TFP Solutions Berhad
(773550-A)

ANNUAL REPORT 2015

OUR VISION

We aspire to be the preferred solutions provider to increase "Total Factor Productivity" (TFP) for Businesses in ASEAN.

OUR MISSION

Productivity Through Innovation

- Our *DNA* is about *Productivity*
- We *innovate* to create business productivity solutions to our customers
- With innovation, we *orchestrate* the delivery of *ICT services* to our customers

TFP Solutions Berhad

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Jamaludin Bin Hassan
Chairman, Independent Non-Executive Director

Quah Teik Jin
Group Managing Director, Non-Independent

Lim Lung Wen
Executive Director, Non-Independent

Dr. Chew Seng Poh
Executive Director, Non-Independent

Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra
Executive Director, Non-Independent

Wong Loke Lim
Independent Non-Executive Director

Noor Shahwan Bin Saffwan
Independent Non-Executive Director

Dato' Hussian @ Rizal Bin A. Rahman
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Dato' Jamaludin Bin Hassan
Independent Non-Executive Director

Members
Wong Loke Lim
Independent Non-Executive Director

Noor Shahwan Bin Saffwan
Independent Non-Executive Director

COMPANY SECRETARY

Chua Siew Chuan
(MAICSA 0777689)

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel no. : +603 2084 9000
Fax no. : +603 2094 9940
+603 2095 0292

CORPORATE OFFICE

No. 8-3, Jalan Puteri 4/2,
Bandar Puteri,
47100 Puchong,
Selangor Darul Ehsan
Tel no. : +603 8060 0088
Fax no. : +603 8061 3682
Website : www.tfp.com.my
Email : enquiry@tfp.com.my

AUDITORS

Kreston John & Gan
Chartered Accountants
(Firm No. AF 0113)
160-2-1,
Kompleks Maluri Business Centre,
Jalan Jejaka,
55100 Kuala Lumpur
Tel no. : +603 9287 1889
Fax no. : +603 9283 0889

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel no. : +603 2084 9000
Fax no. : +603 2094 9940
+603 2095 0292

PRINCIPAL BANKER

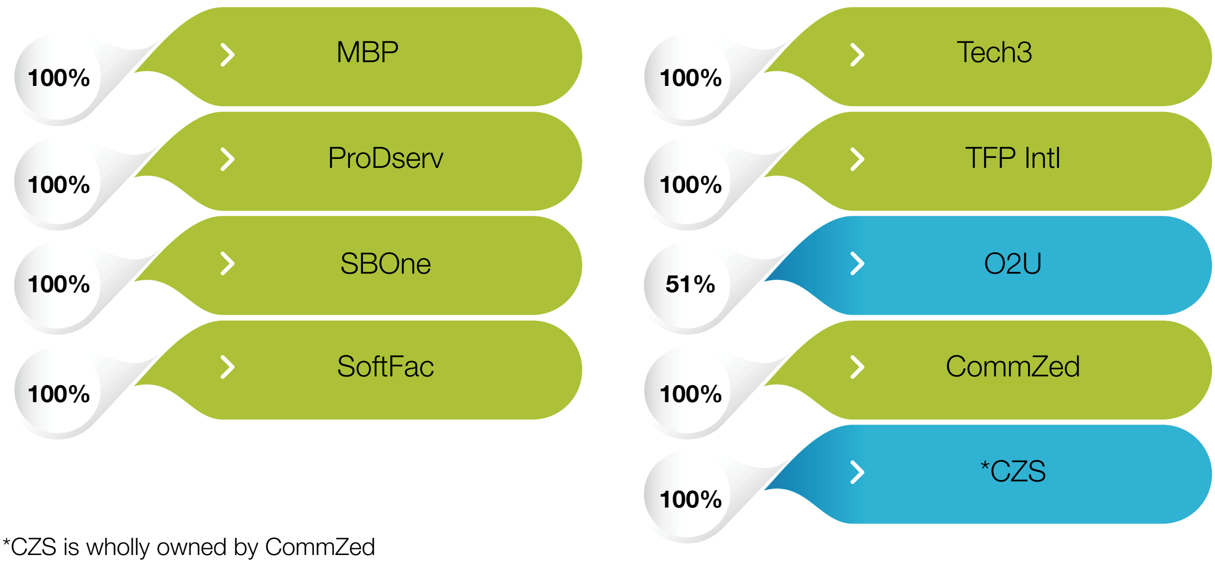
Malayan Banking Berhad
Puchong Jaya SSC,
No. 7, Jalan Kenari 1,
Bandar Puchong Jaya,
Jalan Puchong,
47100 Puchong,
Selangor Darul Ehsan
Tel no. : +603 5882 0179/ 197/ 270
Fax no. : +603 5882 0276

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : TFP
Stock Code : 0145

CORPORATE STRUCTURE

TFP Solutions Berhad
773550-A



*CZS is wholly owned by CommZed

Name of Subsidiary Companies	Date and Place of Incorporation	Equity Interest %	Issued and Paid-up Share Capital	Principal Activity
MBP Solutions Sdn Bhd ("MBP")	13 March 2004 Malaysia	100	RM1,000,000	Providing Enterprise Resource Planning ("**ERP**") consulting and implementation of Microsoft Dynamics products
ProDserv Sdn Bhd ("ProDserv")	3 August 2006 Malaysia	100	RM100,000	Developing and providing Enterprise Business Solutions value added solutions
SBOne Solutions Sdn Bhd ("SBOne")	15 April 2005 Malaysia	100	RM500,000	Providing ERP consulting and implementation of SAP products
SoftFac Technology Sdn Bhd ("SoftFac")	28 June 2005 Malaysia	100	RM500,000	Providing Human Capital Resource Management solutions
Tech3 Solutions Sdn Bhd ("Tech3")	22 July 2002 Malaysia	100	RM5,000,000	Providing enterprise systems solutions
TFP International Pte Ltd ("TFP Intl")	20 June 2008 Singapore	100	SGD2	Dormant
O2U Solutions Sdn Bhd ("O2U")	18 December 2008 Malaysia	51	RM500,000	Providing ERP consulting and implementation of Oracle products
Comm Zed Sdn Bhd ("CommZed")	16 August 2001 Malaysia	100	RM326,002	Providing network security, IT solution, hardware and software maintenance
Comm Zed Solution Sdn Bhd ("CZS")	19 March 2013 Malaysia	100	RM100,000	Providing Infrastructure sales and services

Dear Shareholders, Customers, Partners And Employees,

*On behalf of the Board of Directors of TFP Solutions Berhad ("**TFP**" or "**TFP Group**"), I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2015 ("**FYE 2015**").*

Chairman's **Statement**

2015 Economic Outlook

In the year 2015, the global economic activities remained subdued and struggled to gather momentum. Growth in the emerging market and developing economies, whilst still accounting for over 70% of global growth, declined for the fifth consecutive year, whereas a modest recovery continued in advanced economies. Global economic growth was recorded at 2.40% in 2015, decelerating from 2.60% in 2014. The World Bank is forecasting a 2.90% global economic growth in 2016, and a 3.10% growth for the years 2017 to 2018.

The Malaysian economy has slowed with a Gross Domestic Product ("**GDP**") growth of 5% in 2015 as compared to GDP growth of 6% in 2014. Bank Negara Malaysia reports GDP growth forecast for Malaysia is between 4.00% to 4.50% in 2016. A slower economic growth is projected in 2016 largely due to the slump in prices of oil and the depreciation of the ringgit as this will further depress the economic demands locally. Inflation forecast for Malaysia in 2016 is predicted to be between 2.70% to 3.70% as compared to 2.70% in 2015. As such, business conditions in Malaysia will remain challenging in 2016. These economic indicators will pose an increase in operational expenses for most businesses in Malaysia. With such an economic scenario forecasted in 2016, TFP Group is expected to face an enormously challenging business environment ahead in 2016.

Chairman's Statement (cont'd)

Financial Performance

TFP Group's financial performance for the FYE 2015 recorded a revenue of RM76.13 million as compared with RM89.71 million in FYE 2014. The Group recorded a profit before tax (before minority interest) of RM1.36 million and subsequently a profit after tax of RM0.52 million for FYE 2015. The competitive and challenging business environment coupled with escalating operation cost in the Information Communication Technology (ICT) industry had severely affected our business operating margins in 2015. Difficult as it may be, we have nonetheless managed to record an Earnings before Interest, Taxation, Depreciation and Amortisation ("**EBITDA**") of RM1.44 million with a gross margin of 12.95% over sales for FYE 2015 compared to our gross margins of 8.77% in 2014. The Group's positive EBITDA performance was the result of the Group's effort at remodeling our business model towards a more sustainable recurring based model.

Corporate Social Responsibility ("CSR")

TFP Group has been actively participating in CSR activities in 2015. In community development, we participated in the "Shave It Off" campaign organised by our client, LeBlanc Communications Sdn Bhd, alongside Malaysia National Cancer Council (MAKNA) in support of raising cancer awareness.

In our effort to enhance our workplace development for employees, TFP Group has invested in equipping its Management and staff with the right skills and knowledge in order to perform their duties more efficiently and professionally. The Group continued to provide employees with the necessary training and development courses throughout the financial year.

In order to take our CSR efforts a step further, we have provided donations and care giving to House of Joy, Puchong, Down Syndrome and Hyper Active Children Care Centre, Bukit Tinggi 2 Klang and World Vision Charity Golf Tournament.

As the global warming continues to affect our lifestyle, the Group continues to carry out the Green Campaign activities within the Group. To reduce carbon emission in the Company, we continue with our recycling efforts and continuously strive to reduce our electricity wastages.

Our CSR aim is to be a socially responsible organisation which promotes charitable causes, community service activities whilst enhancing the better quality of life and protection of the environment.

Acknowledgement

2015 has been a challenging year, as we strive forward into 2016. I would like to take this opportunity to place on record my deepest appreciation to my fellow Board Members for their valuable support, dedication and loyalty as we chart our way forward in these challenging and turbulent times.

I would like to extend my gratitude to the Management Team and all employees of TFP Group for their tireless commitment and dedication, working as a team in delivering our solutions and services to our customers during these challenging times. Our sincere appreciation also goes to our valued business associates, suppliers and financiers for their support and continued faith in TFP.

Our sincere appreciation and thanks also goes to our customers for their faith and trust in our Group's capabilities and strength. We hope the strength and trust built in this relationship will continue to be mutually benefiting in the year 2016.

Lastly, my heartfelt appreciation goes to all our Shareholders for their confidence and trust they have in us. We in TFP Group will continuously strive to expand our business and seize every potential opportunity to bring this Company to greater success.

Dato' Jamaludin Bin Hassan,
Chairman

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

1. **Quah Teik Jin**
   Group Managing Director, Non-Independent
2. **Wong Loke Lim**
   Independent Non-Executive Director
3. **Lim Lung Wen** (Seated)
   Executive Director, Non-Independent
4. **Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra**
   Executive Director, Non-Independent
5. **Dr. Chew Seng Poh**
   Executive Director, Non-Independent
6. **Dato' Hussian @ Rizal Bin A. Rahman**
   Non-Independent Non-Executive Director
7. **Dato' Jamaludin Bin Hassan**
   Chairman, Independent Non-Executive Director
8. **Noor Shahwan Bin Saffwan**
   Independent Non-Executive Director

Board of Directors (cont'd)

DATO' JAMALUDIN BIN HASSAN DSPN,JSM,AMN,AMK
66 years old, Malaysian,
Chairman, Independent Non-Executive Director

Dato' Jamaludin was appointed to the Board of the Company on 28 December 2007. He graduated from the University of Malaya with a Bachelor of Economics (Honours) degree and Post-graduate Diploma in Business Analysis, University of Lancaster, United Kingdom and attended a course on Policy for Public Enterprises in Developing Countries, Harvard Institute for International Development, Harvard University Boston, USA.

He started his career in the Administrative and Diplomatic Service in 1974 and had served in various capacities in the public service including positions as Assistant Director, International Trade Division, Ministry of Trade and Industry, Assistant Trade Commissioner, Malaysian Trade Mission in Sydney, Australia, Secretary Road Transport Licensing Board, Ministry of Public Enterprises, Principal Assistant Secretary, International Economic Section, The Treasury, Special Officer to Secretary General, Ministry of Finance and Special Assistant to the Chairman, Malaysian Airline System Bhd. Subsequently, he opted out to retire early from the Government Service and joined Malaysian Industrial Development Finance Berhad ("MIDF") as General Manager, Corporate Affairs in 1994 and moving up to become the Chief Operating Officer of the Development Finance Division before retiring in 2007 and thereafter appointed as Advisor at the Group Managing Director's Office.

During his tenure with the Government of Malaysia and MIDF, Dato' Jamaludin had served on the Boards of Pahang State Economic Development Corporation, Kedah State Development Corporation, Amanah International Finance Sdn. Bhd., Amanah Factors Sdn. Bhd. and Malaysian Technology Development Corporation. Whilst serving with the Treasury, he was also made Corporate Advisor of Sabah Gas Industry and Sabah Energy Corporation. He is the Chairman of the Audit Committee and member of the Nomination Committee of the Company and he does not hold any directorships in other public companies. However since May 2013, Dato' Jamaludin was appointed to the Boards of IIUM Holdings Sdn. Bhd., IIUM Higher Education Sdn. Bhd. and IIUM Centre For Continuing Education Sdn. Bhd.

QUAH TEIK JIN
44 years old, Malaysian,
Group Managing Director

Quah Teik Jin is currently our Group Managing Director and he was appointed to the Board of the Company on 28 December 2007. He graduated with a Diploma in Information Technology from National Computing Centre, United Kingdom. He is the founder of MBP Solutions Sdn Bhd, one (1) of our subsidiary companies which business focus is on providing Enterprise Resource Planning consultancy and Enterprise Business Solutions to the manufacturing and services industry.

He began his career with ISC Technology Sdn Bhd as a System Engineer in 1994 and rose up the ranks as Business Executive. In 1998, he left for HPD Systems Sdn Bhd ("HPD") and took up the role of Sales Manager where he was responsible for sales in the northern and east coast region of Peninsular Malaysia and East Malaysia.

With the repertoire of sales and marketing skills acquired during his tenure in HPD, he has since steered and positioned our Group as a prominent solutions and services player for the manufacturing and services sectors in Malaysia and ASEAN.

In 2012, he assumed the position of Group Managing Director of TFP Group. In his current role as Group Managing Director, he oversees responsibility for all aspects of the operations comprising sales, marketing, consulting, support, education, research & development and customer care.

He is a member of the Remuneration Committee of the Company and he does not hold any directorships in other public companies.

Board of Directors (cont'd)

LIM LUNG WEN
56 years old, Malaysian,
Executive Director

Lim Lung Wen was appointed to the Board of the Company on 28 December 2007 and is currently our Executive Director. He graduated with a Bachelor of Science in Computer Science and a Master in Business Administration (MBA) from University of Arkansas, United States of America. He has over 30 years of experience in the ICT industry, mainly engaging with the manufacturing and services industry.

He began his career in 1986 as a System Analyst in Edaran Otomobil Nasional Berhad. Thereafter, he joined PT Setia Sapta in Indonesia as a System Analyst and rose to the position of sales manager where he was responsible for the overall sales and marketing operation of the company. In 1996, he returned to Malaysia and joined HPD Systems Sdn Bhd ("HPD") as General Manager. Later in 2002, Lim Lung Wen was appointed as Senior Vice President of Patimas Computers Berhad ("Patimas"), a company listed on the Main Board of Bursa Malaysia Securities Berhad as part of Patimas' acquisition of HPD.

His years of ICT business experience and deep understanding of ICT provided him with a wide repertoire of skills to engage in the ICT industry.

He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

DR. KHALED ABDULLAH SOUBRA BIN ABDULLAH KHALED SOUBRA
37 years old, Malaysian,
Executive Director

Dr. Khaled Abdullah Soubra was appointed to the Board of the Company on 13 April 2015 and is currently our Executive Director. He obtained his Master in Business Administration (MBA) in 2007 from the Institute of Technology Australia. In the year of 2010, he had obtained his Doctoral Degree in Business Administration (DBA) from the European-American University.

His career started with the Information Technology and Telecommunications industry. At his young age in year 1997, he had work with a start-up company and turning around a losing IT company into a profitable business.

His 19 years of working in the industry, through his dealings with International Multi-National Companies and the experience that he had in the Government Linked Companies, has built his strong network and knowledge in IT and Telecommunications industry.

Dr. Khaled Abdullah Soubra is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

Board of Directors (cont'd)

DATO' HUSSIAN @ RIZAL BIN A. RAHMAN D.S.A.P
54 years old, Malaysian,
Non-Independent Non-Executive Director

Dato' Hussian was appointed to the Board of the Company on 15 February 2013. He obtained the Postgraduate Diploma in Business Management from The Oxford Association of Management, Oxford, England ("OXIM") and was also admitted to the membership of Certified Master of Business Administration from the OXIM, a membership that recognises management competency and professional development.

Dato' Hussian has been an entrepreneur since in his mid-20s. He was involved in the businesses of trading and shipping and subsequently ventured into the ICT industry. He has extensive experience in the ICT industry and currently is the Executive Director and major shareholder of MobilityOne Limited ("MobilityOne"), which is listed on AIM of the London Stock Exchange. MobilityOne is an e-commerce infrastructure payment solutions and platform provider that works closely with most of the telecommunication companies and financial institutions in Malaysia.

Dato' Hussian is not a member of any Board Committee of the Company and he does not hold any other directorship in other public companies.

DR. CHEW SENG POH DBA, MBA, ADCS, CMGR, FCMI
54 years old, Malaysian,
Executive Director

Dr. Chew Seng Poh was appointed to the Board of the Company on 28 December 2007 and he is currently our Chief Technology Officer. He holds a Doctoral Degree in Business Administration (DBA) and a Master in Business Administration (MBA) from Southern Cross University, Australia. He also holds a Higher Diploma in Computer Studies from International Computers Limited, Beaumont, England. He is also a Chartered Fellow of Chartered Institute of Management, United Kingdom.

He began his career in PDX Computers Sdn Bhd ("PDX") as a System Development Executive in 1985. After two (2) years, he joined Nixdorf Computers Sdn Bhd as a business software analyst and was promoted to project manager in 1988. He then rejoined PDX as Group Technical Manager and in the subsequent ten (10) years went on to hold various directorship positions in PDX's subsidiaries locally and overseas. He left PDX in 1998 as Group Technical Director to establish EIX Solutions Sdn Bhd ("EIX"), where he was a Director and shareholder. In 2001, he joined Patimas Computers Berhad ("Patimas") as part of Patimas' acquisition of EIX. In Patimas, Dr. Chew Seng Poh was Chief Technology Officer and the Executive Vice President.

During his professional career, he has accumulated over 32 years of management and technical ICT experience. His previous work engagement involve consulting Information Technology ("IT") companies in their strategic business direction, building technology synergy, business development as well as creating high level strategic alliances, partnerships and technology transfer. He also plays an active role in ensuring the adoption of technology within the local IT organisations in Malaysia.

His technical expertise covers area in software design and development, e-business solutions, ICT outsourcing, telecommunication and data networks, IT infrastructure solutions and consulting services. He is not a member of any Board Committee of the Company and he does not hold any directorships in other public companies.

Board of Directors (cont'd)

NOOR SHAHWAN BIN SAFFWAN

66 years old, Malaysian,
Independent Non-Executive Director

Noor Shahwan was appointed to the Board of the Company on 19 March 2015 as a Non-Independent Non-Executive Director. He was subsequently re-designated as Independent Non-Executive Director on 13 April 2015. He holds a Bachelor of Economics degree from University of Malaya in 1974. He started his career with the Ministry of Trade & Industry as International Trade Officer from 1975 to 1976. From 1976 to 1989, he was with Bank of America, Kuala Lumpur, with his last position there as Assistant Vice-President. Since he left the bank in 1989, he became a Founder Member and Executive Director of Apex Communications Sdn Bhd, a diversified conglomerate dealing in telecommunications, broadcasting, IT equipment, education products, provision of solar hybrid systems, property development, oil and gas services and construction of specialised oil related projects.

He is the Group Executive Chairman of Al-Murabahah Corporation Sdn Bhd and Pascal Development Sdn Bhd.

Noor Shahwan is the Chairman of the Nomination Committee and member of the Audit and Remuneration Committees of the Company and he does not hold any other directorship in other public companies.

WONG LOKE LIM

54 years old, Malaysian,
Independent Non-Executive Director

Wong Loke Lim was appointed to the Board of the Company on 23 December 2014 and he is a Chartered Accountant with the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants and a Certified Financial Planner.

He has served in the financial services industry for more than 19 years. Previously, he was the Executive Director and Licensed Fund Management Representative of Hickham Capital Management Sdn Bhd, a General Manager at KAF Investment Bank Berhad and held senior management position in several public–listed companies.

Wong Loke Lim is the Chairman of the Remuneration Committee and member of the Nomination and Audit Committees of the Company. He does not hold any directorship in other public companies.

Notes :

- *All Directors have no conflict of interest with the Company and have no family relationships with any other Director or major shareholder of the Company.*
- *All Directors have not been convicted for any offences within the past ten (10) years other than traffic offences (if any).*

MANAGEMENT'S DISCUSSION

Financial Performance

Although business environment in ASEAN and Malaysia has been tough and challenging for the year 2015, TFP Solutions Berhad ("**TFP**" or "**TFP Group**") managed to achieve consolidated revenue of RM 76.13 million in Financial Year Ended ("**FYE**") 2015 as compared to RM 89.71 million in FYE 2014. Despite a drop in our operating revenue, our overall gross operating margin has improved from RM 7.87 million or 8.77% of revenue in FYE 2014 to RM 9.86 million or 12.95% of revenue in FYE 2015. The increased gross margin was vastly contributed by our business remodeling exercise within the TFP Group to emphasise on recurring Information Technology ("**IT**") services. Subsequently, we have achieved an improved Earnings before Interest, Taxation, Depreciation and Amortisation ("**EBITDA**") of RM 1.44 million in FYE 2015 as compared to RM 0.93 million in FYE 2014. As a result, TFP Group recorded a profit before taxation of RM 1.36 million (before minority interest) in FYE 2015 and a profit after taxation of RM 0.52 million in FYE 2015.

The Management Team of TFP will continue to strive to improve our financial results in 2016, adapting our business model to meet the changing business needs of our customers. As such, TFP will continuously build upon a more sustainable growth model for TFP by strengthening our Group core competencies and capabilities. Despite a forecasted increase in inflation and an expected increase in our operational expenditure, TFP Group will continue to strengthen our operational efficiency and productivity. The Management Team of TFP shall remain focus on growing our successful core business in 2016 whilst embarking on the journey to enhance and strengthen our successful business model into the year 2016.

Industry Prospects

The year 2016 shall pose tremendous challenges as the global economy continues its recovery pace, struggling since 2015. Global growth again fell short of expectations in 2015, slowing to 2.40% from 2.60% in 2014. The disappointing performance was mainly due to a continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade and capital flows. Going forward, global growth is projected to edge up, albeit at a slower pace than envisioned in the June 2015 forecast by World Bank, reaching 2.90% in 2016 and 3.10% in 2017 to 2018. International Monetary Fund (IMF) has forecasted that ASEAN countries will achieve 4.80% annual Gross Domestic Product (GDP) growth in 2016 against a 4.70% growth in 2015. Bank Negara Malaysia has reported that the Malaysian economy will grow at the pace of 4.00% to 4.50% in the year 2016 against a 5.00% growth in 2015.

Malaysia's key macroeconomic indicators showed a slower growth in Malaysia with inflation growing at 2.70% to 3.70% in 2016. Inflation and the depreciation of Ringgit are anticipated to have an impact on TFP Group's operational expenditure in 2016. The slowdown in economy will have an impact on the Information Communication Technology (ICT) spending in Malaysia in 2016.

Worldwide IT spending is forecasted to spend USD3.54 trillion in 2016, just a 0.60% increase over 2015 spending of USD3.52 trillion, according to Gartner. They also reported that the IT spending in Malaysia is forecasted to reach almost RM 69 billion (about USD16 billion at current rates) in 2016, up 7.60% over 2015, the highest growth rate in Asia Pacific, well above the average 4.50% for the region. In spite of this, IT spending for data center systems in Malaysia is forecasted at RM 1.98 billion in 2016 as compared to 2015 data center spending of RM 2.02 billion. Nevertheless, Malaysia IT spending growth in software is forecasted at RM 4.51 billion in 2016 as compared to RM 4.10 billion in 2015. Similarly, IT services in IT spending is forecasted to grow up to RM 12.14 billion as compared to RM 11.13 billion in 2015. The three (3) IT segments as indicated above will provide sufficient growth opportunities for TFP Group in 2016. (source: Gartner, 2016)

TFP Group efforts to remodel its business and core competencies around the three (3) IT segments will enable TFP to grow our business revenue in 2016. We envisage that we are well positioned to harness the business opportunities in these IT segments in 2016. The economic and IT indicators have pinpointed that 2016 journey will be full of challenges. However, the Management Team of TFP is confident that we will ride through 2016 challenges with full enthusiasm.

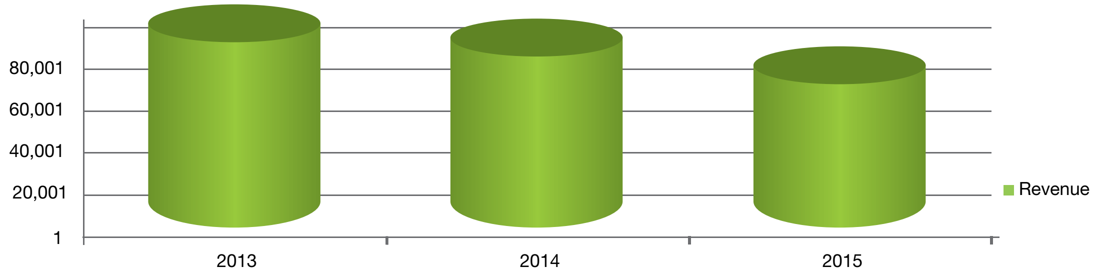
Appreciation

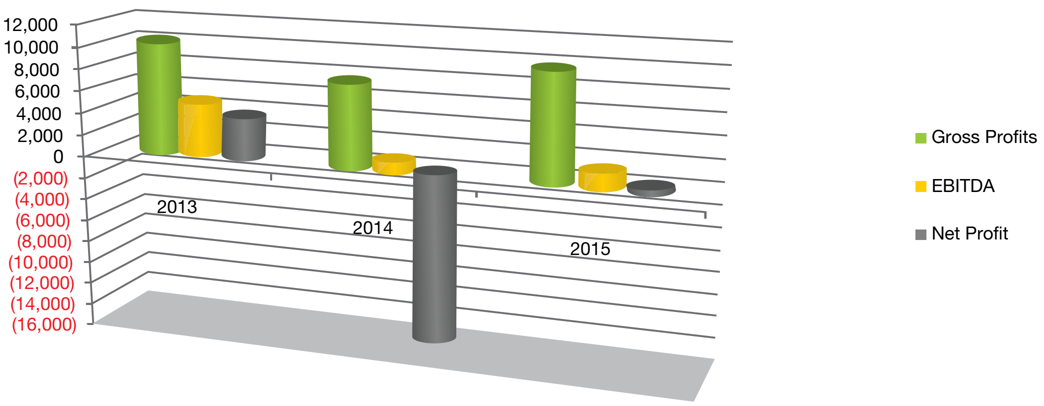
TFP Management Team would like to take this opportunity to express our sincere thanks to all the employees of TFP for their efforts and dedication in pursuing our Group goals in 2015. Although 2015 has been a tough and challenging year, TFP has managed to record a positive EBITDA earnings in 2015. We shall continue into 2016 to build upon our success from 2015. As such, we would like to offer our sincere appreciation to TFP Board for their trust, confidence and support in 2015 as we look forward for their continued support in 2016. Lastly, the Management Team of TFP would like to convey our sincere thanks to our valued customers, business partners and Shareholders for their kind support and confidence given to us in 2015. We shall look forward for your continued support in 2016.

FINANCIAL HIGHLIGHTS

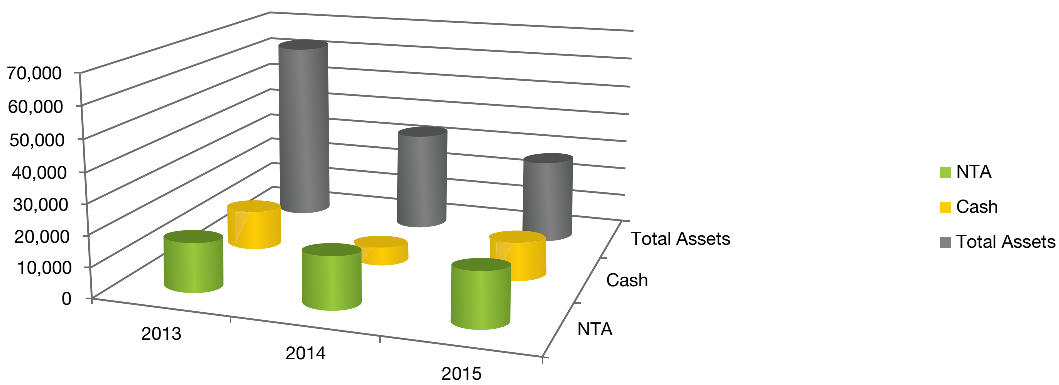
(RM'000)	Audited 2013	Audited 2014	Audited 2015
Revenue	96,845	89,710	76,136
Gross Profits	10,406	7,867	9,861
EBITDA #	4,873	928	1,447
Net Profit/(Loss)	3,867	(15,307)	523

Earnings before Interest, Taxation, Depreciation and Amortisation ("**EBITDA**") but includes share of profits in associate company, is arrived by taking profit before taxation after associate profits, plus depreciation and amortisation.





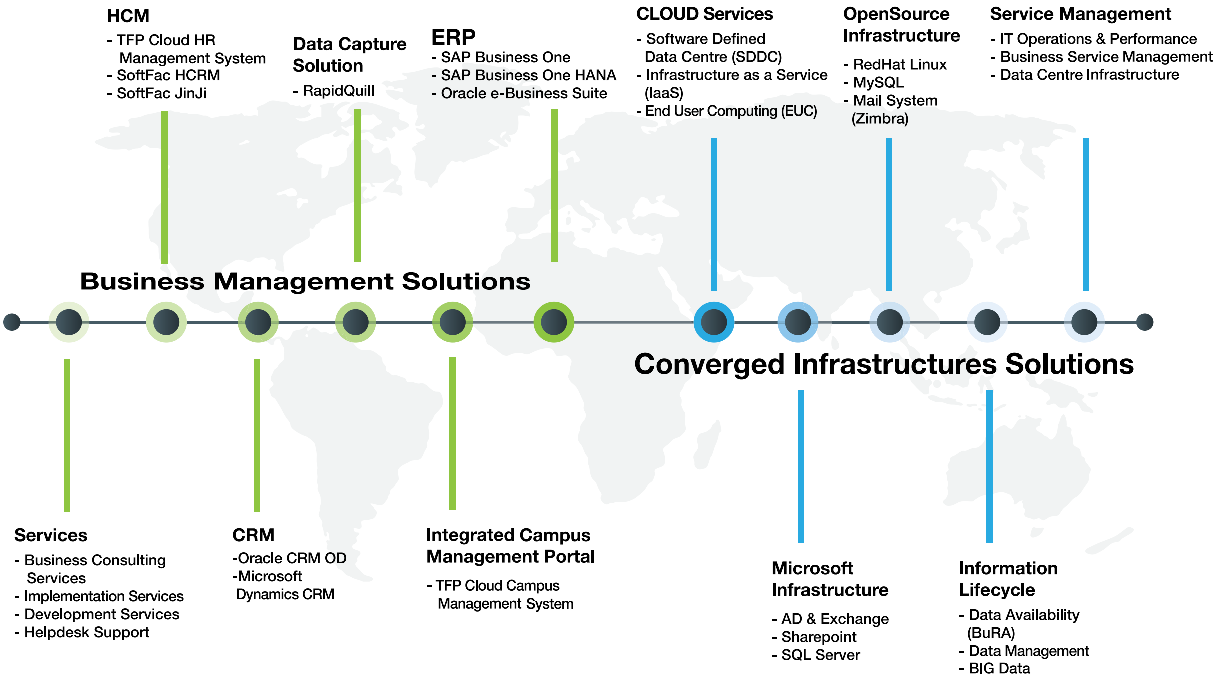
(RM'000)	Audited 2013	Audited 2014	Audited 2015
Net Tangible Assets ("**NTA**")	15,160	15,458	15,964
Cash	12,358	4,192	10,894
Total Assets	62,503	32,996	26,687



BUSINESS INFORMATION

TFP Group business consists of two business pillars which are Business Management Solutions ("**BMS**") and Converged Infrastructure Solutions ("**CIS**").

BUSINESS PILLAR



BUSINESS MANAGEMENT SOLUTIONS

BMS is a business pillar within TFP that is focused on providing accurate solutions to business challenges faced by most organisations. While BMS is comprised different solutions and products, a few key components are carried throughout, namely Cloud adoption (both infrastructure and solutions) and Software-As-A-Service (SaaS).

The BMS core competency includes:-

- Business process requirement study, best practice
- Consultancy
- Project management and implementation
- Helpdesk and professional after-sales support & proactive maintenance

Our solutions promises to streamline all major business processes such as production, logistics, finance & administration, Human Resource, sales and marketing therefore drives efficiency. Our solutions are developed to be industry-specific on-premises, hosted and cloud-based serving a wide variety of industries. These solutions are as follows :

- Enterprise Resource Planning (ERP)
- Customer Relationship Management (CRM)
- Big Data Business Analytics and Reporting
- Human Resource Management System
- Campus Management System

Business Information (cont'd)

Backed by a team of technical experts with high degree of professionalism, we represent a few globally renowned product principals. BMS carries the following products :-

- SAP Business One & SAP Business One HANA (in memory analytics)
- SAP Business One – Project add-on
- SAP Business One – Maintain, Repair, Overhaul (MRO) add-on
- SAP Business One Crystal Reports
- SAP Lumira (Visual Intelligence)
- JinJi Cloud Human Resource Management System
- JinJi Cloud Campus Management System
- Microsoft Customer Relationship Management System
- Cobra University / Campus Management System

CONVERGED INFRASTRUCTURE SOLUTIONS

Converged Infrastructure is a conception adopted by TFP in its pursuance of IT excellence. The CIS business pillar focuses on delivering cloud technology in our customers' Software Defined Data Center ("**SDDC**"). The fluidity of a SDDC is coupled with the elasticity of IT resources to allow our customers to adopt a Platform-As-A-Service model that provides agility, performance and utility to the organisation.

CIS's core competency includes :-

- IT Infrastructure Advisory & Architecture Design
- Certified Installation and Startup
- Configuration and Operation Management Best Practices
- Professional Support & Proactive Maintenance

Our set of solutions delivers management simplicity, infrastructure agility and security.

- Software Defined Data Center & Cloud Infrastructure Solutions
- End User Computing and Mobility Solutions
- Information Lifecycle Management Solutions
- Service Management and Performance Monitoring Solutions
- Security Incident and Event Management Solutions
- Operation Support System (Fault, Performance & Event Management)
- Enterprise Business Support System (Fault, Performance and Event Management)

The Idea Economy is disrupting traditional business worldwide. This disruption is driven by faster Go-To-Market plans and profound ideas differentiating the way we do things. The world is in a state of flux where the only constant is Change. TFP partners with a globally renowned technology principals to assist our customers to adopt this change.

For financial year 2016, CIS holds an elevated status with Hewlett-Packard ("**HP**") as Tier-1 Corporate Reseller. In addition to this Tier-1 status, CIS also holds the partner status with a few other product principal, they are : -

- VMW Premier Solution Partner (Server & Desktop Virtualisation, and Management Operations, Storage Virtualisation)
- HP Gold Partner (Server, Storage, Networking and Cloud)
- Symantec Enterprise Silver Partner (Netbackup, Netbackup Appliance, and Netbackup for Windows)
- IBM Software Service Delivery Partner (Tivoli Software)
- HP Enterprise Security Software Partner (Arcsight, TippingPoint, Fortify)
- Damballa (Automated Breach Defense) Partner
- Infovista Service Delivery Partner

CORPORATE **SOCIAL RESPONSIBILITY 2015**

Moved by the success of the Corporate Social Responsibility ("**CSR**") initiatives in the previous years, TFP Solutions Berhad ("**TFP**") strive to continue with its CSR efforts in 2015. The CSR programmes undertaken by TFP during the financial year ended 31 December 2015 are as follows:-

Community Engagement

TFP participated in the "Shave It Off" campaign organised by its client, LeBlanc Communications Sdn Bhd alongside Malaysia National Cancer Council ("**MAKNA**") in support of raising cancer awareness. Our Group Managing Director, Mr. TJ Quah and a few other Management team members have fulfilled their pledge and shaved their heads to show solidarity with cancer patients.

Through this campaign, TFP has risen and reach out to the Management and staff, as well as its business associates, to support the fight of cancer. A total of RM20,000 fund was raised for MAKNA to continue their mission to help cancer patients and their families, high-risk groups and the general public, in Malaysia and the World.

Corporate Social Responsibility 2015 (cont'd)

Workplace Development

The Group recognises that our people are our key assets. To grow our business, we strive to provide a safe yet dynamic and exciting work place that inspires people to learn more, deliver their best and continue growing with us.

The Group understands the importance of equipping its Management and staff with the right skills and knowledge in order to perform their duties professionally and continue to provide employees with the necessary training and development courses.

The Group is committed to ensure fairness in career opportunities to all employees regardless of gender, ethnicity and age group. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Donation and Care Giving

TFP stays committed to make positive contribution towards the community particularly in helping the underprivileged and the less fortunate. During the year, the Group and its staff contributed donations (both in monetary and in kind) to the following:-

a) Donation in kind to House of Joy, Puchong;
b) Donation in kind to Down Syndrome and Hyper Active Children Care Centre, Bukit Tinggi 2, Klang;
c) Participated in the Shelter Home's Desktop Calendar Project by purchasing their calendars; and
d) Sponsored and participated in World Vision Charity Golf Tournament.

The Environment

TFP continues its initiative towards environment and energy conservation by running a "Green" campaign within its organisation. The "Green" campaign involves the following activities:-

a) Re-use of printed papers;
b) Installation of recycle bins within the organisation;
c) Disposal of recycled waste and e-waste to recycling companies; and
d) Efforts to measure and reduce our electrical power usage in the organisation.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of TFP Solutions Berhad ("**the Company**") is committed in ensuring that high standards of corporate governance are maintained throughout the Company and its subsidiaries ("**the Group**"). Hence, the Board is continuously dedicated to evaluate the Group's corporate governance practices and procedures to ensure that the principles and recommendations in corporate governance as promulgated by the Malaysian Code on Corporate Governance 2012 ("**Code**") are applied and adhered to in the interests of its stakeholders.

The Board is pleased to report that various affirmative steps have been implemented to apply the principles and comply with the recommendations of the Code as advocated therein pursuant to Bursa Malaysia Securities Berhad ("**Bursa Securities**") ACE Market Listing Requirements ("**LR**").

BOARD OF DIRECTORS

1. The Board

The Board is made up of Directors who have an extensive range of skills, experience and knowledge and who are overall accountable for the corporate governance and strategic direction of the Group and are entrusted to exercise reasonable and due care in employing the Company's resources in the best interests of its shareholders and to safeguard the Company's assets. Three (3) Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee have been formed to assist the Board in the deliberation of issues within their respective functions and terms of reference. These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board's ultimate responsibility of decision making.

2. Composition and Board Balance

The Board currently has eight (8) members; of whom four (4) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. Each individual Director has a wide range of experience and knowledge in the areas of business, regulatory, industry and finance that contributes towards the effective stewardship as well as shaping the direction of the Group. The profiles of the Directors are presented on pages 7 to 10 of this Annual Report. The current composition of the Board complies with the LR. Although all Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and examined independently and objectively. There is also a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power.

3. Board Meetings

The Board meets regularly to review the corporate strategies, business operations and performance of the Group. Additional meetings are held as and when necessary to ensure that the Group is efficiently managed. During the financial year under review, five (5) Board meetings were held and the attendance of the Directors are as follows: -

Directors	Attendance	% of Attendance
Dato' Jamaludin Bin Hassan	5/5	100%
Lim Lung Wen	5/5	100%
Quah Teik Jin	5/5	100%
Dr. Chew Seng Poh	4/5	80%
Dato' Hussian @ Rizal Bin A. Rahman	5/5	100%
Wong Loke Lim	5/5	100%
Noor Shahwan Bin Saffwan *(appointed on 19 March 2015)*	4/4	100%
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra *(appointed on 13 April 2015)*	4/4	100%
Edward Khor Yew Heng *(resigned on 19 March 2015)*	1/1	100%
Joseph Ting *(resigned on 19 March 2015)*	1/1	100%

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the LR. All the Directors have fulfilled the time commitment expected by the Board based on the attendance of the Directors at the Board meetings. The attendance of all the Directors at the Board meetings showed that the Board is committed to the Company towards fulfilling their roles and responsibilities as Directors of the Company.

4. Supply of Information

The agenda for each Board meeting and its relevant papers relating to the agenda items are forwarded to all Directors for their perusal prior to the Board meeting. Adequate notice is provided to allow the Directors to review the Board papers so that matters arising could be properly deliberated at the Board meetings and appropriate decisions could be made by the Board. Senior Management and appointed advisers of the Company may be required to attend the Board meetings when necessary. The Board has approved a procedure for Directors, whether in the capacity as the full Board or in their individual capacity, to obtain independent professional advice at the Company's expense in the discharge of their duties and responsibilities.

The Board is supported by the Company Secretary in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, code or guidance and legislations. The Company Secretary also ensure that deliberations at the Board and Board Committees meetings are well captured and minuted. The Board is updated by the Company Secretary on the follow-up or implementation of its decisions or recommendations by Management until their closure. All Directors have access to the advice and services of the Company Secretary.

5. Qualified and Competent Company Secretary

The Board is supported by qualified and competent Company Secretary on matters relating to the Company's constitution and any requirement of compliance with the relevant regulatory requirements, codes, guidance or legislations.

6. Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors of the Company. They are: -

(i) Noor Shahwan Bin Saffwan (Chairman) - appointed on 19 March 2015
(ii) Dato' Jamaludin Bin Hassan
(iii) Wong Loke Lim - appointed on 19 March 2015
(iv) Joseph Ting (Chairman) - resigned on 19 March 2015
(v) Edward Khor Yew Heng - resigned on 19 March 2015

The Nomination Committee monitors, reviews and makes recommendations to the Board regarding the Board's performance as a whole as well as every individual Director and also the performance of the Board Committees. It also reviews and makes recommendations to the Board on the size and composition of the Board, the criteria for Board membership, the desirable qualifications, experience and standing of individuals appointed to the Board. The Committee also identifies potential candidates for appointment to the Board. During the financial year under review, one (1) meeting was held and attended by all members.

The terms of reference of the Nomination Committee was posted on the Company's website.

The Nomination Committee has undertaken the following activities during the financial year:-

(i) Examined the size of the Board, mix of skills, independence and time commitment based on the commercial needs of the Company;
(ii) Conducted the assessment on the effectiveness of the Board and Board Committees in accordance with the principles of the Code;
(iii) Conducted the contribution and performance of each individual Director;

(iv) Reviewed and recommended to the Board, the adoption of "Declaration by Independent Directors" to confirm the "independence" of the Independent Directors on an annual basis;
(v) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the Annual General Meeting ("**AGM**") of the Company;
(vi) Reviewed and recommended to the Board, the appointment of new Directors; and
(vii) Reviewed and assessed the re-designation to Independent Non-Executive Director.

The Nomination Committee concluded that each Board member is competent and committed in discharging his duty and responsibility. Non-Executive Directors are independent in rendering their opinion and decision. All assessments and evaluations carried out by the Nomination Committee were properly documented.

7. Re-Election of Directors

In accordance with the Company's Articles of Association, the Directors who are appointed by the Board shall retire from office and be subject to re-election by shareholders at the AGM after their appointment. Meanwhile, one-third (1/3) of the Board, or if their number is not three (3) or a multiple of three (3), then at least one-third (1/3) of the Board shall retire from office each year and each Director shall retire from office once in every three (3) years. A retiring Director shall thereafter be eligible for re-election. Directors of or over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

8. Directors' Training

The Board of Directors empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

The Board encourages its Directors to undergo relevant training programmes to further develop their skills and knowledge as well as to keep abreast with relevant changes in laws, regulations and the business environment. In the year 2015, TFP Directors have attended the courses on:-

Course	Directors
1. GST – Essentials for Senior Management	Lim Lung Wen, Quah Teik Jin, Dr. Chew Seng Poh, Dato' Jamaludin Bin Hassan, Dato' Hussian @ Rizal Bin A. Rahman, Noor Shahwan Bin Saffwan, Wong Loke Lim and Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra
2. The Audit Oversight Board Conversation with Audit Committees event	Noor Shahwan Bin Saffwan
3. Using HRIS/HRMS & Best Practices to manage your Annual Rewards fairly, efficiently and effectively	Quah Teik Jin
4. Work Culture and How to Use it to Attract Good Talent	Quah Teik Jin
5. Direction & Strategy of on-line Business	Quah Teik Jin
6. The Story of PKT Logistic Group	Quah Teik Jin
7. Dolphin Wave Innovation System-Making Innovation Doable to Produce Results	Quah Teik Jin
8. DNA Profiling-Healthy Aging & Living	Quah Teik Jin
9. Estate Planning	Quah Teik Jin

Statement of Corporate Governance (cont'd)

9. Board Effectiveness Assessment

An assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees is carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the Nomination Committee, before being tabled and discussed at the Board.

Annual Assessment of Independence

The Board has set out policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board assesses the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

One (1) of the recommendation of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Nomination Committee and the Board have determined at the annual assessment carried out, none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years.

10. Board Charter

The Board had on 17 May 2013 approved the Board Charter and the same was uploaded to the Company's website. In the course of establishing a Board Charter, the Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations. The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.

11. Code of Conduct

The Code of Business Conduct ("**COC**") was posted on the Company's website. In the course of establishing the COC, the Board recognises the importance to promote and reinforce ethical standards throughout the Group. Moving forward, the Company will continuously support, promote and ensure compliance to the COC. The COC will not only apply to every employee of the Group, but also to every Director (Executive and Non-Executive). Furthermore, the Company will strive to ensure that our consultants, agents, partners, representatives and others performing works or services for or on behalf of the Company comply with the COC.

12. Gender Diversity

The Board affirms its commitment to Boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives. Currently, the Board does not have any gender diversity policy. The Nomination Committee does not set any target on gender, ethnicity or age diversity but endeavours to include any member who will improve the Board's overall composition balance.

Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based on merit, having regard to those competencies, expertise, skills, background and other qualities identified from time to time by the Board as being important. The Nomination Committee must also take into account legal and regulatory requirements, such as those relating to residency and independence, and give due consideration to characteristics, such as gender, age, ethnicity, disability, sexual orientation and geographic representation, which contribute to Board diversity.

13. Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board ensures that the Company takes into account of sustainability, the environment, social and governance elements in its business operations.

DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

The Remuneration Committee was established on 11 January 2008 and is responsible to recommend the remuneration packages for Executive Directors taking into consideration the individual performance, seniority, experience and scope of responsibility that is sufficient to attract and retain the Directors needed to run the Company successfully. The present members of the Remuneration Committee are: -

(i) Wong Loke Lim (Chairman) – appointed on 19 March 2015
(ii) Noor Shahwan Bin Saffwan – appointed on 19 March 2015
(iii) Quah Teik Jin
(iv) Edward Khor Yew Heng (Chairman) – resigned on 19 March 2015
(v) Joseph Ting – resigned on 19 March 2015

The determination of remuneration packages of Executive Directors should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 December 2015 are as follows:-

	Fees* (RM'000)	Salaries and other emoluments (RM'000)	Bonuses (RM'000)	Benefits-in-kind (RM'000)	Statutory Contributions (RM'000)	Total (RM'000)
Executive Directors	118	1,296	210	–	233	1,857
Non-Executive Directors	132	–	–	–	–	132

* *Subject to the approval by shareholders at the AGM.*

Bandwidth of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
300,001 - 350,000	1	–
400,001 - 450,000	1	–
550,001 – 600,000	2	–

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

The Non-Executive Directors did not receive any remuneration for the financial year ended 31 December 2015.

Statement of Corporate Governance (cont'd)

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(i) Corporate Disclosure Policy

The Board is mindful on the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis.

The Board exercises close monitoring of all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities and the Group's website.

(ii) Leverage on Information Technology for Effective Dissemination of Information

The Company's corporate website provides all relevant information on the Company and is accessible by the public.

The Company's corporate website is accessible at http://www.tfp.com.my/

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through timely announcement of events, quarterly announcement of financial results and product information on the Company's website (www.tfp.com.my).

The Company's AGM also provides an effective mean of face-to-face communication with the shareholders where they are encouraged to participate in the open question and answering session during the AGM. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least twenty-one (21) days before the AGM in order for them to have sufficient time to read and understand the Company's financial and non-financial performance before the actual event takes place. Each item of special business included in the notice of the AGM is accompanied by an explanatory statement on the effects of the proposed resolution to facilitate full understanding and evaluation of the issue involved.

The Board noted the Code encourages poll voting. In line with the recommendation, the Chairman will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

(i) Directors' Responsibility Statement in respect of Financial Statements

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards set by Malaysian Accounting Standard Board so as to present a balanced and fair assessment of the Group's financial position and prospects. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Company and taking reasonable steps to prevent and enable detection of fraud and other irregularities. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

(a) selecting suitable accounting policies and then applying them consistently;
(b) stating whether applicable accounting standards have been followed;
(c) making judgement and estimates that are reasonable and prudent; and
(d) preparing the financial statements on a going concern basis, having made reasonable enquiries and assessment on the resources of the Company on its ability to continue further business in foreseeable future.

(ii) Relationships with Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The Audit Committee was satisfied with the external auditors' technical competency and audit independence during the financial year under review. The external auditors in turn are able to highlight matters which require the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

The Audit Committee met with the external auditors without the presence of the Executive Board Members and Management twice during the year regarding relevant audit and accounting issues.

(iii) Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. The Audit Committee was satisfied with the external auditors' technical competency and audit independence during the financial year under review. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Audit Committee is assigned by the Board with the duty to review the adequacy and effectiveness of control procedures at a regular basis and report to the Board on major findings for deliberation (if any).

The Statement of Risk Management and Internal Control is set out on pages 24 to 25 of the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

COMPLIANCE STATEMENT

The Board has taken steps to ensure that the Group has implemented as far as possible the Principles and Recommendations as set out in the Code and the Board considers that all Principles and Recommendations have been substantially implemented in accordance with the Code. The areas of non-compliance with the Code is as follows:-

- The Board currently has no Senior Independent Non-Executive Director. Participation of the Board members on all issues is encouraged.
- The Chairman of the Nomination Committee is not a Senior Independent Non-Executive Director as the Board has yet to identify the said Senior Independent Non-Executive Director.

This statement is made in accordance with a resolution of the meeting of the Board of Directors on 22 March 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Rule 15.26 of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ACE Market Listing Requirements ("**Listing Requirements**"), the Board of Directors is required to make a statement in the annual report on the state of the risk management and internal control of the Group for the financial year ended 31 December 2015. In this respect, the Board of TFP Solutions Berhad is pleased to present the following Statement on Risk Management and Internal Control which was prepared pursuant to the Listing Requirements and after taking into consideration of the guidelines as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board of Directors ("**Board**") acknowledges its responsibility and reaffirms its commitment in recognising the importance of an effective system of internal control and risk management practices to enhance good corporate governance.

The Board is ultimately responsible for the Group's system of internal control and risk management which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it could only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control and risk management covers, inter alia, financial, organisational, operational and compliance controls.

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

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

KEY ELEMENTS OF INTERNAL CONTROL

The Group has a number of internal controls in place. The controls include the following:-

- A management structure with defined lines of responsibilities and appropriate levels of delegations and authority.
- Monthly senior management meetings are held to monitor key operational and strategic business development together with financial performance of the Group.
- Policies and procedures for key business and financial processes have been reviewed by the Directors to promote efficiency and accountability.
- Monitoring by Management of the monthly results as against the budget and in the event of major variances, to take appropriate remedial action.

INTERNAL CONTROL

The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control that would require disclosure in the Group's Annual Report.

Management will continue to take measures to strengthen the control environment. In our efforts to improve our system of internal control, the Group, since financial year 2008, outsourced its internal audit function to a professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control systems. The costs incurred for the internal audit function in respect of the financial year 2015 was RM37,303.00.

RISK MANAGEMENT

The Group has a structured risk management approach, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The risk management of the Group is undertaken by the Management of the Group. The process of risk assessment is also addressed by the compilation of risk profiles of each company in the Group. The risk action plans and internal controls that Management has taken and/or is taking are documented in the minutes of Management meetings. The Group is currently in the process of transitioning from a Risk Management Unit to a dedicated Enterprise Risk Management Committee ("**ERM**") that will be represented by an Executive Director, an Independent Director, an Operational Manager and the Group Financial Controller reporting to the Audit Committee. The ERM was setup in financial year ended 31 December 2014. The Risk Management Committee Charter was approved by the Board on 25 August 2014.

ASSURANCE

In view of the Group's current business activities, the Board is of the view that the above monitoring and reporting processes which have been put in place, provide an adequate form of check and balance. Nevertheless, the Board recognises that the system must continuously evolve and improve to support the Group's business activities.

The Board recognises that the systems of internal control and risk management must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control and risk management.

The Board has received assurance from the Group Managing Director and Group Financial Controller that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

CONCLUSION

The Board is of the opinion that based on the current level of activities, the Group's systems of internal control and risk management is adequate and accords with guidance provided by the Internal Control Guidance adopted by Bursa Securities.

This statement was approved by the Board of Directors on 22 March 2016.

AUDIT COMMITTEE REPORT

1. INTRODUCTION

The Audit Committee was established on 28 December 2007 and currently comprises the following Committee members:-

Chairman : Dato' Jamaludin Bin Hassan
(Independent Non-Executive Director)

Members : Wong Loke Lim
(Independent Non-Executive Director) - appointed on 19 March 2015
Noor Shahwan Bin Saffwan
(Independent Non-Executive Director) - appointed on 19 March 2015
Joseph Ting
(Independent Non-Executive Director) - resigned on 19 March 2015
Edward Khor Yew Heng
(Independent Non-Executive Director) - resigned on 19 March 2015

2. SUMMARY OF KEY TERMS OF REFERENCE

(a) Composition of Members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) Non-Executive Directors. The majority of the Audit Committee members shall be Independent Directors. In this respect, the Board adopts the definition of "Independent Director" as defined under the Bursa Malaysia Securities Berhad ("**Bursa Securities**") ACE Market Listing Requirements ("**Listing Requirements**").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

(a) a member of the Malaysian Institute of Accountant ("**MIA**"); or
(b) if he is not a member of MIA, he must have at least three (3) years of working experience; and
  i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  ii. he must be a member of one of the associations of the accountants specified in Part I of the First Schedule of the Accountants Act 1967; or
(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in noncompliance to the composition criteria as stated in paragraph (a) above, the Board shall within three (3) months of the event, appoint such number of the new members as may be required to fill the vacancy.

2. SUMMARY OF KEY TERMS OF REFERENCE (CONT'D)

(b) Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

(i) evaluate the quality of the audits performed by the internal and external auditors;
(ii) provide assurance that the financial information presented by management is relevant, reliable and timely;
(iii) oversee compliance with laws and regulations and observance of a proper code of conduct; and
(iv) determine the quality, adequacy and effectiveness of the Group's control environment.

(c) Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

(i) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
(ii) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
(iii) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
(iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
(v) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

(d) Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

(i) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
(ii) To put in place the policy and procedures to assess the suitability and independence of external auditors;
(iii) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
(iv) To review with the external auditors his evaluation of the system of internal controls and his audit report;
(v) To review the quarterly and year-end financial statements of the Board, focusing particularly on:-
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
(vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
(vii) To review the external auditors' management letter and management's response;

Audit Committee Report (cont'd)

2. SUMMARY OF KEY TERMS OF REFERENCE (CONT'D)

(d) Duties and Responsibilities (Cont'd)

(viii) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(ix) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(x) To report its findings on the financial and management performance, and other material matters to the Board;

(xi) To ensure the financial statements are prepared in accordance to the applicable financial reporting standard;

(xii) To consider the major findings of internal investigations and management's response;

(xiii) To verify the allocation of employee' share issuance scheme ("**ESIS**") in compliance with the criteria as stipulated in the by-laws of ESIS of the Company, if any;

(xiv) To determine the remit of the internal audit function;

(xv) To consider other topics as defined by the Board; and

(xvi) To consider and examine such other matters as the Audit Committee considers appropriate.

3. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2015, the Audit Committee held a total of five (5) meetings. The attendance of the members of the Audit Committee are set out as below:-

	Members	Attendance
1.	Dato' Jamaludin Bin Hassan	5/5
2.	Wong Loke Lim - appointed on 19 March 2015	4/4
3.	Noor Shahwan Bin Saffwan - appointed on 19 March 2015	4/4
4.	Joseph Ting - resigned on 19 March 2015	1/1
5.	Edward Khor Yew Heng - resigned on 19 March 2015	1/1

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee had undertaken the following main activities during the financial year ended 31 December 2015:-

(i) reviewed the unaudited quarterly financial results of the Company and its Group prior to the submission to the Board for approval;

(ii) discussed with the external auditors in relation to audit issues, audit reports, assistance provided by Management, management letter (if any) and audit plan;

(iii) reviewed the draft audited financial statements prior to the submission to the Board for approval;

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(iv) reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the Annual Report 2014 prior to the submission to the Board for approval;
(v) reviewed the Circular to Shareholders for the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Renewal of Authority for the Company to purchase its own shares prior to the submission to the Board for approval;
(vi) reviewed the annual internal audit plan for the Group to ensure the principal risk areas were adequately covered in the audit plan;
(vii) reviewed the internal audit reports of the Group prepared by the internal auditors and ensure that appropriate corrective actions are taken by Management;
(viii) monitored the accounts receivable and request explanations from Management on overdue accounts status;
(ix) reviewed and recommended the re-appointment of Messrs. Kreston John & Gan as Auditors for the financial year under review;
(x) reviewed and assessed the suitability and independence of the external auditors;
(xi) reviewed and recommended to the Board for approval the audit fees payable to the external audits in respect of the financial year ended 31 December 2015;
(xii) reported to the Board on any significant issues and concerns; and
(xiii) Noted the updates in relation to the International Auditing and Assurance Standard Board's New and Revised Auditor Reporting Standard and Related Confirming Amendments.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced internal audit function which has been outsourced to a professional services firm, Messrs. Omar Arif & Co.

The main role of the internal audit function is to review the effectiveness of the system of internal control and risk management. This is performed with impartiality, proficiency and due professional care. During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

The total costs incurred for the internal audit function in respect of the financial year 2015 was RM37,303.00.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds from Corporate Proposal

There were no proceeds raised by the Company from any corporate proposal during the financial year.

2. Share Buy-Back

There were no Share Buy-Back exercised during the financial year ended 31 December 2015.

3. Options or Convertible Securities

In year 2014, the Company had issued 100,902,794 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares of the Company held.

The Warrants 2014/2019 were constituted by the Deed Poll dated 28 January 2014.

As at 31 December 2015, the total outstanding warrants are 97,648,744, and of which 3,254,050 have been exercised at a price of RM0.10 each up to the financial year ended 31 December 2015.

The Company did not issue any other options or convertible securities during the financial year ended 31 December 2015, other than as disclosed above.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.

5. Imposition of Sanctions or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2015.

6. Variation of Results / Profit Estimate / Forecast Projection

The Company did not issue any profit estimate, forecast or projection during the financial year ended 31 December 2015. There were no variances of 10% or more between the results for the financial year and the unaudited results announced.

7. Profit Guarantee

The Company did not give any profit guarantee during the financial year ended 31 December 2015.

8. Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries, involving the Directors' and Major Shareholders' interests during the financial year ended 31 December 2015.

9. Non-Audit Fees

The payments of non-audit fees to the external auditors by the Group during the financial year ended 31 December 2015 was RM6,000.00.

10. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial year are set out below:¬

Transacting parties	Nature of transactions	Relationship of Related Party	Aggregate value made during the financial year ended 31 December 2015 (RM)
Comm Zed Solution Sdn Bhd ("**CZS**") and LMS Technology Distributions Sdn Bhd ("**LMS**")	Implementation services as well as project management for Operations Support System ("**OSS**") solution by CZS to LMS, whereby CZS has the resources, skill set and experience to provide this OSS services locally.	Director and major shareholder, Dato' Hussian @ Rizal Bin A. Rahman is also a director and deemed shareholder of LMS	–
SBone Solutions Sdn Bhd ("**SBOne**") and LMS	Implementation services as well as project management for OSS solution by SBOne to LMS, whereby SBOne has the resources, skill set and experience to provide this OSS services locally.	Director and major shareholder, Dato' Hussian @ Rizal Bin A. Rahman is also a director and deemed shareholder of LMS	54,378

DIRECTORS' REPORT

for the year ended 31 December 2015

The directors 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 2015.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and engaged in the business of providing shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit /(Loss) after taxation attributable to : -		
Owners of the Company	523	(163)
Non-controlling interests	362	–
	885	(163)

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM20,505,740 to RM20,505,965 by way of issuance of 2,250 new ordinary shares of RM0.10 each arising from the exercise of Warrants 2014/2019 at the exercise price of RM0.10 per share in accordance with the Deed Poll dated 28 January 2014.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

WARRANTS 2014/2019

The Warrants 2014/2019 were constituted by the Deed Poll dated 28 January 2014.

The salient features of the warrants are :

(i) The warrants are offered at no cost to the entitled shareholders of the Company in the financial year ended 31 December 2014,

Directors' Report
for the year ended 31 December 2015
(cont'd)

WARRANTS 2014/2019 (CONT'D.)

(ii) One (1) warrant for every two (2) existing ordinary shares,

(iii) The warrants may be exercised at any time within the exercise period expiring on 16 February 2019. Warrants not exercised during the exercise period will thereafter lapse and become null and void,

(iv) Subject to the provision of the Deed Poll, each warrant will entitle its registered holder to subscribe for one (1) new ordinary share in the Company at the exercise price at any time during the exercise period,

(v) The Exercise Price of the warrant is RM0.10 each. The exercise price and the number of outstanding warrants shall however be subject to the adjustment in accordance with the terms and provisions of the Deed Poll during the exercise period,

(vi) The warrants are tradable in board lots of 100 units carrying rights to subscribe for 100 new ordinary shares of the Company at any time during the exercise period or such other number of units as maybe prescribed by Bursa Securities,

(vii) The warrants holders are not entitled to any dividends, rights, allotments and /or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the new ordinary shares of the Company upon the exercise of the warrants. The warrants holders are not entitled to any voting rights or participation in any form of distribution and /or offer of securities in the Company until and unless such warrants holders exercise their warrants into new ordinary shares of the Company,

(viii) The registered holders of the warrants are required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new ordinary shares of the Company subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia, and

(ix) Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then : -

a) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the warrant holders; and

b) in any other case, every warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their warrants by submitting the exercise form duly completed authorizing the debiting of his warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new ordinary shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

As at 31 December 2015, the total outstanding warrants are 97,648,794, and of which 2,250 have been exercised during the financial year.

Details of warrants issued to directors are disclosed in the section on directors' interest in this report.

Directors' Report
for the year ended 31 December 2015
(cont'd)

PURCHASE OF OWN SHARES

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 24 June 2015, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

The mandate given by the shareholders at the Annual General Meeting held on 24 June 2015 will expire at the forthcoming Annual General Meeting at which a resolution will be tabled for shareholders to grant a fresh mandate for another year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps 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 adequate allowance had been made for doubtful debts.

At the date of this report, the directors of the Group and of the Company are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group or in the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist : -

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

Directors' Report
for the year ended 31 December 2015
(cont'd)

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group or of the Company for the current financial year.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are : -

Dato' Jamaludin Bin Hassan - Chairman	
Quah Teik Jin - Managing Director	
Lim Lung Wen	
Dr Chew Seng Poh	
Dato' Hussian @ Rizal Bin A. Rahman	
Wong Loke Lim	
Noor Shahwan Bin Saffwan	*- appointed on 19/3/2015*
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra	*- appointed on 13/4/2015*
Joseph Ting	*- resigned on 19/3/2015*
Edward Khor Yew Heng	*- resigned on 19/3/2015*

The interests and deemed interest in the ordinary shares of the Company of those who are Directors at year end (including the interests of the spouses or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows : -

	Number of ordinary shares of RM0.10 each			
	As at 1/1/2015	**Bought**	**Sold**	**As at 31/12/2015**
Direct interests				
Lim Lung Wen	11,850,000	–	–	11,850,000
Quah Teik Jin	11,850,000	–	–	11,850,000
Dr Chew Seng Poh	300,000	–	–	300,000
Dato' Jamaludin Bin Hassan	112,500	–	–	112,500
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra	326,900	–	–	326,900
Indirect interests				
Lim Lung Wen *	39,000,000	–	–	39,000,000
Quah Teik Jin *	39,000,000	–	–	39,000,000
Dato' Hussian @ Rizal Bin A. Rahman **	61,379,295	960,600	–	62,339,895
Noor Shahwan Bin Saffwan #	20,600,000	–	20,600,000	–

* Deemed interested by virtue of their substantial shareholdings in Milan Premier Sdn. Bhd.
** Deemed interested by virtue of his substantial shareholdings in Rapportrans Sdn. Bhd.
# Deemed interested by virtue of his substantial shareholdings in Aurum Resources Sdn. Bhd.

Directors' Report
for the year ended 31 December 2015
(cont'd)

DIRECTORS OF THE COMPANY (CONT'D)

	Number of warrants 2014/2019			
	As at 1/1/2015	**Granted**	**Exercised /Disposal**	**As at 31/12/2015**
Direct interests				
Lim Lung Wen	5,925,000	–	–	5,925,000
Quah Teik Jin	5,925,000	–	–	5,925,000
Dato' Jamaludin Bin Hassan	56,250	–	–	56,250
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra	–	163,450	–	163,450
Indirect interest				
Lim Lung Wen *	19,500,000	–	–	19,500,000
Quah Teik Jin *	19,500,000	–	–	19,500,000
Dato' Hussian @ Rizal Bin A. Rahman **	32,864,197	–	–	32,864,197

* Deemed interested by virtue of their substantial shareholdings in Milan Premier Sdn. Bhd.
** Deemed interested by virtue of his substantial shareholdings in Rapportrans Sdn. Bhd.

By virtue of Section 6A of the Companies Act, 1965, Lim Lung Wen, Quah Teik Jin and Dato' Hussian @ Rizal Bin A. Rahman are deemed to have an interest in shares of the subsidiary companies during the financial year to the extent that TFP Solutions Berhad has an interest.

In accordance with Article 105 of the Company's Articles of Association, Dato' Jamaludin Bin Hassan, Lim Lung Wen and Dato' Hussian @ Rizal Bin A. Rahman retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in 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 except for any benefits which may deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Kreston John & Gan, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors on 22 March 2016

Lim Lung Wen **Quah Teik Jin**

Puchong, Selangor
Date : 22 March 2016

INDEPENDENT AUDITORS' REPORT
to members of TFP Solutions Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of TFP Solutions Berhad, which comprise the statements of financial position as at 31 December 2015 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on Notes 1 to 32.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following : -

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of a subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to members of TFP Solutions Berhad (cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Kreston John & Gan
Chartered Accountants
(AF 0113)

Lim Chiam Kay
Approval No: 1285/03/17(J)
Chartered Accountant

Kuala Lumpur,
Date : 22 March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	**228**	199
Intangible assets	5	**–**	–
		228	199
Current Assets			
Trade receivables	7	**12,685**	24,364
Other receivables, deposits and prepayments	8	**1,279**	3,889
Current tax assets		**401**	352
Deposits with financial institutions	10	**6,600**	1,761
Cash and bank balances		**5,494**	2,431
		26,459	32,797
Total Assets		**26,687**	32,996
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	11	**20,506**	20,506
Reserves	12	**(4,542)**	(5,048)
		15,964	15,458
Non-controlling interests	13	**277**	160
		16,241	15,618
Non-current Liabilities			
Deferred tax liabilities	14	**43**	35
Current Liabilities			
Trade payables	15	**8,487**	15,794
Other payables and accruals	16	**1,700**	1,549
Income tax payable		**216**	*
		10,403	17,343
Total Liabilities		**10,446**	17,378
Total Equity and Liabilities		**26,687**	32,996

* *Less than RM1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Revenue	17	**76,136**	89,710
Cost of sales		**(66,275)**	(81,843)
Gross profit		**9,861**	7,867
Other income	18	**1,138**	1,733
Distribution costs		**(145)**	(81)
Administrative expenses		**(9,382)**	(8,649)
Other expenses		**(115)**	(1,267)
Goodwill written off		**–**	(14,024)
Profit /(Loss) from operations		**1,357**	(14,421)
Finance costs		**–**	–
Profit /(Loss) before taxation	19	**1,357**	(14,421)
Income tax expense	22	**(472)**	(438)
Profit /(Loss) for the year		**885**	(14,859)
Other comprehensive income /(loss) :			
- Foreign currency translation difference for foreign operation		**(17)**	(2)
Total comprehensive income /(loss)		**868**	(14,861)
Profit /(Loss) for the year attributable to :-			
Equity holders of the Company		**523**	(15,307)
Non-controlling interests		**362**	448
		885	(14,859)
Total comprehensive profit /(loss) for the year attributable to :-			
Equity holders of the Company		**506**	(15,309)
Non-controlling interests		**362**	448
		868	(14,861)
Basic earnings /(loss) per share (sen)	24	**0.26**	(7.49)
Diluted earnings /(loss) per share (sen)	24	**0.20**	(5.97)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	<---------- Attributable to equity holders of the company ---------->							
	<--------------- Non-Distributable --------------->			<-Distributable->				
	Share capital RM'000	Share premium RM'000	Warrant reserves RM'000	Foreign currency translation reserves RM'000	Retained profit /(Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2014	20,181	6,758	–	(5)	3,508	30,442	(288)	30,154
Transactions with owners :								
Issuance of warrants 2014/2019	–	–	1,402	–	(1,402)	–	–	–
Issuance of shares arising from warrants exercise	325	–	(45)	–	45	325	–	325
Total transactions with owners	325	–	1,357	–	(1,357)	325	–	325
Comprehensive income :								
Net loss for the financial year	–	–	–	–	(15,307)	(15,307)	448	(14,859)
Other comprehensive income :								
Foreign currency translation difference for foreign operation	–	–	–	(2)	–	(2)	–	(2)
Total comprehensive income	–	–	–	(2)	(15,307)	(15,309)	448	(14,861)
Balance at 31 December 2014	20,506	6,758	1,357	(7)	(13,156)	15,458	160	15,618

Consolidated Statement of Changes in Equity for the year ended 31 December 2015 (cont'd)

	<---------- Attributable to equity holders of the company ---------->							
	<--------------- Non-Distributable --------------->				<-Distributable->			
	Share capital RM'000	Share premium RM'000	Warrant reserves RM'000	Foreign currency translation reserves RM'000	Retained profit /(Accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2015	20,506	6,758	1,357	(7)	(13,156)	15,458	160	15,618
Transaction with owners :								
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(245)	(245)
Issuance of shares arising from warrants exercise	*	–	*	–	*	*	–	*
Total transactions with owners	–	–	–	–	–	–	(245)	(245)
Comprehensive income :								
Net profit for the financial year	–	–	–	–	523	523	362	885
Other comprehensive income :								
Foreign currency translation difference for foreign operation	–	–	–	(17)	–	(17)	–	(17)
Total comprehensive income	–	–	–	(17)	523	506	362	868
Balance at 31 December 2015	20,506	6,758	1,357	(24)	(12,633)	15,964	277	16,241

* *Less than RM1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Cash flows from operating activities			
Profit /(Loss) before taxation		**1,357**	(14,421)
Adjustments for : -			
Amortisation of research and development		**–**	437
Depreciation of plant and equipment		**80**	65
Goodwill written off		**–**	14,024
Impairment losses on receivables		**–**	296
Interest income		**(101)**	(149)
Loss on disposal of subsidiary company		**–**	45
Research and development written off		**–**	820
Unrealised gain on foreign exchange		*****	*
Operating profit before working capital changes		**1,336**	1,117
Decrease in trade receivables		**11,679**	6,638
Decrease /(Increase) in other receivables, deposits and prepayments		**2,611**	(846)
Decrease in deferred income		**–**	(58)
Decrease in trade payables		**(7,307)**	(11,064)
Increase /(Decrease) in other payables and accruals		**151**	(3,626)
Cash generated from /(used in) operations		**8,470**	(7,839)
Tax paid		**(642)**	(680)
Tax refund		**344**	59
Net cash from /(used in) operating activities		**8,172**	(8,460)
Cash flows from investing activities			
Dividend paid to non-controlling interests		**(245)**	–
Interest received		**101**	149
Placement of deposits with licensed banks		**(1,200)**	–
Proceeds from disposal of subsidiary companies, net of cash and cash equivalent		**–**	(51)
Purchase of plant and equipment	25	**(109)**	(127)
Net cash used in investing activities		**(1,453)**	(29)
Balance carried forward		**6,719**	(8,489)

* *Less than RM1,000*

Consolidated Statement of Cash Flows for the year ended 31 December 2015 (cont'd)

	Note	2015 RM'000	2014 RM'000
Balance brought forward		**6,719**	(8,489)
Cash flows from financing activities			
Proceeds from issuance of shares		*****	325
Net increase /(decrease) in cash and cash equivalents		**6,719**	(8,164)
Effects of foreign exchange translation		**(17)**	(2)
Cash and cash equivalents at the beginning of the year		**4,192**	12,358
Cash and cash equivalents at the end of the year	26	**10,894**	4,192

* *Less than RM1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	*****	1
Investment in subsidiary companies	6	**8,766**	8,871
		8,766	8,872
Current Assets			
Other receivable, deposits and prepayments	8	**21**	87
Amount due from subsidiary companies	9	**1,549**	2,227
Current tax assets		**15**	111
Cash and bank balances		**933**	171
		2,518	2,596
Total Assets		**11,284**	11,468
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	11	**20,506**	20,506
Reserves	12	**(9,665)**	(9,502)
		10,841	11,004
Current Liabilities			
Other payables and accruals	16	**443**	462
Amount due to subsidiary companies	9	**–**	2
		443	464
Total Liabilities		**443**	464
Total Equity and Liabilities		**11,284**	11,468

* *Less than RM1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Revenue	17	**2,060**	1,869
Other income	18	**57**	59
Administrative expenses		**(2,312)**	(2,098)
Other expenses		**(1)**	(133)
Impairment loss on investment in subsidiary companies		**–**	(14,720)
Loss before taxation	19	**(196)**	(15,023)
Income tax expense	22	**33**	(19)
Loss for the year, representing total comprehensive loss for the year		**(163)**	(15,042)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	<----------- Non-distributable ----------->				
		<------------------- Reserves	------------------->		
	Share capital RM'000	Share premium RM'000	Warrant reserves RM'000	Accumulated losses RM'000	Total RM'000
Balance at 1 January 2014	20,181	6,758	–	(1,218)	25,721
Transactions with owners :					
Issuance of warrants 2014/2019	–	–	1,402	(1,402)	–
Issuance of shares arising from warrants exercise	325	–	(45)	45	325
Total transactions with owners	325	–	1,357	(1,357)	325
Total comprehensive loss for the year	–	–	–	(15,042)	(15,042)
Balance at 31 December 2014	20,506	6,758	1,357	(17,617)	11,004
Transactions with owners :					
Issuance of shares arising from warrants exercise	*	–	*	*	*
Total comprehensive loss for the year	–	–	–	(163)	(163)
Balance at 31 December 2015	20,506	6,758	1,357	(17,780)	10,841

* *Less than RM1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Cash flows from operating activities			
Loss before taxation		**(196)**	(15,023)
Adjustments for : -			
Depreciation of plant and equipment		**1**	2
Dividend income from subsidiary		**(255)**	(300)
Impairment loss on investment in subsidiary companies		**105**	14,720
Impairment loss on amount due from a subsidiary company		**–**	107
Interest income		**(57)**	(59)
Loss on disposal of investment in a subsidiary company		**–**	24
Operating loss before working capital changes		**(402)**	(529)
Decrease /(Increase) in other receivable, deposits and prepayments		**66**	(86)
Decrease /(Increase) in amount due from subsidiary companies		**7**	(25)
(Decrease) /Increase in other payables and accruals		**(19)**	6
Cash used in operations		**(348)**	(634)
Tax refund		**146**	–
Tax paid		**(16)**	(12)
Net cash used in operating activities		**(218)**	(646)
Cash flows from investing activities			
Dividends received from subsidiary		**255**	300
Interest received		**57**	59
Repayment from /(Advance to) subsidiary companies		**670**	(383)
Net cash from /(used in) investing activities		**982**	(24)
		764	(670)
Cash flows from financing activities			
Proceeds from issuance of shares		*****	325
Proceeds from disposal of investment in a subsidiary company		**–**	86
Repayment to subsidiary companies		**(2)**	(17)
Net cash (used in) /from financing activities		**(2)**	394
Net increase /(decrease) in cash and cash equivalents		**762**	(276)
Cash and cash equivalents at the beginning of the year		**171**	447
Cash and cash equivalents at the end of the year	26	**933**	171

* *Less than RM1,000*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

1. GENERAL INFORMATION

TFP Solutions Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company are as follows : -

Registered office	:	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.
Principal place of business	:	No. 8-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2015 do not include other entities.

The Company is principally an investment holding company and engaged in the business of providing shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 March 2016.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirement of Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

Notes to the Financial Statements
31 December 2015
(cont'd)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D.)

a) Statement of compliance (Cont'd.)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are applicable to the Group and to the Company and effective for annual periods beginning on or after 1 January 2016; and

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are applicable to the Group and to the Company and effective for annual periods beginning on or after 1 January 2018.

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

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurements on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Arrangements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.

Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interest in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempted from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9, 15 and amendments to MFRS 10, MFRS 12 and MFRS 128.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D.)

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and Company's functional currency.

d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items : -

i) Depreciation of plant and equipment

Plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated the useful life of these assets to be within 5 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Impairment losses for trade receivables

At the end of the reporting period, included in the allowance account for trade receivables of the Group is individually assessed impairment losses for trade receivables amounting to RM279,585 (2014 – RM396,154). The estimates of individually assessed impairment for trade receivables are based on the historical default rate. Hence, should the actual default rate becomes higher than the estimated default rate, the Group may be required to charge additional impairment losses to the profit or loss within the next financial year.

iii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses and unabsorbed capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses and capital allowances was approximately RM1,175,500 (2014 – RM1,196,950).

iv) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements
31 December 2015
(cont'd)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D.)

d) Use of estimates and judgments (Cont'd.)

v) Impairment of investment in subsidiary companies

The Company carried out the impairment test based on the assessment of the fair value of the respective assets' or cash generating units' ("CGU") fair value less costs to sell or based on the estimation of the value-in-use ("VIU") of the CGUs to which the plant and equipment are allocated. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of investment in subsidiary companies of the Company as at 31 December 2015 was RM8,765,726 (2014 – RM8,870,804).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:-

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

a) Basis of consolidation (Cont'd.)

ii) Business combinations (Cont'd.)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Notes to the Financial Statements
31 December 2015
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Foreign currency (Cont'd.)

i) Foreign currency transactions (Cont'd.)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the forseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, 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 of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit 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) Financial instrument

i) Initial recognition and measurement

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

c) Financial instrument (Cont'd.)

ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows : -

Financial assets

a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedge items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Notes to the Financial Statements
31 December 2015
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

c) Financial instrument (Cont'd.)

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

Financial assets (Cont'd.)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as 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) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii) 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.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharged of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to : -

a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

c) Financial instrument (Cont'd.)

v) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. 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.

d) Plant and equipment

i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

ii) Subsequent costs

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

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Notes to the Financial Statements
31 December 2015
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Plant and equipment (Cont'd.)

iii) Depreciation (Cont'd.)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

The principal annual rates of depreciation for the plant and equipment are as follows:-

	Rate %
Computer equipment	20
Furniture and fittings	20
Office equipment	20
Renovation	20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

e) Leases

i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

ii) Operating lease

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

f) Intangible assets

i) Goodwill

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

ii) Research and development

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

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The principal annual rate of amortisation for software development expenditure is as follow : -

	Rate %
Software development expenditure	20

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Notes to the Financial Statements
31 December 2015
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

g) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

h) Impairment of assets

i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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

ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

ii) Other assets (Cont'd.)

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

ii) Ordinary shares

Ordinary shares are classified as equity.

iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

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.

Notes to the Financial Statements
31 December 2015
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

j) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not measured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

k) Employee benefits

i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

m) Revenue and other income

i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Deferred costs are recognised when the goods delivered to customers but pending installation and /or testing rendered to customers.

ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

n) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that 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 reserve, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements
31 December 2015
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

n) Income tax (Cont'd.)

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

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

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

o) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

p) Earnings per ordinary shares

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS').

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding , adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

r) Contingencies

i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

s) Fair value measurements

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

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

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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

Notes to the Financial Statements
31 December 2015
(cont'd)

4. PLANT AND EQUIPMENT

Group 2015	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Cost					
Balance at 1/1/15	**533**	**155**	**157**	**34**	**879**
Additions	**101**	**–**	**8**	**–**	**109**
Written off	**(187)**	**(3)**	**(34)**	**–**	**(224)**
Balance at 31/12/15	**447**	**152**	**131**	**34**	**764**
Accumulated depreciation					
Balance at 1/1/15	**403**	**114**	**147**	**16**	**680**
Charge for the year	**59**	**10**	**5**	**6**	**80**
Deletion	**(187)**	**(3)**	**(34)**	**–**	**(224)**
Balance at 31/12/15	**275**	**121**	**118**	**22**	**536**
Net Book Value	**172**	**31**	**13**	**12**	**228**

2014	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Cost					
Balance at 1/1/14	833	188	188	61	1,270
Additions	61	42	5	19	127
Written off	(253)	(75)	(36)	(46)	(410)
Disposal of subsidiary	(108)	–	–	–	(108)
Balance at 31/12/14	533	155	157	34	879
Accumulated depreciation					
Balance at 1/1/14	718	180	179	56	1,133
Charge for the year	46	9	4	6	65
Deletion	(253)	(75)	(36)	(46)	(410)
Disposal of subsidiary	(108)	–	–	–	(108)
Balance at 31/12/14	403	114	147	16	680
Net Book Value	130	41	10	18	199

4. PLANT AND EQUIPMENT (CONT'D.)

Company 2015	**Computer equipment RM'000**	**Furniture and fittings RM'000**	**Office equipment RM'000**	**Renovation RM'000**	**Total RM'000**
Cost					
Balance at 1/1/15	**2**	**67**	**40**	**–**	**109**
Additions	**–**	**–**	**–**	**–**	**–**
Balance at 31/12/15	**2**	**67**	**40**	**–**	**109**
Accumulated depreciation					
Balance at 1/1/15	**2**	**66**	**40**	**–**	**108**
Charge for the year	*****	**1**	**–**	**–**	**1**
Balance at 31/12/15	**2**	**67**	**40**	**–**	**109**
Net Book Value	**–**	*****	**–**	**–**	*****
2014					
Cost					
Balance at 1/1/14	19	69	41	17	146
Additions	–	–	–	–	–
Written off	(17)	(2)	(1)	(17)	(37)
Balance at 31/12/14	2	67	40	–	109
Accumulated depreciation					
Balance at 1/1/14	18	67	41	17	143
Charge for the year	1	1	–	–	2
Deletion	(17)	(2)	(1)	(17)	(37)
Balance at 31/12/14	2	66	40	–	108
Net Book Value	–	1	–	–	1

* *Less than RM1,000*

Notes to the Financial Statements
31 December 2015
(cont'd)

4. PLANT AND EQUIPMENT (CONT'D.)

The gross carrying amounts of fully depreciated plant and equipment of the Group and of the Company are as follows : -

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Computer equipment	**144**	98	**2**	–
Furniture and fittings	**103**	97	**65**	65
Office equipment	**107**	104	**40**	40
Renovation	**16**	–	**–**	–
	370	299	**107**	105

5. INTANGIBLE ASSETS

Group 2015	**Goodwill RM'000**	**Intellectual property rights RM'000**	**Development costs RM'000**	**Total RM'000**
Cost				
Balance at 1/1/15 and 31/12/15	**–**	**–**	**–**	**–**
Amortisation				
Balance at 1/1/15 and 31/12/15	**–**	**–**	**–**	**–**
Net Book Value	**–**	**–**	**–**	**–**
2014				
Cost				
Balance at 1/1/14	14,024	312	3,854	18,190
Additions	–	–	–	–
Written off	(14,024)	(312)	(3,854)	(18,190)
Balance at 31/12/14	–	–	–	–
Amortisation				
Balance at 1/1/14	–	312	2,597	2,909
Charge for the year	–	–	437	437
Deletion	–	(312)	(3,034)	(3,346)
Balance at 31/12/14	–	–	–	–
Net Book Value	–	–	–	–

5. INTANGIBLE ASSETS (CONT'D.)

i) Development costs

Development costs principally comprise internally generated expenditure on development costs on major software development projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.

ii) Amortisation

The intellectual property rights and development costs are amortised over the estimated useful life of 5 years. The amortisation charge is recognised in cost of sales.

iii) Goodwill on consolidation

The goodwill of RM255,577 and RM13,768,166 arose from the acquisition of the remaining 60% of the issued and paid-up capital of Tech3 Solutions Sdn. Bhd. and 100% of the issued and paid-up capital of Comm Zed Sdn. Bhd. ("CZSB") respectively. The goodwill was written off in the previous financial year.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2015	**2014**
	RM'000	**RM'000**
Unquoted shares, at cost	**24,382**	24,382
Less : Allowance for impairment losses	**(15,616)**	(15,511)
	8,766	8,871

The reconciliation of the allowance account is as follows : -

	Company	
	2015	**2014**
	RM'000	**RM'000**
At beginning of the financial year	**15,511**	1,067
Impairment loss recognised	**105**	14,444
At the end of the financial year	**15,616**	15,511

The principal activities of the subsidiaries in the Group and the interest of TFP Solutions Berhad are as follows : -

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2015	**2014**
			%	**%**
Comm Zed Sdn. Bhd.	Malaysia	Providing network security, IT solution, hardware and software maintenance.	**100**	100

Notes to the Financial Statements
31 December 2015
(cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest 2015 %	2014 %
MBP Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning ("ERP") consulting and implementation of Microsoft Dynamic products.	**100**	100
O2U Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of Oracle products.	**51**	51
ProDserv Sdn. Bhd.	Malaysia	Developing and providing Enterprise Business Solutions Value added solutions. However, the company has ceased its business operations during current financial year.	**100**	100
SBOne Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of SAP products.	**100**	100
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions.	**100**	100
Tech3 Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Systems Solutions.	**100**	100
TFP International Pte. Ltd. **	Singapore	Inactive.	**100**	100
<u>Subsidiary companies of Comm Zed Sdn. Bhd.</u>				
Comm Zed Solution Sdn. Bhd. ("CZSSB")	Malaysia	Providing infrastructure sales and services.	**100**	100

** Audited by a firm other than Kreston John & Gan.

The auditors' report of subsidiary company was subject to the following emphasis of matter :

MBP Solutions Sdn. Bhd.

The subsidiary company's financial statements have been prepared on a going concern basis, notwithstanding that the subsidiary company incurred accumulated losses of RM1,562,426 as at 31 December 2015, and as of that date, the subsidiary company's current liabilities exceeded its current assets by RM564,973, thereby indicating the existence of a material uncertainty which may cast significant doubt about the subsidiary company's ability to continue as a going concern.

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Non-controlling interest in subsidiary company

The Group's subsidiary company that has material non-controlling interest ("NCI") is as follows : -

	O2U Solutions Sdn. Bhd.	
	2015	**2014**
NCI percentage of ownership interest and voting interest	**49%**	49%
Carrying amount of NCI (RM'000)	**277**	160
Profit allocated to NCI (RM'000)	**362**	448

Summarised financial information before intra-group elimination :

	RM'000	**RM'000**
As at 31 December		
Non-current assets	**3**	5
Current assets	**1,544**	1,555
Non-current liabilities	**–**	–
Current liabilities	**(1,028)**	(1,279)
Net assets	**519**	281
Year ended 31 December		
Revenue	**4,011**	2,599
Profit for the year, representing total comprehensive income for the year	**739**	915
Cash flows from /(used in) operating activities	**1,598**	(72)
Cash flows used in investing activities	**(10)**	–
Cash flows used in financing activities	**(1,113)**	(53)
Net increase /(decrease) in cash and cash equivalents	**475**	(125)
Dividends paid to NCI	**245**	Nil

Notes to the Financial Statements
31 December 2015
(cont'd)

7. TRADE RECEIVABLES

	Group 2015 RM'000	Group 2014 RM'000
Trade receivables	**12,965**	24,760
Less : Allowance account	**(280)**	(396)
	12,685	24,364

The reconciliation of the allowance account is as follows : -

	Group 2015 RM'000	Group 2014 RM'000
At beginning of the financial year	**396**	154
Impairment losses recognised	**–**	295
Reversal of impairment loss no longer required	**(116)**	–
Amounts written off	**–**	(53)
At the end of the financial year	**280**	396

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivables directly. Allowance account at end of the financial year represents individually assessed impairment.

The normal credit term of trade receivables range from 7 to 60 days. Other terms are assessed and approved on a case-by-case basis.

Included in the trade receivable is an amount of RM13,806 (2014-Nil) due from a company in which one of the directors of the Company has an interest.

The foreign currency exposure of trade receivables of the Group is as follows : -

	Group 2015 RM'000	Group 2014 RM'000
US Dollar	**11**	34

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Other receivables	**354**	1,066	**–**	87
Deferred costs	**859**	2,715	**–**	–
Other deposits	**35**	34	*****	*
Prepayments	**31**	74	**21**	–
	1,279	3,889	**21**	87

* *Less than RM1,000*

Notes to the Financial Statements
31 December 2015
(cont'd)

9. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES

	Company	
	2015	**2014**
	RM'000	**RM'000**
Amount due from subsidiary companies : -		
Trade		
- Comm Zed Sdn. Bhd.	**24**	–
- Comm Zed Solution Sdn. Bhd.	**–**	*
- MBP Solutions Sdn. Bhd.	**33**	73
- O2U Solutions Sdn. Bhd.	**28**	36
- ProDserv Sdn. Bhd.	**–**	*
- SBOne Solutions Sdn. Bhd.	**18**	–
- SoftFac Technology Sdn. Bhd.	**3**	–
- Tech3 Solutions Sdn. Bhd.	**23**	28
Non-Trade		
- MBP Solutions Sdn. Bhd.	**600**	1,500
- O2U Solutions Sdn. Bhd.	**–**	590
- Tech3 Solutions Sdn. Bhd.	**800**	–
- TFP International Pte. Ltd.	**127**	107
	1,656	2,334
Less : Allowance account	**(107)**	(107)
	1,549	2,227
Amount due to a subsidiary company : -		
Non-Trade		
- Comm Zed Sdn. Bhd.	**–**	*
- SBOne Solutions Sdn. Bhd.	**–**	(1)
- SoftFac Technology Sdn. Bhd.	**–**	(1)
	–	(2)

* *Less than RM1,000*

The reconciliation of the allowance account is as follows : -

	Company	
	2015	**2014**
	RM'000	**RM'000**
At beginning of the financial year	**107**	–
Impairment losses recognised	**–**	107
At the end of the financial year	**107**	107

The foreign currency exposure of amount due from a subsidiary company is as follows : -

	2015	**2014**
	RM'000	**RM'000**
Singapore Dollar	**20**	–

Notes to the Financial Statements
31 December 2015
(cont'd)

9. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES (CONT'D.)

Non-trade balances due from /(to) subsidiary companies are in respect of advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalent.

Included in the amount due from subsidiary companies is an unsecured loan of RM1,400,000 (2014 – RM2,090,000) due from subsidiary companies, which bears interest at rate of 3.50% (2014 – 3.50%) per annum and repayable on demand.

10. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Fixed deposits with licensed banks	**1,200**	–	**–**	–
Repo deposits with licensed banks	**5,400**	1,250	**–**	–
Cash fund with a financial institution	**–**	511	**–**	–
	6,600	1,761	**–**	–

The effective interest rates of deposits with licensed banks are in the range from 2.50% to 3.15% (2014 – 1.85% to 2.30%) per annum.

The effective interest rates of cash fund with a financial institution was at 2.26% per annum.

Included in deposits with licensed banks of the Group are amounts of RM1,199,554 (2014 – Nil) which have been pledged to licensed banks as security for the credit facilities granted to the subsidiary companies.

11. SHARE CAPITAL

	Group and Company			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares of RM0.10 each			
	'000	**'000**	**RM'000**	**RM'000**
Authorised:				
At beginning of the financial year	**500,000**	250,000	**50,000**	25,000
Created during the financial year	**–**	250,000	**–**	25,000
At end of the financial year	**500,000**	500,000	**50,000**	50,000
Issued and fully paid:				
At beginning of the financial year	**205,057**	201,805	**20,506**	20,181
Issued during the financial year	**2**	3,252	*****	325
At end of the financial year	**205,059**	205,057	**20,506**	20,506

* *Less than RM1,000*

11. SHARE CAPITAL (CONT'D.)

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 24 June 2015, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders. There was no purchase of own shares by the Company during the financial year.

During the financial year, the Company increased its issued and paid-up share capital from RM20,505,740 to RM20,505,965 by way of issuance of 2,250 new ordinary shares of RM0.10 each arising from the exercise of Warrants 2014/2019 at the exercise price of RM0.10 per share in accordance with the Deed Poll dated 28 January 2014.

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 regard to the Company's residual assets.

12. RESERVES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-distributable				
Share premium	**6,758**	6,758	**6,758**	6,758
Warrant reserves	**1,357**	1,357	**1,357**	1,357
Foreign currency translation reserves	**(24)**	(7)	**–**	–
	8,091	8,108	**8,115**	8,115
Distributable				
Accumulated losses	**(12,633)**	(13,156)	**(17,780)**	(17,617)
	(4,542)	(5,048)	**(9,665)**	(9,502)

Share premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

Warrant reserves

The warrant reserves represent the fair value adjustment for the free warrants issued pursuant to the Deed Poll agreement dated 28 January 2014. The fair value of the warrants is measured using "Trinomial" pricing model with the following inputs and assumptions : -

Fair value of warrants and assumptions

Fair value of warrants at issuance date (RM)	0.0139
Exercise price (RM)	0.10
Expected volatility (weighted average volatility)	3%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of years Malaysian government bonds)	3%

Notes to the Financial Statements
31 December 2015
(cont'd)

12. RESERVES (CONT'D.)

Foreign currency translation reserves

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.

13. NON-CONTROLLING INTERESTS

	Group	
	2015	**2014**
	RM'000	**RM'000**
Balance at the beginning of the year	**160**	(288)
Transferred from profit or loss	**362**	448
Dividends paid to NCI	**(245)**	–
Balance at the end of the year	**277**	160

14. DEFERRED TAX LIABILITIES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at the beginning of the year	**35**	37	**–**	14
Recognised in profit or loss (Note 22)	**8**	(2)	**–**	(14)
Balance at the end of the year	**43**	35	**–**	–

The components and movements of deferred tax liabilities during the financial year are as follows : -

Group	**As at 1 January RM'000**	**Recognised in profit or loss RM'000**	**As at 31 December RM'000**
2015			
<u>Deferred tax liabilities</u>			
Accelerated capital allowances	**35**	**8**	**43**
2014			
<u>Deferred tax liabilities</u>			
Accelerated capital allowances	37	(2)	35

14. DEFERRED TAX LIABILITIES (CONT'D.)

Company	As at 1 January RM'000	Recognised in profit or loss RM'000	As at 31 December RM'000
2015			
Deferred tax liabilities			
Accelerated capital allowances	**–**	**–**	**–**
2014			
Deferred tax liabilities			
Accelerated capital allowances	14	(14)	–

15. TRADE PAYABLES

Group

The normal credit term of trade payables is in the range from 30 to 60 days. However, the term may vary upon negotiation with the trade payables.

The foreign currency exposure of trade payables of the Group is as follows : -

Group	2015 RM'000	2014 RM'000
US Dollar	**–**	295

16. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	**502**	201	**1**	*
Accruals	**1,198**	1,348	**442**	462
	1,700	1,549	**443**	462

* *Less than RM1,000*

Company

Included in accruals is an amount of provision of directors' remuneration of RM336,860 (2014 – RM386,600).

The foreign currency exposure of other payables and accruals of the Group is as follows : -

Group	2015 RM'000	2014 RM'000
Singapore dollar	**13**	15

Notes to the Financial Statements
31 December 2015
(cont'd)

17. REVENUE

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Dividend received from subsidiary companies	**–**	–	**255**	300
Management fee	**–**	–	**1,805**	1,569
Sale of goods	**64,748**	80,355	**–**	–
Services rendered	**11,388**	9,355	**–**	–
	76,136	89,710	**2,060**	1,869

18. OTHER INCOME

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Gain on foreign exchange				
- realised	**9**	16	**–**	–
- unrealised	*****	*	**–**	–
Interest income				
- Advance to subsidiary companies	**–**	–	**42**	51
- Cash fund with a financial institution	**7**	–	**–**	–
- Fixed deposits	**2**	–	**–**	–
- Repo deposits	**92**	134	**15**	8
- Others	**–**	15	**–**	–
Partners' incentive	**890**	1,551	**–**	–
Payables written back	**21**	–	**–**	–
Reversal of impairment loss no longer required	**117**	–	**–**	–
Sundry income	**–**	17	**–**	–
	1,138	1,733	**57**	59

* *Less than RM1,000*

19. PROFIT /(LOSS) BEFORE TAXATION

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit /(Loss) before tax is arrived at after charging : -				
Amortisation of intangible assets	**–**	437	**–**	–
Auditors' remuneration				
- Kreston John & Gan				
- current year provision	**114**	114	**33**	33
- overprovision in previous year	**(1)**	–	**(1)**	–
- Other auditors	**8**	5	**–**	–
Depreciation of plant and equipment	**80**	65	**788**	2

19. PROFIT /(LOSS) BEFORE TAXATION (CONT'D.)

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit /(Loss) before tax is arrived at after charging : -				
Employee benefits expense (Note 20)	**9,373**	8,043	**1,779**	1,614
Goodwill written off	**–**	14,024	**–**	–
Impairment loss on				
- trade receivables	**–**	296	**–**	–
- amount due from a subsidiary company	**–**	–	**–**	107
- investment in subsidiary companies	**–**	–	**105**	14,720
Loss on disposal of investment in subsidiary companies	**–**	45	**–**	24
Loss on foreign exchange - realised	**34**	–	**–**	–
Rental of plant and equipment	**3**	21	**–**	*
Rental of premises	**117**	143	**12**	22
Research and development written off	**–**	820	**–**	–
and after crediting : -				
Dividends received from subsidiary companies	**–**	–	**255**	300
Gain on foreign exchange - realised	**9**	–	**–**	–
Gain on foreign exchange - unrealised	*****	–	**–**	–
Interest income				
- Advance to subsidiary companies	**–**	–	**42**	51
- Cash fund with a financial institution	**7**	–	**–**	–
- Fixed deposits	**2**	–	**–**	–
- Repo deposits	**92**	134	**15**	8
- Others	**–**	15	**–**	–
Payable written back	**21**	–	**–**	–
Reversal of impairment loss no longer required	**117**	–	**–**	–

* *Less than RM1,000*

20. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Salaries, allowances and bonus	**6,682**	5,446	**1,517**	1,389
Employees Provident Fund	**1,048**	929	**233**	213
Social security costs	**36**	37	**1**	1
Other staff related expenses	**1,607**	1,631	**28**	11
	9,373	8,043	**1,779**	1,614

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to RM2,500,409 (2014 – RM2,411,921) and RM1,511,100 (2014 – RM1,379,250) respectively as disclosed in Note 21.

Notes to the Financial Statements
31 December 2015
(cont'd)

21. DIRECTORS' REMUNERATION

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Directors of the Company				
Executive directors				
- Fees	**118**	95	**118**	95
- Other emoluments	**1,857**	1,389	**1,511**	1,379
Non-executive directors				
- Fees	**132**	125	**132**	125
- Other emoluments	**6**	–	**6**	10
Total excluding benefits-in-kind	**2,113**	1,609	**1,767**	1,609
Directors of subsidiary companies				
Executive directors				
- Fees	**7**	6	**–**	–
- Other emoluments	**643**	1,023	**–**	–
	650	1,029	**–**	–

The number of directors of the Company and the subsidiary companies whose total remuneration during the year fell within the following bands is analysed below : -

	Number of directors Group 2015	Group 2014	Company 2015	Company 2014
Directors of the Company				
Executive directors :				
- Below RM50,000	**–**	–	**1**	–
- RM100,000 - RM200,000	**–**	–	**–**	–
- RM200,001 - RM300,000	**–**	–	**–**	–
- RM300,001 - RM400,000	**1**	–	**–**	–
- RM400,001 - RM500,000	**1**	1	**1**	1
- RM500,001 - RM600,000	**2**	2	**2**	2
Non-Executive directors :				
- Below RM50,000	**4**	4	**4**	4
Directors of a subsidiary company				
Executive directors :				
- Below RM50,000	**1**	1	**–**	–
- RM100,000 - RM200,000	**1**	1	**–**	–
- RM200,001 - RM300,000	**2**	2	**–**	–
- RM300,001 - RM400,000	**–**	1	**–**	–

22. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Income tax				
- current year provision	**516**	440	**–**	33
- over provision in previous year	**(52)**	*	**(33)**	–
	464	440	**(33)**	33
Deferred taxation (Note 14)	**8**	(2)	**–**	(14)
	472	438	**(33)**	19

* *Less than RM1,000*

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

One of the subsidiary company, Comm Zed Solution Sdn. Bhd. ("CZSSB"), has been granted MSC Malaysia Status, which qualifies it for the Pioneer Status Incentive under the Promotion of Investment Act, 1986. CZSSB enjoys full exemption from income tax on its statutory income from its pioneer activities for 5 years, from 21 June 2013 to 20 June 2018.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:-

	Group		Company	
	2015 %	**2014 %**	**2015 %**	**2014 %**
Applicable tax rate	**25**	(25)	**(25)**	(25)
Tax effects of :				
- Non-allowable expenses	**5**	232	**57**	30
- Deferred tax assets not recognised during the year	**1**	7	**(32)**	1
- Deferred tax under recognised in previous year	**–**	(26)	**–**	–
- Utilisation of capital allowance	**–**	(37)	**–**	–
- Utilisation of tax losses	**(7)**	(25)	**–**	–
- Over provision in previous year	**(3)**	(3)	**(17)**	–
- Income tax exempted under pioneer status	**5**	–	**–**	–
Effective tax rate	**26**	123	**(17)**	6

Unabsorbed tax losses and capital allowances of the Group which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below : -

	Group	
	2015 RM'000	**2014 RM'000**
Unabsorbed tax losses	**3,803**	3,892
Unabsorbed capital allowances	**1,096**	1,095

Notes to the Financial Statements
31 December 2015
(cont'd)

22. INCOME TAX EXPENSE (CONT'D.)

The utilisation of unabsorbed tax losses and capital allowances are as follows : -

	Group 2015 RM'000	Group 2014 RM'000
Tax losses - approximate		
Balance brought forward	**3,892**	3,961
Claimed during the year	**431**	986
	4,322	4,947
Utilised during the year	**(520)**	(1,055)
Balance carried forward	**3,803**	3,892
Capital allowances - approximate		
Balance brought forward	**1,095**	626
Claimed during the year	**1**	669
	1,096	1,295
Utilised during the year	**–**	(200)
Balance carried forward	**1,096**	1,095

The tax saving derived from the utilisation of unabsorbed tax losses and unabsorbed capital allowances brought forward from previous years amounted to approximately RM130,000 (2014 – RM264,000) and Nil (2014 – RM59,500) respectively.

The potential deferred tax benefits that have not been accounted for in the financial statements are as follows : -

Group	Unabsorbed tax losses RM'000	Unabsorbed capital allowances RM'000	Accelerated capital allowances RM'000	Other temporary difference RM'000	Total RM'000
Balance at 1 January 2014	1,024	168	134	170	1,496
Arising /(Utilising) during the year	(52)	100	(127)	(170)	(249)
Reduction of tax rate	(39)	(5)	–	–	(44)
Balance at 31 December 2014	933	263	7	–	1,203
Arising /(Utilising) during the year	(21)	–	(7)	–	(28)
Balance at 31 December 2015	912	263	–	–	1,175

No deferred tax asset has been recognised as the Group is unable to ascertain whether it is probable that taxable profit of the subsidiary companies will be available against which the deductible temporary differences can be utilised.

23. DISPOSAL OF SUBSIDIARY

On 30 December 2014, the Company and Comm Zed Sdn. Bhd., entered into Shares Sale and Purchase Agreements with 2 individuals for the disposal of the entire 100,000 shares and 1,000,000 shares of RM1.00 each fully paid in ProXerv Sdn. Bhd. and TS3 Technology Sdn. Bhd. respectively. Both ProXerv Sdn. Bhd. and TS3 Technology Sdn. Bhd. are the wholly-owned subsidiary companies of the Company and Comm Zed Sdn. Bhd. respectively.

The effect of the disposal on the financial results of the Group during the financial year is minimal and no impact to the Group.

The effect of the disposal on the financial position of the Group is as follows : -

	2014 RM'000
Tax recoverable	1
Deposit with a licensed bank	1,000
Bank balances	114
Other payables and accruals	(7)
Net assets disposed	1,108

The effect of the disposal on the cash flows of the Group during the financial year is as follows : -

	2014 RM'000
Tax recoverable	1
Deposit with a licensed bank	1,000
Bank balances	114
Other payables and accruals	(7)
Net assets disposed	1,108
Loss on disposal	(45)
Total cash consideration from disposal	1,063
Less : Cash and cash equivalent of subsidiaries	1,114
Proceeds from disposal, net of cash and cash equivalent	(51)

Notes to the Financial Statements
31 December 2015
(cont'd)

24. EARNINGS /(LOSS) PER SHARE

Basic :

Basic earnings per share is calculated by dividing the profit /(loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	**2014**
	RM'000	**RM'000**
Profit /(Loss) for the year attributable to ordinary equity holders of the Company	**523**	(15,307)
	Number of shares	
	'000	**'000**
Weighted average number of ordinary shares in issue	**204,405**	204,403
Basic earnings /(loss) per share (sen)	**0.26**	(7.49)

Diluted :

	Group	
	2015	**2014**
	RM'000	**RM'000**
Profit /(Loss) for the year attributable to ordinary equity holders of the Company (diluted)	**523**	(15,307)
	Number of shares	
	'000	**'000**
Weighted average number of ordinary shares in issue (basic)	**204,405**	204,403
Dilutive potential ordinary shares		
- Assumed exercise of warrants	**56,891**	52,151
Weighted average number of ordinary shares in issue (diluted)	**261,296**	256,554
Diluted earnings /(loss) per share (sen)	**0.20**	(5.97)

Notes to the Financial Statements
31 December 2015
(cont'd)

25. PURCHASE OF PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase plant and equipment : -

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Purchase of plant and equipment (Note 4)	**109**	127	**–**	–

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts : -

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash and bank balances	**5,494**	2,431	**933**	171
Deposits with financial institutions (Note 10)	**6,600**	1,761	**–**	–
	12,094	4,192	**933**	171
Less : Pledged deposits (Note 10)	**(1,200)**	–	**–**	–
	10,894	4,192	**933**	171

27. SEGMENT INFORMATION

No segmental reporting by industry and geographical segments has been prepared as the Group operated predominantly in the information communication technology industry principally in Malaysia as mentioned in Note 6 to the financial statements.

The following are major customers with revenue equal or more than 10% of the Group's total revenue : -

	Group	
	2015 RM'000	**2014 RM'000**
- Customer A	**–**	19,359
- Customer B	**–**	8,938
	–	28,297

Notes to the Financial Statements
31 December 2015
(cont'd)

28. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows : -

(a) Loans and receivables ("L&R");
(b) Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount RM'000	L&R RM'000	FL RM'000
2015			
Financial assets			
Trade receivables	**12,685**	**12,685**	**–**
Other receivables	**354**	**354**	**–**
Deposits with financial institution	**6,600**	**6,600**	**–**
Cash and bank balances	**5,494**	**5,494**	**–**
	25,133	**25,133**	**–**
Financial liabilities			
Trade payables	**(8,487)**	**–**	**(8,487)**
Other payables and accruals	**(1,700)**	**–**	**(1,700)**
	(10,187)	**–**	**(10,187)**
2014			
Financial assets			
Trade receivables	24,364	24,364	–
Other receivables	1,066	1,066	–
Deposits with financial institution	1,761	1,761	–
Cash and bank balances	2,431	2,431	–
	29,622	29,622	–
Financial liabilities			
Trade payables	(15,794)	–	(15,794)
Other payables and accruals	(1,549)	–	(1,549)
	(17,343)	–	(17,343)

28. FINANCIAL INSTRUMENTS (CONT'D.)

a) Categories of financial instruments (Cont'd.)

Company	Carrying amount RM'000	L&R RM'000	FL RM'000
2015			
Financial assets			
Amount due from subsidiary companies	**1,549**	**1,549**	**–**
Cash and bank balances	**933**	**933**	**–**
	2,482	**2,482**	**–**
Financial liabilities			
Other payables and accruals	**(443)**	**–**	**(443)**
2014			
Financial assets			
Other receivable	87	87	–
Amount due from subsidiary companies	2,227	2,227	–
Cash and bank balances	171	171	–
	2,485	2,485	–
Financial liabilities			
Other payables and accruals	(462)	–	(462)
Amount due to subsidiary companies	(2)	–	(2)
	(464)	–	(464)

b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments as follows :-

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Exposure to credit risk, credit quality and collateral

As at 31 December 2015, the Group has significant concentration of credit risk in the form of outstanding balances of approximately RM7,729,000 due from six trade receivables which represent 60% of the total trade receivables of the Group. However, the directors are of the opinion that these amounts outstanding are fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was : -

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	**5,650**	**–**	**5,650**
Past due 1-30 days	**2,515**	**–**	**2,515**
Past due over 30 days	**4,800**	**(280)**	**4,520**
	12,965	**(280)**	**12,685**
2014			
Not past due	15,700	–	15,700
Past due 1-30 days	1,744	–	1,744
Past due over 30 days	7,316	(396)	6,920
	24,760	(396)	24,364

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM6,299,554 (2014 – RM6,100,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Notes to the Financial Statements
31 December 2015
(cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

Group	**Carrying amount RM'000**	**Effective interest rate %**	**Contractual cash flows RM'000**	**Under 1 year RM'000**
2015				
Non-derivative financial liabilities				
Trade payables	**8,487**	**–**	**8,487**	**8,487**
Other payables and accruals	**1,700**	**–**	**1,700**	**1,700**
	10,187		**10,187**	**10,187**
2014				
Non-derivative financial liabilities				
Trade payables	15,794	–	15,794	15,794
Other payables and accruals	1,549	–	1,549	1,549
	17,343		17,343	17,343
Company				
2015				
Non-derivative financial liabilities				
Other payables and accruals	**443**	**–**	**443**	**443**
2014				
Non-derivative financial liabilities				
Other payables and accruals	462	–	462	462
Amount due to subsidiary companies	2	–	2	2
	464		464	464

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows. Other than interest rates risk and foreign exchange rate risk, the Group is not expose to other prices risk.

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currency of Group entities. The currency giving rise to this risk were primarily Singapore Dollar ("SGD") and U. S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group is closely monitoring the foreign currency risk on an ongoing basis to ensure that the net exposure is at acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was : -

	2015		**2014**	
	Denominated in		**Denominted in**	
Group	**SGD in RM'000**	**USD in RM'000**	**SGD in RM'000**	**USD in RM'000**
Balance recognised in the statement of financial position :				
Trade receivables	**–**	**11**	–	34
Cash and bank balances	**9**	**1**	13	1
Trade payables	**–**	**–**	–	(295)
Other payables and accruals	**(13)**	**–**	(15)	–
Net exposure	**(4)**	**12**	(2)	(260)

Notes to the Financial Statements
31 December 2015
(cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Currency risk (Cont'd.)

Currency risk sensitivity analysis

A 5% strengthening of RM against the following currencies at the end of the reporting period would have increased /(decreased) equity and post-tax profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	2015		2014	
Group	**Equity RM'000**	**Profit for the year RM'000**	**Equity RM'000**	**Loss for the year RM'000**
SGD				
Increase /(Decrease)	*	*	*	*
USD				
Increase /(Decrease)	**1**	**1**	(13)	13

* *Less than RM1,000*

A 5% of weakening of RM against the above foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes interest rates. Short term investment such as deposits with licensed bank are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd.)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was : -

Group	**2015 RM'000**	**Effective interest rate %**	**2014 RM'000**	**Effective interest rate %**
Floating rate instruments				
Deposits with financial institutions	**5,400**	**2.50-2.70**	1,761	1.85-2.30
Fixed rate instruments				
Deposits with licensed banks	**1,200**	**3.15**	–	–
Company				
Fixed rate instruments				
Amount due from subsidiaries	**1,400**	**3.10**	2,090	3.10

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM54,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

The operational risk arises from the daily activities of the Group which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

Notes to the Financial Statements
31 December 2015
(cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D.)

b) Financial risk management (Cont'd.)

iv) Operational risk (Cont'd.)

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

c) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments. As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

The Group has no borrowings from financial institutions. The debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

30. CONTINGENT LIABILITIES

	Group		**Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Unsecured				
Corporate guarantees issued to third parties for supplies of goods and services to : -				
- subsidiary companies	**–**	–	**6,100**	6,100
Secured				
Bankers' guarantee issued in favour of third parties secured by deposit with a licensed bank	**200**	–	**–**	–
	200	–	**6,100**	6,100

The directors are of the opinion that adequate allowance has been made in the financial statements for any possible liabilities.

31. RELATED PARTIES

Identity of related parties

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

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

The Group has related party relationship with its subsidiaries, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 7 and 9.

a) Related party/companies transactions : -

i) Transactions with LMS Technology Distributions Sdn. Bhd., a company in which one of the directors of the Company, namely Dato' Hussian @ Rizal Bin A. Rahman, has financial interests : -

	Group	
	2015	**2014**
	RM'000	**RM'000**
- Revenue	**51**	184
- Purchase	**(191)**	–

This transaction has been entered in the normal course of business and established under negotiated terms.

ii) Rental of premises paid to certain of the directors of the Company and the subsidiaries : -

	Group	
	2015	**2014**
	RM'000	**RM'000**
- Lim Lung Wen	**(31)**	(67)
- Quah Teik Jin	**(13)**	–

	Company	
	2015	**2014**
	RM'000	**RM'000**
- Lim Lung Wen	**(12)**	(22)

Notes to the Financial Statements
31 December 2015
(cont'd)

31. RELATED PARTIES (CONT'D.)

Significant related party transactions (Cont'd.)

a) Related party/companies transactions : - (Cont'd.)

iii) Significant related company transactions in the financial statements are as follows : -

	Company	
	2015	**2014**
	RM'000	**RM'000**
Gross dividend income received from subsidiary companies		
- SBOne Solutions Sdn. Bhd.	**–**	300
- O2U Solutions Sdn. Bhd.	**255**	–
Interest on loan to a subsidiary companies		
- Comm Zed Sdn. Bhd.	**–**	27
- MBP Solutions Sdn. Bhd.	**25**	3
- O2U Solutions Sdn. Bhd.	**1**	19
- ProDserv Sdn. Bhd.	**–**	2
- Tech3 Solutions Sdn. Bhd.	**16**	–
Management fee received /receivable from subsidiary companies		
- Comm Zed Sdn. Bhd.	**99**	8
- Comm Zed Solution Sdn. Bhd.	**–**	1
- MBP Solutions Sdn. Bhd.	**96**	231
- O2U Solutions Sdn. Bhd.	**118**	44
- ProDserv Sdn. Bhd.	**–**	4
- SBOne Solutions Sdn. Bhd.	**139**	49
- SoftFac Technology Sdn. Bhd.	**16**	12
- Tech3 Solutions Sdn. Bhd.	**1,336**	1,220

b) Compensation of key management personnel

The remuneration paid by the Group and the Company to key management personnel during the year are as follows : -

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	**2,506**	2,412	**1,517**	1,389
Post-employment benefits :				
- Defined contribution plan				
- EPF	**354**	319	**231**	213
	2,860	2,731	**1,748**	1,602

Notes to the Financial Statements
31 December 2015
(cont'd)

31. RELATED PARTIES (CONT'D.)

b) Compensation of key management personnel (Cont'd.)

Included in the total key management personnel are : -

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors' remuneration (Note 21)				
- Directors of the Company	**2,113**	1,609	**1,767**	1,609
- Directors of the subsidiaries	**650**	1,029	**–**	–
	2,763	2,638	**1,767**	1,609

32. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year's presentation : -

Group	**As reclassified RM'000**	**As previously report RM'000**
Consolidated Statement of Financial Position : -		
Current Assets		
- Contract work performed but not bill	–	2,715
- Other receivables, deposits and prepayments	3,889	1,174
Consolidated Statement of Profit or Loss and Other Comprehensive Income: -		
- Administrative expenses	8,649	8,650
- Other expenses	1,267	1,266

Notes to the Financial Statements
31 December 2015
(cont'd)

33. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company at 31 December, into realised and unrealised losses, pursuant to Rules 2.07 and 2.23 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, are as follows : -

Group	**2015 RM'000**	**2014 RM'000**
Total (accumulated losses) /retained profits of the Company and its subsidiaries:		
- realised	**(11,580)**	(12,123)
- unrealised	**(43)**	(35)
	(11,623)	(12,158)
Less : Consolidation adjustments	**(1,010)**	(998)
Total (accumulated losses) /retained profits	**(12,633)**	(13,156)

Company		
Total accumulated losses of the Company		
- realised	**(17,780)**	(17,618)
- unrealised	**–**	–
Total accumulated losses	**(17,780)**	(17,618)

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Lung Wen and Quah Teik Jin, being two of the directors of TFP Solutions Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 39 to 97 are drawn up in accordance with applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2015 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 33 on page 98 to the financial statements has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors on 22 March 2016

Lim Lung Wen **Quah Teik Jin**

Puchong, Selangor
Date : 22 March 2016

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Choo Chuin Hui, being the officer primarily responsible for the financial management of TFP Solutions Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 97, to the best of my knowledge and belief, 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 at Kuala Lumpur on 22 March 2016

Choo Chuin Hui

Before me

Commissioner for Oaths
D. Selvaraj
No : W320

STATISTICS OF SHAREHOLDINGS
as at 5 April 2016

Authorised Share Capital	:	RM50,000,000.00
Issued and Paid-Up Share Capital	:	RM20,505,964.50 comprising 205,059,645 Ordinary Shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per Ordinary Share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Issued Capital
1 – 99	5	0.60	245	0.00
100 – 1,000	34	4.10	10,513	0.01
1,001 – 10,000	509	61.33	1,552,500	0.76
10,001 – 100,000	199	23.98	8,093,553	3.95
100,001 – 10,252,981 (*)	77	9.28	49,762,939	24.27
10,252,982 and above (**)	6	0.72	145,639,895	71.02
TOTAL	**830**	**100.00**	**205,059,645**	**100.00**

Remarks: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares Held	Percentage (%)	No. of Shares Held	Percentage (%)
Quah Teik Jin	11,850,000	5.78	* 39,000,000	19.02
Lim Lung Wen	11,850,000	5.78	* 39,000,000	19.02
Rapportrans Sdn. Bhd.	62,339,895	30.40	–	–
Milan Premier Sdn. Bhd.	39,000,000	19.02	–	–
Malaysian Trustees Berhad	@ 46,296,297	22.58	–	–
Dato' Hussian @ Rizal Bin A. Rahman	–	–	** 62,339,895	30.40
Aurum Resources Sdn. Bhd.	20,600,000	10.05	–	–
Ariyan Jay Chinniah	@@ 350,000	0.17	*** 20,600,000	10.05

* Deemed interested by virtue of his substantial shareholdings in Milan Premier Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad.

** Deemed interested by virtue of his substantial shareholdings in Rapportrans Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad.

*** Deemed interested by virtue of his substantial shareholdings in Aurum Resources Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad.

@ Held on behalf of Rapportrans Sdn. Bhd.

@@ Based on the Record of Depositors.

Statistics of Shareholdings as at 5 April 2016 (cont'd)

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

	Direct Interest		Indirect Interest	
Directors	**No. of Shares Held**	**Percentage (%)**	**No. of Shares Held**	**Percentage (%)**
Quah Teik Jin	11,850,000	5.78	*39,000,000	19.02
Lim Lung Wen	11,850,000	5.78	*39,000,000	19.02
Dr. Chew Seng Poh	300,000	0.15	–	–
Dato' Jamaludin Bin Hassan	112,500	0.05	–	–
Dato' Hussian @ Rizal Bin A. Rahman	–	–	**62,339,895	30.40
Wong Loke Lim	–	–	–	–
Noor Shahwan Bin Saffwan	–	–	–	–
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra	326,900	0.16	–	–

* Deemed interested by virtue of his substantial shareholdings in Milan Premier Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad.

** Deemed interested by virtue of his substantial shareholdings in Rapportrans Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad.

Statistics of Shareholdings as at 5 April 2016 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%) of Issued Capital
1.	Malaysian Trustees Berhad Rapportrans Sdn. Bhd.	46,296,297	22.58
2.	Milan Premier Sdn. Bhd.	39,000,000	19.02
3.	Aurum Resources Sdn. Bhd.	20,600,000	10.05
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rapportrans Sdn. Bhd.	16,043,598	7.82
5.	Lim Lung Wen	11,850,000	5.78
6.	Quah Teik Jin	11,850,000	5.78
7.	Raymond Selvaraj a/l Victor Benjamin	4,505,800	2.20
8.	Grid Solutions Sdn. Bhd.	3,567,100	1.74
9.	Cheah Sek Lim Sonny	3,111,400	1.52
10.	Dave Choong Dan Nee	3,000,000	1.46
11.	Chung Lea Chun	2,790,492	1.36
12.	Tan Bee Lean	2,232,600	1.09
13.	Tan Man Siang	2,066,247	1.01
14.	Chiang Siew Eng @ Le Yu Ak Ee	2,000,000	0.98
15.	Lai Thiam Poh	1,900,700	0.93
16.	Low Jim Huan	1,780,000	0.87
17.	Phang Sun Wah	1,380,000	0.67
18.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ching Ling	1,159,900	0.57
19.	Lim Tay Hean	1,105,300	0.54
20.	Wong Wai Choong	1,092,500	0.53
21.	Daniel Boo Hui Siong	1,000,000	0.49
22.	Tan Siew Hua	700,000	0.34
23.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kok Pin @ Kok Khong	650,000	0.32
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Siew Lai Ping	579,000	0.28
25.	Cheak Mun Luen	550,000	0.27
26.	Lim Yang Kiow	508,000	0.25
27.	Foo Hee Hiang	500,000	0.24
28.	Yong Kim Thai	500,000	0.24
29.	Chia Sun Kia	463,000	0.23
30.	Sue Ann Rozells	445,000	0.22

STATISTICS OF WARRANTHOLDINGS
as at 5 April 2016

Total Warrants Issued	:	97,648,744
Warrant holders	:	724

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Percentage (%) of Warrantholders	No. of Warrants Held	Percentage (%) of Issued Warrants
1 – 99	33	4.56	1,773	0.00
100 – 1,000	314	43.37	230,925	0.24
1,001 – 10,000	198	27.35	665,550	0.68
10,001 – 100,000	126	17.40	5,273,976	5.40
100,001 – 4,882,436 (*)	48	6.63	27,262,323	27.92
4,882,437 and above (**)	5	0.69	64,214,197	65.76
TOTAL	**724**	**100.00**	**97,648,744**	**100.00**

Remarks: * Less than 5% of Issued Warrants
** 5% and above of Issued Warrants

SUBSTANTIAL WARRANTHOLDERS

The substantial warrantholders of the Company and their warrantholdings are as follows:-

	Direct Interest		Indirect Interest	
Substantial Shareholders	**No. of Warrants Held**	**Percentage (%)**	**No. of Warrants Held**	**Percentage (%)**
Quah Teik Jin	5,925,000	6.07	*19,500,000	19.97
Lim Lung Wen	5,925,000	6.07	*19,500,000	19.97
Rapportrans Sdn. Bhd.	32,864,197	33.66	–	–
Milan Premier Sdn. Bhd.	19,500,000	19.97	–	–
Dato' Hussian @ Rizal Bin A. Rahman	–	–	**32,864,197	33.66

* Deemed interested by virtue of his substantial shareholdings in Milan Premier Sdn. Bhd., who holds warrants in TFP Solutions Berhad.

** Deemed interested by virtue of his substantial shareholdings in Rapportrans Sdn. Bhd., who holds warrants in TFP Solutions Berhad.

Statistics of Warrantholdings as at 5 April 2016 (cont'd)

DIRECTORS' WARRANTHOLDINGS

The Directors' Warrantholdings are as follows:-

Directors	Direct Interest No. of Warrants Held	Direct Interest Percentage (%)	Indirect Interest No. of Warrants Held	Indirect Interest Percentage (%)
Quah Teik Jin	5,925,000	6.07	*19,500,000	19.97
Lim Lung Wen	5,925,000	6.07	*19,500,000	19.97
Dr. Chew Seng Poh	–	–	–	–
Dato' Jamaludin Bin Hassan	56,250	0.06	–	–
Dato' Hussian @ Rizal Bin A. Rahman	–	–	**32,864,197	33.66
Wong Loke Lim	–	–	–	–
Noor Shahwan Bin Saffwan	–	–	–	–
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra	163,450	0.17	–	–

* Deemed interested by virtue of his substantial shareholdings in Milan Premier Sdn. Bhd., who holds warrants in TFP Solutions Berhad.

** Deemed interested by virtue of his substantial shareholdings in Rapportrans Sdn. Bhd., who holds warrants in TFP Solutions Berhad.

Statistics of Warrantholdings as at 5 April 2016 (cont'd)

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Warrantholders	No. of Warrants Held	Percentage (%) of Issued Warrants
1.	Malaysian Trustees Berhad Rapportrans Sdn. Bhd.	23,148,148	23.71
2.	Milan Premier Sdn. Bhd.	19,500,000	19.97
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rapportrans Sdn. Bhd.	9,716,049	9.95
4.	Lim Lung Wen	5,925,000	6.07
5.	Quah Teik Jin	5,925,000	6.07
6.	Lai Thiam Poh	2,268,500	2.32
7.	Raymond Selvaraj a/l Victor Benjamin	2,252,900	2.31
8.	Oey Ai Li	1,903,100	1.95
9.	Tan Bee Lean	1,683,200	1.72
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ho Sia Seng	1,678,000	1.72
11.	Dan Yoke Pyng	1,663,500	1.70
12.	Cheah Sek Lim Sonny	1,555,700	1.59
13.	Low Jim Huan	1,250,000	1.28
14.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ching Ling	1,110,100	1.14
15.	Tan Man Siang	1,033,123	1.06
16.	Chiang Siew Eng @ Le Yu Ak Ee	1,000,000	1.02
17.	Yong Siew Ngee	887,600	0.91
18.	Vincent Yong Tuck Seng	880,000	0.90
19.	Wong Wai Choong	648,750	0.66
20.	Lim Phee Lin	600,000	0.61
21.	Daniel Boo Hui Siong	500,000	0.51
22.	Lau Geak Siam	472,000	0.48
23.	Yap Eng Hwa	416,000	0.43
24.	Soh Keh Woei	400,000	0.41
25.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Kok Pin @ Kok Khong	338,400	0.35
26.	Soh Chau Kin	310,400	0.32
27.	Oon Yew Chye	290,000	0.30
28.	Lim Yang Kiow	254,000	0.26
29.	Tan Thiam Mooi	228,000	0.23
30.	Ng Lian Seng	217,800	0.22

NOTICE OF THE NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting ("**9th AGM**") of the Company will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 8 June 2016 at 10:00 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon. ***(Please refer to Note No. 7)***

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2015. ***(Resolution 1)***

3. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   (i) Dato' Jamaludin Bin Hassan; ***(Resolution 2)***
   (ii) Mr. Lim Lung Wen; and ***(Resolution 3)***
   (iii) Dato' Hussian @ Rizal Bin A. Rahman. ***(Resolution 4)***

4. To re-appoint Messrs. Kreston John & Gan as the Company's Auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

   As Special Business:

   To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary and special resolutions:-

5. **ORDINARY RESOLUTION NO. 1**
   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 6)***

6. **ORDINARY RESOLUTION NO. 2**
   - RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

   "**THAT** subject to the passing of Resolution 2, approval be and is hereby given to retain Dato' Jamaludin Bin Hassan as Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting, who has served as Independent Directors of the Company for approximately nine (9) years in accordance with Malaysian Code on Corporate Governance 2012." ***(Resolution 7)***

Notice of The Ninth Annual General Meeting (cont'd)

7. **ORDINARY RESOLUTION NO. 3**
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to the Companies Act, 1965 ("**the Act**"), the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad ACE Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into and to give effect to the specified recurrent related party transactions of a revenue or trading nature as stated in Part A, Section 2.4 of the Circular to Shareholders dated 29 April 2016 which are necessary for the day-to-day operations of the Company and its subsidiaries provided that the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders;

AND THAT such approval, shall only continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." ***(Resolution 8)***

8. **ORDINARY RESOLUTION NO. 4**
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

"**THAT**, subject to the Companies Act, 1965 ("**the Act**"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.10 each in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:-

1. the maximum number of ordinary shares of RM0.10 each in the Company ("**Shares**") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company;

2. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits (accumulated losses) or the share premium account of the Company based on the audited financial statements for the financial year ended 31 December 2015 of (RM12,682,000/-) and RM6,758,000/- respectively;

Notice of The Ninth Annual General Meeting (cont'd)

3. the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

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

   (b) the expiration of the period within which the next AGM after that date is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in 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 guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:-

   (i) cancel the Shares so purchased; or

   (ii) retain the Shares so purchased as treasury shares; or

   (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder;

   the treasury shares of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force,

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares." ***(Resolution 9)***

9. **SPECIAL RESOLUTION**
   - PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

   "**THAT** the Proposed Amendments to the Articles of Association of the Company as set out in Appendix I attached to the Annual Report be and are hereby approved and **THAT** the Directors and Secretary be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Articles of Association of the Company." ***(Resolution 10)***

10. To transact any other ordinary business for which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Company Secretary

Kuala Lumpur
29 April 2016

Notice of The Ninth Annual General Meeting (cont'd)

Explanatory Notes to Special Business:

1. Authority Pursuant to Section 132D of the Companies Act, 1965

   The proposed adoption of the Ordinary Resolution No. 1 is for the purpose of granting a renewed general mandate ("**General Mandate**") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting ("**AGM**") of the Company.

   The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eighth AGM held on 24 June 2015 and which will lapse at the conclusion of the Ninth AGM.

2. Retention as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**")

   The proposed adoption of the Ordinary Resolution No. 2 is to retain Dato' Jamaludin Bin Hassan ("**Dato' Jamal**") as Independent Non-Executive Director of the Company.

   Dato' Jamal was appointed as Independent Non-Executive Director of the Company on 28 December 2007, and will therefore serve as Independent Director for more than nine (9) years from 28 December 2016 onwards. As at the date of the notice of the Annual General Meeting, he has served the Company for eight (8) years and four (4) months. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as Independent Non-Executive Director of the Company.

3. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**RRPT**")

   The proposed adoption of the Ordinary Resolution No. 3 is to renew the Shareholders' Mandate granted by the shareholders of the Company at the Eighth AGM held on 24 June 2015. The Proposed Renewal of the Shareholders' Mandate will enable the Company and its subsidiaries to enter into RRPT to facilitate transactions in the normal course of business of the Company and its subsidiaries which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

4. Proposed Renewal of Authority for the Company to Purchase its own Shares

   The proposed adoption of the Ordinary Resolution No. 4 is to renew the authority for the Company to purchase its own shares passed at the Eighth AGM held on 24 June 2015. The Proposed Renewal of the Authority to Purchase its own Shares will allow the Board of Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad ACE Market Listing Requirements.

5. Proposed Amendments to the Articles of Association of the Company

   The Proposed Amendments to the Articles of Association of the Company are to streamline the Company's Articles of Association to be aligned with the amendments to Bursa Malaysia Securities Berhad ACE Market Listing Requirements.

Further information on the Proposed Renewal of Shareholders' Mandate for RRPT and Proposed Renewal of Authority for the Company to Purchase its own Shares are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2015 Annual Report.

Notice of The Ninth Annual General Meeting (cont'd)

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 1 June 2016 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.

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

6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

7. The Agenda item No. 1 is meant for discussion only, as the provisions of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The existing Articles of Association are amended by the alteration, modifications, deletion and/or additions, wherever necessary, whereby the affected existing Articles are reproduced herewith the Proposed Amendments in bold, alongside it:-

No.	Existing Articles	Proposed Articles
164(1)	The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed four (4) months.	**To delete entirely**
164(2)	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheet and report as are referred to in this Section. The interval between the close of a financial year of the Company and the issue of the annual report (including the annual audited accounts, the Directors' and auditors' reports relating to it) to the Exchange shall not exceed six (6) months. A copy of each of such documents shall not less than twenty-one (21) days before the date of the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each of such documents as may be required by the Exchange shall at the time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware and any member to whom a copy of those documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheet and report as are referred to in this Section. The interval between the close of a financial year of the Company and the issue of the annual report (including the annual audited accounts, the Directors' and auditors' reports relating to it) to the Exchange shall not exceed ~~**six (6)**~~ **four (4)** months. A copy of each of such documents shall not less than twenty-one (21) days before the date of the meeting be sent to every member of, and to every holder or debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each of such documents as may be required by the Exchange shall at the time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware and any member to whom a copy of those documents has not been sent shall be entitled to receive a copy free of charge on application at the ~~Office~~ **Company**.
165	Subject to the compliance with the requirements of the Exchange and any other relevant authorities, if any, the Company may issue its annual report in compact dics read-only memory (CD-ROM) or digital video dics (DVD-ROM) format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever.	Subject to the compliance with the requirements of the Exchange and any other relevant authorities, if any, the Company may issue its annual report in ~~**compact dics read-only memory (CD-ROM) or digital video dics (DVD-ROM) format**~~ **electronic format** or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever.

This page has been intentionally left blank

TFP SOLUTIONS BERHAD
(Company No. 773550-A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

*I/We, *(full name in capital letters)* ....of

(full address) ....

being a *member/members of TFP SOLUTIONS BERHAD ("**the Company**"), hereby appoint *(full name in capital letters)* ....

.... of *(full address)*

....

or *failing him/her, *(full name in capital letters)* .... of *(full 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 Ninth Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 8 June 2016 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon.		
No.	**Resolutions**	**For**	**Against**
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2015. (Resolution 1)		
3(i).	To re-elect Dato' Jamaludin Bin Hassan who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 2)		
3(ii).	To re-elect Mr. Lim Lung Wen who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 3)		
3(iii).	To re-elect Dato' Hussian @ Rizal Bin A. Rahman, who retires pursuant to Article 105 of the Company's Articles of Association, and being eligible, has offered himself for re-election. (Resolution 4)		
4.	To re-appoint Messrs. Kreston John & Gan as the Company's Auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. (Resolution 5)		
	As Special Business :		
5.	Ordinary Resolution No. 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 6)		
6.	Ordinary Resolution No. 2 - Retention of Independent Non-Executive Director. (Resolution 7)		
7.	Ordinary Resolution No. 3 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature. (Resolution 8)		
8.	Ordinary Resolution No. 4 - Proposed Renewal of Authority for the Company to Purchase its Own Shares. (Resolution 9)		
9.	Special Resolution - Proposed Amendments to the Articles of Association of the Company. (Resolution 10)		

* *strike out whichever not applicable*

Signed this .... day of ...., 2016

....
Signature of Member/Common Seal

Notes:
1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 1 June 2016 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
7. The Agenda item No. 1 is meant for discussion only, as the provisions of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TFP Solutions Berhad
c/o Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

1st fold here

The 8 Fundamental Values That Guide Our Business Operations

RESPONSIBILITY
We are answerable for our actions and for our team

INNOVATION
We innovate to function differently

SHARING
We share tools, ideas and knowledge with others

COMMITMENT
We work with passion to achieve our objectives

HONESTY
We are trustworthy and open. Straight to the point

RESPECT
We treat people with respect, to get respect

SELF-BELIEF
We believe we can make a difference in the IT world

TEAMWORK
We believe in "One Team One Goal" concept

TFP SOLUTIONS BERHAD *(Company No. 773550-A)*

No. 8-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan, Malaysia

Phone: *+603 8060 0088* ***Fax:*** *+603 8061 3682* ***Helpdesk:*** *1 300 220 388*

www.tfp.com.my