of PICI as disclosed in Note 7(a).

(a) Recoverable amount on value in use

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

(i) Pre-tax cash flow projection based on the most recent financial budgets covering a three years period.

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranged from 1% to 3% (2016: 1% to 3%).

(iii) Pre-tax discount rate of 25% (2016: 25%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was based estimated based on the Group's weighted average cost of capital.

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

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

(b) Sensitivity to changes in assumptions

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

10. Other Investments

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At cost				
Investment in club memberships	275,674	275,674	165,000	165,000

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

11. Amount Due from Subsidiary Companies

	Company 2017 RM	Company 2016 RM
Non-Current Assets		
Amount due from subsidiary companies		
Non-trade related	4,772,740	6,462,720
Current Assets		
Amount due from subsidiary companies		
Non-trade related	21,399,701	4,726,425
Trade related	2,460,495	2,065,126
	23,860,196	6,791,551
Less: Accumulated impairment losses	(3,009,723)	(1,283,627)
	20,850,473	5,507,924

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.

Movements in the allowance for impairment loss are as follows:

	Company 2017 RM	Company 2016 RM
At 1 January	1,283,627	1,283,627
Additions	1,726,096	-
At 31 December	3,009,723	1,283,627

12. Trade Receivables

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Third parties	21,123,570	15,635,068	293,122	433,936
Less: Accumulated impairment losses	(3,823,607)	(3,221,180)	(28,909)	(28,909)
	17,299,963	12,413,888	264,213	405,027

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 January	3,221,180	2,430,565	28,909	28,909
Charge for the year	625,240	1,929,979	-	-
Written off	-	(25,276)	-	-
Reversal of impairment losses	(460,708)	(489,126)	-	-
Exchange differences	437,895	(624,962)	-	-
At 31 December	3,823,607	3,221,180	28,909	28,909

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. **Trade Receivables (Cont'd)**

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	6,250,560	4,472,155	894	46,698
Past due not impaired:				
Less than 30 days	3,755,240	1,419,245	31,966	35,826
31 to 60 days	1,453,949	1,331,609	18,277	20,791
61 to 90 days	1,675,361	1,113,033	10,394	19,417
91 to 120 days	1,454,826	1,021,669	35,485	52,041
More than 120 days	2,710,027	3,056,177	167,197	230,254
	11,049,403	7,941,733	263,319	358,329
	17,299,963	12,413,888	264,213	405,027
Impaired	3,823,607	3,221,180	28,909	28,909
	21,123,570	15,635,068	293,122	433,936

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 58% (2016: 58%) of the Group's trade receivables arises from customers with more than 5 years of experience with the Group and losses have occurred infrequently.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM11,049,403 and RM263,319 (2016: RM7,941,733 and RM358,329) respectively that are past due at the reporting date but not impaired. The total amounts that are past due but not impaired are unsecured in nature.

Although these receivables have exceeded the credit terms granted to them, the Directors are reasonably confident that all debts can be recovered within the next 12 months.

13. Other Receivables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current				
Sundry receivables	3,109,439	2,702,622	1,475,330	1,372,614
GST claimables	179,504	255,702	8,293	-
Deposits	664,290	634,924	79,786	83,426
	3,953,233	3,593,248	1,563,409	1,456,040
Less: Accumulated impairment losses	(1,168,156)	(1,168,156)	-	-
	2,785,077	2,425,092	1,563,409	1,456,040

Movement in impairment on other receivables are as follows:

	Group 2017 RM	Group 2016 RM
At 1 January/31 December	1,168,156	1,168,156

14. Other Current Assets

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Prepayment	661,446	955,271	213,009	246,237

15. Fixed Deposits with Licensed Banks

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Fixed deposits for short term funding - Due within 3 months	30,709,641	18,684,243	17,090,267	18,601,015
Fixed deposits not for short term funding - Due more than 3 months	5,000,000	5,000,000	2,000,000	2,000,000
	35,709,641	23,684,243	19,090,267	20,601,015

The interest rate of the fixed deposits of the Group and of the Company are range from 2.95% to 3.70% (2016: 3.35% to 3.70%) and 2.95% to 3.60% (2016: 3.35% to 3.60%) respectively and mature within 3 to 12 months (2016: 3 to 12 months) period.

16. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2017	2016	2017	2016
	Unit	Unit	RM	RM
Ordinary shares with no par value (2016: par value of RM0.10 each)				
Authorised:				
At 1 January/ 31 December	*	750,000,000	*	75,000,000
Issued and fully paid:				
At 1 January	608,290,900	570,554,100	60,829,090	57,055,410
Issuance of shares:				
- Exercise of warrants	-	21,736,800	-	2,173,680
- Acquisition of business	-	16,000,000	-	1,600,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016*	-	-	23,117,915	-
At 31 December	608,290,900	608,290,900	83,947,005	60,829,090

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

16. **Share Capital (Cont'd)**

In previous financial year, the Company increased its issued and paid-up share capital from 570,554,100 to 608,290,900 through the creation of 37,736,800 ordinary shares of RM0.10 each.

In previous financial year, the Company issued:

(a) 21,736,800 new ordinary shares of RM0.10 each for cash arising from the exercise of Warrants; and

(b) 16,000,000 new ordinary shares of RM0.10 each at issue price of RM0.91 per ordinary share as partial discharge of the purchase consideration for business acquisition of PT IFCA Consulting Indonesia ("PICI").

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

17. **Share Premium**

	Group and Company	
	2017	**2016**
	RM	**RM**
Non-distributable		
At 1 January	23,117,915	9,590,868
Exercise of warrants	-	567,047
Arising from acquisition of business	-	12,960,000
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	(23,117,915)	-
At 31 December	-	23,117,915

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares. As disclosed in Note 16 to the financial statements, share premium has become part of the Company's share capital.

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account becomes part of the Company's share capital (Note 16). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM23,117,915 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act.

18. **Treasury Shares**

	Group/Company			
	Number of shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
At 1 January	40,000	10,000	25,216	9,821
Share repurchased	30,000	30,000	12,836	15,395
At 31 December	70,000	40,000	38,052	25,216

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 26 May 2017, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 30,000 (2016: 30,000) of its issued share capital from the open market at an average price of RM0.4233 (2016: RM0.5132) per share including transaction costs. The repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

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

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

	Number of shares repurchased Units	Highest price paid per share RM	Lowest price paid per share RM	Average price per share RM	Total consideration paid RM
2017					
March	10,000	0.485	0.485	0.485	4,896
June	10,000	0.385	0.385	0.385	3,895
November	10,000	0.400	0.400	0.400	4,045
					12,836
2016					
April	10,000	0.710	0.710	0.710	7,153
August	10,000	0.485	0.485	0.485	4,897
November	10,000	0.330	0.330	0.330	3,345
					15,395

19. Warrant Reserves

	Group/Company			
	Number of warrants		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Non-distributable				
At 1 January	-	22,849,900	-	596,084
Exercise of warrants	-	(21,736,800)	-	(567,047)
Realisation of warrant reserves	-	(1,113,100)	-	(29,037)
At 31 December	-	-	-	-

The Company issued 143,351,000 free detachable warrants for every two existing ordinary shares of RM0.10 each held in the Company on 13 January 2011.

The salient terms of the warrants are as follows:

(i) Each warrant entitles the holder to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.10 per ordinary share;

(ii) The warrants may be exercised at any time up to 15 February 2016; and

(iii) The shares arising from the exercise of warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new shares.

The remaining unexercised Warrants as at 15 February 2016 of 1,113,100 have lapsed.

20. Other Reserves

	Group	
	2017 RM	2016 RM
At 1 January	(1,246,660)	(1,687,475)
Foreign exchange translation	(785,875)	440,815
At 31 December	(2,032,535)	(1,246,660)

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. Other Liabilities

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current					
Deferred revenue	(a)	1,401,234	1,549,017	-	-
Deposits and advance maintenance fees	(b)	10,799,903	10,972,669	-	-
Contingent consideration payable	(c)	3,293,785	4,000,000	3,293,785	4,000,000
		15,494,922	16,521,686	3,293,785	4,000,000
Non-current					
Deposits and advance maintenance fees	(b)	184,020	170,658	-	-
Contingent consideration payable	(c)	3,200,000	6,262,568	3,200,000	6,262,568
		3,384,020	6,433,226	3,200,000	6,262,568
		18,878,942	22,954,912	6,493,785	10,262,568

(a) Deferred revenue represents software applications income received, in advance from customers. Revenue from software application is recognised in profit or loss on a time progressive basis over the contract period.

(b) Deposits and maintenance fees received in advance from customers are recognised over the respective periods to correlate with the delivery of goods or service obligations, as applicable.

(c) Contingent consideration payable

Contingent consideration payable relating to the acquisition of PICI's business as disclosed in Note 7(a).

The contingent consideration is payable in the following manner:

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

22. Finance Lease Payables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Minimum lease payments:				
Within one year	279,366	218,753	112,008	112,008
Later than 1 year and not later than 2 years	275,850	206,046	121,302	112,008
Later than 2 years and not later than 5 years	176,436	283,046	-	121,302
	731,652	707,845	233,310	345,318
Less: Future finance charges	(48,436)	(50,317)	(10,656)	(23,049)
Present value of minimum lease payments	683,216	657,528	222,654	322,269
Present value of minimum lease payments:				
Within one year	254,010	193,745	104,336	99,615
Later than 1 year and not later than 2 years	261,186	189,754	118,318	104,336
Later than 2 years and not later than 5 years	168,020	274,029	-	118,318
	683,216	657,528	222,654	322,269
Analysed as:				
Payable within 12 months	254,010	193,745	104,336	99,615
Payable after 12 months	429,206	463,783	118,318	222,654
	683,216	657,528	222,654	322,269

The finance lease liabilities of the Group and of the Company bear interest at rates range between 2.39% and 3.40% (2016: 2.39% and 3.40%) per annum and at an average interest rate of 2.84% (2016: 2.84%) per annum respectively.

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

23. Deferred Taxation

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 January	1,959,839	2,883,299	431,762	99,447
Intangible assets	-	942,046	-	942,046
Recognised in profit or loss	(445,455)	(1,853,252)	(182,323)	(605,877)
Under/(over) provision in prior year	120	(12,254)	(2,459)	(3,854)
At 31 December	1,514,504	1,959,839	246,980	431,762

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Deferred tax assets	(1,708,244)	(1,697,045)	-	-
Deferred tax liabilities	3,222,748	3,656,884	246,980	431,762
	1,514,504	1,959,839	246,980	431,762

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

<u>Deferred tax liabilities</u>

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Accelerated capital allowances				
At 1 January	306,271	393,531	75,740	99,447
Recognised in profit or loss	(66,381)	(69,384)	(12,149)	(19,853)
Over provision in prior years	(6,163)	(17,876)	(2,459)	(3,854)
At 31 December	233,727	306,271	61,132	75,740
Deferred development costs				
At 1 January	2,994,591	3,385,284	-	-
Recognised in profit or loss	(191,418)	(390,693)	-	-
At 31 December	2,803,173	2,994,591	-	-

23. **Deferred Taxation (Cont'd)**

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

Deferred tax liabilities (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Intangible assets				
At 1 January	356,022	-	356,022	-
Arising from acquisition of business (Note 7(a))	-	942,046	-	942,046
Recognised in profit or loss	(170,174)	(586,024)	(170,174)	(586,024)
At 31 December	185,848	356,022	185,848	356,022
	3,222,748	3,656,884	246,980	431,762

Deferred tax assets

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred revenue				
At 1 January	(1,502,718)	-	-	-
Recognised in profit or loss	127,335	(1,502,718)	-	-
At 31 December	(1,375,383)	(1,502,718)	-	-
Unabsorbed capital allowances				
At 1 January	(9,616)	(15,898)	-	-
Recognised in profit or loss	(5,988)	463	-	-
Underprovision in prior years	529	5,819	-	-
At 31 December	(15,075)	(9,616)	-	-
Unutilised tax losses				
At 1 January	(184,711)	(879,618)	-	-
Recognised in profit or loss	(138,829)	695,104	-	-
Under/(over)provision in prior years	5,754	(197)	-	-
At 31 December	(317,786)	(184,711)	-	-
	(1,708,244)	(1,697,045)	-	-

23. **Deferred Taxation (Cont'd)**

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

	Group	
	2017	2016
	RM	RM
Unabsorbed capital allowances	6,508	4,388
Unutilised tax losses	15,808,172	13,646,005
	15,814,680	13,650,393

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

24. **Trade Payables**

The trade credit terms granted to the Group and to the Company vary between 30 and 60 days (2016: 30 and 60 days) although in practice it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 120 days.

25. **Other Payables**

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sundry payables	2,115,378	538,967	1,078,753	86,375
GST payables	206,926	254,418	-	-
Accruals	7,084,245	7,982,827	284,125	513,856
Amount due to a director	141	-	-	-
	9,406,690	8,776,212	1,362,878	600,231

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

26. Revenue

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Software applications	42,184,171	35,526,686	-	-
Maintenance, support system, training and implementation	35,355,893	33,937,695	3,389,934	3,481,082
Hardware, networking and operating systems	10,105,370	5,156,673	329,237	486,151
Royalty income	310,838	51,821	822,450	1,452,356
Digital marketing	871,521	700,000	-	-
	88,827,793	75,372,875	4,541,621	5,419,589

27. Other Income

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Dividend income	-	-	16,499,860	-
Fair value gain of investment properties	20,000	10,000	20,000	10,000
Gain on disposal of property, plant and equipment	-	52,444	-	25,435
Gain on foreign exchange				
- Realised	27,342	532,763	8,288	-
- Unrealised	582,417	514,926	7,793	155,574
Interest income from:				
- Others	1,292,310	1,085,165	696,247	794,032
Reimbursement- travelling and accomodation	23,872	-	-	-

27. Other Income (Cont'd)

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Rental income	14,436	36,432	3,840	3,840
Reversal of impairment loss on trade receivables	460,708	489,126	-	-
Reallocation of headquarter costs charged to subsidiary companies	-	-	4,032,102	4,422,671
Tax incentive from foreign subsidiary company	3,721,209	2,348,677	-	-
Miscellaneous	176,761	427,417	17,997	225
	6,319,055	5,496,950	21,286,127	5,411,777

28. Employee Benefits Expenses

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Salaries and wages	41,934,066	42,055,453	4,124,558	3,728,559
Social security contributions	1,989,654	1,554,270	24,117	25,692
Contributions to defined contribution plans	3,357,633	3,156,918	629,625	564,539
Other staff related expenses	21,943	35,905	21,943	35,405
Total employee benefits expense	47,303,296	46,802,546	4,800,243	4,354,195
Less: Amount capitalised under deferred development costs	(531,914)	(1,016,568)	-	-
	46,771,382	45,785,978	4,800,243	4,354,195

29. Directors' Remuneration

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,015,500	1,620,000	2,015,500	1,620,000
Fees	44,500	48,000	44,500	48,000
Defined contribution plan	379,345	304,200	379,345	304,200
Total executive directors' remuneration (excluding benefits-in-kind)	2,439,345	1,972,200	2,439,345	1,972,200
Estimated money value of benefits-in-kind	210,000	146,983	210,000	146,983
Total executive directors' remuneration (including benefits-in-kind)	2,649,345	2,119,183	2,649,345	2,119,183
Non-executive:				
Fees	89,500	124,000	89,500	124,000
Total Directors' emoluments	2,738,845	2,243,183	2,738,845	2,243,183
Other Directors of the Group:				
Executive:				
Salaries and other emoluments	209,805	96,000	-	-
Contributions to defined contribution plan	10,920	11,520	-	-
	220,725	107,520	-	-
Total directors' remuneration	2,959,570	2,350,703	2,738,845	2,243,183
Non-monetary benefits-in-kind paid to executive directors	58,500	58,500	-	-
Total Directors' remuneration	3,018,070	2,409,203	2,738,845	2,243,183
Represented by:				
Directors' remuneration	2,749,570	2,203,720	2,528,845	2,096,200
Non-monetary benefits-in-kind	268,500	205,483	210,000	146,983
	3,018,070	2,409,203	2,738,845	2,243,183

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	
	2017	**2016**
Executive directors:		
RM200,000 and below	1	1
RM750,001 - RM850,000	-	1
RM950,001 - RM1,050,000	1	-
RM1,250,001 - RM1,350,000	-	1
RM1,550,001 - RM1,650,000	1	-
Non-Executive directors:		
Less than RM50,000	3	3

30. **Finance Costs**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
- Finance lease	30,510	34,351	12,393	17,184

31. Profit before Taxation

Profit before taxation is derived at after charging:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit				
- current year	174,556	191,589	58,000	53,000
- (over)/under provision in prior year	5,000	(532)	5,000	2,600
- non-statutory audit	-	12,500	-	12,500
Amortisation of				
- development costs	4,446,186	4,377,613	-	-
- intangible asset	709,057	2,441,766	709,057	2,441,766
Depreciation of property, plant and equipment	1,029,685	1,131,420	260,289	349,218
Deposit written off	100,000	-	-	-
Impairment loss on :				
- investment in subsidiary company	-	-	-	5,400
- amount due from subsidiary companies	-	-	1,726,096	-
- trade receivables	625,240	1,929,979	-	-
Loss on disposal of property, plant and equipment	90,592	34,349	-	-
Loss on foreign exchage				
- Realised	158,022	-	-	-
- Unrealised	-	51,250	-	-
Net fair value loss on contingent consideration payable	231,217	-	231,217	-
Non-executive Directors' fee	89,500	-	89,500	-
Property, plant and equipment written off	11,882	13,841	9,957	822
Rental of premises	2,214,523	256,750	20,250	27,000

32. Taxation

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current tax				
- Malaysian income tax	2,509,400	1,289,300	145,500	552,000
- Foreign tax	1,613,670	1,515,713	-	-
Under provision taxation in prior years	518,517	180,334	458,911	251,610
	4,641,587	2,985,347	604,411	803,610
Deferred taxation (Note 23):				
Relating to origination and reversal of temporary differences	(445,455)	(1,853,252)	(182,323)	(605,877)
Under/(Over) provision in prior years	120	(12,254)	(2,459)	(3,854)
	(445,335)	(1,865,506)	(184,782)	(609,731)
	4,196,252	1,119,841	419,629	193,879

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 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	
	2017 RM	2016 RM
Profit before taxation	13,665,621	959,489
At Malaysian statutory tax rate of 24% (2016: 24%)	3,279,749	230,277
Effect of different tax rates in other countries	13,014	(360,137)
Effect of income not subject to tax	(926,699)	(1,045,901)
Effect of expenses not deductible for tax purpose	792,122	3,011,597
Deferred tax assets not recognised	1,021,872	602,173
Effect of utilisation of deferred tax assets not recognised in prior years	(502,443)	(792,357)
Income exempted under pioneer status	-	(693,891)
Underprovision of income tax expense in prior years	518,517	180,334
Under/(Over) provision of deferred tax in prior years	120	(12,254)
Income tax expense for the financial year	4,196,252	1,119,841
Tax savings during the financial year arising from:		
- utilisation of tax losses brought forward from previous years	519,429	48,552

	Company	
	2017 RM	2016 RM
Profit before taxation	13,878,922	1,011,497
At Malaysian statutory tax rate of 24% (2016: 24%)	3,330,941	242,759
Effect of income not subject to tax	(3,959,966)	(623,364)
Effect of expenses not deductible for tax purpose	592,202	326,728
Under provision of income tax expense in prior years	458,911	251,610
Over provision of deferred tax in prior years	(2,459)	(3,854)
Income tax expense for the financial year	419,629	193,879

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

The Group has unabsorbed capital allowances and unutilised tax losses carry forward, available to off-set against future taxable profits as follows:

	Group	
	2017	2016
	RM	RM
Unabsorbed capital allowances	69,322	44,455
Unutilised tax losses	17,132,281	14,415,634
	17,201,603	14,460,089

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	
	2017	2016
	RM	RM
Profit attributable to owners of the parent for basic earnings	9,655,040	518,439
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	608,290,900	570,554,100
Effect of ordinary shares issued during the financial year	-	19,241,383
Effect of treasury shares held	(15,302)	(11,397)
Weighted average number of ordinary shares as at 31 December	608,275,598	589,784,086
Basic earnings per share (in sen)	1.59	0.09

33. **Earnings Per Share (Cont'd)**

(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	
	2017	**2016**
	RM	**RM**
Final single-tier dividend of RM0.005 (2016: RM0.01) on 608,230,800 (2016: 608,270,900) ordinary shares, in respect of the financial year ended 31 December 2016 (2016: 31 December 2015)	3,041,154	6,082,709

The Directors recommend the payment of a first and final single tier dividend of RM0.005 per ordinary share in respect of the current financial year ended 31 December 2017, 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 proposed 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 2018.

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 1.1.2017 RM	Additions RM	New finance lease (Note 4b) RM	Repayment RM	At 31.12.2017 RM
Group					
Finance lease payables (Note 22)	657,528	-	250,000	(224,312)	683,216
Other liabilities (Note 21)	-	10,493,785	-	(4,000,000)	6,493,785
	657,528	10,493,785	250,000	(4,224,312)	7,177,001
Company					
Finance lease payables (Note 22)	322,269	-	-	(99,615)	222,654
Other liabilities (Note 21)	-	10,493,785	-	(4,000,000)	6,493,785
	322,269	10,493,785	-	(4,099,615)	6,716,439

36. Commitments

Non-cancellable operating lease commitment

Group as lessors

	Group	
	2017 RM	2016 RM
Future minimum rental receivable:		
Not later than 1 year	5,734	14,436
Later than 1 year but not later than 3 years	25,221	1,843
	30,955	16,279

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

36. Commitments (Cont'd)

Group as lessees

	Group	
	2017	**2016**
	RM	**RM**
Future minimum rental payable:		
Not later than 1 year	1,526,091	1,457,439
Later than 1 year but not later than 3 years	1,638,283	1,056,229
	3,164,374	2,513,668

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

37. Related Parties Disclosures

(a) Identity of related parties

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

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

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

(b) Significant related party transactions

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

	Company	
	2017	2016
	RM	RM
Dividend incom receivable from subsidiary companies	-	16,499,860
Reallocation head quarter costs charged to subsidiary companies	4,032,103	4,422,671
Services payables to subsidiary companies	807,530	-
Services receivable to subsidiary companies	426,166	-
Services rendered to subsidiary companies	350,000	-
Royalty receivable from subsidiary companies	822,450	1,452,356
Sales receivable from subsidiary companies	345,765	470,551

(c) Compensation of key management personnel

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fee	44,500	48,000	44,500	48,000
Salaries and other emoluments	2,590,144	1,716,000	2,380,339	1,620,000
Contributions to defined contribution plan	436,245	315,720	425,325	304,200
Estimated money value of benefits-in-kind	210,000	146,983	210,000	146,983
Benefits-in-kind	18,323	-	18,323	-
Non-monetary benefits-in-kind paid to executive directors	58,500	58,500	-	-
	3,357,712	2,285,203	3,078,487	2,119,183

38. Segmental Reporting

(a) Geographical segments

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

(i) Malaysia - the areas of operation are principally a turnkey e-business application provider focused on customised functionality on in-house industry specific software.

(ii) Foreign - the main activities are focused on the Group's research and development centre, as the central domain for all customised projects and undertake marketing activities that cater for China market.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

8. **Segmental Reporting (Cont'd)**

(a) Geographical segments (Cont'd)

	Malaysia		Foreign		Eliminations		Note	Per consolidated financial statements	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**		**2017**	**2016**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**		**RM**	**RM**
Revenue:									
External revenue	45,601,837	38,972,309	43,225,956	36,400,566	-	-		88,827,793	75,372,875
Inter-segment revenue	12,354,396	12,410,842	-	2,019,565	(12,354,396)	(14,430,407)	A	-	-
Total revenue	57,956,233	51,383,151	43,225,956	38,420,131	(12,354,396)	(14,430,407)		88,827,793	75,372,875
Results:									
Segment results	11,132,219	3,706,789	7,452,336	7,135,173	-	(2,019,565)		18,584,555	8,822,397
Interest income	947,617	997,864	344,693	87,301	-	-		1,292,310	1,085,165
Amortisation									
- Development costs	(1,814,138)	(1,627,886)	(220,122)	(383,681)	(2,411,926)	(2,366,046)		(4,446,186)	(4,377,613)
- Intangible assets	(709,057)	(2,441,766)	-	-	-	-		(709,057)	(2,441,766)
Depreciation	(848,832)	(859,876)	(180,853)	(271,544)	-	-		(1,029,685)	(1,131,420)
Other non-cash expenses	14,361	(1,404,566)	(177,257)	441,643	167,090	-	B	4,194	(962,923)
Finance costs	(30,510)	(34,351)	-	-	-	-		(30,510)	(34,351)
Profit/(Loss) before taxation	8,691,660	(1,663,792)	7,218,797	7,008,892	(2,411,926)	(4,385,611)		13,665,621	959,489
Income tax expense	(3,561,658)	395,872	(634,594)	(1,515,713)	-	-		(4,196,252)	(1,119,841)
Profit/(Loss) for the financial year	5,130,002	(1,267,920)	6,584,203	5,493,179	(2,411,926)	(4,385,611)		9,469,369	(160,352)
Additions to non-current assets	421,648	1,309,451	1,713,670	940,195	-	-	C	2,135,318	2,249,646
Segment assets	140,122,160	131,503,700	58,183,187	50,286,651	(53,650,082)	(39,514,639)	D	144,655,265	142,275,712
Segment liabilities	59,368,737	45,574,638	59,306,245	58,590,186	(85,409,316)	(67,649,207)	E	33,265,666	36,515,617

38. **Segmental Reporting (Cont'd)**

(a) Geographical segments (Cont'd)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to financial statements:

	2017	**2016**
	RM	**RM**
Deposit written off	100,000	-
Fair value gain of investment properties	(20,000)	(10,000)
Net fair value loss on contingent consideration payable	231,217	-
Impairment loss on trade receivables	625,240	1,929,979
Loss/(Gain) on disposal of property, plant and equipment	90,592	(18,095)
Property, plant and equipment written off	11,882	13,841
Reversal of impairment loss on trade receivables	(460,708)	(489,126)
Unrealised gain on foreign exchange	(582,417)	(463,676)
	(4,194)	962,923

C Additions to non-current assets consist of:

	2017	**2016**
	RM	**RM**
Property, plant and equipment	1,592,691	1,233,078
Development costs	542,627	1,016,568
	2,135,318	2,249,646

38. **Segmental Reporting (Cont'd)**

(a) Geographical segments (Cont'd)

D The following item is deducted from segment assets to arrive at total assets reported in the statements of financial position:

	2017 RM	2016 RM
Inter-segment assets	(53,650,082)	(39,514,639)

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

	2017 RM	2016 RM
Inter-segment liabilities	(85,409,316)	(67,649,207)

Information about major customers

Revenue from four (2016: five) major customers amount to RM11,927,925 (2016: RM7,024,764), arising from sales by the Foreign segment.

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

	Non-current assets	
	2017 RM	2016 RM
Malaysia	44,228,163	49,562,177
Foreign	3,731,608	3,617,652
	47,959,771	53,179,829

38. **Segmental Reporting (Cont'd)**

(b) Business segments

The Group is also organised on a worldwide basis into three major business segments:

(i) Software application and royalty income
(ii) Hardware, networking and operating systems
(iii) Maintenance, support system, training and implementation

	Software applications and royalty income		Hardware, networking and operating systems		Maintenance, support system, training and implementation		Per consolidated financial statements	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Total revenue from external customers	42,495,009	35,578,507	10,105,370	5,156,673	36,227,414	34,637,695	88,827,793	75,372,875
Segment assets	102,612,912	98,394,714	5,179,133	2,342,929	36,863,220	41,538,069	144,655,265	142,275,712
Additions to non-current assets	30,656	185,165	12,183	14,119	2,092,479	2,050,362	2,135,318	2,249,646

39. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss 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:

	Loans and receivables RM	**Financial liabilities measured at amortised cost RM**	**Total RM**
Group			
2017			
Financial Assets			
Trade receivables	17,299,963	-	17,299,963
Other receivables	2,605,573	-	2,605,573
Fixed deposits with licensed banks	35,709,641	-	35,709,641
Cash and bank balances	37,520,223	-	37,520,223
Total financial assets	93,135,400	-	93,135,400
Financial Liabilities			
Trade payables	-	2,411,717	2,411,717
Other payables	-	9,199,764	9,199,764
Other liabilities	-	6,493,785	6,493,785
Finance lease payables	-	683,216	683,216
Total financial liabilities	-	18,788,482	18,788,482
2016			
Financial Assets			
Trade receivables	12,413,888	-	12,413,888
Other receivables	2,425,092	-	2,425,092
Fixed deposits with licensed banks	23,684,243	-	23,684,243
Cash and bank balances	47,103,148	-	47,103,148
Total financial assets	85,626,371	-	85,626,371

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

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2016			
Financial Liabilities			
Trade payables	-	750,045	750,045
Other payables	-	8,521,794	8,521,794
Other liabilities	-	10,262,568	10,262,568
Finance lease payables	-	657,528	657,528
Total financial liabilities	-	20,191,935	20,191,935
Company			
2017			
Financial Assets			
Trade receivables	264,213	-	264,213
Other receivables	1,555,116	-	1,555,116
Amount due from subsidiary companies	25,623,213	-	25,623,213
Fixed deposits with licensed banks	19,090,267	-	19,090,267
Cash and bank balances	1,576,967	-	1,576,967
Total financial assets	48,109,776	-	48,109,776
Financial Liabilities			
Trade payables	-	2,413	2,413
Other payables	-	1,362,878	1,362,878
Other liabilities	-	6,493,785	6,493,785
Finance lease payables	-	222,654	222,654
Total financial liabilities	-	8,081,730	8,081,730

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

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
2016			
Financial Assets			
Trade receivables	405,027	-	405,027
Other receivables	1,456,040	-	1,456,040
Amount due from subsidiary companies	11,970,644	-	11,970,644
Fixed deposits with licensed banks	20,601,015	-	20,601,015
Cash and bank balances	5,996,298	-	5,996,298
Total financial assets	40,429,024	-	40,429,024
Financial Liabilities			
Other payables	-	600,231	600,231
Other liabilities	-	10,262,568	10,262,568
Finance lease payables	-	322,269	322,269
Total financial liabilities	-	11,185,068	11,185,068

(b) Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

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

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

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

Credit risk concentration profile

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 trade receivables at the reporting date are as follows:

	Group			
	2017		**2016**	
	RM	**% of total**	**RM**	**% of total**
By Country:				
Malaysia	12,122,598	70%	8,076,096	65%
People's Republic of China	3,102,288	18%	2,699,562	22%
Indonesia	1,254,343	7%	852,363	7%
Singapore	444,186	3%	605,416	5%
Philippines	11,230	*	65,610	1%
Other countries	365,318	2%	114,841	1%
	17,299,963	100%	12,413,888	100%

** the percentage is inconsequential*

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

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

	Company			
	2017		**2016**	
	RM	**% of total**	**RM**	**% of total**
By Country:				
Malaysia	264,213	100%	405,027	100%

As at the end of the financial year 2017, the Group had approximately 70% (2016: 58%) of the Group's trade receivables were due from 33 (2016: 29) major customers who are reputable and located in Malaysia.

Information regarding trade receivables that are neither past due nor impaired and either past due or impaired, are disclosed in Note 12.

(ii) Liquidity risk

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

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

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

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (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	3 - 4 years RM	Total RM
Group						
2017						
Financial liabilities						
Trade payables	2,411,717	2,411,717	-	-	-	2,411,717
Other payables	9,199,764	9,199,764	-	-	-	9,199,764
Contingent consideration	6,493,785	3,293,785	3,200,000	-	-	6,493,785
Finance lease payables	683,216	279,366	275,850	176,436	-	731,652
Total undiscounted financial liabilities	18,788,482	15,184,632	3,475,850	176,436	-	18,836,918
2016						
Financial liabilities						
Trade payables	750,045	750,045	-	-	-	750,045
Other payables	8,521,794	8,521,794	-	-	-	8,521,794
Contingent consideration	10,262,568	4,000,000	3,389,830	2,872,738	-	10,262,568
Finance lease payables	657,528	218,753	206,046	205,896	77,150	707,845
Total undiscounted financial liabilities	20,191,935	13,490,592	3,595,876	3,078,634	77,150	20,242,252

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

(b) Financial risk management objectives and policies (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	3 - 4 years RM	Total RM
Company						
2017						
Financial liabilities						
Trade payables	2,413	2,413	-	-	-	2,413
Other payables	1,362,878	1,362,878	-	-	-	1,362,878
Contingent consideration	6,493,785	3,293,785	3,200,000	-	-	6,493,785
Finance lease payables	222,654	112,008	121,302	-	-	233,310
Total undiscounted financial liabilities	8,081,730	4,771,084	3,321,302	-	-	8,092,386
2016						
Financial liabilities						
Other payables	600,231	600,231	-	-	-	600,231
Contingent consideration	10,262,568	4,000,000	3,389,830	2,872,738	-	10,262,568
Finance lease payables	322,269	112,008	112,008	112,008	9,294	345,318
Total undiscounted financial liabilities	11,185,068	4,712,239	3,501,838	2,984,746	9,294	945,549

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

(b) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk

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

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.

(iv) Foreign currency exchange risk

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

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

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

(b) Financial risk management objectives and policies (Cont'd)

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

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

	Denominated in RM RM
2017	
United States Dollar	
Cash at Bank	126,730
Receivables	313,962
2016	
United States Dollar	
Cash at Bank	27,228
Receivables	111,644

Foreign currency risk sensitivity analysis

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

Group	**Change in currency rate**	**2017** **Effect of profit before tax** **RM**	**Change in currency rate**	**2016** **Effect of profit before tax** **RM**
RM/USD	Strengthened 5%	22,035	Strengthened 5%	6,944
	Weakened 5%	(22,035)	Weakened 5%	(6,944)

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

(c) Fair values of financial assets and financial liabilities

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

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

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

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

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

	Fair value of financial instruments not carried at fair value					
	Level 1	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
2017	RM	RM	RM	RM	RM	RM
Group						
Financial liabilities						
Contingent consideration	-	-	6,493,785	6,493,785	-	6,493,785
Finance lease payables	-	496,366	-	496,366	496,366	429,206
Company						
Financial liabilities						
Contingent consideration	-	-	6,493,785	6,493,785	-	6,493,785
Finance lease payables	-	112,630	-	112,630	112,630	118,318
2016						
Group						
Financial liabilities						
Contingent consideration	-	-	10,262,568	10,262,568	-	10,262,568
Finance lease payables	-	440,166	-	440,166	440,166	463,783
Company						
Financial liabilities						
Contingent consideration	-	-	10,262,568	10,262,568	-	10,262,568
Finance lease payables	-	209,493	-	209,493	209,493	222,654

40. Capital Management Objectives and Policies

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

The gearing ratios are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total loans and borrowings (Note 22)	683,216	657,528	222,654	322,269
Less: Fixed deposits and cash and bank balances	(73,229,864)	(70,787,391)	(20,667,234)	(26,597,313)
Total net debts	(72,546,648)	(70,129,863)	(20,444,580)	(26,275,044)
Total equity	111,884,129	106,068,954	80,924,600	70,519,297
Total equity and net debts	39,337,481	35,939,091	60,480,020	44,244,253
Gearing ratio	N/A	N/A	N/A	N/A

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

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

41. Date of Authorisation For Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 20 April 2018.

List of Properties

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2017 (RM)	Original Cost (RM)
Johor Property 4-storey shop office at 31, Jalan Permas 10/07, Taman Permas Jaya, 81750 Johor Bahru, Johor	Ground Floor, 1st & 2nd - JB Office 3rd - Tenanted	IFCA MSC Berhad	23	1,920 sq. feet	Freehold	525,000	750,000
Penang Property Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang	Penang Office	IFCA MSC Berhad	21	136.85 sq. metres	Freehold	298,900	427,000
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	19	20,311 sq. feet	Freehold	3,220,000	4,600,000
Apartment D-G-38 Block Rapis, Pangsapuri Las Palmas, Jalan Desa Ria, Bandar Country Homes, 48000 Rawang, Selangor	Rented	Developer - Tanco Development Sdn Bhd	18	755 sq. Feet	Freehold	33,975	88,800
Unit 1-1 in a 4-storey shop office at 2-1, Jalan Desa 9/5, Bandar Country Homes, 48000 Rawang, Selangor	Vacant	IFCA MSC Berhad	16	1,629 sq. feet	Freehold	240,000	291,800
Perak Property Bukit Kinding Orchard Land, held under Green 31413, Lot 127202, Mukim of Hulu Kinta, Perak	Vacant	Sunrise Excelsior (M) Sdn Bhd	-	0.4050 hectare	Freehold	83,100	198,000

STATEMENT OF SHAREHOLDINGS
As at 30 March 2018

Total number of Issued Shares : **607,549,700 (excluding the treasury shares of 741,200)**
Class of Shares : **Ordinary Shares**
Voting Rights : **One vote per Ordinary Share**

Breakdown of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	18	0.21	434	0.00
100 - 1,000	525	6.01	382,358	0.05
1,001 - 10,000	3,673	42.05	23,672,500	3.90
10,001 - 100,000	3,889	44.52	138,677,800	22.83
100,001 - 30,377,485 *	629	7.20	244,211,965	40.20
30,377,486 and above **	1	0.01	200,604,643	33.02
TOTAL	8,735	100.00	607,549,700	100.00

Remarks:
* Less than 5% of the issued holdings
** 5% and above of the issued holdings

Substantial Shareholders as at 30 March 2018

	No. of Shares Held			
Name of Shareholder	**Direct Interest**	**%**	**Indirect Interest**	**%**
IFCA Software (Asia) Sdn Bhd	208,604,643	34.30	-	-
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.46
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.89

Directors' Shareholdings as at 30 March 2018

	No. of Shares Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Yong Keang Cheun	3,650,045	0.60	*209,605,008	34.46
Yong Kian Keong	1,000,365	0.16	#212,254,688	34.89
Chow Chee Keng	45,000	0.01	-	-
Ooi Bee Bee	4,400,598	0.72	-	-

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

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

STATEMENT OF SHAREHOLDINGS (cont'd)
As at 30 March 2018

List of Thirty (30) Largest Registered Shareholders as at 30 March 2018

No.	Name of Shareholders	No. of Shares	%
1.	IFCA Software (Asia) Sdn Bhd	200,604,643	32.98
2.	P.T. IFCA Consulting Indonesia	8,210,000	1.35
3.	IFCA Software (Asia) Sdn Bhd	8,000,000	1.32
4.	DP Capital Limited	7,380,000	1.21
5.	Ung Yoke Hong	6,800,000	1.12
6.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Chung Keen Mean	4,500,000	0.74
7.	Tee Keng Jin	4,200,000	0.69
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Lai Chie King	4,020,000	0.66
9.	Yong Keang Cheun	3,650,000	0.60
10.	Ooi Sin Heng	3,150,000	0.52
11.	Musa Dirgantara	3,020,000	0.50
12.	Ooi Bee Bee	2,868,300	0.47
13.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB for Law King Hui	2,500,000	0.41
14.	Wong Mee Khum	2,378,800	0.39
15.	Low Yau Khee	2,000,000	0.33
16.	Yong Kwee Lian	2,000,000	0.33
17.	AMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account For Woo Chon Fatt	1,990,000	0.33
18.	UOB Kay Hian Nominees (Asing) Sdn Bhd Beneficiary: Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	1,955,000	0.32
19.	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Yeo Kay Seng	1,750,000	0.29
20.	Liew Hui Lyn	1,670,000	0.27
21.	Ong Soi Tat	1,600,000	0.26
22.	Lim Gaik Bway @ Lim Chiew Ah	1,373,800	0.23
23.	Goh Seng Chye	1,360,000	0.22
24.	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB Bank for Tan Chee Young	1,300,000	0.21
25.	Nor Aziah Binti Buang	1,300,000	0.21
26.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Soon Tuan Sin	1,288,200	0.20
27.	Chew Bak Hin	1,220,000	0.20
28.	Thong Weng Kin	1,200,000	0.19
29.	Wong Boon Kee	1,155,000	0.19
30.	Tan Tiong Cheng	1,140,000	0.18
	Total	285,583,743	46.95

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IFCA MSC BERHAD (453392-T)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We ________________________________ NRIC No./Passport No./Company No. ____________________

of ____

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

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

*and/or

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

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twentieth 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, 25 May 2018 at 10.00 a.m. and at any adjournment thereof.

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

Resolution	Ordinary Business	For	Against
1.	To approve the payment of a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2017.		
2.	To approve the payment of Directors' fee of RM134,000 for the financial year ended 31 December 2017.		
3.	To approve the Directors' Fees and Allowances payable to the Non-Executive Directors of up to RM138,000 with effect from 1 January 2018 until the next Annual General Meeting of the Company.		
4.	To re-elect Mr. Chew See Chiew retiring as a Director of the Company in accordance with Article 85 of the Company's Articles of Association.		
5.	To re-elect Ms. Ooi Bee Bee retiring as a Director of the Company in accordance with Article 90 of the Company's Articles of Association.		
6.	To re-appoint Messrs. UHY as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Special Business			
7.	Proposed renewal of authority for the Company to purchase its own shares.		

Dated this ______day of ______________________2018

____
*Signature(s)/ Common Seal of Shareholder

*(*delete if not applicable)*

NOTES:

1. Only members whose name appears in the Record of Depositors as at 18 May 2018 shall be regarded as a member of the Company and shall be entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his stead.
2. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy may but need not be a member of the Company.
3. 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.
4. 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 completed form of proxy must be deposited at the Registered Office of the Company situated at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding this Meeting or any adjournment thereof; or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary
24B, Persiaran Zaaba,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur,
W.P. Kuala Lumpur.

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