



Annual Report 2023

IFCA MSC Berhad

199701037892 (453392-T)

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IFCA at a Glance

IFCA is a business software solution company specialising in the Property Industry for 37 years. “IFCA”, an acronym for “Information For Competitive Advantage”, is our motto to provide innovative and strategic software solution. Over the years, we have also developed and continuing to develop and innovate our software to meet the ever-changing needs of contractors, hotel operators and others. Established in 1987, our Company has a talent pool of more than 500 staff across all IFCA offices in Asia.

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

With decades of Management and staff dedication and commitment, IFCA software has served over ten thousand satisfied users across Malaysia, China, Indonesia, Singapore, Philippines, Thailand, Myanmar, Pakistan, Maldives and South Africa. IFCA, the Company and the software have gained multiple industry awards and recognitions. These include Technology Fast 500 Asia Pacific, APICTA Award, IBM, Microsoft, PIKOM - Computimes Technopreneur of The Year, Sin Chew Business Excellence Awards 2016 in the category of Digital and Technology Business Excellence Award, Financial Times’ 1000 High-Growth Companies Asia Pacific 2018, Malaysia Technology Excellence Award 2021, Malaysia Technology Excellence Award 2022 to name a few.

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

Vision

Empowering the businesses of today with the tools of tomorrow.

Mission

Expertly crafted software, people-centric service.

Corporate Information

Board of Directors

Executive Directors

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

Non-Executive Independent Directors

- **Eng Kim Haw**
- **Fung Kam Foo**
- **Norliza Binti Rasool Khan**

Company Secretary

Ng Yim Kong
(MACS00305)
SSM Practicing Certificate No. 202008000309

Audit and Risk Management Committee

Eng Kim Haw (Chairman)
Fung Kam Foo
Norliza Binti Rasool Khan

Remuneration Committee

Fung Kam Foo (Chairman)
Yong Kian Keong
Norliza Binti Rasool Khan

Nomination Committee

Fung Kam Foo (Chairman)
Eng Kim Haw

Auditors

Messrs UHY (AF1411)
Suite 11.05, Level 11
The Gardens South Tower, Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur
T 603 2279 3088
F 603 2279 3099

Principal Bankers

Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad

Registration No.

199701037892 (453392-T)

Registrar

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

Registered Office

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

Business Office

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

Stock Exchange Listing

Bursa Malaysia Securities Berhad -
ACE Market

Stock Codes

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

Website

<https://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 2023 ("FY2023").

Business Overview

Since 1987, IFCA and its subsidiaries has focused on developing and providing business software solutions for the property, construction and hospitality industries. This involves software development, system integration, training and implementation as well as other related professional services. In addition, the Group provides human resource management solutions for all companies across all businesses ranging from small to medium enterprises (SME) to large corporations as well as government linked agencies. As one of the market leaders in software industry, IFCA is committed to contribute to a more sustainable future through the latest X-series mobile internet solutions ("mobile internet solutions") that leveraging on the trend of mobility to shape the future of work. The major trend of the future of work is flexible working arrangement where everyone can perform remote work efficiently from anywhere at any time with cloud technology. The Group's aim is to bring digital transformation to the forefront by providing solutions that help customers to embrace the future of works that are in line with Environmental, Social and Governance (ESG), sustainability and technology trends which could optimise resources, increase efficiencies, and achieve sustainable growth.

Today, we have a talent pool of more than 500 staff across all IFCA offices in Malaysia, China and Indonesia. Our research and development activities are carried out in both Malaysia and China, providing the best of breed technology and industry domain expertise. We are continuously innovating and identifying new business models, products and services. On the other hand, our highly passionate workforce constantly strives to provide excellent customer experience. Through our connected digital economy services, we serve as a valuable partner to help the customers in achieving sustainable goal and business excellence simultaneously. Looking forward, we will continue on our customer-centric path, providing high-quality service that delights and exceeds customers' expectations.

Financial Results

The Group recorded revenue of RM78.1 million for FY2023 as compared to RM75.5 million in the previous financial year ended 31 December 2022 ("FY2022"). This represents an increase of RM2.6 million or approximately 3.5%, which was primarily contributed by Malaysia and Indonesia segment. On the other hand, China segment continued to maintain slow-moving mainly because of an overall slowdown in the domestic property sector. In conclusion, domestic revenue recorded an increase of 11.2% from RM34.0 million to RM37.9 million while overseas revenue recorded a decrease of 2.9% from RM41.2 million to RM40.2 million.

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

In tandem with the surge in revenue, the Group recorded a profit attributable to equity holders of the parent ("PATAMI") of RM2.1 million for FY2023 compared to loss attributable to equity holders of the parent ("LATAMI") RM4.1 million recorded in FY2022. To illustrate, the improved performance in FY2023 arose mainly because of improved productivity and saving in operating expenditures. Meanwhile, 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 FY2023:

A) Extract from Statement of Comprehensive Income

RM'000	FY2023	FY2022	Change
Revenue	78,092	75,476	3%
Expenses	76,731	80,528	-5%
Other Income	3,707	2,358	58%
Profit/(Loss) Before Tax	5,068	(2,694)	288%
Profit/(Loss) After Tax	2,668	(4,197)	163%
Profit/(Loss) Attributable to Equity Holders of the Parent	2,129	(4,139)	151%
Basic Earnings Per Share (sen)	0.35	(0.68)	151%

B) Extract from Balance Sheet

RM'000	FY2023	FY2022	Change
Total Assets	155,801	148,825	5%
Total Liabilities	34,836	31,329	11%
Total Equity	120,964	117,496	3%
Trade Receivables	9,424	10,178	-7%
Contract Assets	2,781	3,142	-11%
Goodwill on Business Combination	25,112	25,112	0%
Deferred Development Costs	16,573	18,700	-11%
Fixed Deposits, Cash and Bank Balances	78,834	72,809	8%
Net Assets Per Share	0.20	0.19	5%

IFCA's asset base continues to be strong with total assets of RM155.8 million and total equity of RM121.0 million in FY2023.

Trade Receivables reduced by 7% from RM10.2 million to RM9.4 million, which was improved through continuous effort to follow up overdue invoices on regular and frequent basis. Moreover, escalating disputed accounts to top management for higher-level discussion helped in expediting collections too.

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

Contract Asset reduced by 11% from RM3.1 million to RM2.8 million as the Group continues to issue billings to customers following the terms as per contract agreement.

Deferred development costs ("DDC") reduced by 11% from RM18.7 million to RM16.6 million due to on-going amortization on the investment related to products that are completed and ready for commercialization.

Cash reserves of the Group remains strong, improving by 8% to RM78.8 million. This is due to prudent cash management and aggressive collection resulting in a strong cash-flow generating engine. Apart from finance leases, the Group has no borrowing and continued to generate healthy cash flows.

Additionally, the Group recorded an increase in net assets per share from 19 sen to 20 sen as at FY2023, as compared to FY2022.

To reward shareholder's loyalty, the directors have recommended a first and final single tier dividend of 0.5 sen per ordinary share in respect of FY2023 amounting to RM3.1 million, subject to shareholders' approval at the forthcoming Annual General Meeting.

Operational Review

Overall, the financial year under review was a recovery year for IFCA after regaining some traction on growth opportunities. In FY2023, the revenue contribution from Malaysia was 48.5%, from China was 34.8%, and Indonesia was 15.2%.

Malaysia segment

During the financial year under review, Malaysia segment demonstrated an unwavering and commendable growth due to increasing product stability and completeness of the mobile internet solutions. In order to further heighten the awareness on the benefit of mobile internet solutions, we actively participated in local and overseas events such as workshop, coffee talk and seminars. Besides that, market penetration strategy is adopted by growing our business into unexplored markets in Indochina. While we ventured into new markets, we observed a notable uptick in the conversion of existing customers from conventional perpetual licensing model to annual licensing model. This strategic shift is poised to establish a foundation of predictable recurring revenue on a long-term basis. It is strongly believed that the recurring revenue will continue to grow consistently and positively in the near future.

In FY2023, IFCA is selected as the official automatic access representative for Housing Integrated Management System (HIMS), which serves as a one-stop centre local management platform for the licensing of private housing developers, advertising and sales permits, real-time updates on housing project statuses and the generation of e-SPA. The integration's objective is to ensure that the data on the licensed housing projects is updated in near real-time.

Last but not least, we persistently expand our reach and customer portfolio, which one of the ways is through e-tender via government platform.

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

China segment

China segment was on a gradual pace of recovery in FY2023 after property downturn and liquidity challenges faced by the leading player in domestic property industry in previous year. This has led to tightening of cash and slowdown of activities in property sector, which directly impacted the Group's billing, revenue and collection in China segment. The Board, however, remains committed to leveraging existing market opportunities by extending its product offerings to potential customers outside the property market. IFCA is optimistic in extending its reach in the China market to over 150 major cities that remains untapped by working with local partners via a partner program.

Indonesia segment

Indonesia segment continues its strong growth momentum in FY2023. During FY2023, we continued to enhance and localise the mobile internet solutions before official launching. In Indonesia, we see greater market interest towards cloud-based technology post pandemic due to its e-mobility and flexibility advantage. In response to the escalating demand for cloud technology in the local market, we anticipate introducing the mobile internet solutions in the near future. Nonetheless, we will continue to explore more market opportunities in both product and technology to strengthen our market position in Indonesia.

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

Research and Development

In IFCA, we place a strong emphasis on research and development (R&D) in order to maintain our competitive advantage. In FY2023, the Group invested approximately RM2.0 million in R&D activities to develop the remaining parts of mobile internet solutions, while continued to work on feature enhancement on the existing solutions. We are dedicated in maintaining strong engagement with customers so that user's feedback is promptly addressed.

In line with the Malaysian government's implementation of E-invoice starting from 1st August 2024, the R&D team are in the midst of working on Application Programming Interface (API) integration via IFCA solutions and the related compliance guidelines. Furthermore, we have worked on the Housing Integrated Management System (HIMS) integration during the financial year. Both are expected to be completed and roll out in the coming financial year.

The Board is of the view that continued investment in R&D will contribute positively to the Group's earnings as we focus on extending our market leadership and competitiveness.

Anticipated or Known Risks

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

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

We have highlighted the risks and the respective mitigation plans below.

Technology Obsolescence

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

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

Competition Risk

Although IFCA has been pioneering in the market for years, competition remains inevitable.

The Group acknowledges the impact of this risk to the well-being of our business. Thus, the Group has constantly focused in developing its core competencies by improving the solutions and delivering excellent supports that will consistently create maximum value to our customers. This could enable us to achieve greater market penetration and position in the industry.

The Group will continue to explore collaboration and partnership opportunities to increase market share.

Cybersecurity and Operational Failure

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

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

The Group will continue to ensure that the physical security measures are well implemented to prevent, detect, and mitigate risks relating to data theft, temperature, fire, smoke and power outages which could trigger operational risk.

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

Adequacy of Human Capital

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

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

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

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

Dividend Policy

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

Prospects and Outlook

Strong Order Books, Financial Prudence and Strategy Execution

The Group continues to see new opportunities going into the financial year ended 31 December 2024 ("FY2024") with a strong carry through from FY2023 being mindful of the challenging economic outlook. This is substantiated by our unbilled projects in hand with a value of RM29.5 million as at the financial year ended 31 December 2023, which includes increased orders from the mobile internet solutions and on-going sales pipelines. We anticipate that the implementation of E-invoice from 1st August 2024 will bring a positive impact to the Group's order book and revenue in FY2024. We remain committed to scout for business opportunities through market development and market penetration strategies.

The Group expects its financial resilience to continue to remain positive, with strategic focus on improved execution and to thrive and accelerate in 2024. At the same time, the Group is also cognisant of the fact that there are uncertainties in the various markets and therefore, will exercise prudence in cost expansion. With continued conviction and strategy execution, the Board is cautiously optimistic that its performance for FY2024 will be satisfactory.

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

Acknowledgement

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

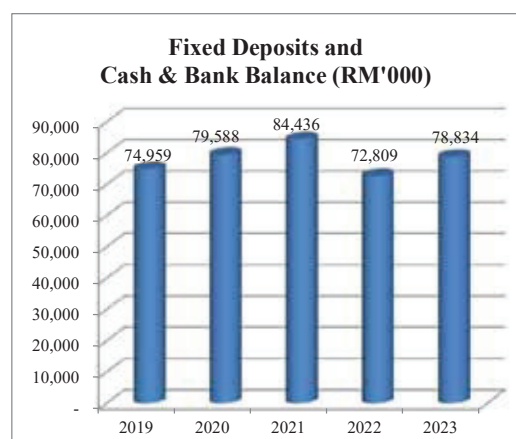
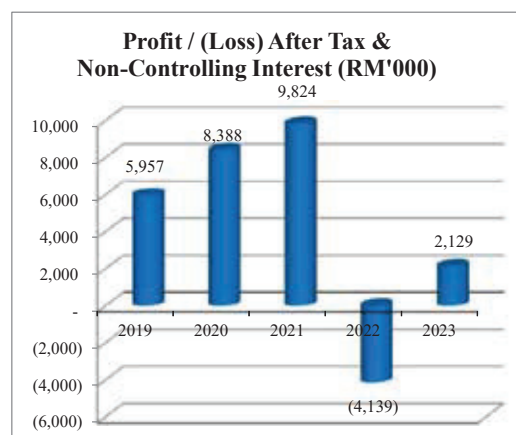
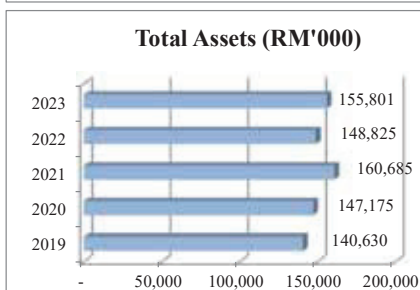
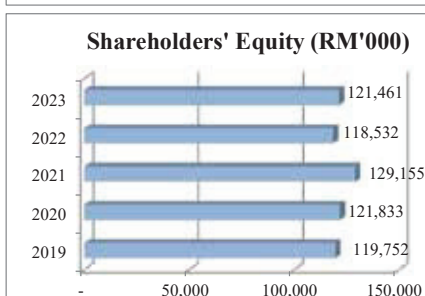
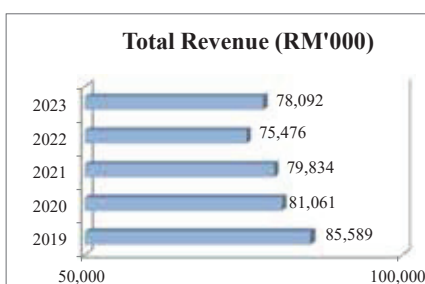
A sincere thank you goes out to our valued shareholders for their continued trust and confidence in us. Last but not least, our highest appreciation to all our business partners and cherished customers, for continuing to support us and choosing us as your trusted solution provider.

Yong Keang Cheun
Chairman
16 April 2024

FINANCIAL HIGHLIGHTS

Summarised Statement of Comprehensive Income - Year Ended 31 December (RM'000)	2019	2020	2021	2022	2023
Revenue	85,589	81,061	79,834	75,476	78,092
Profit/(Loss) Before Tax	8,159	10,235	11,893	(2,694)	5,068
Profit/(Loss) After Tax & Non-Controlling Interests	5,957	8,388	9,824	(4,139)	2,129

Summarised Statement of Financial Position As at 31 December (RM'000)	2019	2020	2021	2022	2023
Property, Plant and Equipment	9,495	6,277	5,995	6,031	6,030
Investment Properties	250	4,963	7,821	8,006	11,395
Deferred Development Costs	9,692	10,798	17,726	18,700	16,573
Intangible Assets	-	-	-	-	-
Goodwill on Business Combination	25,112	25,112	25,112	25,112	25,112
Right-of-use Assets	1,041	3,006	1,791	640	1,502
Other Investments	194	179	179	177	177
Deferred Tax Assets	-	-	1,837	2,165	2,192
Total Non-Current Assets	45,784	50,335	60,461	60,831	62,981
Current Assets	94,846	96,840	100,224	87,994	92,820
TOTAL ASSETS	140,630	147,175	160,685	148,825	155,801
Equity Attributable to Owners of the Parent	119,752	121,833	129,155	118,532	121,461
Non-Controlling Interests	(400)	(363)	(682)	(1,036)	(497)
Total Equity	119,352	121,470	128,473	117,496	120,964
Non-Current Liabilities	1,153	2,854	1,785	830	2,185
Deferred Tax Liabilities	238	153	2,223	2,047	1,830
Total Non-Current Liabilities	1,391	3,007	4,008	2,877	4,015
Current Liabilities	19,887	22,698	28,204	28,452	30,822
Total Liabilities	21,278	25,705	32,212	31,329	34,837
TOTAL EQUITY AND LIABILITIES	140,630	147,175	160,685	148,825	155,801
Basic earnings per share	sen	sen	sen	sen	sen
Net assets per share	0.98	1.38	1.62	(0.68)	0.35
	20	20	21	19	20



Directors' Profile

YONG KEANG CHEUN, 65, Malaysian
Non-Independent Executive Chairman

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

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

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

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

He is the brother of Mr. Yong Kian Keong, the Executive Deputy Chairman and Acting Chief Executive Officer, and is a substantial shareholder of the Company. He does not hold any directorship in any other 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, 63, Malaysian
Non-Independent Executive Deputy Chairman, Acting Chief Executive Officer

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

He was instrumental in assisting the Group to achieve 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.

On 1 March 2022, he was appointed as the Acting Chief Executive Officer to oversee the Group's day to day operations and business development. He is responsible for the implementation of the Group's business plan and policies established by the Board.

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

Directors' Profile

LEONG NYU KUAN, 65, *Malaysian*
Executive Director, Corporate Services

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

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

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

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

ENG KIM HAW, 58, *Malaysian*
Independent Non-Executive Director

Mr. Eng Kim Haw was appointed to the Board on 1 March 2021. On 29 April 2022, he was appointed as the Chairman of the Audit & Risk Management Committee of the Company. He also sits on the Nomination Committee of the Company.

He holds an Advanced Diploma of Accountancy from the Tunku Abdul Rahman University College. He is a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA). Currently, he is the Chief Financial Officer at Sunsuria Berhad.

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

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

Directors' Profile

FUNG KAM FOO, 61, Malaysian
Independent Non-Executive Director

Mr. Fung Kam Foo was appointed to the Board on 1 October 2021. On 29 April 2022, he was appointed as the Chairman of the Remuneration Committee and Nomination Committee of the Company. He is a Member of the Audit and Risk Management Committee of the Company.

He also sits on the boards of Innity Corporation Berhad and Yoong Onn Corporation Berhad as Independent Non-Executive Director. He is an active Executive & Life Coach & Business Mentor having served on programs such as Cradle's MyStarUp, MDEC Mentor+, Proficeo's 100Soonicorn and Taylor University's Entrepreneurship programs.

He holds a Bachelor of Computer Science and Business Administration (Honours) from the University of Guelph in Canada. He has about 40 years of experience in the IT industry in Malaysia, having served in senior positions including as the CEO of PIKOM (The National Technology Tech Association of Malaysia) and CEO of TX123(JV between Maybank and SCS Computer Systems Sdn Bhd). In recognition of his work at PIKOM, he was selected as one of Malaysia's top 50 local IT Personalities by the Computerworld Magazine.

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.

NORLIZA BINTI RASOOL KHAN, 50, Malaysian
Independent Non-Executive Director

Mdm. Norliza Binti Rasool Khan was appointed to the Board on 18 July 2022. She also sits on the Remuneration Committee and Audit and Risk Management Committee of the Company.

She holds a Bachelor of Law (Honours) from the International Islamic University in Malaysia. She is the founder of Liza Khan Chambers practicing in corporate and commercial advisory and dispute resolution. She also obtained an Executive Certificate in Islamic Finance granted by INCEIF.

She has 25 years of experience as an advocate and solicitor of the High Court of Malaya. She has extensive experience in advising and acting for creditors and liquidators in relation to restructuring and insolvency of companies as well as for the Securities Commission in securities litigation. Having been seconded to the Securities Commission, she is well versed with the workings of the Corporate Governance and Capital Markets, personal data, gaming laws and sustainability laws.

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 is currently the Independent Non-Executive Director of Innity Corporation Berhad. Within the last 10 years, she has not been convicted for any offences other than traffic offences, if any.

Senior Management Profile

LAI GUEY YANN, 46, *Malaysian*
Chief Financial Officer

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

She has accumulated over 20 years of working experience in the field of accounting, financial operations, budget planning and corporate finance. She began her accounting career as an Audit Assistant in a small audit firm, before moving to property development industry. Currently, she oversees the finance, administration and human resource functions in IFCA Malaysia.

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

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

TAI CHIN CHU, 49, *Malaysian*
Chief Development Officer

Mr. Tai Chin Chu joined the Company as Analyst Programmer on 1 December 1998 and was promoted to Senior Product Consultant in 2008 and to the position of Vice President for Product Management in 2012. He left the Company in 2017 and joined SP Setia Bhd as Senior Manager. He subsequently rejoined the Company as Deputy Chief Operating Officer in 2020. In September 2021, he was appointed as Chief Development Officer.

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

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

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

Senior Management Profile

TE JIN JUAN, 57, *Malaysian*
Chief Project Officer

Mr. Te Jin Juan joined the Company as Senior Business Development Manager on 2 September 2008 and was promoted to the position of Vice President for Customer Service in 2017. In September 2021, he was appointed as Chief Project Officer.

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

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

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

He has no family relationship with any Directors or major shareholders of the Company and has no conflict of interest with the Group. He does not hold any 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 SIEW WOON, 46, *Malaysian*
General Manager, Property Division

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

She has over 20 years of vast working experience and knowledge in programming, client services and project implementation. Currently, she is responsible for business development and strategic planning for property software division. She also oversees the sales, technical & project support as well as training and implementation department of property software division.

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

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

Senior Management Profile

MUSA TAN, 55, Indonesian
President Director - Indonesia

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

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

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

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

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

WAYNE CHEN, 48, Chinese
Country Manager - China

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

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

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

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

Corporate Presence



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

Corporate Governance Overview Statement

The Board of Directors (“the Board”) of IFCA MSC Bhd (“IFCA” or the “Group”) is committed towards ensuring that a good standard of corporate governance is practised in carrying out its duties and responsibilities to uphold and protect shareholders’ confidence, whilst enhancing shareholders’ value. This Statement provides investors with an overview of how the Group practises corporate governance under the stewardship of the Board. The Group’s corporate governance practices and procedures are continuously assessed by the Board, and where appropriate, the Group adopts and implements the best practices as set out in the Malaysian Code on Corporate Governance 2021 (“the Code” or “MCCG”).

This Statement is prepared in accordance to Bursa Malaysia’s ACE Market Listing Requirements (“AMLR”) and it is to be read together with the Corporate Governance Report 2023, which details how each of the practices set out in the Code was applied during the financial year 2023.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

To demonstrate the Group’s commitment towards sound corporate governance, the Group has benchmarked its practices against relevant best practices of the Code.

For the financial year ended 31 December 2023 (“FY2023”), IFCA has applied all practices encapsulated in the MCCG except:

Practice 5.10	Disclosure of the gender diversity policy disclosure for the board and senior management.
Practice 7.1	Remuneration policy for Directors and Senior Management.
Practice 8.2	Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000.
Practice 12.2	Integrated reporting with respect to the business of the company, its policies on governance, the environment and social responsibility.
Practice 13.3	Leverage technology to facilitate shareholders remote participation and voting at general meeting.

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aim, Values and Standards

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

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

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

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

1.2 The Chairman

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

The position of Chairman and Chief Executive Officer are held by different individual while the Chairman of the Board is also not a member of the Audit and Risk Management Committee, the Nomination Committee or the Remuneration Committee.

1.3 Chief Executive Officer

The Chief Executive Officer ("CEO") position has remained vacant since 1 October 2019. Currently, the Deputy Chairman, Mr. Yong Kian Keong holds the position of acting CEO of the Group to carry out the roles and responsibilities of the CEO during the transition period while Mr. Yong Keang Cheun remains as the Chairman. The acting CEO is responsible for

the day-to-day running and managing the business development 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 his authority and has to adhere with Delegation of Authority Chart approved by the Board. The responsibilities of the CEO are well defined in the Board Charter.

1.4 Segregation of Duties

The Chairman of the Board is not a member of the Board Committees. It is in compliance with MCCG Practice 1.4 and ensures that the objectivity of the Chairman and the Board is not impaired, especially during deliberation of recommendations put forth by the Board Committees.

1.5 Qualified and Competent Company Secretary

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

- (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 advocate adoption of the best practices on corporate governance;
- (c) Ensure compliance of listing and related statutory obligations as well as advice and updates on regulatory requirements, codes, guidance and relevant legislation;
- (d) Attend Board, Committees and Annual/Emergency General Meetings, and ensure the proper recording of minutes; and
- (e) Assist the Chairman in the preparation for and conduct of meetings; in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.

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

1.6 Access to Information and Advice

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. They have direct access to the advice and service of the Company Secretary and Senior Management of IFCA. They may seek independent professional advice, at the Group's expense, if required, in furtherance of their duties and responsibilities as Directors of IFCA, whether in their individual capacity or collectively as a Board including but not limited to obtaining full and unrestricted access to any information pertaining to the Company. During FY2023, none of the Directors had sought independent professional advice.

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

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual Directors and Senior Management, and issues and decisions reserved for the Board.

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

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

3. Good Business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Board together with Senior Management has implemented policies and procedures which actively promoted a corporate culture upholding integrity, accountability, transparency and ethical practices and has established guidelines set out in its Code of Conduct and Ethics ("CCE"). The CCE 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. As a result, the Board, Senior Management and other stakeholders are clear on what is considered acceptable behavior and practice in the Company. These guidelines may not cover all issues and will be updated/revised as and when deemed necessary to ensure that current and effective ethical business conduct are adopted from time to time. The CCE can be found in IFCA's website - <https://ifca.asia> .

3.2 Anti-Corruption Policy

The Board has adopted a "No Gift Policy" to prevent any conflicts of interest in business deals. The notice was published in the Group's intranet so that employees are aware of the importance and objectives of the policy. It is also aligned with the Group's direction to comply with the Malaysian Anti-Corruption Commission (MACC) Act 2009 to prevent corrupt practices, which include the offering and acceptance of gifts and other form of benefits and gratifications. Subsequent to the implementation of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into force on 1 June 2020 introducing the concept of corporate liability, the Group has implemented

adequate procedures guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 to strengthen its anti-bribery and anti-corruption defenses. The adoption of the Board's "Anti-Bribery and Anti-Corruption Policy" in May 2020 re-enforces the "tone from the top" against bribery and corruption. This policy is reviewed as and when deemed necessary to stay in line with the latest developments of anti-corruption laws in Malaysia. The Anti-Bribery and Anti-Corruption Policy can be found in IFCA's corporate website, <https://ifca.asia>.

3.3 Whistle-Blowing Policy

The Board's Whistle-Blowing Policy was also implemented in May 2020 to complement the Board's Anti-Bribery and the Anti-Corruption Policy. The Whistle-Blowing Policy promotes the culture of good business ethics and governance and provides a channel to encourage the employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, corrupt practices, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. This policy addresses the Board's commitment to integrity and ethical behavior by creating an environment where employees can act appropriately under such circumstances without fear of retaliation. The Whistle-Blowing Policy is reviewed as and when deemed necessary and can be found in IFCA's corporate website, <https://ifca.asia>.

4.0 Sustainability Governance

The Board together with the Senior Management acknowledges that sustainable business practices are essential to the creation of long-term value, and that running our business in a responsible and ethical manner is intrinsically tied to operational excellence achievement and to their leadership in environmental, social and governance ("ESG") practices of the Company and the Group. As such, the Group has started to adopt a "Sustainability Policy" approved by the Board on 22 April 2022 which is aimed to provide guidance on how to conduct business responsibly and to improve its long-term performance and resilience. This policy is embedded into the Group's business practices through the Executive Directors as well as the Senior Management team. Besides this, employees also play an integral role by upholding our corporate values and by implementing environmentally and socially responsible corporate practices. The Sustainability Policy is available in IFCA's website at <https://ifca.asia>.

The Group recognises the importance of interaction and communication with stakeholders as their feedbacks are critical in keeping the Group's sustainability activities on track. Hence, the Board ensures that the communication with internal and external stakeholders are timely and transparent. In addition, the Board also keeps abreast with any relevant sustainability issues through updates from Company Secretary and on-going training courses. The Company will upskill the Board and Senior Management on sustainability issues including climate-related topics with internal trainings and practices whenever necessary.

To ensure that the Board takes responsibility on sustainability governance, they are assessed through annual Board Effectiveness Evaluation which takes into consideration the Company's material sustainability risks and opportunities. Additionally, the Board and Senior Management would undertake sustainability questionnaire annually so that they could provide valuable insights and feedback to the Company. The performance evaluation of Senior Management is based on a weighted proportion of key performance indicators to the Company's sustainability considerations. The sustainability performance metrics contain a

balance of short-term and long-term goals which are benchmark against industry norms to ensure consistency and comparability. Further information on IFCA approach towards sustainability is provided in the Sustainability Statement of this Annual Report.

During the FY2023, there is no any material sustainability risk as well as initiatives highlighted by the Board and Senior Management. Hence, the Group shall continue to adopt the Sustainability Policy and strategies to support the long-term business success.

Part II - Board Composition

5. Board's Objectivity

5.1 Composition of the Board

The Board comprises six Directors, three of whom are Independent Non-Executive Directors, and one of the six Directors is a woman. The Nomination Committee ("NC") continues to discharge its duties and functions by following the Terms of Reference of NC which is stated in Board Charter, to ensure that the Board composition and tenure of each director are reviewed periodically. In this respect, the NC would review and evaluate the overall Board composition annually based on objective criteria, merit and with due regard of the appropriate size, diversity, required mix of skills, experience, age, cultural background, gender, tenure of service and core competencies. Based on the outcome of the NC's review, the Board would take the directors' performance as a basis in recommending their re-election to the shareholders. Only those with satisfactory evaluation are recommended to the Board for re-election. During the FY2023, there is no changes in the board composition.

5.2 Board balance and Independence of Directors

The Board recognises the importance of independence and objectivity in decision making. As at the date of this report, The Board of Directors consists of six (6) members, comprising three (3) Executive Directors, namely the Executive Chairman, the Executive Deputy Chairman and the Executive Director of Corporate Services, and three (3) Independent Non-Executive Directors. The Company complies with Practice 5.2 of the Code whereby at least half of the Board of Directors are Independent Directors.

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

5.3 Tenure of Independent Director

Practice 5.3 of MCCG states that the tenure of an Independent Director should not exceed a cumulative term limit of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, it should provide justification and seek annual shareholders' approval through a two tier voting process.

The Board does not have in the past a policy which limits the tenure of its Independent Directors to nine years without further extension. However, with the amendment to the ACE Market Listing Requirements on 19 January 2022, the Nomination Committee has recommended and the Board has adopted the 12-Year Tenure Limit for its Independent Directors (Enhanced Director Amendment). The Board understands that this Enhanced Director Amendment will strengthen the Board's independence, quality and diversity. The Board will, therefore, comply with the Enhanced Director Amendment where all long serving Independent Directors of more than 12 years must resign or be redesignated as non-Independent Directors. During the FY2023, there is no Independent Director who sits on the Board for more than twelve years.

5.4 Policy of Independent Director's Tenure

The Board adopts the Enhanced Director Amendment of the ACE Market Listing Requirements which complies with the amended definition of Independent Director where all long serving Independent Directors of more than 12 years must resign or be re-designated as Non-Independent Director.

5.5 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 page 12 to 14 and 15 to 17 respectively for further information.

5.6 New Candidates for Board Appointment

The Board is of view that selection of candidates could be based on various sources and approaches to identify suitably qualified candidates. The Nomination Committee is entrusted with the responsibility of recommending the suitable candidates for Directorship to the Board.

As such, the Board has adopted the Fit and Proper Policy which was effective on 27 May 2022 to serve as a guidance for the Nomination Committee and the Board in reviewing the potential candidates for Board's appointment. The Nomination Committee would take from various sources such as industry acquaintance and online platform to gain access to a wide pool of potential candidates besides relying on recommendations from existing Board members or Senior Management. In undertaking this responsibility, the Nomination Committee would evaluate the potential candidates based on the Fit and Proper criteria before recommending the appointment of the potential candidates to the Board for approval. In addition, the potential candidates are required to complete the Prospective Director form and self-declaration of fit and proper form, so that the Company is authorised to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks. The Fit and Proper Policy can be found in IFCA's website – <https://ifca.asia> During the FY2023, there was no new director appointed to the Board.

5.7 Appointment and Re-appointment of Director

The Nomination Committee and the Board annually review and assess the retiring directors' performance before recommendation is made to the shareholders for their re-election and

approval. The Fit and Proper Policy which is adopted during the year also serves as guidance for the Nomination Committee and the Board in reviewing the Directors who are seeking for re-election. The Nomination Committee evaluates the Independent Directors based on their capacity and commitment, to ensure that they provide independent judgement and will always act in the best interests of the Company as a whole. The profiles of Directors are set out in the Annual Report for shareholders to refer to before making an informed decision on the appointment and re-appointment of a Director. These includes their age, position, education background, working experience, directorships in other companies, any conflicts of interest and their shareholdings in the Company.

5.8 Nomination Committee

The Nomination Committee (“NC”) which comprises wholly of Independent Non-Executive Directors is responsible for the recommendation of candidates for the appointment of new Directors to the Board. The terms of reference of the NC are found in IFCA’s website - <https://ifca.asia> .

The current members of NC are:

- Fung Kam Foo (Independent Non-Executive Director) – Chairman
(appointed on 29 April 2022)
- Eng Kim Haw (Independent Non-Executive Director) – Member
(appointed on 1 October 2021)

The NC held two meetings during the financial year ended 31 December 2023; i.e. on 28 February 2023 and 17 November 2023 where all the members were present at the meeting concerned.

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

The principal responsibilities and duties of the NC are to:

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

During the FY2023, the Nomination Committee has carried out the following work in accordance with its terms of reference to meet its responsibilities:-

- a. assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit and Risk Management Committee and each of its members;
- b. assessed the independence of the Independent Directors;
- c. reviewed the performance of retiring Directors by rotation and recommended them to the Board for re-election at the forthcoming Annual General Meeting (“AGM”); and
- d. reviewed the terms of reference of the NC.

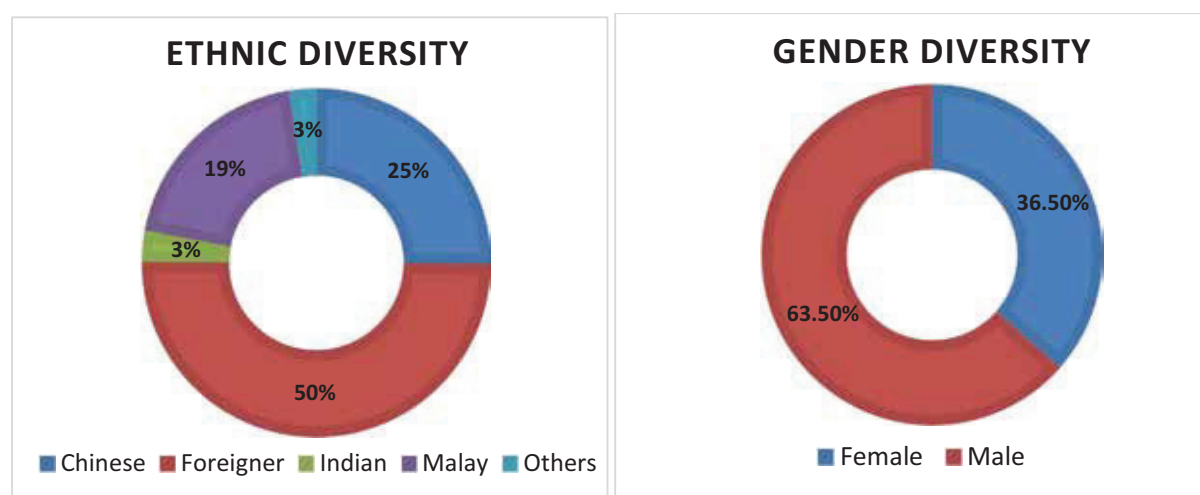
The Board maintains the policy that newly appointed Director shall undergo the Mandatory Accreditation Programme (MAP) if he has not done so, as well as other training programmes deemed necessary for all existing directors to contribute effectively to the Group at the Company’s expense. Updates relating to the relevant sections of the ACE Market Listing Requirements (“AMLR”) and the Companies Act 2016, particularly in relation to their duties and responsibilities as Directors, are also communicated to them by the Company Secretary.

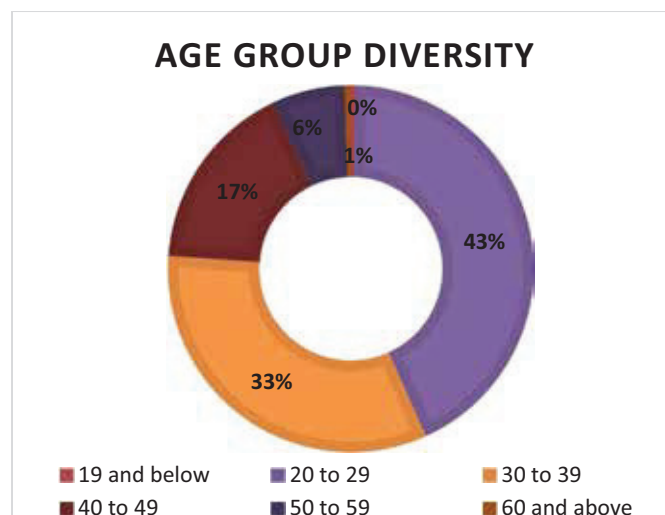
5.9 Woman Director

In accordance with the Amendments to the Ace Market Listing Requirements, a corporation with capitalisation of less than RM2 billion is required to have at least 1 woman director on Board after 1 June 2023. Presently, there is one female director (Mdm. Norliza Binti Rasool Khan) who sits on the Board which complies with the Amendments to the ACE Market Listing Requirements. Nevertheless, the Board is always mindful that a diverse Board may offer greater depth and breadth in contributing constructive ideas and insights. Thus, the Board through the Nomination Committee will consider gender diversity as part of its future selection of new directors with special emphasis on female board representation to fill vacancy if there is any.

5.10 Gender Diversity Policy

The Board is always supportive of diversity in the Board Composition and Senior Management. The Group’s workforce in terms of age, ethnic and gender as at 31 December 2023 is as follows:





6. Overall Board's Effectiveness

The Board is cognisant of the recommendation of the Code to undertake a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director. As such, during the FY2023, the Board evaluation process was conducted via a set of questionnaires to assess and review their capability and performance on the Board, the Board Committees and as an individual director. Overall, the NC was satisfied that the skills, experiences and contributions of the Directors are adequate to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively.

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

The Board meetings held for the year ended 31 December 2023 were as follows:

- i. Tuesday, 28 February 2023
- ii. Thursday, 13 April 2023
- iii. Monday, 29 May 2023
- iv. Tuesday, 15 August 2023
- v. Friday, 17 November 2023

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

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

The following is the record of attendance at meetings by the Board Members during the financial year 2023.

Directors	Number of Meetings Attended
Yong Keang Cheun (Executive Chairman)	5/5
Yong Kian Keong (Executive Deputy Chairman)	5/5
Leong Nyu Kuan (Executive Director)	5/5
Fung Kam Foo (Independent Non-Executive Director)	5/5
Eng Kim Haw (Independent Non-Executive Director)	5/5
Norliza Binti Rasool Khan (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 allowed under Paragraph 15.06 of the Ace Market Listing Requirements (“AMLR”).

All Directors have attended the Mandatory Accreditation Programme (MAP) as required by the AMLR. The Directors are also encouraged to attend courses and other relevant training programs and seminars from time to time as they consider necessary, whether in-house or external, to equip themselves with the relevant knowledge and skills to discharge their duties as Directors and Board Committee members. With effect from 6 June 2023, all directors are required to attend the Sustainability Training for Directors (Mandatory Accreditation Program II) in accordance with the Amendments to the ACE Market Listing Requirements.

During the FY2023, all directors have attended the relevant courses/seminars as detailed below:

Name of Directors	Courses Attended
Eng Kim Haw	<ul style="list-style-type: none"> Environmental, Social and Governance
Fung Kam Foo	<ul style="list-style-type: none"> A new strategy & risk approach – Out with the old, In with the new Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Norliza Binti Rasool Khan	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Yong Keang Cheun	<ul style="list-style-type: none"> FTSE4Good ESG Ratings for All PLCs
Yong Kian Keong	
Leong Nyu Kuan	

Part III – Remuneration

7. Level and Composition of Remuneration

7.1 Remuneration Policy

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

7.2. Remuneration Committee

The Remuneration Committee ("RC") comprises two Independent Non-Executive Director and one Non-Independent Executive Director. The RC is responsible for the recommendation of general remuneration procedures of the Board.

The current members of RC are:

- Fung Kam Foo (Independent Non-Executive Director) – Chairman
(appointed on 29 April 2022)
- Yong Kian Keong (Non-Independent Executive Director) – Member
(appointed on 31 March 2022)
- Norliza Binti Rasool Khan (Independent Non-Executive Director) – Member
(appointed on 1 March 2023)

The Remuneration Committee held two meetings during the financial year ended 31 December 2023; i.e. on 28 February 2023 and 17 November 2023 where all the members were present at the meeting concerned.

8. Remuneration of Directors and Senior Management

8.1 Details of Directors' Remuneration

The total remuneration paid out to Executive and Non-Executive Directors for the year ended 31 December 2023 was RM3,035,900. The details of the remuneration were broken down into categories, including fees, salary, bonus, benefits in-kind and other emoluments.

The remuneration of the Board for the financial year ended 31 December 2023 was as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors				
Yong Keang Cheun	36,000	1,237,600	173,325	1,446,925
Yong Kian Keong	36,000	889,525	81,450	1,006,975
Leong Nyu Kuan	36,000	390,000	12,000	438,000
Non-executive Directors				
Eng Kim Haw	48,000	-	-	48,000
Fung Kam Foo	48,000	-	-	48,000
Norliza Binti Rasool Khan	48,000	-	-	48,000
Total	252,000	2,517,125	266,775	3,035,900

8.2 Remuneration of Top Six Senior Management

The remuneration of the top six Senior Management Team of the Company disclosed in band of RM50,000 was as follows:

Range of Remuneration	Top Six Senior Management
RM200,001 – RM250,000	1
RM400,001 – RM450,000	2
RM450,001 – RM500,000	1
RM600,001 – RM650,000	1
RM750,001 – RM800,000	1

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit and Risk Management Committee

9. Effective and Independent Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises solely of Independent Non-Executive Directors. On 28 February 2023, the Board has started to adopt the External Auditor Policy which provides guidance to the ARMC and the Board in re-appointment and removal of external auditors. It is also stated in the External Auditor Policy that former key audit partner must observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. The ARMC is responsible to assess the suitability, objectivity and independence of the external auditor. The External Auditor Policy is available in IFCA's website at <https://ifca.asia>.

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

- Eng Kim Haw (Independent Non-Executive Director) – Chairman
(appointed on 29 April 2022)
- Fung Kam Foo (Independent Non-Executive Director) – Member
(appointed on 1 October 2021)
- Norliza Binti Rasool Khan (Independent Non-Executive Director) – Member
(appointed on 19 July 2022)

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

Meetings are held with the external auditors without the presence of the Executive Directors and Management of the Company whenever deemed necessary, to ensure that the external

auditors can freely discuss and express their opinions or concerns on any matter to the ARMC. During the FY2023, ARMC did not meet with the external auditors without the presence of the Executive Directors and Management as there was no special agenda or matters arising for discussion. In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report.

The ARMC had conducted the evaluation of performance of Messrs UHY to assess their suitability and independence as external auditors based on criteria adopted from best practices. The outcome of the assessment was satisfactory, and accordingly, the ARMC had recommended to the Board to table the resolution for their re-appointment as external auditors for the next financial year for shareholders' approval at the forthcoming 26th AGM of the Company.

All members of the ARMC are financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process. The qualification and experience of the individual ARMC members are disclosed in the Board of Directors' Profile in the Annual Report. Moreover, they also undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Part II –Risk Management and Internal Control Framework

10. Effective Risk Management and Internal Control Framework

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

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

Internal controls are vital for risk management and the Board is committed to ensure 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.

11. Effective Governance, Risk Management and Internal Control

The internal audit function of IFCA is outsourced to an external professional service firm, Crowe Governance Sdn Bhd, and the findings are regularly and directly reported to the ARMC. The outsourced internal audit function is carried out by the team headed by Mr. Amos Law, who holds a Bachelor in Accountancy and Finance from Heriot-Watt University in UK. He is also a Certified Internal Auditor and a Chartered Member of The Institute of Internal Auditors Malaysia ("IIA"). The team comprises three (3) internal auditors who ensure that the internal audit function is carried out in accordance to the International Professional Practices Framework issued by the IIA and the Internal Audit Plan approved by

the ARMC. They assist the ARMC in discharging its duties and functions by providing independent and objective assessment of the organisation's management, operation records, accounting policies and internal controls.

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

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

Details of IFCA's risk management framework and system of internal controls are set out in the Statement of Risk Management & Internal Control on Page 41 to 43 of the Annual Report.

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

Part I – Communication with Stakeholders

12. 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 would generally be granted either by the Executive Chairman and/or Executive Directors.

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

Part II – Conduct of General Meetings

13. 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. In compliance with MCGG Practice 13.4, shareholders are encouraged to attend the Company's AGM, and are given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions proposed and the operations of the Group, and communicate their expectations and possible concerns during the Question and Answer session wherein the Directors, Senior Management and Company Secretary as well as the Group's External Auditors are available to respond to the queries raised. The Chairman of the Audit and Risk Management Committee, the Nomination Committee and other Committees were also present to provide meaningful response addressed to them. In the event

that a question cannot be immediately answered at the meeting, the Chairman will undertake to provide a written reply to the shareholder via email after the AGM.

For FY2022, the 25th AGM of IFCA was hosted physically at IFCA own's auditorium at Dataran Prima, Petaling Jaya, with strict adherence to the Covid-19 Standard Operating Procedure (SOP). During the AGM, the Board had shared with the shareholders on the Company's previous year financial performance as well as the future business outlook. The shareholders who attended the AGM could also raise their questions during the Question and Answer session for the Boards to respond. The Chairman ensured that there was meaningful interaction between the Board, Senior Management and Shareholders. The Company encourages the participation of shareholders through their proxies or corporate representatives when the said shareholders are unable to attend and vote in person at the AGM.

The notices of AGM are issued to Shareholders at least 28 days before the AGM, to allow shareholders to have sufficient time to go through the Annual Report and make time for the necessary attendance and voting arrangements. The Company is in compliance with MCCG Practice 13.1 and released the notice of AGM on 20 April 2023, which is 40 days ahead of the 25th AGM on 29 May 2023. The Company will continue to apply MCCG Practice 13.1 when issuing the notice of AGM for the upcoming 26th AGM.

Lastly, the Board has published the minutes of the 25th AGM on IFCA's website within 30 business days after the AGM.

STATEMENT OF COMPLIANCE

The Board believes that good governance is essential in supporting the realisation of business objectives of the Group. The Board shall continue to strive to achieve high standards of corporate governance throughout the Group. The Board is of the view that apart from the departures note, 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 16 April 2024.

Additional Compliance Information

(Pursuant to Bursa Malaysia ACE Market Listing Requirements)

1. Share Buy-Back

During the financial year ended 31 December 2023, there were no share buy-back exercises undertaken by the Company. There were no treasury shares resold or cancelled during the financial year.

As at 31 December 2023, a total of 3,086,100 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 ended 31 December 2023.

3. Depository Receipt Programme

There were no Depository Receipt Programme sponsored by the Company during the financial year ended 31 December 2023.

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 ended 31 December 2023.

5. Audit and Non-Audit Fee

The amount of audit fees paid and payable to the external auditors by the Company and its subsidiary companies for the financial year ended 31 December 2023 were as follows:

	Company		Group
	RM		RM
Audit fees	73,000		221,358
Non-audit fees	5,000		5,000

6. Variation in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2023 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 97 of this Annual Report.

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

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

Disclosure to this effect is set out in Note 36 of the Financial Statements on Page 169 to 170 of this Annual Report.

11. Share Options Offered To Non-executive Directors

There were no share options granted during the financial year ended 31 December 2023.

12. Sustainability Statement

The Sustainability Statement is set out on Page 44 to 52 of this Annual Report.

13. Utilisation of Rights Issue Proceeds

There were no rights issue proceeds during the financial year ended 31 December 2023.

Directors' Responsibility Statement on Financial Statements

As required by the Companies Act 2016 ("the Act") and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

In preparing the financial statements for the financial year ended 31 December 2023, the Directors have ascertained that:

- appropriate accounting policies have been consistently applied;
- reasonable and prudent judgements and estimates have been made; and
- going concern basis is applied.

The Directors are responsible for ensuring that the Group maintains accounting records that disclose with reasonable accuracy of the financial position of the Group and the Company, and which enable them to ensure that financial statements comply with the Act.

The Directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit and Risk Management Committee Report

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

Composition of the Audit and Risk Management Committee

The members of the Audit and Risk Management Committee are:

- Eng Kim Haw (Independent Non-Executive Director) - Chairman
(appointed on 29 April 2022)
- Fung Kam Foo (Independent Non-Executive Director) - Member
(appointed on 1 October 2021)
- Norliza Binti Rasool Khan (Independent Non-Executive Director) - Member
(appointed on 19 July 2022)

Mr. Eng Kim Haw is a fellow member of the Association of Chartered Certified Accountants (ACCA) and Malaysia Institute of Accountants (MIA).

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

During the financial year ended 31 December 2023, the Audit and Risk Management Committee held a total of five (5) meetings. Details of the attendance of each Audit and Risk Management Committee member were as follows: -

Audit and Risk Management Committee Members	Attendance Record
Eng Kim Haw	5 out of 5
Fung Kam Foo	5 out of 5
Norliza Binti Rasool Khan	5 out of 5

Summary of Work of the Audit and Risk Management Committee

During the financial year ended 31 December 2023, the Audit and Risk Management Committee had carried out the following work in accordance with its terms of reference to meet its responsibilities:-

- a. reviewed the audited financial statements of the Group for the financial year ended 31 December 2023 prior to the Board's approval, taking into consideration: -
 - i. changes in or implementation of any major accounting policies and practices, if any;
 - ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transaction, and how these matters are addressed, if any;
 - iii. compliance with accounting standards, regulatory and other legal requirements; and
 - iv. deliberated on major issues raised by the external auditors including Key Audit Matters, review the going concern assumptions and reservations arising from the final external audits, if any.

Audit and Risk Management Committee Report (Cont'd)

- b. reviewed the unaudited quarterly financial reports on the consolidated results prior to recommending to the Board's approval and announcement to Bursa Malaysia Securities Berhad;
- c. discussed and reviewed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
- d. discussed and reviewed the scope of work and audit plan of the External Auditors for the financial year ended 31 December 2023, including any significant issues and concerns arising from the audit;
- e. reviewed the audit review memorandum and assessed the auditor's findings and the management's responses thereto;
- f. reviewed with the Internal Auditors, the adequacy of the internal control and risk management systems and evaluated the systems with Internal Auditors;
- g. 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;
- h. reviewed the audit fees and make recommendations for the Board's approval;
- i. 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;
- j. 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;
- k. reviewed and assessed the performance of the Internal Auditors;
- l. reviewed and assessed the performance of the External Auditors;
- m. reviewed and confirmed the minutes of the Audit and Risk Management Committee meetings;
- n. reviewed the internal risk policy as and when necessary; and
- o. reviewed any related party transaction and conflict of interest situation that arose, persist, or within the Company or the Group including any transaction, procedure, or course of taken, where applicable, to resolve, eliminate or mitigate such conflicts.

Summary of Conflict of Interest or Potential Conflict of Interest Situation

There was no conflict of interest or potential conflict of interest situation reviewed by the Audit and Risk Management Committee during the financial year ended 31 December 2023 (excluding a related party transaction).

Audit and Risk Management Committee Report (Cont'd)

Summary of Work of the Internal Audit Function

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

The costs incurred for maintaining the outsourced internal audit function for the financial year ended 31 December 2023 amounted to RM30,000 (31 December 2022 : RM30,000).

The following are the summary of the work of the internal audit function for the financial year ended 31 December 2023:-

- (a) evaluation of the Group's adequacy and effectiveness of the internal control review covering the Project Management, Sales, Billing, Collection and Credit Control Cycle in Indonesia as per the Internal Audit Plan;
- (b) presentation of audit findings and recommendation of corrective actions to be taken by Management in the regular Audit and Risk Management Committee meetings; and
- (c) conducted follow-up audits to ensure corrective actions had been taken on Project Management, Human Resource & Payroll Processing, Research & Development and Procurement to Payment Processing in Malaysia.

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”), the Malaysian Code on Corporate Governance 2021 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guideline”) pursuant to Guidance Note 11 of ACE Market Listing Requirements.

Board Responsibility

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

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

The Executive Directors and the Chief Financial Officer have provided assurance to the Board, to the best of their knowledge and belief, that the Group’s risk management and internal control system are operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of this Statement on Risk Management and Internal Control is adequate and effective to safeguard the shareholders’ investment, the interests of customers, regulators, employees and the Group’s assets.

Audit and Risk Management Committee

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

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

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

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

Internal Audit

The Group outsources its internal audit function to an external professional service firm, Crowe Governance Sdn Bhd ("Internal Auditors"). The total costs incurred by the Group for its internal audit function in the financial year ended 31 December 2023 amounted to RM30,000. The firm is appointed by the Audit and Risk Management Committee and reports directly to the Audit and Risk Management Committee. Its role is to provide the Audit and Risk Management Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

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

During the financial year under review, internal audit was performed on Indonesia subsidiary reviewing Project Management, Sales, Billing, Collection and Credit Control Cycle. On the other hand, there were follow-up reviews on Project Management, Human Resource & Payroll Processing, Research & Development and Procurement to Payment Processing for Malaysia.

Recommendations were made by the Internal Auditors to the Audit and Risk Management Committee to improve the system of internal controls on the abovementioned areas of audit.

Other Key Internal Control Elements

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

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

- vii. Major capital expenditure and asset disposals are appraised and approved by the Board as well as the board of directors of the subsidiary companies, wherever applicable.
- viii. Provision of training and development to enhance the competitiveness and capability of our staff members.

Board Assurance and Limitation

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

Review of the Statement on Risk Management and Internal Control 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 this Annual Report for the financial year ended 31 December 2023. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board of Directors of IFCA on 16 April 2024.

Sustainability Statement

Sustainability is the core pillar of IFCA MSC Berhad (“IFCA”) and its group of companies (“the Group”) in guiding the way of business conduct and stakeholder interaction. The Group is committed in delivering long-term sustainable values with a view to grow and maintain a successful business for all stakeholder, including shareholders, employees, and the community in which it operates. Our philosophy is to conduct the Group’s business in a responsible and ethical manner as it is a key driver of long-term business success.

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

Sustainability Policy

The Board acknowledges the importance of delivering long-term sustainable values for all stakeholders. The Group has implemented Sustainability Policy since 2022 to integrate a philosophy of sustainable development into all IFCA’s activities.

We are committed to achieve and deliver long-term values by:

- a. Providing a healthy, safe, conducive and empowering workplace;
- b. Being an environmentally responsible leader and partner in our communities;
- c. Conserving natural resources by optimising re-use and recycling wherever possible;
- d. Ensuring the efficient and responsible use of water and energy;
- e. Utilising operational processes that do not adversely affect the environment;
- f. Conducting rigorous audits, evaluations, and self-assessments of the implementation of this policy; Working with our stakeholders to enhance awareness, and incorporate practice and promote sound environmental practices, using our resources to provide leadership, guidance and motivation where necessary; and
- g. Taking steps to continually develop and provide environmentally supportive performance and advances, including embedding sustainability into our decision-making, planning and investment processes to provide sustainable value increase to our shareholders.

The Sustainability Policy is available in IFCA’s website at <https://ifca.asia> .

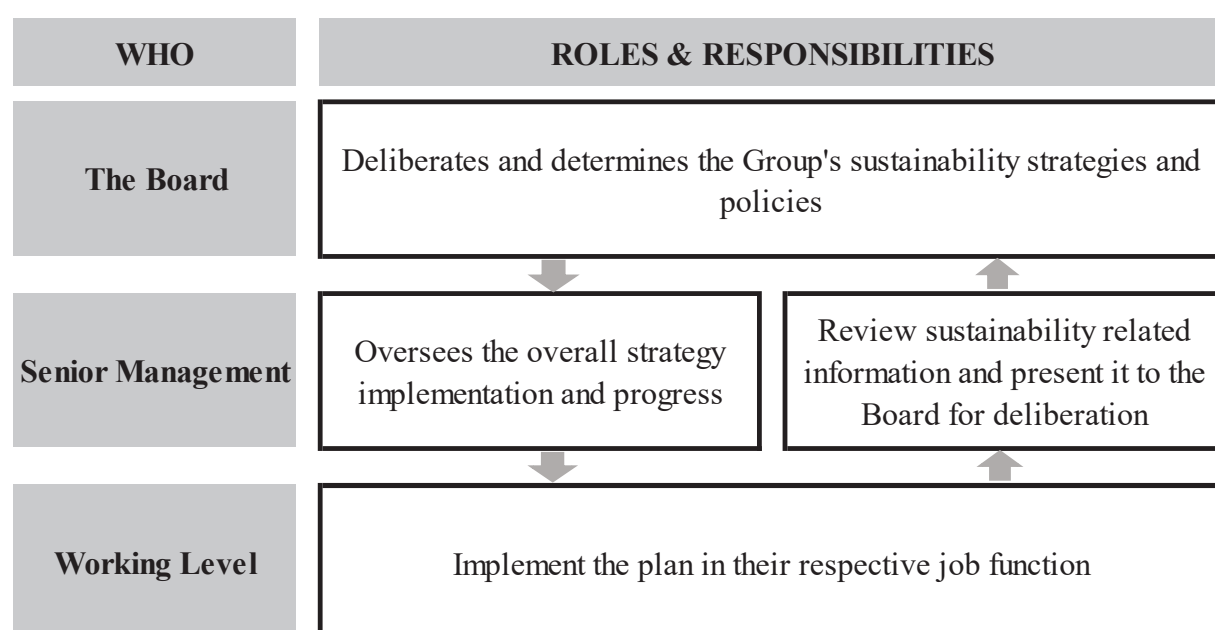
Sustainability Governance

At IFCA, strong leadership and clear direction are key attributes that facilitate the effective integration and management of sustainability.

The Group has an established sustainability governance structure that guides our sustainability management and practices, to strengthen relationship with the stakeholders, manage goal-setting and reporting quality, and ensure overall accountability.

The Group’s sustainability framework is implemented through a top-down approach while diverse responsibilities are undertaken by various teams at different levels within our organisation as illustrated in the next page.

Sustainability Framework








The Group's approach to corporate governance and overall sustainability is guided by the following policies:

Category	Policies
Sustainability	Sustainability Policy
Governance	Board Charter Code of Business Conduct No Gift Policy Dividend Policy Anti-Bribery and Corruption Policy Whistle-Blowing Policy Fit and Proper Policy External Auditor Policy Terms of Reference of Audit and Risk Management Committee

Stakeholder Engagement

As the Group's businesses and markets expand, we find ourselves interacting with a growing number of diverse stakeholder groups. Proactive stakeholder engagement is a fundamental component of our sustainability strategy and we are committed to undertake continuous activities in this area. In 2023, the Group continued to play its supporting role to the businesses to engage with key stakeholders in achieving our sustainability milestones and business growth.

IFCA's stakeholder include any group or individual who is impacted by the Group's business operations. Our stakeholders have been grouped under five (5) categories as illustrated in next page.

Stakeholder	Area of Interest	Engagement Approaches
Customers 	<ul style="list-style-type: none"> • Product training • New feature • Software quality • Product responsibility • Data privacy • Cyber security • Continuity 	<ul style="list-style-type: none"> • Software training • On-site and off-site support • Discussion and demonstration of solutions • Customer support line/email • Company website • Social media
Employees 	<ul style="list-style-type: none"> • Working environment • Talent development • Performance and remuneration 	<ul style="list-style-type: none"> • Annual staff assessment • Training courses • Staff gathering activities • Internal communication platform • Email
Government & Regulators 	<ul style="list-style-type: none"> • Compliance with regulations and guidelines • National Agenda 	<ul style="list-style-type: none"> • Compliances with rules and regulations • Compliance seminar/training • Regular review of policies • Attend to queries promptly
Shareholders/ Investors/ Business Partners 	<ul style="list-style-type: none"> • Timely reporting and updates • Dividend • Business management and governance • Business opportunity • Market positioning 	<ul style="list-style-type: none"> • Annual General Meeting • Company website • Bursa announcement • Press release
Community 	<ul style="list-style-type: none"> • Corporate Social Responsibility • Community wellbeing 	<ul style="list-style-type: none"> • Charitable donations • Sponsorships

Digital Innovation

IFCA engages in the business of developing and providing environmental-friendly enterprise solutions, which aimed at accelerating corporate digitalisation and liberalised data and information flow among stakeholders. The Group's cloud innovation not only enables greater business agility and functionalities, but also brings a positive impact to the environmental sustainability due to overall energy saving. Cloud-based solution allows both home and remote working, which in turn reduces the need for commuting and therefore decreasing emissions.

In order to deliver competitive solutions, the Group prioritize innovation by investing in research and development ("R&D") and upskilling our in-house team with necessary technical training. In the meantime, the Group continues to enhance the existing cloud-based solutions while collaborating with other partners for other innovative solutions.

IFCA recognizes the importance of collaboration and knowledge sharing within industry to cultivate sustainable business practices. Hence, the Group participates as members of various industry association as below so that we could stay ahead of the curve, identify and address industry-related matters proactively.

- Kementerian Kewangan Malaysia (MOF)
- Malaysia External Trade Development Corporation (MATRADE)
- Malaysian Association of Hotels (MAH)
- Master Builders Association Malaysia (MBAM)
- Meca South Sdn Bhd (MECA)
- Persatuan Industri Komputer (PIKOM)
- Federation of Malaysian Manufacturers
- REHDA Malaysia
- Selangor Petaling Business & Industry Association (PPPS)

Workplace

As part of the workplace sustainability, IFCA is set to create a talent pool for the tech-driven workforce to meet the future digital economy's demands. In contributing to this, the Group is highly committed to hone and sharpen our employees' knowledge, talents and skills by constantly providing in-house and external training. During the financial year 2023, the Group has rolled out in-house seminar on effective training delivery to those who need to provide structured training sessions and conduct training assessment, such as managers, team leaders, and software consultants. Additionally, the core team also attended on-going online courses to further enhance their capability, professional development and technical skills. Continuous need-based trainings as such are mandatory to ensure the professionals IT in the Group have the latest relevant knowledge and skill to stay competitive and on top of the pack amid the fast-paced IT environment.

During the financial year, the Group has participated in the training courses as below:

Programmes	Objectives	Number of Hours	Number of Attendees
Effective Leadership Management	To provide the leaders with effective leadership techniques, practices and mission.	7	2
Principle of Appraisal and Performance Management	To understand the principle and importance of appraisal and performance management	14	14
AZ-400	To provide the developers with knowledge and skills to design and implement DevOps processes and practices.	35	1
AZ-500T00-A: Microsoft Azure Security Technologies	To provide the developers with knowledge and skills to implement security controls, maintain an organization's security posture, and identify and remediate security vulnerabilities.	28	1

Programmes	Objectives	Number of Hours	Number of Attendees
PostgreSQL Administration Essential	To provide the developers with techniques and skills to manage PostgreSQL database server activities.	35	2
Intro to Programming	To provide the developers with techniques and concepts of developing programs for problem solving	24	3
Train the Trainer	To enhance the trainer's skills on how to plan and deliver training sessions more efficiently.	35	4
Project Management Professional (PMP) Training	To help project managers to gain the skills needed to complete a project successfully by creating a healthy and effective work environment.	276	1
Microsoft PowerPoint 2019 (Advanced)	To enhance the user's skill on the advanced application of Microsoft PowerPoint.	14	8
Spin Selling	To sharpen the selling skills and techniques related to creating and exploring new sales opportunities	14	6
High Impact Selling Skills		14	8
Critical Thinking in Problem Solving and Decision Making	To provide an insightful approach to improve the creative, analytical, problem-solving, decision making and presentation skills.	14	5
Creative, Analytical Thinking, Problem Solving and Presentation Skills		14	20
Certificate of Accounting Professional	To provide the advanced learning and professional development in accounting fundamentals and theories	90	1
Payroll Computations with Latest Employment Laws Updates	To provide the practical guide to personnel in payroll computation and application of all clauses under the latest Employment Act (Amendment) 2022.	14	17

Programmes	Objectives	Number of Hours	Number of Attendees
Effective Telephone Communication, Email Writing and Customer Relations Skills	To understand the importance of excellent customer service for front liner and to master the professional skills through email-writing and telephone.	14	13
Certified Human Resource Officer	To equip the personnel with the appropriate knowledge, skills and techniques to perform Human Resource functions and responsibilities in an organisation.	112	1
12th Annual Shopping Malls Summit	To learn and stay abreast with the competition with adoption of digital technologies, to address and handle current supply chain & profitability issues in the mall industry	14	2
Certified Professional in Social Media Marketing	To provide an in-depth and comprehensive introduction to the core essentials of social media marketing within the digital marketing space.	14	6
Digital Marketing Bootcamp		44	1

Other than that, the Group believes that through knowledge sharing and transfer, it helps the employees to foster their learning exposures and motivation. Our employees always work together as part of the team to solve the difficult task. The working process does enable a high-performance and result-oriented work culture that empower employees.

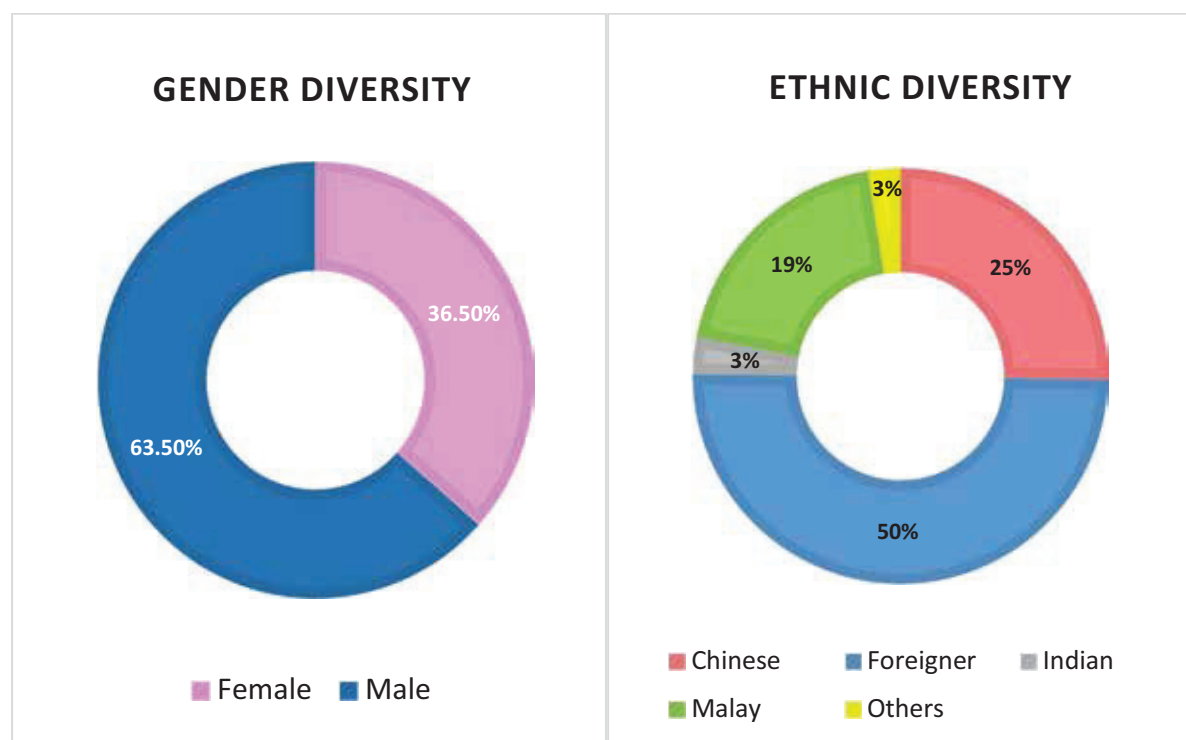
The Group understands that the future lies in the hands of the younger generation of our workforce. In order to create opportunities and to nurture young talents, we continue to offer internship placement to provide undergraduate students with the opportunity to gain practical working experience, whilst preparing them for employment upon completion of their studies. We welcome more interns to join the Group in the years ahead.

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

The Group currently does not have a policy on diversity of the workforce in terms of gender, age, and ethnicity. However, all employees from different backgrounds are treated and evaluated fairly based on their performance, capability and contribution. New hires are selected based on merit, qualification and experience. The Group practices equal opportunity and has a healthy multi-cultural mix of employees with approximately 76% of the workforce representing the age group of 20 to 39 years old.

The profiles of the Group's workforce as at 31 December 2023 are as follows:

Age Group	19 and below	20 to 29	30 to 39	40 to 49	50 to 59	60 and above	Grand Total
Female		83	65	26	14		188
Others		82	56	20	10		168
Senior Management		1	8	4	3		16
Top Management			1	2	1		4
Male	2	138	104	61	19	3	327
Others	2	130	78	27	10		247
Senior Management		8	26	30	7		71
Top Management				4	2	3	9
Grand Total	2	221	169	87	33	3	515



In addition, the Group provides the full-time employees with a wide range of benefits that are consistent with the industry. We adhere to all the applicable laws in employee compensation, including the latest Employment (Amendment) Act 2022 which recently came into effect on 1 January 2023.

The Group encourages internal activities for the employees to ensure that our working place is full of positivity and employees' drive is consistently high and well maintained. During the financial year, we organised team building activities in the offices in Malaysia and Indonesia such as annual dinner, gala dinner and corporate retreats to strengthen the team bonding and positive encouragement among the employees.



IFCA's staff bonding events during the financial year 2023

Marketplace

The 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 complies with all applicable legal and regulatory requirements.

The Group recognises its responsibility in helping customers to make informed and correct decisions. We place great emphasis to ensure our marketing campaigns conducted are accurate representations in all media used to support the sales of our product and service. Materials that are published and/or distributed during public events and exhibition have gone through strict scrutiny and review.

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.

Environmental

Though the Group does not operate in an environmentally sensitive business, The Group recognizes its responsibility in reducing the risk and the impact of climate change by minimizing the carbon footprint as possible.

We are sensitive to any impact that our business operations may have on the environment. Hence, we constantly advocate environmentally friendly practices in the office. We continue

to display signage in office area to raise awareness on energy and water consumption management among the employees. The Group's employees keep the good habits of switching off lights and air-conditioning during lunch break or when they are out of the office.

On the other hand, we do ensure proper disposal of old and used computers and laptops. For instance, hard drives will be dismantled and destroyed physically before the old and used computers and laptops are disposed of. We also extract and reuse some computer parts, which are aimed at reducing toxic waste and greenhouse gas emission into the environment.

We continuously adopt online activities and go for a paperless transaction workflow to reduce paper usage. For example, soft copy of documents should be sent via email and only are printed when necessary. Employees' leave approvals, monthly pay slips, EA Form, staff claims, time sheet and requisition are processed via our in-house HRX mobile solutions. Finance team is encouraged to undertake online transactions instead of payments by cheque. On top of that, most of the documentations are stored in the cloud server which can be assessed anytime anywhere all at once with internet connection. This results in higher environmental proactivity with better energy efficiency and lower carbon footprints.

We regularly review our day-to-day activities to implement new environmental considerations and we shall continue to focus and explore more on recycling and waste management moving forward.

Community

The Group understand that our business does benefit from the support of society. One of the core values of the Group is that we believe in giving back to the community. We in turn, have the responsibility to contribute to the welfare of society. During the financial year, the Group has made contribution to the Panti Yatim Indonesia and PIKOM Charity Golf.

During the transition phase towards the Covid-19 endemicity, we continue to play an integral role to protect the well-being and safety of our staff and the communities around us.

Moving Forward

The Group acknowledges that we are currently at the dawn of our sustainability journey and much can still be done and will 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 our sustainability efforts in the years to come.

Financial Statements

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IFCA MSC BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of IFCA MSC Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal Activities

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

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

Financial Results

The results of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit/(Loss) for the financial year	<u>2,667,702</u>	<u>(562,436)</u>
Attributable to:		
Owners of the parent	2,129,457	(562,436)
Non-controlling interests	<u>538,245</u>	<u>-</u>
	<u>2,667,702</u>	<u>(562,436)</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2(a) to the financial statements.

Reserves and Provisions

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

Dividends

There were no dividends declared or paid by the Company since the end of the previous financial year.

On 29 February 2024, the Directors recommend the payment of a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2023 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this final single-tier dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

Issue of Shares and Debentures

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

Treasury Shares

As at 31 December 2023, the Company held 3,086,100 treasury shares out of the total 608,290,900 issued ordinary shares. Further relevant details are disclosed in Note 20 to the financial statements.

Share options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Yong Keang Cheun*
 Yong Kian Keong*
 Leong Nyu Kuan
 Eng Kim Haw
 Fung Kam Foo
 Norliza Binti Rasool Khan

** Directors of the Company and its subsidiaries*

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report is:

Musa Dirgantara
 Beh Soo Lang

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 subsidiaries 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 subsidiaries) of those who were Directors at the financial year end, according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.01.2023	Bought	Sold	At 31.12.2023
<i>Interests in the Company</i>				
Direct Interests				
Yong Keang Cheun	3,650,045	1,755,000	-	5,405,045
Yong Kian Keong	8,410,365	4,130,000	-	12,540,365
Indirect Interests				
Yong Keang Cheun ⁽¹⁾	217,015,008	4,130,000	-	221,145,008
Yong Kian Keong ⁽²⁾	212,254,688	1,755,000	-	214,009,688

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 subsidiaries) of those who were Directors at financial year end, according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of ordinary shares			
	At 01.01.2023	Bought	Sold	At 31.12.2023
<i>Interests in Subsidiaries</i>				
Property365 Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
IFCA Solutions Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
IFCA Systems (JB) Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	1	-	-	1
Yong Kian Keong	1	-	-	1
IFCA Consulting (Sarawak) Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
IFCA Systems (Penang) Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
Network Online Sdn. Bhd.				
Direct Interests				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000

Directors' Interests in Shares (Cont'd)

Notes:

- (1) 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.*
- (2) 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 to have an interest in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest pursuant to 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 as shown in Note 29 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.

Directors' Remuneration

The detail of the Directors' remuneration for the financial year ended 31 December 2023 are set out below:

	Group RM	Company RM
Executive Directors		
Salaries and allowances	2,177,500	2,177,500
Defined contribution plans	339,625	339,625
Fee	108,000	108,000
	<u>2,625,125</u>	<u>2,625,125</u>
Non-executive Directors		
Fee	144,000	144,000
	<u>2,769,125</u>	<u>2,769,125</u>

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM21,147 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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 their 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.

Subsidiaries

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

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year is RM221,358 and RM73,000.

Auditors

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

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

YONG KEANG CHEUN

YONG KIAN KEONG

KUALA LUMPUR

16 APRIL 2024

IFCA MSC BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Yong Keang Cheun and Yong Kian Keong, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 2023 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with
a resolution of the Directors,

YONG KEANG CHEUN

YONG KIAN KEONG

KUALA LUMPUR

16 APRIL 2024

IFCA MSC BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

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

I, Lai Guey Yann (MIA Membership No: 41156), being the Officer primarily responsible for the financial management of IFCA MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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 16 April 2024.)

LAI GUEY YANN

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IFCA MSC BERHAD

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IFCA MSC Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 71 to 197.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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

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

Key Audit Matters

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

Key Audit Matters

How we addressed the key audit matters

1. Goodwill impairment review

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

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

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

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

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

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>2. Assessment of carrying amount of deferred development costs</p> <p>As at 31 December 2023, the Group's carrying amount of the deferred development costs amounted to RM 16,572,588.</p> <p>Estimation of recoverable amount of the development costs is based on forecasting and discounting future cash flows, which are inherently judgmental.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ul style="list-style-type: none"> assessed the reliability of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to the approved budgets and comparing to recent performance and prior years' forecasted results; performed sensitivity analysis on the key inputs to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying amount of the deferred development costs at the end of the reporting period; checked and challenged the key assumptions used by management, in particular, annual revenue growth rate by comparing to business plans, historical results and market data; and assessed the adequacy of the disclosure in the financial statements.

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

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

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 information included in 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 the Directors for the Financial Statements

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

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

HO SIEW CHAN
Approved Number: 03485/02/2026 J
Chartered Accountant

KUALA LUMPUR

16 April 2024

IFCA MSC BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	6,030,446	6,031,117	3,595,808	3,768,321
Investment properties	5	11,395,283	8,005,676	-	400,000
Deferred development costs	6	16,572,588	18,700,267	-	-
Intangible assets	7	-	-	-	-
Right-of-use assets	8	1,501,840	639,376	6,167	8,281
Investment in subsidiaries	9	-	-	10,605,883	10,905,873
Goodwill on business combination	10	25,111,525	25,111,525	25,111,525	25,111,525
Other investments	11	177,384	177,384	76,000	76,000
Amount due from subsidiaries	12	-	-	5,700,285	7,892,874
Deferred tax assets	13	2,192,011	2,165,075	-	-
		62,981,077	60,830,420	45,095,668	48,162,874
Current Assets					
Contract assets	14	2,780,917	3,141,649	-	-
Trade receivables	15	9,424,413	10,177,524	463,164	700,211
Other receivables	16	1,294,838	1,017,165	324,212	158,540
Other current assets	17	459,519	326,594	167,393	140,961
Amount due from subsidiaries	12	-	-	6,004,483	4,032,463
Tax recoverable		25,659	522,448	-	-
Fixed deposits with licensed banks	18	50,818,931	42,592,878	22,049,296	19,511,711
Cash and bank balances		28,015,426	30,216,129	8,208,437	9,989,784
		92,819,703	87,994,387	37,216,985	34,533,670
Total Assets		155,800,780	148,824,807	82,312,653	82,696,544

IFCA MSC BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D)**

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
EQUITY					
Share capital	19	83,947,005	83,947,005	83,947,005	83,947,005
Treasury shares	20	(912,564)	(912,564)	(912,564)	(912,564)
Foreign currency translation reserve	21	(466,872)	(1,305,173)	-	-
Retained earnings/ (Accumulated losses)		38,894,204	36,802,091	(1,666,027)	(1,103,591)
Equity attributable to owners of the parent		121,461,773	118,531,359	81,368,414	81,930,850
Non-controlling interests		(497,467)	(1,035,712)	-	-
Total equity		120,964,306	117,495,647	81,368,414	81,930,850
LIABILITIES					
Non-Current Liabilities					
Contract liabilities	14	133,341	121,720	-	-
Lease liabilities	22	1,106,139	28,195	4,326	6,444
Employees' retirement benefits	23	946,210	680,932	-	-
Deferred tax liabilities	13	1,829,707	2,046,613	29,916	56,535
		4,015,397	2,877,460	34,242	62,979
Current Liabilities					
Contract liabilities	14	20,598,893	18,230,257	-	-
Trade payables	24	145,440	120,190	-	-
Other payables	25	8,401,496	9,460,866	855,656	684,598
Lease liabilities	22	452,222	434,459	2,117	2,028
Tax payable		1,223,026	205,928	52,224	16,089
		30,821,077	28,451,700	909,997	702,715
Total Liabilities		34,836,474	31,329,160	944,239	765,694
Total Equity and Liabilities		155,800,780	148,824,807	82,312,653	82,696,544

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 2023**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	26	78,092,298	75,475,944	1,811,493	3,636,434
Other income	27	3,706,787	2,357,800	6,656,365	11,428,151
Employee benefits expenses	28	(54,584,295)	(56,659,380)	(5,729,257)	(4,848,759)
Changes in inventories		(237,655)	(368,793)	-	-
Amortisation of development costs		(4,162,969)	(3,523,491)	-	-
Depreciation of property, plant and equipment		(961,400)	(804,007)	(229,544)	(245,905)
Depreciation of right-of-use assets		(686,387)	(1,186,953)	(2,114)	(2,290)
Net loss on impairment of financial instruments	31	(421,806)	(754,821)	(186,467)	(1,173,512)
Other expenses		(15,622,625)	(17,166,154)	(2,789,230)	(2,301,379)
Profit/(Loss) from operations		5,121,948	(2,629,855)	(468,754)	6,492,740
Finance cost	30	(53,830)	(63,786)	(372)	(501)
Profit/(Loss) before tax	31	5,068,118	(2,693,641)	(469,126)	6,492,239
Taxation	32	(2,400,416)	(1,503,345)	(93,310)	(276,002)
Profit/(Loss) for the financial year		2,667,702	(4,196,986)	(562,436)	6,216,237

IFCA MSC BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other comprehensive income/(loss), net of tax				
<i>Item that is or may be reclassified subsequently to profit or loss</i>				
Exchange translation differences for foreign operations	838,301	(358,660)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Actuarial (loss)/gain recognised in employees' retirement benefits	(47,877)	537,377	-	-
Tax effects relating to employee's retirement benefits	10,533	(118,223)	-	-
	(37,344)	419,154	-	-
Other comprehensive income for the financial year	800,957	60,494	-	-
Total comprehensive income/(loss) for the financial year	3,468,659	(4,136,492)	(562,436)	6,216,237

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

		Group		Company	
		2023	2022	2023	2022
Note		RM	RM	RM	RM
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		2,129,457	(4,138,801)	(562,436)	6,216,237
Non-controlling interests		538,245	(58,185)	-	-
		<u>2,667,702</u>	<u>(4,196,986)</u>	<u>(562,436)</u>	<u>6,216,237</u>
Total comprehensive income/(loss) for the financial year attributabtle to:					
Owners of the parent		2,930,414	(4,078,307)	(562,436)	6,216,237
Non-controlling interests		538,245	(58,185)	-	-
		<u>3,468,659</u>	<u>(4,136,492)</u>	<u>(562,436)</u>	<u>6,216,237</u>
Earnings per share					
(sen)	33				
- Basic		0.35	(0.68)		
- Diluted		0.35	(0.68)		

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 2023**

	Note	Attributable to Owners of the Parent						
		Non-distributable			Distributable			
		Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM
Group								
At 1 January 2022		83,947,005	(430,221)	(946,513)	46,584,609	129,154,880	(681,813)	128,473,067
Loss for the financial year		-	-	-	(4,138,801)	(4,138,801)	(58,185)	(4,196,986)
Other comprehensive income for the financial year		-	-	(358,660)	419,154	60,494	-	60,494
Total comprehensive loss for the financial year		-	-	(358,660)	(3,719,647)	(4,078,307)	(58,185)	(4,136,492)
Transactions with owners:								
Dividends to owners of the Company	34	-	-	-	(6,062,871)	(6,062,871)	-	(6,062,871)
Dividends to non-controlling interest		-	-	-	-	-	(295,714)	(295,714)
Shares repurchased		-	(482,343)	-	-	(482,343)	-	(482,343)
At 31 December 2022		83,947,005	(912,564)	(1,305,173)	36,802,091	118,531,359	(1,035,712)	117,495,647

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Attributable to Owners of the Parent						
	Non-distributable			Distributable			
				Foreign Currency			
Note	Share Capital RM	Treasury Shares RM	Translation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2023	83,947,005	(912,564)	(1,305,173)	36,802,091	118,531,359	(1,035,712)	117,495,647
Profit for the financial year	-	-	-	2,129,457	2,129,457	538,245	2,667,702
Other comprehensive income for the financial year	-	-	838,301	(37,344)	800,957	-	800,957
Total comprehensive income for the financial year	-	-	838,301	2,092,113	2,930,414	538,245	3,468,659
At 31 December 2023	83,947,005	(912,564)	(466,872)	38,894,204	121,461,773	(497,467)	120,964,306

IFCA MSC BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Note	Non-distributable		Accumulated Losses RM	Total Equity RM
		Share Capital RM	Treasury Shares RM		
Company					
At 1 January 2022		83,947,005	(430,221)	(1,256,957)	82,259,827
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,216,237	6,216,237
Transactions with owners:					
Dividends to owners of the Company	34	-	-	(6,062,871)	(6,062,871)
Shares repurchased		-	(482,343)	-	(482,343)
At 31 December 2022		83,947,005	(912,564)	(1,103,591)	81,930,850
At 1 January 2023		83,947,005	(912,564)	(1,103,591)	81,930,850
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(562,436)	(562,436)
At 31 December 2023		83,947,005	(912,564)	(1,666,027)	81,368,414

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 2023**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Operating activities				
Profit/(Loss) before tax	5,068,118	(2,693,641)	(469,126)	6,492,239
Adjustments for:				
Amortisation of development costs	4,162,969	3,523,491	-	-
Bad debts written off	702,788	208,443	-	-
Depreciation of				
- property, plant and equipment	961,400	804,007	229,544	245,905
- right-of-use assets	686,387	1,186,953	2,114	2,290
Dividend income	-	-	-	(7,559,873)
Impairment losses on:				
- contract assets	30,130	2,330,510	-	-
- amount due from subsidiaries	-	-	246,467	1,173,512
- trade receivables	1,230,030	1,022,985	-	-
- investment in subsidiaries	-	-	299,990	-
Property, plant and equipment written off	11,117	8,159	4,145	914
Fair value loss/(gain) on investment properties	354,538	(178,866)	-	(128,741)
Loss on disposal of property, plant and equipment (net)	4,783	-	-	-
Loss on disposal of investment properties	232,000	-	232,000	-
Gain on termination of lease contract	-	(248)	-	-
Income from rent concessions	-	(37,261)	-	-
Reversal of contract liabilities	(19,699)	(11,618)	-	-
Reversal of impairment losses on:				
- trade receivables	(808,224)	(268,163)	-	-
- amount due from subsidiaries	-	-	(60,000)	-
Balance carried down	12,616,337	5,894,751	485,134	226,246

IFCA MSC BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Operating activities (Cont'd)				
Balance brought down	12,616,337	5,894,751	485,134	226,246
Net gain on unrealised foreign exchange	(214,326)	(107,260)	(242,565)	(132,413)
Finance cost	53,830	63,786	372	501
Interest income	(1,364,552)	(972,419)	(759,960)	(502,082)
Operating profit/(loss) before working capital changes	11,091,289	4,878,858	(517,019)	(407,748)
Changes in working capital:				
Receivables	(2,330,428)	(2,008,484)	44,943	(536,750)
Payables	52,914	(51,461)	171,058	(762,995)
Contract assets	313,782	(2,084,727)	-	-
Contract liabilities	4,622,709	3,885,073	-	-
Amount due from/to subsidiaries	-	-	34,102	(310,008)
	2,658,977	(259,599)	250,103	(1,609,753)
Cash generated from/(used in) operating activities	13,750,266	4,619,259	(266,916)	(2,017,501)
Tax paid	(2,087,131)	(2,698,784)	(83,794)	(132,600)
Tax refund	720,607	1,229,332	-	210,544
Exchange translation adjustment	(1,288,550)	(2,972)	-	-
	(2,655,074)	(1,472,424)	(83,794)	77,944
Net cash from/(used in) operating activities	11,095,192	3,146,835	(350,710)	(1,939,557)

IFCA MSC BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Investing activities					
Development costs incurred		(2,035,290)	(4,497,027)	-	-
Dividends received		-	-	-	7,559,873
Interest received		1,364,552	972,419	759,960	502,082
Purchase of property, plant and equipment		(745,573)	(905,021)	(61,176)	(38,634)
Purchase of investment properties	5(c)	(2,835,511)	(266,239)	-	-
Proceeds from disposal of property, plant and equipment		14,588	2,935	-	2,935
Proceeds from disposal of investment properties		168,000	-	168,000	-
Proceeds from disposal of other investments		-	13,500	-	-
Addition of other investment		-	(11,384)	-	-
Net movement of deposits not for short-term funding requirements		<u>(15,945,153)</u>	<u>2,294,472</u>	<u>(14,645,153)</u>	<u>2,294,472</u>
Net cash (used in)/from investing activities		<u>(20,014,387)</u>	<u>(2,396,345)</u>	<u>(13,778,369)</u>	<u>10,320,728</u>
Financing activities					
Dividends paid		-	(6,062,871)	-	(6,062,871)
Dividends paid to non-controlling interests		-	(295,714)	-	-
Interest paid		(53,830)	(63,786)	(372)	(501)
Payment of lease liabilities		(660,331)	(1,239,886)	(2,029)	(2,099)
Net changes in fixed deposits pledged		(2,000,000)	2,713,232	(2,000,000)	2,713,232
Purchase of treasury shares		<u>-</u>	<u>(482,343)</u>	<u>-</u>	<u>(482,343)</u>
Net cash used in financing activities		(2,714,161)	(5,431,368)	(2,002,401)	(3,834,582)

IFCA MSC BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents	(11,633,356)	(4,680,878)	(16,131,480)	4,546,589
Effects on foreign exchange rate changes	(286,447)	(1,938,754)	242,565	132,413
Cash and cash equivalents at the beginning of the financial year	<u>72,809,007</u>	<u>79,428,639</u>	<u>29,501,495</u>	<u>24,822,493</u>
Cash and cash equivalents at the end of the financial year	<u>60,889,204</u>	<u>72,809,007</u>	<u>13,612,580</u>	<u>29,501,495</u>
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with licensed banks	50,818,931	42,592,878	22,049,296	19,511,711
Cash and bank balances	<u>28,015,426</u>	<u>30,216,129</u>	<u>8,208,437</u>	<u>9,989,784</u>
	78,834,357	72,809,007	30,257,733	29,501,495
Less: Fixed deposits pledged to a licensed bank	(2,000,000)	-	(2,000,000)	-
Less: Deposits not for short-term funding requirements	<u>(15,945,153)</u>	<u>-</u>	<u>(14,645,153)</u>	<u>-</u>
	<u>60,889,204</u>	<u>72,809,007</u>	<u>13,612,580</u>	<u>29,501,495</u>

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

IFCA MSC BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of its subsidiaries are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Group and its subsidiaries during the financial year.

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

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

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 ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
	International Tax Reform—Pillar Two Model Rules

The adoption of the new and amendments did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below.

Amendments to MFRS 101 Disclosure of Accounting Policies

The Group and the Company adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in any material changes to the accounting policies 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 amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

These amendments to published standards will be adopted on the respective effective dates. The Group and the Company has started a preliminary assessment on the effects of the above new standard, amendments to published standards and interpretation and the impact is still being assessed.

(b) Functional and presentation currency

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

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

Satisfaction of performance obligations in relation to contracts with customers

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

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

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

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

Key sources of estimation uncertainty

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

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

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2023 for investment properties. Valuation was based on the comparison approach where the comparison approach entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

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

Deferred development costs

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

Recoverability of deferred development costs

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

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiaries

The Company reviews its investment in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiaries is disclosed in Note 9.

Determination of transaction prices

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

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

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

Discount rate used in leases

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's trade receivables is disclosed in Note 38.

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimates include, among others, discount rates, annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to salary growth, which may vary significantly in future appraisals of the Group's and of the Company's defined benefit obligations. The defined benefit liability of the Group at the reporting date is disclosed in Note 23.

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group has tax recoverable and tax payable of RM25,659 (2022: RM522,448) and RM1,223,026 (2022: RM205,928) respectively. As at 31 December 2023, the Company has tax payables of RM 52,224 (2022: RM16,089).

3. Material Accounting Policies

Changes in material accounting policies

Material accounting policy information

The Group adopted Amendments to MFRS101, *Presentation of Financial Statements – Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

The accounting policies set out in note 3 (a) to (t) have been applied consistently to all periods presented in these financial statements, except as explained above, which addresses changes in material accounting policies.

The Group and the Company apply the Material Accounting Policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary 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.

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

Changes in material accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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.

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

In the Company's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(1)(i) on impairment of non-financial assets.

(ii) 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 acquired (i.e. a bargain purchase).

Goodwill is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(1)(i) on impairment of non-financial assets.

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

(b) Foreign currency translation (Cont'd)

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

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

(ii) Depreciation

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

3. Material Accounting Policies (Cont'd)

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

(ii) Depreciation (Cont'd)

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

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

(d) Leases

As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(1)(i) on impairment on non-financial assets.

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

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

The ROU assets are subject to impairment.

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

3. Material Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessee (Cont'd)

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

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

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

As lessor

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

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

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

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

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

(e) Investment properties

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 professional qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being 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. Material Accounting Policies (Cont'd)

(f) Intangible assets

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

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

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

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

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

(ii) 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.

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

3. Material Accounting Policies (Cont'd)

(g) Financial assets

Recognition and initial measurement

Financial assets are recognised in 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.

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

Financial asset categories and subsequent measurement

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

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

The Group and the Company classify their financial assets as financial assets at amortised cost

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

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

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

(g) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(l)(ii) on impairment on financial assets.

Regular way purchase or sale of financial assets

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

Derecognition

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

(h) Financial liabilities

Recognition and initial measurement

Financial liabilities are recognised in 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.

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

3. Material Accounting Policies (Cont'd)

(h) Financial liabilities (Cont'd)

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

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

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

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

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

(ii) Financial liabilities at amortised cost

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

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

The Group's financial liabilities designated at amortised cost comprise trade and other payables and lease liabilities. The Company's financial liabilities designated at amortised cost comprise trade and other payables, amount due to a subsidiary and lease liabilities.

Derecognition

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

3. Material Accounting Policies (Cont'd)

(i) Financial guarantee contracts

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

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

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

(j) Offsetting of financial instruments

Financial asset and financial liability 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) Contract assets and contract liabilities

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

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

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

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

3. Material Accounting Policies (Cont'd)

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for contract 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.

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.

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

3. Material Accounting Policies (Cont'd)

(l) Impairment of assets (Cont'd)

(ii) Financial assets

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

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

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

(m) Share capital

(i) Ordinary shares

Ordinary shares are recorded at the proceed received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(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.

3. Material Accounting Policies (Cont'd)

(m) Share capital (Cont'd)

(ii) Treasury shares (Cont'd)

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) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

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

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

(n) Employee benefits (Cont'd)

(iii) Defined benefits plans

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

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

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

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

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

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

3. Material Accounting Policies (Cont'd)

(o) Revenue and other income

(i) Revenue from contracts with customers

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

The Group recognises revenue from the following major sources:

(a) Sale of software applications

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

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

(b) Royalty income

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

(c) Sale of hardware, networking and operating systems

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

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

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

(o) Revenue and other income (Cont'd)

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

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

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

(ii) Interest income

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

(iii) Rental income

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

(iv) Dividend income

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

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

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

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.

(q) 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.

(r) Income taxes

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

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

(r) **Income taxes (Cont'd)**

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

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

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

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

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

3. Material Accounting Policies (Cont'd)

(s) Fair value measurement

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

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

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

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

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

(t) Segment reporting

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

4. **Property, Plant and Equipment**

Group 2023 Cost	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
At 1 January 2023	633,000	5,144,000	2,299,629	7,341,600	1,556,749	16,974,978
Additions	-	-	432,106	292,274	21,193	745,573
Disposals	-	-	(165,000)	(2,588)	-	(167,588)
Transfer from right-of-use assets (Note 8)	-	-	491,908	-	-	491,908
Written off	-	-	-	(437,465)	-	(437,465)
Exchange differences	-	-	51,862	65,977	2,890	120,729
At 31 December 2023	633,000	5,144,000	3,110,505	7,259,798	1,580,832	17,728,135
Accumulated depreciation						
At 1 January 2023	-	2,310,800	1,074,345	6,156,110	1,399,567	10,940,822
Charge for the financial year	-	115,540	343,881	446,389	55,590	961,400
Disposals	-	-	(147,700)	(517)	-	(148,217)
Transfer from right-of-use assets (Note 8)	-	-	284,862	-	-	284,862
Written off	-	-	(396,994)	(29,354)	-	(426,348)
Reclassification	-	-	-	(2,237)	2,237	-
Exchange differences	-	-	27,494	52,106	2,531	82,131
At 31 December 2023	-	2,426,340	1,185,888	6,622,497	1,459,925	11,694,650

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

Group 2023	Accumulated impairment losses				
	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM
Total RM					
At 1 January 2023/ At 31 December 2023	-	-	-	1,774	1,265
					3,039
Carrying amount					
At 31 December 2023	633,000	2,717,660	1,924,617	635,527	119,642
					6,030,446

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

Group 2022 Cost	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
At 1 January 2022	633,000	5,233,030	1,187,497	7,880,763	1,575,411	16,509,701
Additions	-	-	407,375	474,330	23,316	905,021
Disposals	-	-	-	(6,659)	-	(6,659)
Transfer to investment properties (Note 5)	-	(89,030)	-	-	-	(89,030)
Written off	-	-	-	(176,880)	(42,530)	(219,410)
Reclassification	-	-	752,146	(757,001)	4,855	-
Exchange differences	-	-	(47,389)	(72,953)	(4,303)	(124,645)
At 31 December 2022	633,000	5,144,000	2,299,629	7,341,600	1,556,749	16,974,978
Accumulated depreciation						
At 1 January 2022	-	2,236,214	622,908	6,265,037	1,366,696	10,490,855
Charge for the financial year	-	116,133	195,859	419,420	72,595	804,007
Disposals	-	-	-	(3,724)	-	(3,724)
Transfer to investment properties (Note 5)	-	(41,547)	-	-	-	(41,547)
Written off	-	-	-	(172,297)	(38,954)	(211,251)
Reclassification	-	-	281,560	(284,740)	3,180	-
Exchange differences	-	-	(25,982)	(67,586)	(3,950)	(97,518)
At 31 December 2022	-	2,310,800	1,074,345	6,156,110	1,399,567	10,940,822

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

Group 2022	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Accumulated impairment losses						
At 1 January 2022	-	21,224	-	1,774	1,265	24,263
Transfer to investment properties (Note 5)	-	(21,224)	-	-	-	(21,224)
At 31 December 2022	-	-	-	1,774	1,265	3,039
Carrying amount						
At 31 December 2022	633,000	2,833,200	1,225,284	1,183,716	155,917	6,031,117

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						
2023						
Cost						
At 1 January 2023	633,000	5,144,000	36,140	2,077,460	903,333	8,793,933
Additions	-	-	-	58,576	2,600	61,176
Written off	-	-	-	(64,377)	-	(64,377)
At 31 December 2023	633,000	5,144,000	36,140	2,071,659	905,933	8,790,732
Accumulated depreciation						
At 1 January 2023	-	2,310,800	36,140	1,832,043	846,629	5,025,612
Charge for the financial year	-	115,540	-	92,142	21,862	229,544
Written off	-	-	-	(60,232)	-	(60,232)
At 31 December 2023	-	2,426,340	36,140	1,863,953	868,491	5,194,924
Carrying amount						
At 31 December 2023	633,000	2,717,660	-	207,706	37,442	3,595,808

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

Company 2022 Cost	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
At 1 January 2022	633,000	5,233,030	36,140	2,060,130	899,433	8,861,733
Additions	-	-	-	34,734	3,900	38,634
Disposal	-	-	-	(6,659)	-	(6,659)
Written off	-	-	-	(10,745)	-	(10,745)
Transfer to investment properties (Note 5)	-	(89,030)	-	-	-	(89,030)
At 31 December 2022	633,000	5,144,000	36,140	2,077,460	903,333	8,793,933
Accumulated depreciation						
At 1 January 2022	-	2,236,214	35,540	1,753,538	809,517	4,834,809
Charge for the financial year	-	116,133	600	92,060	37,112	245,905
Disposal	-	-	-	(3,724)	-	(3,724)
Written off	-	-	-	(9,831)	-	(9,831)
Transfer to investment properties (Note 5)	-	(41,547)	-	-	-	(41,547)
At 31 December 2022	-	2,310,800	36,140	1,832,043	846,629	5,025,612

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

Company 2022	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
Accumulated impairment losses						
At 1 January 2022	-	21,224	-	-	-	21,224
Transfer to investment properties (Note 5)	-	(21,224)	-	-	-	(21,224)
At 31 December 2022	-	-	-	-	-	-
Carrying amount						
At 31 December 2022	633,000	2,833,200	-	245,417	56,704	3,768,321

5. Investment Properties

	Freehold buildings RM	Buildings work-in- progress RM	Leasehold buildings RM	Total RM
Group				
2023				
At fair value				
At 1 January 2023	5,090,081	2,215,595	700,000	8,005,676
Additions	2,572,623	262,888	864,960	3,700,471
Disposal	(400,000)	-	-	(400,000)
Change in fair value recognised in profit or loss	(189,578)	-	(164,960)	(354,538)
Exchange differences	301,653	142,021	-	443,674
At 31 December 2023	<u>7,374,779</u>	<u>2,620,504</u>	<u>1,400,000</u>	<u>11,395,283</u>
Included in the above are:				
At fair value				
Residential properties	3,425,081	-	1,400,000	4,825,081
Commercial properties	<u>3,949,698</u>	<u>-</u>	<u>-</u>	<u>3,949,698</u>
	<u>7,374,779</u>	<u>-</u>	<u>1,400,000</u>	<u>8,774,779</u>
At cost				
Residential properties	-	2,620,504	-	2,620,504
	<u>7,374,779</u>	<u>2,620,504</u>	<u>1,400,000</u>	<u>11,395,283</u>

5. Investment Properties (Cont'd)

	Freehold buildings RM	Buildings work-in- progress RM	Leasehold buildings RM	Total RM
Group				
2022				
At fair value				
At 1 January 2022	5,077,948	2,043,314	700,000	7,821,262
Additions	-	266,239	-	266,239
Transfer from property, plant and equipment (Note 4)	26,259	-	-	26,259
Change in fair value recognised in profit or loss	178,866	-	-	178,866
Exchange differences	(192,992)	(93,958)	-	(286,950)
At 31 December 2022	<u>5,090,081</u>	<u>2,215,595</u>	<u>700,000</u>	<u>8,005,676</u>
Included in the above are:				
At fair value				
Residential properties	3,104,202	-	700,000	3,804,202
Commercial properties	1,985,879	-	-	1,985,879
	<u>5,090,081</u>	<u>-</u>	<u>700,000</u>	<u>5,790,081</u>
At cost				
Residential properties	-	2,215,595	-	2,215,595
	<u>5,090,081</u>	<u>2,215,595</u>	<u>700,000</u>	<u>8,005,676</u>

5. Investment Properties (Cont'd)

	Company	
	2023	2022
	RM	RM
Freehold building		
At fair value		
At 1 January	400,000	245,000
Transfer from property, plant and equipment (Note 4)	-	26,259
Disposal	(400,000)	-
Change in fair value recognised in profit or loss	-	128,741
At 31 December	-	400,000
Included in the above are:		
At fair value		
Residential properties	-	155,000
Commercial properties	-	245,000
	-	400,000

(a) Fair value basis of investment properties

The freehold and leasehold investment properties of the Group and of the Company with carrying amount of RM8,774,779 and RMNil (2022: RM5,790,081 and RM400,000) was revalued by an independent firm of professional valuer on 31 December 2023. The independent professional qualified valuer holds recognised relevant professional qualifications and have recent experience in the locations and category of the investment properties being valued. The fair value is within level 2 of the fair value hierarchy. The fair value was determined based on comparison approach that entails critical analysis of the recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

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

The decrease in the fair value of the Group and of the Company of RM354,538 and RMNil (2022: increase in fair value of RM178,866 and RM128,741) respectively has been recognised in the profit or loss during the financial year.

(b) Building under construction which is stated at cost comprises residential properties under construction. Management concludes that due to the nature and amount of remaining project risks, its fair value cannot be reliably determined.

5. Investment Properties (Cont'd)

- (c) The aggregate costs for the investment properties of the Group and of the Company during the financial year acquired by way of contra with trade receivables and cash payments are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Aggregate costs	3,700,471	266,239	-	-
Less: Contra with trade receivables	(864,960)	-	-	-
Cash payments	<u>2,835,511</u>	<u>266,239</u>	<u>-</u>	<u>-</u>

- (d) The remaining lease terms of the leasehold building is 71 years (2022: 72 years).
- (e) Income and expenses recognised in profit or loss

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Rental income	24,608	29,362	1,600	3,840
Direct operating expenses				
- income generating properties	20,833	6,117	153	527
- non-income generating properties	<u>66,122</u>	<u>117,768</u>	<u>259</u>	<u>1,102</u>

6. Deferred Development Costs

	Group	
	2023	2022
	RM	RM
Cost		
At 1 January	65,199,983	60,722,452
Additions	2,035,290	4,497,027
Exchange differences	-	(19,496)
At 31 December	<u>67,235,273</u>	<u>65,199,983</u>
Accumulated amortisation		
At 1 January	44,324,680	40,821,836
Charge for the financial year	4,162,969	3,523,491
Exchange differences	-	(20,647)
At 31 December	<u>48,487,649</u>	<u>44,324,680</u>
Accumulated impairment losses		
At 1 January / At 31 December	<u>2,175,036</u>	<u>2,175,036</u>
Carrying amount		
At 31 December	<u>16,572,588</u>	<u>18,700,267</u>

6. Deferred Development Costs (Cont'd)

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

	Group	
	2023	2022
	RM	RM
Employee benefits expenses (Note 28)	<u>2,035,290</u>	<u>4,497,027</u>

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

Amortisation begins only when the commercial production has commenced. At 31 December 2023, RM3,224,002 (2022: RM6,609,135) were incurred on the development of software that has not commenced commercial production yet, hence it is not subject to amortisation. The amortisation expense was recognised in the statements of profit or loss and other comprehensive income.

Impairment testing for deferred development costs

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

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next five (5) years. The rate used to discount the forecast cash flows is 8.95% (2022: 7.19%).

During the financial year, the Group carried out a review of the recoverable amount of the deferred development costs. Management believes that there were no additional impairment required for the financial year ended 31 December 2023.

7. Intangible Assets

	Software lease contracts RM	Project software contracts RM	Software supports services contracts RM	Total RM
Group and Company				
2023				
Cost				
At 1 January 2023/ 31 December 2023	2,422,681	1,164,874	337,637	3,925,192
Less : Accumulated amortisation				
At 1 January 2023/ 31 December 2023	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Carrying amount				
At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2022				
Cost				
At 1 January 2022/ 31 December 2022	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Less : Accumulated amortisation				
At 1 January 2022/ 31 December 2022	<u>2,422,681</u>	<u>1,164,874</u>	<u>337,637</u>	<u>3,925,192</u>
Carrying amount				
At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. **Intangible Assets (Cont'd)**

During the financial year ended 31 December 2016, the Company had acquired business of PT IFCA Property365 Indonesia (“PTIPI”) and a purchase price allocation exercise was conducted to determine the fair value of the identifiable assets and liabilities. The identified intangible assets are as follows:

(i) Software Lease Contracts

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

(ii) Project Software Contracts

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

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

(iii) Software Support Services Contracts

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

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

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

	Office buildings RM	Office equipment RM	Motor vehicles RM	Total RM
Group				
Cost				
At 1 January 2023	2,747,141	51,570	491,908	3,290,619
Additions	1,747,748	8,792	-	1,756,540
Transfer to property, plant and equipment (Note 4)	-	-	(491,908)	(491,908)
Expiration of lease contracts	(2,670,791)	(12,424)	-	(2,683,215)
At 31 December 2023	<u>1,824,098</u>	<u>47,938</u>	<u>-</u>	<u>1,872,036</u>
Accumulated depreciation				
At 1 January 2023	2,372,106	27,069	252,068	2,651,243
Charge for the financial year	642,731	10,862	32,794	686,387
Transfer to property, plant and equipment (Note 4)	-	-	(284,862)	(284,862)
Expiration of lease contracts	(2,670,791)	(12,424)	-	(2,683,215)
Exchange differences	643	-	-	643
At 31 December 2023	<u>344,689</u>	<u>25,507</u>	<u>-</u>	<u>370,196</u>
Carrying amount				
At 31 December 2023	<u>1,479,409</u>	<u>22,431</u>	<u>-</u>	<u>1,501,840</u>

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

	Office buildings RM	Office equipment RM	Motor vehicles RM	Total RM
Group Cost				
At 1 January 2022	3,390,570	44,097	491,908	3,926,575
Additions	24,759	18,040	-	42,799
Termination of lease contracts	-	(10,567)	-	(10,567)
Expiration of lease contracts	(643,705)	-	-	(643,705)
Exchange differences	(24,483)	-	-	(24,483)
At 31 December 2022	<u>2,747,141</u>	<u>51,570</u>	<u>491,908</u>	<u>3,290,619</u>
Accumulated depreciation				
At 1 January 2022	1,880,638	19,251	235,671	2,135,560
Charge for the financial year	1,159,394	11,162	16,397	1,186,953
Termination of lease contracts		(3,344)	-	(3,344)
Expiration of lease contracts	(643,705)	-	-	(643,705)
Exchange differences	(24,221)	-	-	(24,221)
At 31 December 2022	<u>2,372,106</u>	<u>27,069</u>	<u>252,068</u>	<u>2,651,243</u>
Carrying amount				
At 31 December 2022	<u>375,035</u>	<u>24,501</u>	<u>239,840</u>	<u>639,376</u>

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

	Office equipment RM
Company	
Cost	
At 31 December 2023/At 31 December 2023	<u>10,571</u>
Accumulated depreciation	
At 1 January 2023	2,290
Charge for the financial year	<u>2,114</u>
At 31 December 2023	<u>4,404</u>
Carrying amount	
At 31 December 2023	<u>6,167</u>
Cost	
At 1 January 2022	-
Addition	<u>10,571</u>
At 31 December 2022	<u>10,571</u>
Accumulated depreciation	
At 1 January 2022	-
Charge for the financial year	<u>2,290</u>
At 31 December 2022	<u>2,290</u>
Carrying amount	
At 31 December 2022	<u>8,281</u>

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

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

	Group	
	2023	2022
	RM	RM
Motor vehicles	-	239,840

In the previous financial year, the leased assets are pledged as securities for the related lease liabilities as disclosed in Note 22.

9. Investment in Subsidiaries

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost		
- Malaysia	6,217,449	6,217,449
- Outside Malaysia	11,967,828	11,967,828
	18,185,277	18,185,277
Less: Accumulated impairment losses	(11,329,301)	(11,029,311)
	6,855,976	7,155,966
Discount on amount due from subsidiaries	3,749,907	3,749,907
	10,605,883	10,905,873

Movement in impairment on investment in subsidiaries are as follows:

	Company	
	2023	2022
	RM	RM
At 1 January	11,029,311	11,029,311
Charge for the financial year	299,990	-
At 31 December	11,329,301	11,029,311

During the financial year, the Company carried out a review of the recoverable amount of the subsidiaries. The review led to the recognition of an impairment loss of RM299,990 (2022: RMNil), which was recognised as other expenses in the statements of the profit or loss and other comprehensive income.

9. Investment in Subsidiaries (Cont'd)

Details of subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
<i>Direct holding:</i>				
IFCA Solutions Sdn. Bhd.	Malaysia	85.71	85.71	Turnkey solutions provider
IFCA Systems (JB) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
IFCA Systems (Penang) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
IFCA Consulting (Sarawak) Sdn. Bhd.	Malaysia	99.99	99.99	Turnkey solutions provider
Property365 Sdn. Bhd.	Malaysia	85.71	85.71	Turnkey solutions provider, property online marketplace and research and development.
Network Online Sdn. Bhd.	Malaysia	85.71	85.71	Installation and servicing of computer hardware and networks
IFCA Consulting (Sabah) Sdn. Bhd.	Malaysia	60	60	Turnkey solutions provider
Push Technology Sdn. Bhd.	Malaysia	100	100	Turnkey solutions provider and research and development

9. Investment in Subsidiaries (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
Direct holding:				
IFCA International Limited	Republic of Seychelles	100	100	Turnkey solutions provider
SmartHR Sdn. Bhd.	Malaysia	37.5	37.5	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: Held through Push Technology Sdn. Bhd.				
SmartHR Sdn. Bhd.	Malaysia	62.5	62.5	Turnkey solutions provider

* Subsidiaries not audited by UHY

9. Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries 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	
	2023	2022	2023	2022	2023	2022
	%	%	RM	RM	RM	RM
IFCA Solutions Sdn. Bhd.	14.29	14.29	239,494	62,138	546,237	306,743
Property365 Sdn. Bhd.	14.29	14.29	306,623	(111,092)	(334,162)	(640,785)
Network Online Sdn. Bhd.	14.29	14.29	(2,144)	(3,486)	(221,110)	(218,966)
IFCA Consulting (Sabah) Sdn. Bhd.	40.00	40.00	(5,724)	(5,717)	(403,269)	(397,545)
Individually immaterial subsidiaries with non-controlling interests					(85,163)	(85,159)
Total non-controlling interests					(497,467)	(1,035,712)

Investment in Subsidiaries (Cont'd)**(a) Material partly-owned subsidiaries (Cont'd)**

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

(i) Summarised statement of financial position

	IFCA Solutions		Property365		Network Online		IFCA Consulting	
	Sdn. Bhd.		Sdn. Bhd.		Sdn. Bhd.		(Sabah) Sdn. Bhd.	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM	RM	RM
Non-current assets	1,996,021	2,334,962	2,456,138	1,696,396	-	-	30,000	30,000
Current assets	11,379,501	7,174,299	5,254,712	14,957,573	74,046	149,583	1,231	15,573
Non-current liabilities	(7,200)	(68,957)	-	(70,721)	-	-	-	-
Current liabilities	(10,536,887)	(8,285,325)	(10,049,979)	(21,068,736)	(1,681,955)	(1,742,483)	(1,063,948)	(1,063,978)
Net assets/(liabilities)	2,831,435	1,154,979	(2,339,129)	(4,485,488)	(1,607,909)	(1,592,900)	(1,032,717)	(1,018,405)

9. Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries (Cont'd)

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

	IFCA Solutions Sdn. Bhd.		Property365 Sdn. Bhd.		Network Online Sdn. Bhd.		IFCA Consulting (Sabah) Sdn. Bhd.	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	20,815,772	19,461,970	16,272,648	13,780,270	-	-	-	-
Profit/(Loss) for the financial year	1,676,455	434,963	2,146,359	(777,646)	(15,009)	(24,402)	(14,312)	(14,292)
Total comprehensive income/(loss) for the financial year	1,676,455	434,963	2,146,359	(777,646)	(15,009)	(24,402)	(14,312)	(14,292)

Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries (Cont'd)

(iii) Summarised statement of cash flows

	IFCA Solutions		Property365		Network Online		IFCA Consulting	
	Sdn. Bhd.		Sdn. Bhd.		Sdn. Bhd.		(Sabah) Sdn. Bhd.	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM	RM	RM
Net cash from/(used in)								
operating activities	3,496,781	2,412,381	2,567,454	1,413,293	(75,537)	59,515	(14,342)	(12,662)
Net cash from/(used in)								
investing activities	32,704	(476,214)	(3,145,860)	(58,334)	-	13,500	-	-
Net cash (used in)/from								
financing activities	(118,397)	(2,182,781)	(490,362)	(45,600)	2,863	-	-	-
Net (decrease)/								
increase in								
cash and cash								
equivalents	3,411,088	(246,614)	(1,068,768)	1,309,359	(72,674)	73,015	(14,342)	(12,662)

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries 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 subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

10. Goodwill on Business Combination

	Group and Company	
	2023	2022
	RM	RM
At 1 January/31 December	<u>25,111,525</u>	<u>25,111,525</u>

Goodwill on business combination arose from the acquisition of the following subsidiary:

	Group and Company	
	2023	2022
	RM	RM
PT IFCA Property365 Indonesia	<u>25,111,525</u>	<u>25,111,525</u>

Recoverable amount on value in use

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

- (i) Pre-tax cash flow projection based on the most recent financial budgets covering a five (5) years period.
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranging from 3% to 5% (2022: 3% to 23.9%).
- (iii) Pre-tax discount rate of 8.95% (2022: 7.19%) 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.

Sensitivity to changes in assumptions

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

11. Other Investments

	Investment in club memberships RM	Redeemable loan stock RM	Total RM
Group			
Cost			
At 1 January 2023/			
At 31 December 2023	<u>166,000</u>	<u>11,384</u>	<u>177,384</u>
Carrying amount			
At 31 December 2023	<u>166,000</u>	<u>11,384</u>	<u>177,384</u>
Cost			
At 1 January 2022	179,500	-	179,500
Additions	-	11,384	11,384
Disposal	<u>(13,500)</u>	<u>-</u>	<u>(13,500)</u>
At 31 December 2022	<u>166,000</u>	<u>11,384</u>	<u>177,384</u>
Carrying amount			
At 31 December 2022	<u>166,000</u>	<u>11,384</u>	<u>177,384</u>

11. **Other Investments (Cont'd)**

	Investment in club memberships RM
Company	
Cost	
At 1 January 2023/At 31 December 2023	<u>76,000</u>
Carrying amount	
At 1 January 2023/At 31 December 2023	<u>76,000</u>
Cost	
At 1 January 2022/At 31 December 2022	<u>76,000</u>
Carrying amount	
At 1 January 2022/At 31 December 2022	<u>76,000</u>

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

12. Amount Due from Subsidiaries

		Company	
		2023	2022
	Note	RM	RM
Non-current assets			
Amount due from subsidiaries			
Non-trade related	(a)	8,013,954	8,774,414
Trade related	(b)	1,609,651	2,549,395
Less: Accumulated impairment losses		(3,923,320)	(3,430,935)
		<u>5,700,285</u>	<u>7,892,874</u>
Current assets			
Amount due from subsidiaries			
Non-trade related	(a)	5,902,215	3,785,958
Trade related	(b)	341,278	791,433
Less: Accumulated impairment losses		(239,010)	(544,928)
		<u>6,004,483</u>	<u>4,032,463</u>
		<u>11,704,768</u>	<u>11,925,337</u>

(a) These represents unsecured, non-interest bearing advances which are collectable or repayable on demand, except for the non-current portion which are not expected to be repaid within the next 12 months.

(b) This represent unsecured, non-interest bearing trade balances and is on cash term.

13. Deferred Tax (Assets)/Liabilities

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	(118,462)	385,892	56,535	32,424
Recognised in profit or loss	(223,225)	(628,174)	(26,619)	24,111
Recognised in other comprehensive income	(10,533)	118,223	-	-
Exchange differences	(10,084)	5,597	-	-
At 31 December	<u>(362,304)</u>	<u>(118,462)</u>	<u>29,916</u>	<u>56,535</u>

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax liabilities	1,829,707	2,046,613	41,514	56,535
Deferred tax assets	<u>(2,192,011)</u>	<u>(2,165,075)</u>	<u>(11,598)</u>	<u>-</u>
	<u>(362,304)</u>	<u>(118,462)</u>	<u>29,916</u>	<u>56,535</u>

13. Deferred Tax (Assets)/Liabilities (Cont'd)

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

Deferred tax liabilities

	Accelerated capital allowances RM	Deferred development costs RM	Fair value adjustment on investment properties RM	Total RM
Group				
2023				
At 1 January	237,117	1,809,496	-	2,046,613
Recognised in profit or loss	(39,609)	(137,489)	-	(177,098)
Over provision in prior year	1,898	82,380	-	84,278
At 31 December (before offsetting)	<u>199,406</u>	<u>1,754,387</u>	<u>-</u>	<u>1,953,793</u>
Offsetting				(124,086)
At 31 December (after offsetting)				<u>1,829,707</u>
2022				
At 1 January	220,881	1,969,281	33,157	2,223,319
Recognised in profit or loss	21,828	258,006	(26,526)	253,308
Over provision in prior year	(5,592)	(402,843)	(6,631)	(415,066)
At 31 December (before offsetting)	<u>237,117</u>	<u>1,824,444</u>	<u>-</u>	<u>2,061,561</u>
Offsetting				(14,948)
At 31 December (after offsetting)				<u>2,046,613</u>

13. Deferred Tax (Assets)/Liabilities (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)

	Accelerated capital allowances RM
Company	
2023	
At 1 January	56,535
Recognised in profit or loss	(15,785)
Under provision in prior year	764
At 31 December	<u>41,514</u>
2022	
At 1 January	63,740
Recognised in profit or loss	(7,487)
Under provision in prior year	282
At 31 December	<u>56,535</u>

13. **Deferred Tax (Assets)/Liabilities (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 assets

Group	Deferred revenue RM	Unutilised capital allowances RM	Unused tax losses RM	Other temporary differences RM	Right-of-use assets and lease liabilities RM	Total RM
2023						
At 1 January	(1,833,783)	(163,193)	(11,445)	(156,248)	(406)	(2,165,075)
Recognised in profit or loss	-	(165,372)	4,079	(60,077)	-	(221,370)
Recognised in other comprehensive income	-	-	-	(10,533)	-	(10,533)
(Under)/Over provision in prior year	-	(8,302)	1,236	(10,034)	-	(17,100)
Exchange differences	-	-	-	-	-	-
At 31 December (before offsetting)	<u>(1,833,783)</u>	<u>(336,867)</u>	<u>(6,130)</u>	<u>(236,892)</u>	<u>(406)</u>	<u>(2,414,078)</u>
Offsetting						222,067
At 31 December (after offsetting)						<u>(2,192,011)</u>

13. Deferred Tax (Assets)/Liabilities (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 assets (Cont'd)

Group	Deferred revenue RM	Unutilised capital allowances RM	Unused tax losses RM	Other temporary differences RM	Right-of-use assets and lease liabilities RM	Total RM
2022						
At 1 January	(1,430,325)	(129,629)	(44,219)	(232,610)	(644)	(1,837,427)
Recognised in profit or loss	(394,514)	(78,869)	(1,330)	(47,458)	35	(522,136)
Recognised in other comprehensive income	-	-	-	118,223	-	118,223
Over/(Under) provision in prior year	(23,892)	45,305	34,104	-	203	55,720
Exchange differences	-	-	-	5,597	-	5,597
At 31 December (before offsetting)	(1,848,731)	(163,193)	(11,445)	(156,248)	(406)	(2,180,023)
Offsetting						14,948
At 31 December (after offsetting)						<u>(2,165,075)</u>

13. Deferred Tax (Assets)/Liabilities (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 assets (Cont'd)

	Unused tax losses RM	Right-of-use assets and lease liabilities RM	Total RM
Company			
2023			
At 1 January	-	-	-
Recognised in profit or loss	-	(11,598)	(11,598)
At 31 December	-	(11,598)	(11,598)
2022			
At 1 January	(31,316)	-	(31,316)
Over provision in prior year	31,316	-	31,316
At 31 December	-	-	-

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

	Group	
	2023 RM	2022 RM
Unutilised capital allowances	42,623	34,325
Unused tax losses	10,060,479	9,935,620
Right-of-use assets and lease liabilities	277	2,906
	<u>10,103,379</u>	<u>9,972,851</u>

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

13. **Deferred Tax (Assets)/Liabilities (Cont'd)****Deferred tax assets (Cont'd)**

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028.

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

	Group	
	2023	2022
	RM	RM
Contract assets		
Current		
Maintenance, support system, training and implementation services	119,301	-
Software applications	5,022,260	5,472,159
Less: Accumulated impairment loss	(2,360,644)	(2,330,510)
	<u>2,780,917</u>	<u>3,141,649</u>
Contract liabilities		
Non-Current		
Maintenance, support system, training and implementation services	(45,904)	(44,156)
Software applications	(87,437)	(77,564)
	<u>(133,341)</u>	<u>(121,720)</u>
Current		
Maintenance, support system, training and implementation services	(13,994,297)	(12,818,749)
Software applications	(6,604,596)	(5,395,300)
Hardware, networking, and operating systems	-	(16,208)
	<u>(20,598,893)</u>	<u>(18,230,257)</u>
	<u>(20,732,234)</u>	<u>(18,351,977)</u>

14. **Contract Assets/(Liabilities) (Cont'd)**

Contract assets

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

Contract liabilities

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

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

15. **Trade Receivables**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade receivables	11,683,895	12,013,998	463,164	700,211
Less: Accumulated impairment losses	(2,259,482)	(1,836,474)	-	-
	<u>9,424,413</u>	<u>10,177,524</u>	<u>463,164</u>	<u>700,211</u>

Trade receivables are unsecured, non-interest bearing and are on cash term. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

16. Other Receivables

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other receivables	611,781	271,760	250,758	88,270
Deposits	683,057	743,719	73,454	70,270
SST receivable	-	1,686	-	-
	<u>1,294,838</u>	<u>1,017,165</u>	<u>324,212</u>	<u>158,540</u>

17. Other Current Assets

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Prepayments	<u>459,519</u>	<u>326,594</u>	<u>167,393</u>	<u>140,961</u>

18. Fixed Deposits with Licensed Banks

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fixed deposits for short-term funding				
- maturity period less than 3 months	32,873,778	42,592,878	5,404,143	19,511,711
- maturity period more than 3 months	<u>15,945,153</u>	<u>-</u>	<u>14,645,153</u>	<u>-</u>
	48,818,931	42,592,878	20,049,296	19,511,711
Fixed deposits pledged with licensed banks	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
	<u>50,818,931</u>	<u>42,592,878</u>	<u>22,049,296</u>	<u>19,511,711</u>

The interest rates of the fixed deposits of the Group and of the Company range from 3.00% to 3.50% (2022: 2.80% to 3.20%) and 3.90% to 4.00% (2022: 2.80% to 3.20%) per annum with maturity period of 1 to 12 months (2022: 1 to 3 months) and 1 to 12 months (2022: 1 to 3 months) respectively.

19. **Share Capital**

	Group and Company			
	Number of shares		Amount	
	2023	2022	2023	2022
	Units	Units	RM	RM
Issued and fully paid ordinary shares				
At 1 January/				
31 December	608,290,900	608,290,900	83,947,005	83,947,005

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

20. **Treasury Shares**

	Group and Company			
	Number of shares		Amount	
	2023	2022	2023	2022
	Units	Units	RM	RM
At 1 January	3,086,100	1,391,200	912,564	430,221
Share repurchased	-	1,694,900	-	482,343
At 31 December	3,086,100	3,086,100	912,564	912,564

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 29 May 2023, renewed the authority in relation to shares repurchased. 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.

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

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

21. Foreign Currency Translation Reserve

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.

22. Lease Liabilities

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	462,654	1,704,741	8,472	-
Additions	1,756,540	42,799	-	10,571
Accretion of interest	53,829	63,787	372	501
Payments	(714,160)	(1,303,673)	(2,401)	(2,600)
Termination of lease contracts	-	(7,470)	-	-
Rent concessions related to Covid-19	-	(37,261)	-	-
Exchange differences	(502)	(269)	-	-
At 31 December	<u>1,558,361</u>	<u>462,654</u>	<u>6,443</u>	<u>8,472</u>
Presented as:				
Non-current	1,106,139	28,195	4,326	6,444
Current	<u>452,222</u>	<u>434,459</u>	<u>2,117</u>	<u>2,028</u>
	<u>1,558,361</u>	<u>462,654</u>	<u>6,443</u>	<u>8,472</u>

22. Lease Liabilities (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within one year	510,074	445,757	2,400	2,400
Later than one year and not later than two years	478,205	21,700	2,400	2,400
Later than two years and not later than five years	687,006	7,800	2,200	4,600
	<u>1,675,285</u>	<u>475,257</u>	<u>7,000</u>	<u>9,400</u>
Less: Future finance charges	<u>(116,924)</u>	<u>(12,603)</u>	<u>(557)</u>	<u>(928)</u>
Present value of lease liabilities	<u>1,558,361</u>	<u>462,654</u>	<u>6,443</u>	<u>8,472</u>

The Group and the Company lease various office buildings and office equipment (2022: buildings, office equipment and motor vehicles). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The interest rates of the Group and the Company for the lease liabilities range from 3.71% to 4.45% (2022: 2.31% to 4.45%) and 4.39% (2022: 4.39%) respectively.

23. Employees' Retirement Benefits

	Group	
	2023 RM	2022 RM
Present value of unfunded defined benefit obligations	<u>946,210</u>	<u>680,932</u>

The Group recognises liabilities for employee benefits in respect of its overseas subsidiary, PT IFCA Property365 Indonesia in accordance with the Indonesian Labour Law No. 13 Year 2003 dated 25 March 2003 ("Labour Law"). Under this Labour Law, the employee benefits are payable upon retirement of employees. The latest actuarial valuation of the plan was carried out on 4 January 2024.

23. Employees' Retirement Benefits (Cont'd)

The movements in the present value of defined benefits obligations of the Group are as follows:

	Group	
	2023	2022
	RM	RM
At 1 January	680,932	1,057,318
Recognised in profit or loss		
- Current service cost	123,312	207,642
- Interest costs	50,362	77,249
- Past service cost	-	(69,307)
Benefits paid	5,293	(30,709)
Remeasurement recognised in other comprehensive income		
- Effects of changes in financial assumptions	42,584	(537,377)
Foreign exchange translation differences	43,727	(23,884)
At 31 December	<u>946,210</u>	<u>680,932</u>

Actuarial assumptions

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

	Group	
	2023	2022
Discount rate	6.75%	7.00%
Future average salary increases	5.00%	5.00%
Age of retirement	<u>57 years old</u>	<u>57 years old</u>

23. Employees' Retirement Benefits (Cont'd)Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations of the Group are as follows:

	Group	
	+1%	-1%
	RM	RM
2023		
(Decrease)/Increase of present value of the unfunded obligations		
- Discount rate	(68,652)	77,487
- Expected salary	82,070	(73,823)
	<hr/>	<hr/>
2022		
(Decrease)/Increase of present value of the unfunded obligations		
- Discount rate	(55,028)	62,071
- Expected salary	65,782	(59,168)
	<hr/>	<hr/>

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

24. Trade Payables

The normal trade credit terms granted to the Group and to the Company range from 30 to 60 (2022: 30 to 60) days and 30 to 60 (2022: 30 to 60) days respectively depending on the terms of the contracts. These balances are unsecured and non-interest bearing.

25. **Other Payables**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables	781,583	855,662	148,784	49,799
Accruals	6,081,492	7,599,061	643,781	583,933
Deposit payables	605,497	4,910	-	450
SST payables	656,029	625,520	63,091	50,416
VAT payables	276,895	375,713	-	-
	<u>8,401,496</u>	<u>9,460,866</u>	<u>855,656</u>	<u>684,598</u>

26. **Revenue**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers				
Sale of software applications	32,100,463	20,839,595	-	-
Royalty income	491,408	569,420	1,701,693	3,512,234
Sale of hardware, networking, and operating systems	1,864,079	1,617,567	109,800	124,200
Maintenance, support system, training and implementation services rendered	<u>43,636,348</u>	<u>52,449,362</u>	<u>-</u>	<u>-</u>
	<u>78,092,298</u>	<u>75,475,944</u>	<u>1,811,493</u>	<u>3,636,434</u>

26. Revenue (Cont'd)

Revenue from contracts with customers recognised for the Group in the current financial year included RM18,230,257 (2022: RM16,415,030) that was included in the contract liabilities at the beginning of the financial year.

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

	Software applications and royalty income RM	Hardware, networking and operating systems RM	Maintenance, support system, training and implementation services RM	Total RM
2023				
Major goods and services				
Sale of software applications	32,100,463	-	-	32,100,463
Royalty income	491,408	-	-	491,408
Sale of hardware, networking, and operating systems	-	1,864,079	-	1,864,079
Maintenance, support system, training and implementation services rendered	-	-	43,636,348	43,636,348
	<u>32,591,871</u>	<u>1,864,079</u>	<u>43,636,348</u>	<u>78,092,298</u>
Geographical market				
Malaysia	11,234,628	1,586,494	25,047,457	37,868,579
China	14,613,298	-	12,528,532	27,141,830
Indonesia	6,252,538	277,585	5,330,910	11,861,033
Others	491,407	-	729,449	1,220,856
	<u>32,591,871</u>	<u>1,864,079</u>	<u>43,636,348</u>	<u>78,092,298</u>
Timing of revenue recognition				
At a point in time	32,591,871	1,864,079	-	34,455,950
Over time	-	-	43,636,348	43,636,348
	<u>32,591,871</u>	<u>1,864,079</u>	<u>43,636,348</u>	<u>78,092,298</u>

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

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

	Software applications and royalty income RM	Hardware, networking and operating systems RM	Maintenance, support system, training and implementation services RM	Total RM
2022				
Major goods and services				
Sale of software applications	20,839,595	-	-	20,839,595
Royalty income	569,420	-	-	569,420
Sale of hardware, networking, and operating systems	-	1,617,567	-	1,617,567
Maintenance, support system, training and implementation services rendered	-	-	52,449,362	52,449,362
	<u>21,409,015</u>	<u>1,617,567</u>	<u>52,449,362</u>	<u>75,475,944</u>
Geographical market				
Malaysia	8,337,404	1,581,438	24,127,113	34,045,955
China	9,794,361	-	22,014,068	31,808,429
Indonesia	2,683,853	36,129	5,986,569	8,706,551
Others	593,397	-	321,612	915,009
	<u>21,409,015</u>	<u>1,617,567</u>	<u>52,449,362</u>	<u>75,475,944</u>
Timing of revenue recognition				
At a point in time	21,409,015	1,617,567	-	23,026,582
Over time	-	-	52,449,362	52,449,362
	<u>21,409,015</u>	<u>1,617,567</u>	<u>52,449,362</u>	<u>75,475,944</u>

27. **Other Income**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Dividend income	-	-	-	7,559,873
Fair value gain on investment properties	-	178,866	-	128,741
Gain on foreign exchange:				
- Realised	30,205	24,897	-	-
- Unrealised	242,896	132,413	242,565	132,413
Gain on termination of lease contracts	-	248	-	-
Interest income	1,364,552	972,419	759,960	502,082
Income from rent concessions	-	37,261	-	-
Reversal of contract liabilities	19,699	11,618	-	-
Rental income	24,608	29,362	85,600	87,840
Reallocation of headquarter costs charged to subsidiaries	-	-	5,513,288	3,010,407
Miscellaneous	820,918	237,218	54,952	6,795
Tax incentive from foreign subsidiaries	1,203,909	733,498	-	-
	<u>3,706,787</u>	<u>2,357,800</u>	<u>6,656,365</u>	<u>11,428,151</u>

28. **Employee Benefits Expenses**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive Directors' fees	108,000	108,000	108,000	108,000
Salaries and wages	49,615,702	52,960,152	4,773,429	3,990,384
Social security contributions	2,624,407	3,278,005	26,290	25,597
Defined contribution plans	3,875,009	4,370,234	604,038	507,278
Employee defined benefit plans	178,967	222,516	-	-
Other benefits	217,500	217,500	217,500	217,500
Total employee benefits expenses	56,619,585	61,156,407	5,729,257	4,848,759
Less: Amount capitalised into deferred development costs (Note 6)	(2,035,290)	(4,497,027)	-	-
	<u>54,584,295</u>	<u>56,659,380</u>	<u>5,729,257</u>	<u>4,848,759</u>

29. **Directors' Remuneration**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,010,000	2,004,000	2,010,000	2,004,000
Fees	108,000	108,000	108,000	108,000
Project incentive	167,500	-	167,500	-
Defined contribution plans	339,625	313,500	339,625	313,500
Total executive Directors' remuneration (excluding benefits-in-kind)	2,625,125	2,425,500	2,625,125	2,425,500
Estimated money value of benefits-in-kind	229,500	226,500	229,500	226,500
Total Executive Directors' remuneration (including benefits-in-kind)	2,854,625	2,652,000	2,854,625	2,652,000
Non-executive:				
Fees	144,000	106,000	144,000	106,000
Total Directors' remuneration	2,998,625	2,758,000	2,998,625	2,758,000
Non-monetary benefits-in-kind paid to Executive Directors	37,275	47,900	-	-
Total Directors' remuneration	3,035,900	2,805,900	2,998,625	2,758,000
Represented by:				
Directors' remuneration	2,998,625	2,758,000	2,998,625	2,758,000
Non-monetary benefits-in-kind	37,275	47,900	-	-
	3,035,900	2,805,900	2,998,625	2,758,000

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	
	2023	2022
Executive Directors:		
RM350,001 - RM450,000	1	1
RM850,001 - RM950,000	1	1
RM1,250,001 - RM1,350,000	-	1
RM1,351,001 - RM1,450,000	1	-
	<hr/>	<hr/>
Non-executive Directors:		
Less than RM50,000	3	4
	<hr/>	<hr/>

30. Finance Cost

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense on lease liabilities	53,830	63,786	372	501
	<hr/>	<hr/>	<hr/>	<hr/>

31. Profit before Tax

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit	221,358	200,801	73,000	73,000
- non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of				
development costs	4,162,969	3,523,491	-	-
Bad debts written off	702,788	208,443	-	-
Depreciation of:				
- property, plant and equipment	961,400	804,007	229,544	245,905
- right-of-use assets	686,387	1,186,953	2,114	2,290
Fair value loss/(gain) on investment properties	354,538	(178,866)	-	(128,741)
Impairment losses on financial instruments:				
- amount due from subsidiaries	-	-	246,467	1,173,512
- trade receivables	1,230,030	1,022,985	-	-
Reversal of impairment losses on financial instruments:				
- amount due from subsidiaries	-	-	(60,000)	-
- trade receivables	(808,224)	(268,163)	-	-
Net loss on impairment of financial instruments	421,806	754,822	186,467	1,173,512

31. **Profit before Tax (Cont'd)**

Profit before tax is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Impairment losses on:				
- investment in subsidiaries	-	-	299,990	-
- contract assets	30,130	2,330,510	-	-
Lease expenses relating to short-term leases	1,695,588	2,578,750	9,600	9,600
Loss on disposal of				
- property, plant and equipment	4,783	-	-	-
- investment properties	232,000	-	232,000	-
Loss on foreign exchange:				
- realised	30,205	-	-	-
- unrealised	28,570	25,153	-	-
Non-executive Directors' fees	144,000	106,000	144,000	106,000
Property, plant and equipment written off	11,117	8,159	4,145	914

32. **Taxation**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Current tax				
- Malaysian income tax	1,260,719	1,327,643	117,727	131,689
- Foreign tax	1,345,182	741,927	-	-
- Under provision in prior years	17,740	61,949	2,202	120,202
	<u>2,623,641</u>	<u>2,131,519</u>	<u>119,929</u>	<u>251,891</u>
Deferred tax (Note 13)				
- Relating to origination and reversal of temporary differences	(310,004)	(269,066)	(27,383)	(7,487)
- Under/(Over) provision in prior years	86,779	(359,108)	764	31,598
	<u>(223,225)</u>	<u>(628,174)</u>	<u>(26,619)</u>	<u>24,111</u>
	<u>2,400,416</u>	<u>1,503,345</u>	<u>93,310</u>	<u>276,002</u>
Income tax relating to items of other comprehensive income that will not be reclassified to profit or loss				
Income tax relating to gain on remeasurement of defined benefit liability	(10,533)	118,223	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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 tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit/(Loss) before tax	<u>5,068,118</u>	<u>(2,693,641)</u>	<u>(469,126)</u>	<u>6,492,239</u>
At Malaysian statutory tax rate of 24% (2022: 24%)	1,216,348	(646,474)	(112,590)	1,558,137
Effect of scale rate	104,638	51,088	-	-
Effect of different tax rates in other countries	(102,239)	(58,616)	-	-
Effect of income not subject to tax	(1,990,878)	(749,669)	(89,694)	(1,855,082)
Effect of expenses not deductible for tax purposes	3,343,574	3,226,239	292,608	436,438
Capitalisation of development expenditure	(326,858)	(40,434)	-	-
Deferred tax assets not recognised	51,312	184,507	20	(15,291)
Utilisation of previously unrecognised tax losses	-	(166,137)	-	-
Under provision of income tax in prior years	17,740	61,949	2,202	120,202
Under/(Over) provision of deferred tax in prior years	<u>86,779</u>	<u>(359,108)</u>	<u>764</u>	<u>31,598</u>
Tax expenses for the financial year	<u>2,400,416</u>	<u>1,503,345</u>	<u>93,310</u>	<u>276,002</u>

32. Taxation (Cont'd)

The Group and the Company have estimated unutilised capital allowances and unused tax losses available for carried forward to offset against future taxable profit as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unutilised capital allowances	1,545,786	813,842	-	-
Unused tax losses	10,087,479	9,984,768	-	-
	<u>11,633,265</u>	<u>10,798,610</u>	<u>-</u>	<u>-</u>

33. Earnings Per Share

(a) Basic earnings per share

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

	Group	
	2023	2022
Profit/(Loss) attributable to owners of the parent (RM)	<u>2,129,457</u>	<u>(4,138,801)</u>
Weighted average number of ordinary shares in issue (units)		
- Issued ordinary shares at 1 January	608,290,900	608,290,900
- Effect of treasury shares held	<u>(3,086,100)</u>	<u>(3,086,100)</u>
Weighted average number of ordinary shares at 31 December	<u>605,204,800</u>	<u>605,204,800</u>
Basic earnings per share (sen)	<u>0.35</u>	<u>(0.68)</u>

33. Earnings Per Share (Cont'd)

(b) Diluted earnings per share

The Group has 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	
	2023	2022
	RM	RM
Dividends recognised as distribution to ordinary shareholders of the Company		
A first and final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2021	-	6,062,871

On 29 February 2024, the Directors recommend the payment of a first and final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2023 which is 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 first and final single-tier dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

35. Reconciliation of Liabilities Arising from Financing Activities

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

	At 1 January RM	Financing cash flows (i) RM	New lease (Note 8) RM	Other changes (ii) RM	At 31 December RM
Group					
2023					
Lease liabilities (Note 22)	462,654	(660,331)	1,756,540	(502)	1,558,361
2022					
Lease liabilities (Note 22)	1,704,741	(1,239,886)	42,799	(45,000)	462,654
Company					
2023					
Lease liabilities (Note 22)	8,472	(2,029)	-	-	6,443
2022					
Lease liabilities (Note 22)	-	(2,099)	10,571	-	8,472

(i) The financing cash flows represent payment of lease liabilities in the statements of cash flows.

(ii) Other changes include termination of lease contracts, income from Covid-19 rent concessions and exchange differences.

36. Related Parties Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	Company	
	2023	2022
	RM	RM
Transactions with subsidiaries		
Sales	109,800	124,200
Dividend income	-	7,559,873
Royalty income	1,701,693	3,512,234
Reallocation head quarter costs	5,513,288	3,010,407
Services rendered	108,000	360,000
Profit sharing on software development	23,364	5,396

36. Related Parties Disclosures (Cont'd)

(c) Compensation of key management personnel

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fees	252,000	214,000	252,000	214,000
Salaries and other emoluments	2,771,200	2,757,360	2,771,200	2,757,360
Defined contribution plans	457,249	430,068	457,249	430,068
Estimated money value of benefits-in-kind	253,500	250,500	253,500	250,500
Project incentive	362,500	195,000	362,500	195,000
Non-monetary benefits-in-kind	37,275	47,900	-	-
	<u>4,133,724</u>	<u>3,894,828</u>	<u>4,096,449</u>	<u>3,846,928</u>

37. Segment Information

(a) Geographical segments

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

- (i) Malaysia - the activities are including a turnkey e-business application provider functionality on in-house industry specific software and local research and development centre, as the domain for all customised projects and undertake marketing activities that cater for Malaysia market.
- (ii) Foreign - the activities are including a turnkey e-business application provider functionality on in-house industry specific software and overseas' research and development centre.

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

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

37. Segment Information (Cont'd)

(a) Geographical segments (Cont'd)

	Malaysia			Foreign			Eliminations		Note	Per consolidated financial statements	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM		2023 RM	2022 RM
Revenue:											
External revenue	37,868,579	34,045,955	40,223,719	41,429,989	-	-	-	-		78,092,298	75,475,944
Inter-segment revenue	12,399,584	15,361,473	-	-	(12,399,584)	(15,361,473)			A	-	-
Total revenue	50,268,163	49,407,428	40,223,719	41,429,989	(12,399,584)	(15,361,473)				78,092,298	75,475,944
Results:											
Segment results	6,373,471	10,919,414	3,879,475	(2,351,932)	838,343	(3,688,624)				11,091,289	4,878,858
Interest income	849,125	506,179	515,427	466,240	-	-				1,364,552	972,419
Amortisation of development costs	(1,548,107)	(1,542,450)	-	(100,094)	(2,614,862)	(1,880,947)				(4,162,969)	(3,523,491)
Depreciation of - property, plant and equipment	(691,220)	(553,832)	(270,180)	(250,175)	-	-				(961,400)	(804,007)
- right-of-use assets	(124,434)	(152,683)	(243,798)	(284,690)	(318,155)	(749,580)				(686,387)	(1,186,953)
Other non-cash expenses	(440,659)	(2,234,067)	(756,842)	(158,826)	(325,636)	(573,788)			B	(1,523,137)	(2,966,681)
Finance costs	(7,101)	(12,389)	(39,229)	(4,477)	(7,500)	(46,920)				(53,830)	(63,786)
Profit/(Loss) before tax	4,411,075	6,930,172	3,084,853	(2,683,954)	(2,427,810)	(6,939,859)				5,068,118	(2,693,641)
Taxation	(1,421,080)	(849,311)	(1,306,194)	(694,468)	326,858	40,434				(2,400,416)	(1,503,345)
Profit/(Loss) for the financial year	2,989,995	6,080,861	1,778,659	(3,378,422)	(2,100,952)	(6,899,425)				2,667,702	(4,196,986)
Additions to non-current assets	3,222,794	3,723,003	5,015,080	430,615	-	1,557,468			C	8,237,874	5,711,086
Segment assets	116,706,840	121,669,195	61,523,075	61,893,783	(22,429,135)	(34,738,171)			D	155,800,780	148,824,807
Segment liabilities	37,496,425	45,448,775	47,953,440	50,903,765	(50,613,391)	(65,023,380)			E	34,836,474	31,329,160

37. Segment Information (Cont'd)

(a) Geographical segments (Cont'd)

A Inter-segment revenue are eliminated on consolidation.

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

	Group	
	2023	2022
	RM	RM
Bad debts written off	702,788	208,443
Fair value loss/(gain) of investment properties	354,538	(178,866)
Impairment losses on:		
- contract assets	30,130	2,330,510
- trade receivables	1,230,030	1,022,985
Income from rent concessions	-	(37,261)
Loss on disposal of:		
- property, plant and equipment	4,783	-
- investment properties	232,000	-
Gain on termination of lease contracts	-	(248)
Property, plant and equipment written off	11,117	8,159
Reversal of impairment loss on:		
- trade receivables	(808,224)	(268,163)
Reversal of contract liabilities	(19,699)	(11,618)
Net gain on unrealised foreign exchange	(214,326)	(107,260)
	<u>1,523,137</u>	<u>2,966,681</u>

37. Segment Information (Cont'd)**(a) Geographical segments (Cont'd)****C** Additions to non-current assets consist of:

	Group	
	2023	2022
	RM	RM
Property, plant and equipment	745,573	905,021
Investment properties	3,700,471	266,239
Deferred development costs	2,035,290	4,497,027
Right-of-use assets	1,756,540	42,798
	<u>8,237,874</u>	<u>5,711,085</u>

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

	Group	
	2023	2022
	RM	RM
Inter-segment assets	<u>(22,429,135)</u>	<u>(34,738,171)</u>

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

	Group	
	2023	2022
	RM	RM
Inter-segment liabilities	<u>(50,613,391)</u>	<u>(65,023,380)</u>

37. Segment Information (Cont'd)

(a) Geographical segments (Cont'd)

Information about major customers

Revenue from 8 (2022: 9) major customers amounting to RM12,121,737 (2022: RM11,833,806), arising from sales by the local and foreign segment.

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

	Group	
	2023	2022
	RM	RM
Non-Current Assets		
Malaysia	42,376,721	42,166,075
Foreign	20,604,356	18,664,345
	<u>62,981,077</u>	<u>60,830,420</u>

37. **Segment Information (Cont'd)**

(b) Business segments

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

- (i) Software applications and royalty income
- (ii) Hardware, networking and operating systems
- (iii) Maintenance, support system, training and implementation services

	Software applications and royalty income		Maintenance, support system, training and implementation services		Other segments		Per consolidated financial statements	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Group								
Total revenue from external customers	32,591,871	21,409,015	43,636,348	52,449,362	1,864,079	1,617,567	78,092,298	75,475,944
Segment assets	69,066,644	69,139,914	86,660,090	79,535,310	74,046	149,583	155,800,780	148,824,807
Additions to non-current assets	2,035,290	3,149,301	6,202,584	2,561,784	-	-	8,237,874	5,711,085

38. Financial Instruments

(a) Classification of financial instruments

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

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

	At Amortised Cost	
	2023	2022
	RM	RM
Group		
Financial Assets		
Trade receivables	9,424,413	10,177,524
Other receivables	1,294,838	1,015,479
Fixed deposits with licensed banks	50,818,931	42,592,878
Cash and bank balances	28,015,426	30,216,129
	<u>89,553,608</u>	<u>84,002,010</u>
Financial Liabilities		
Trade payables	145,440	120,190
Other payables	7,468,572	8,459,633
Lease liabilities	1,558,361	462,654
	<u>9,172,373</u>	<u>9,042,477</u>
Company		
Financial Assets		
Trade receivables	463,164	700,211
Other receivables	324,212	158,540
Amount due from subsidiaries	11,704,768	11,925,337
Fixed deposits with licensed banks	22,049,296	19,511,711
Cash and bank balances	8,208,437	9,989,784
	<u>42,749,877</u>	<u>42,285,583</u>
Financial Liabilities		
Other payables	792,565	634,182
Lease liabilities	6,443	8,472
	<u>799,008</u>	<u>642,654</u>

38. Financial Instruments (Cont'd)

(b) Financial risk management

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

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

(i) Credit risk

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

Contract assets

Risk management objectives, policies and processes for managing the risk

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

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

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

There are no significant changes as compared to prior year.

Exposure to credit risk, credit quality and collateral

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

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Contract assets (Cont'd)

Concentration of credit risk

At the end of the reporting period, the Group has 10 (2022: 9) major contract customers accounted for 72% (2022: 70%) of the total contract assets.

Recognition and measurement of impairment loss

As there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers, except for as below. The Group is of the view that loss allowance is not material and hence, it is not provided for, except for as below.

The ageing analysis of contract assets at the end of the reporting period are as follows:

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Group			
2023			
- Less than 30 days	15,187	-	15,187
- 31 to 60 days	812,028	-	812,028
- 61 to 90 days	121,500	-	121,500
- More than 90 days	1,832,202	-	1,832,202
	<u>2,780,917</u>	<u>-</u>	<u>2,780,917</u>
Credit impaired			
- More than 90 days	4,688,940	(4,688,940)	-
	<u>7,469,857</u>	<u>(4,688,940)</u>	<u>2,780,917</u>

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Contract Assets (Cont'd)

The ageing analysis of contract assets at the end of the reporting period are as follows: (Cont'd)

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Group			
2022			
- Less than 30 days	651,765	-	651,765
- 31 to 60 days	412,038	-	412,038
- 61 to 90 days	354,760	-	354,760
- More than 90 days	1,723,086	-	1,723,086
	<u>3,141,649</u>	<u>-</u>	<u>3,141,649</u>
Credit impaired			
- More than 90 days	4,658,810	(4,658,810)	-
	<u>7,800,459</u>	<u>(4,658,810)</u>	<u>3,141,649</u>

The movements in the allowance for impairment losses in respect of contract assets of the Group are as follows:

	Credit Impaired RM
Group	
At 1 January 2023	4,658,810
Impairment loss recognised	<u>30,130</u>
At 31 December 2023	<u>4,688,940</u>
At 1 January 2022	2,328,300
Impairment loss recognised	<u>2,330,510</u>
At 31 December 2022	<u>4,658,810</u>

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's and the Company's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from sale of software applications, sale of hardware, networking and operating systems, maintenance, support systems, training and implementation services.

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

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

There are no significant changes as compared to prior year.

Exposure to credit risk, credit quality and collateral

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

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables*Concentration of credit risk*

The Group and the Company determine concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	2023		2022	
	RM	% of total	RM	% of total
Group				
By Country:				
Malaysia	5,032,745	53%	3,842,761	38%
People's Republic of China	2,221,038	24%	5,058,979	49%
Indonesia	1,680,906	18%	673,457	7%
Singapore	472,804	5%	579,614	6%
Other countries	16,920	0%	22,713	0%
	<u>9,424,413</u>	<u>100%</u>	<u>10,177,524</u>	<u>100%</u>
Company				
By Country:				
Malaysia	<u>463,164</u>	<u>100%</u>	<u>700,211</u>	<u>100%</u>

At the end of the reporting period, the Group and the Company had 8 and 2 (2022: 10 and 2) customers respectively, who are reputable and located in Malaysia, which accounted for approximately 22% and 100% (2022: 13% and 100%) respectively of the total trade receivables outstanding.

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss

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

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

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

38. Financial Instruments (Cont'd)**(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)****Trade receivables (Cont'd)***Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables of the Group and of the Company at the reporting date:

	Gross Trade Receivables RM	Allowance for Impairment RM	Net Balance RM
Group			
2023			
<i>Past due but not impaired:</i>			
- Less than 30 days	4,066,413	(52,606)	4,013,807
- 31 to 60 days	2,161,193	(59,925)	2,101,268
- 61 to 90 days	859,562	(41,848)	817,714
- More than 90 days	2,808,607	(316,983)	2,491,624
	<u>9,895,775</u>	<u>(471,362)</u>	<u>9,424,413</u>
Credit impaired			
More than 90 days			
- Individually impaired	1,788,120	(1,788,120)	-
	<u>11,683,895</u>	<u>(2,259,482)</u>	<u>9,424,413</u>
2022			
<i>Past due but not impaired:</i>			
- Less than 30 days	3,072,916	(24,349)	3,048,567
- 31 to 60 days	1,778,613	(29,129)	1,749,484
- 61 to 90 days	1,117,771	(25,828)	1,091,943
- More than 90 days	4,607,713	(320,183)	4,287,530
	<u>10,577,013</u>	<u>(399,489)</u>	<u>10,177,524</u>
Credit impaired			
More than 90 days			
- Individually impaired	1,436,985	(1,436,985)	-
	<u>12,013,998</u>	<u>(1,836,474)</u>	<u>10,177,524</u>

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)*Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables of the Group and of the Company at the reporting date: (Cont'd)

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Company			
2023			
<i>Past due but not impaired:</i>			
- Less than 30 days	125,545	-	125,545
- 31 to 60 days	69,708	-	69,708
- 61 to 90 days	186,269	-	186,269
- More than 90 days	81,642	-	81,642
	<u>463,164</u>	<u>-</u>	<u>463,164</u>
2022			
<i>Past due but not impaired:</i>			
- Less than 30 days	121,873	-	121,873
- 31 to 60 days	12,754	-	12,754
- 61 to 90 days	392,221	-	392,221
- More than 90 days	173,363	-	173,363
	<u>700,211</u>	<u>-</u>	<u>700,211</u>

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)*Recognition and measurement of impairment loss (Cont'd)*

The movements in the allowance for impairment losses in respect of trade receivables of the Group and the Company are as follows:

	Lifetime ECL RM	Credit Impaired RM	Total RM
Group			
At 1 January 2023	399,489	1,436,985	1,836,474
Impairment losses recognised	71,692	1,158,338	1,230,030
Impairment losses reversed	-	(808,224)	(808,224)
Exchange differences	181	1,021	1,202
At 31 December 2023	<u>471,362</u>	<u>1,788,120</u>	<u>2,259,482</u>
At 1 January 2022	85,181	997,970	1,083,151
Impairment losses recognised	317,091	705,894	1,022,985
Impairment losses reversed	(2,690)	(265,473)	(268,163)
Exchange differences	(93)	(1,406)	(1,499)
At 31 December 2022	<u>399,489</u>	<u>1,436,985</u>	<u>1,836,474</u>

Cash and cash equivalents*Risk management objectives, policies and processes for managing the risk*

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

Exposure to credit risk, credit quality and collateral

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

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Cash and cash equivalents (Cont'd)

Recognition and measurement of impairment loss

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

Other receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

As there are only few debtors, these other receivables have low credit risks. Consequently, the Group and the Company is of the view that the loss allowance is not material and hence, it is not provided for.

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

The Company assessed the risk of loss of each subsidiaries individually based on their financial information and past trend of payments, where applicable.

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

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Inter-company advances (Cont'd)*Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for inter-company loans and advances at reporting period of the Company:

	Gross Amount RM	Allowance for Impairment RM	Net Balance RM
Company			
2023			
<i>Past due not impaired:</i>			
- Less than 30 days	3,289,172	(7,281)	3,281,891
- 31 to 60 days	247,655	(548)	247,107
- More than 90 days	8,167,941	(18,138)	8,149,803
	<u>11,704,768</u>	<u>(25,967)</u>	<u>11,678,801</u>
Credit impaired			
More than 90 days			
- Individually impaired	4,162,330	(4,136,363)	25,967
	<u>15,867,098</u>	<u>(4,162,330)</u>	<u>11,704,768</u>
2022			
<i>Past due not impaired:</i>			
- Less than 30 days	1,166,141	-	1,166,141
- 31 to 60 days	99,403	-	99,403
- More than 90 days	10,659,793	-	10,659,793
	<u>11,925,337</u>	<u>-</u>	<u>11,925,337</u>
Credit impaired			
More than 90 days			
- Individually impaired	3,975,863	(3,975,863)	-
	<u>15,901,200</u>	<u>(3,975,863)</u>	<u>11,925,337</u>

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Inter-company advances (Cont'd)*Recognition and measurement of impairment loss (Cont'd)*

The movements in the allowance for impairment losses in respect of inter-company advances of the Company are as follows:

	Lifetime ECL RM	Credit Impaired RM	Total RM
Company			
At 1 January 2023	-	3,975,863	3,975,863
Impairment losses recognised	25,967	220,500	246,467
Impairment losses reversed	-	(60,000)	(60,000)
At 31 December 2023	<u>25,967</u>	<u>4,136,363</u>	<u>4,162,330</u>
At 1 January 2022	-	3,881,075	3,881,075
Impairment losses recognised	-	94,788	94,788
At 31 December 2022	<u>-</u>	<u>3,975,863</u>	<u>3,975,863</u>

(ii) Liquidity risk

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

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

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

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.

	On demand or within				Total	Carrying amount
	1 year	1 to 2 years	2 to 3 years			
	RM	RM	RM	RM	RM	RM
Group						
2023						
Non-derivative financial liabilities						
Trade payables	145,440	-	-	145,440	145,440	
Other payables	7,468,572	-	-	7,468,572	7,468,572	
Lease liabilities	510,074	478,205	687,006	1,675,285	1,558,361	
	8,124,086	478,205	687,006	9,289,297	9,172,373	
2022						
Non-derivative financial liabilities						
Trade payables	120,190	-	-	120,190	120,190	
Other payables	8,459,633	-	-	8,459,633	8,459,633	
Lease liabilities	445,757	21,700	7,800	475,257	462,654	
	9,025,580	21,700	7,800	9,055,080	9,042,477	

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

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

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. (Cont'd)

	On demand or within				Total	Carrying amount
	1 year	1 to 2 years	2 to 3 years		RM	RM
	RM	RM	RM		RM	
Company						
2023						
Non-derivative financial liabilities						
Other payables	792,565	-	-		792,565	792,565
Lease liabilities	2,400	2,400	2,200		7,000	6,443
	794,965	2,400	2,200		799,565	799,008
2022						
Non-derivative financial liabilities						
Other payables	634,182	-	-		634,182	634,182
Lease liabilities	2,400	2,400	4,600		9,400	8,472
	636,582	2,400	4,600		643,582	642,654

38. Financial Instruments (Cont'd)

(c) Financial risk management (Cont'd)

(iii) Liquidity risk (Cont'd)

* At the end of the reporting period, no events have arisen which may cause the financial guarantees provided by the Group and the Company to be called upon pursuant to relevant contract entered by the Group and the Company. Consequently, the amount is Nil.

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risk

(a) Foreign currency exchange risk

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

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

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

	Denominated in USD	
	2023 RM	2022 RM
Group		
Trade receivables	472,804	579,614
Cash and bank balances	6,517,155	6,002,794
	<u>6,989,959</u>	<u>6,582,408</u>
Company		
Cash and bank balances	<u>5,569,185</u>	<u>5,323,934</u>

38. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risk (Cont'd)

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

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

		Effect of profit before tax	
		2023	2022
		RM	RM
Group			
USD	Strengthened 5%	349,498	329,120
	Weakened 5%	(349,498)	(329,120)
Company			
USD	Strengthened 5%	278,459	266,197
	Weakened 5%	(278,459)	(266,197)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

(b) Financial risk management (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period was:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	50,818,931	42,592,878	22,049,296	19,511,711
Financial liability				
Lease liabilities	(1,558,361)	(462,654)	(6,443)	(8,472)
	<u>49,260,570</u>	<u>42,130,224</u>	<u>22,042,853</u>	<u>19,503,239</u>

Fair value sensitivity analysis for fixed rate instruments

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

(c) Fair value of financial instruments

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

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

As the financial assets and financial liabilities of the Group and of the Company are not carried at fair value by any valuation method, therefore the fair value hierarchy analysis is not presented.

39. Capital Management

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

The Group and the Company monitor capital using a gearing ratio, which is the net debt divided by total equity. The Group and the Company include within net debt, lease liabilities less cash and cash equivalents. The Group's and the Company's policy are to maintain a prudent level of gearing ratio with debt covenants and regulatory requirements. The gearing ratio at the end of the reporting period are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Lease liabilities	1,558,361	462,654	6,443	8,472
Less: Cash and cash equivalents	(76,834,357)	(72,809,007)	(28,257,733)	(29,501,495)
Excess fund	<u>(75,275,996)</u>	<u>(72,346,353)</u>	<u>(28,251,290)</u>	<u>(29,493,023)</u>
Total equity	<u>121,461,773</u>	<u>118,531,359</u>	<u>81,368,414</u>	<u>81,930,850</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

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

40. Date of Authorisation for Issue of Financial Statements

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 16 April 2024.

List of Properties

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2023 (RM)
Johor Property 4-storey shop office at 31, Jalan Permas 10/07, Taman Permas Jaya, 81750 Johor Bahru, Johor.	Ground Floor, 1 st & 2 nd - JB Office 3rd - Vacant	IFCA MSC Berhad	29	1,920 sq. feet	Freehold	435,000
Penang Property Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang.	Penang Office	IFCA MSC Berhad	27	136.85 sq. meter	Freehold	247,660
Selangor Properties 2 units of shop lots & 10 units of office lots at 17 and 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor.	Head Office	IFCA MSC Berhad	25	20,311 sq. feet	Freehold	2,668,000
A-08-03A, Astetica Residence, Jalan Dagang SP, The Mines Resort City, Seri Kembangan, 43300 Selangor.	Tenanted	Property365 Sdn Bhd	4	1,071 sq. feet	Leasehold	700,000*
Unit G36-01, Zeta Residence, Taman Serdang Perdana, Seksyen 6, 43300 Seri Kembangan, Selangor.	Tenanted	Property365 Sdn Bhd	7	1,184 sq. feet	Leasehold	700,000*
Indonesia Properties Unit S/07/CB, Tower Saweda, Synthesis Residence, Jalan Ampera Raya No.1A, RT.5/RW.6, Cilandak Timur, Kecamatan Pasar Minggu, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12550, Indonesia	Under Construction	PT IFCA Property365 Indonesia	N/A	107.17 sq. meter	Freehold	1,149,313*

List of Properties (Con't)

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Carrying Amount @ 31.12.2023 (RM)
Indonesia Properties (Con't) Block B-1A, Kartika Residence, Komplek Ruko Kembangan, Jalan Raya Klari No.23-24, Kondangjaya, Kecamatan Karawang Timur, Kota Karawang, Jawa Barat 41371, Indonesia	Vacant	PT IFCA Property365 Indonesia	1	95 sq. meter	Freehold	497,871*
No. 69, Jalan Simo Tambaan 2, Simomulyo Baru, Kecamatan Sukomanunggal, Surabaya, Jawa Timur 60181, Indonesia.	Vacant	PT IFCA Property365 Indonesia	1	180 sq. meter	Freehold	1,301,526*
Unit 12, Jalan Parahyangan Kav. 6-A Cesa Cipeundeuy, Kecamatan Padalarang, Kabupaten Bandung Barat, Provinsi Jawa Barat Kodepos 40553, Indonesia	Vacant	PT IFCA Property365 Indonesia	1	132 sq. meter	Freehold	878,037*
Block BB Unit 12A, Komplek Pergudangan dan Industri Royal Kosambi, Jalan Raya Kosambi, Desa Cengklong, Kecamatan Kosambi, Kota Tangerang, Banten 15213, Indonesia	Vacant	PT IFCA Property365 Indonesia	2	156 sq. meter	Freehold	658,722*

* Investment Property stated at fair value

STATEMENT OF SHAREHOLDINGS as at 29 March 2024

Total number of Issued Shares : 605,204,800 (excluding the treasury shares of 3,086,100)
Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

Breakdown of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	20	0.23	459	0.00
100 - 1,000	579	6.79	371,931	0.06
1,001 - 10,000	3,554	41.66	23,172,737	3.83
10,001 - 100,000	3,775	44.25	137,519,800	22.72
100,001 - 30,260,240 *	602	7.06	243,535,230	40.24
30,260,241 and above **	1	0.01	200,604,643	33.15
TOTAL	8,531	100.00	605,204,800	100.00

Remarks:

* Less than 5% of the issued holdings

** 5% and above of the issued holdings

Substantial Shareholders as at 29 March 2024

Name of Shareholder	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
IFCA Software (Asia) Sdn Bhd	208,604,643	34.47	-	-
Yong Keang Cheun	6,626,045	1.09	*221,145,008	36.54
Yong Kian Keong	12,540,365	2.07	#215,230,688	35.56

Directors' Shareholdings as at 29 March 2024

Name of Directors	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Yong Keang Cheun	6,626,045	1.09	*221,145,008	36.54
Yong Kian Keong	12,540,365	2.07	#215,230,688	35.56
Leong Nyu Kuan	600,000	0.10	-	-

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

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

STATEMENT OF SHAREHOLDINGS As at 29 March 2024 (Cont'd)**List of Thirty (30) Largest Registered Shareholders as at 29 March 2024**

No.	Name of Shareholders	No. of Shares	%
1.	IFCA Software (Asia) Sdn Bhd	208,604,643	34.47
2.	Yong Kian Keong	12,540,365	2.07
3.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Maybank Private Wealth Management for Yong Keang Cheun (PW-M00409) (410463)	6,626,000	1.09
4.	Ooi Sin Heng	6,194,598	1.02
5.	Thong Weng Kin	5,600,000	0.93
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Lai Chie King (6000752)	4,020,000	0.66
7.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Gan Seong Liam	3,400,000	0.56
8.	RHB Nominees (Asing) Sdn Bhd Beneficiary: Pledged Securities Account for Ioannis Koromilas	3,200,000	0.53
9.	Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Mat Alewi Bin Zakaria (M04)	2,700,000	0.45
10.	Cha Fui Yee	2,633,800	0.44
11.	Foo Kai Seng	2,353,100	0.39
12.	Teoh King Long	2,000,000	0.33
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Gan Seong Liam (7001349)	2,000,000	0.33
14.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Tay Moy Koh (Segamat-CL)	2,000,000	0.33
15.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Tan Sing Kang (ML00185)	1,760,000	0.29
16.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Goh Seng Choong	1,710,000	0.28
17.	Leong Lee Ching	1,540,000	0.25
18.	Kong Choke Lei	1,500,000	0.25
19.	Ooi Eng Bee	1,500,000	0.25
20.	Yeoh Yew Choo	1,500,000	0.25
21.	Cheah Choon Fei	1,400,000	0.23
22.	Ngo Yoke San	1,390,000	0.23
23.	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Mat Alewi Bin Zakaria (E-JBU)	1,350,000	0.22
24.	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Goh Tai Soon (E-KKU/JPI)	1,340,000	0.22
25.	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Cheah Eng Guan (E-SPI/PLI)	1,275,000	0.21
26.	Goh Seng Chye	1,215,500	0.20
27.	Yong Chow Foo	1,150,800	0.19
28.	Chai Min Kian	1,150,000	0.19
29.	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Gan Seong Liam	1,143,300	0.19
30.	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Lee Tian Fatt	1,100,000	0.18
	Total	285,897,106	47.23

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting (“AGM”) of IFCA MSC Berhad (“the Company”) (Registration no. 199701037892 (453392-T)) will be held at the Auditorium, IFCA MSC Berhad, Block F2, No. 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor on Thursday, 23 May 2024 at 10.00 a.m. to transact the following business:-

As Ordinary Business

- | | |
|---|--|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Note C of this agenda |
| 2. To approve the Directors’ Fees and Allowances up to RM300,000 with effect from 24 May 2024 until the next AGM of the Company. | Resolution 1 |
| 3. To re-elect Mr. Yong Keang Cheun who retires by rotation in accordance with Clause 94 of the Company’s Constitution and who being eligible offers himself for re-election. | Resolution 2 |
| 4. To re-elect Mr. Leong Nyu Kuan who retires by rotation in accordance with Clause 94 of the Company’s Constitution and who being eligible offers himself for re-election. | Resolution 3 |
| 5. 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 2023. | Resolution 4 |
| 6. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 5 |

As Special Business

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

- | | |
|--|---------------------|
| 7. Proposed Renewal of Authority for The Company to Purchase Its Own Shares. (“Proposed Share Buy-Back Renewal”) | Resolution 6 |
| <p>“THAT subject to the Companies Act 2016 (the “Act”), the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company’s Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase through Bursa Securities and/or hold such number of issued shares in the Company as may be determined by the Board of Directors of the Company (“Board”) from time to time, and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:-</p> <p>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</p> <p>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</p> | |

Notice of Annual General Meeting (Cont'd)

- iii) the Directors of the Company may decide either to retain the shares purchase 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;

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

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

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

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that a final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2023, if approved by the shareholders at the Twenty-Sixth Annual General Meeting, will be payable on 21 June 2024 to shareholders whose names appear in the Record of Depositors at the close of business on 7 June 2024.

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 7 June 2024 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of The Board
Ng Yim Kong (MACS00305)
 SSM Practicing Certificate No. 202008000309
 Company Secretary

24 APRIL 2024

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a member whose name appears in the Record of Depositors as at 16 May 2024 shall be regarded as a member of the Company and shall be entitled to attend and vote at this Annual General Meeting (“AGM”) or appoint a proxy to attend and vote in his stead.

(B) PROXY

- a) A member of the Company entitled to attend and vote at this AGM is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
- b) A member may appoint not more than two (2) proxies to attend the same AGM. Where a member appoints more than one (1) proxy to attend the same meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.
- c) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation’s Seal or under the hand of an officer or attorney duly authorised.
- d) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), he may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- e) Where a member is an exempt authorised nominee (“EAN”) as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- f) To be valid, the duly completed form of proxy must be deposited at the Registered Office of the Company situated at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the taking of poll or no later than Tuesday, 21 May 2024 at 10.00 a.m. (being the approximate time appointed for the taking of the poll at the AGM.)

(C) AUDITED FINANCIAL STATEMENTS

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

(D) POLL VOTING

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

(E) EXPLANATORY NOTES ON SPECIAL BUSINESS:

Resolution 6 – Proposed renewal of authority for the Company to purchase its own shares

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

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

For further information, please refer to the Share Buy-Back Statement dated 24 April 2024 which is accessible from the corporate website at <https://ifca.asia/agm/>

CDS Account No.

No. of Shares Held

I/We _____ NRIC No./Passport No./Company No. _____

of _____

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

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

*and/or

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

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Sixth 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 Thursday, 23 May 2024 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 Directors' Fees and Allowances up to RM300,000 with effect from 24 May 2024 until the next Annual General Meeting of the Company.		
2.	To re-elect Mr. Yong Keang Cheun who retires by rotation in accordance with Clause 94 of the Company's Constitution and who being eligible offers himself for re-election.		
3.	To re-elect Mr. Leong Nyu Kuan who retires by rotation in accordance with Clause 94 of the Company's Constitution and who being eligible offers himself for re-election.		
4.	To 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 2023.		
5.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
6.	Proposed renewal of authority for the Company to purchase its own shares.		

Dated this _____ day of _____ 2024

(*delete if not applicable)

* Signature(s) / Common Seal of Shareholder

NOTES:

- Only a member whose name appears in the Record of Depositors as at 16 May 2024 shall be regarded as a member of the Company and shall be entitled to attend and vote at this Annual General Meeting ("AGM") or appoint a proxy to attend and vote on his stead.
- A member of the Company entitled to attend and vote at this AGM is entitled to appoint a proxy or proxies to attend and vote on his stead. A proxy may but need not be a member of the Company.
- A member may appoint not more than two (2) proxies to attend the same AGM. Where a member appoints more than one (1) proxy to attend the same meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- Where a member is an exempt authorised nominee ("EAN") as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds
- To be valid, the duly completed form of proxy must be deposited at the Registered Office of the Company situated at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for taking of the poll or no later than Tuesday, 21 May 2024 at 10.00 a.m. (being the approximate time appointed for taking of the poll at the AGM.)
- Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions tabled at the AGM will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.



Fold this for sealing

Affix
Stamp

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

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1st fold here

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

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