

11

ANNUAL REPORT
2017



TFP Solutions Berhad
(773550-A)



Productivity Through
Innovation

OUR VISION

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

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Syed Ali Bin Abbas Alhabshee

Chairman, Non-Independent
Non-Executive Director

Dato' Hussian @ Rizal Bin A. Rahman

Non-Independent Non-Executive Director

Chandran John Kasilingam

Executive Director

Wong Loke Lim

Independent Non-Executive Director

Noor Shahwan Bin Saffwan

Independent Non-Executive Director

Yeong Siew Lee

Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Noor Shahwan Bin Saffwan

Independent Non-Executive Director

Members

Wong Loke Lim

Independent Non-Executive Director

Dato' Hussian @ Rizal Bin A. Rahman

Non-Independent Non-Executive Director

Yeong Siew Lee

Independent Non-Executive Director

COMPANY SECRETARY

Tan Tong Lang

(MAICSA 7045482)

REGISTERED OFFICE

Suite 10.03, Level 10,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel no. : +603 2279 3080
Fax no. : +603 2279 3090

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)

CommZed	100%	SoftFac	100%
*CZS	100%	Tech3	100%
MBP	100%	TFP Soft	100%
O2U	51%	** TSB	55%
SBOne	100%	TFP Intl	100%

* CZS is wholly-owned by CommZed

**TSB is 55% owned by TFP Soft

Name of Subsidiary Companies	Date and Place of Incorporation	Equity Interest %	Issued Share Capital	Principal Activities
Comm Zed Sdn Bhd ("CommZed")	16 August 2001 Malaysia	100	326,002	Providing network security, IT solution, hardware and software maintenance
Comm Zed Solution Sdn Bhd ("CZS")	19 March 2013 Malaysia	100	100,000	Providing Infrastructure sales and services
MBP Solutions Sdn Bhd ("MBP")	13 March 2004 Malaysia	100	1,000,000	Providing Enterprise Systems Solutions
O2U Solutions Sdn Bhd ("O2U")	18 December 2008 Malaysia	51	500,000	Providing Enterprise Resources Planning ("ERP") consulting and implementation of Oracle products
TFP Soft Sdn Bhd (Formerly known as One Uni Education Sdn Bhd) ("TFP Soft")	3 August 2006 Malaysia	100	100,000	Developing and providing Enterprise Business Solutions value added solutions and investment holding.
TFP Solutions (Bangladesh) Ltd ("TSB")	11 April 2018 Bangladesh	55%	2,000	Provisions of IT related products and services including trade, import and export
SBOne Solutions Sdn Bhd ("SBOne")	15 April 2005 Malaysia	100	500,000	Providing ERP consulting and implementation of SAP products
SoftFac Technology Sdn Bhd ("SoftFac")	28 June 2005 Malaysia	100	500,000	Providing Human Capital Resource Management solutions
Tech3 Solutions Sdn Bhd ("Tech3")	22 July 2002 Malaysia	100	5,000,000	Providing Enterprise Systems Solutions
TFP International Pte Ltd ("TFP Intl")	20 June 2008 Singapore	100	2	Dormant

BOARD OF DIRECTORS' PROFILE

Datuk Seri Syed Ali Bin Abbas Alhabshee

56 years old, Malaysian, Male,

Chairman, Non-Independent Non-Executive Director

Datuk Seri Syed Ali Bin Syed Abbas Al-Habshee was appointed to the Board of the Company on 9 June 2017 as a Non-Independent Non-Executive Director and Chairman. He obtained his professional Diploma in Leadership and Management by the New Zealand Institute of Management, New Zealand in 2003. On 16 July 2016, Datuk Seri Syed Ali was awarded as Honorary Fellow from Liverpool John Moores University, United Kingdom.

Datuk Seri Syed Ali has a great knowledge and executive experience in leading private, public and government controlled organisations from a broad range of industries. Datuk Seri Syed Ali ventured into business in the early 1980s and currently sits on the board of several private and public corporations involved in a diverse range of businesses such as Chairman of UZMA Berhad. He was appointed the Chairman of Perbadanan Nasional Berhad in June 2015, an Executive Board of Yayasan Wilayah Persekutuan and sits on the Board of Technology Park Malaysia. He was a member of the Malaysian Senate (Dewan Negara) from 21 April 2003 until April 2009. He is currently the Head of UMNO, Cheras Division, Wilayah Persekutuan Kuala Lumpur and UMNO State Liaison Secretary, Wilayah Persekutuan Kuala Lumpur.

Datuk Seri Syed Ali is currently the Independent Non-Executive Chairman of UZMA Berhad and Director for Perbadanan Nasional Berhad.

Datuk Seri Syed Ali attended two (2) Board meetings held during the financial year ended 31 December 2017.

Dato' Hussian @ Rizal Bin A. Rahman D.S.A.P

56 years old, Malaysian, Male,

Non-Independent Non-Executive Director

Member of Nomination and Remuneration Committee

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 Information and Communications Technology ("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 does not hold any other directorship in other public companies and listed corporations.

Dato' Hussian attended all five (5) Board meetings held during the financial year ended 31 December 2017.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Noor Shahwan Bin Saffwan

68 years old, Malaysian, Male,
Independent Non-Executive Director
Chairman of Audit and Nomination Committee
Member of Remuneration Committee

Encik 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 Bank of America in 1989, he became a Founder Member and Executive Director of Apex Communications Sdn Bhd, a diversified conglomerate dealing in telecommunications, broadcasting, Information Technology 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. He does not hold any other directorship in other public companies and listed corporations.

Encik Noor Shahwan attended all five (5) Board meetings held during the financial year ended 31 December 2017.

Wong Loke Lim

56 years old, Malaysian, Male,
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Nomination Committee

Mr. Wong 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 20 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 positions in several public listed companies. He does not hold any directorship in other public companies and listed corporations.

Mr. Wong attended all five (5) Board meetings held during the financial year ended 31 December 2017.

BOARD OF DIRECTORS' PROFILE (CONT'D)

Yeong Siew Lee

40 years old, Malaysian, Female,
Independent Non-Executive Director
Member of Audit, Remuneration and Nomination Committee

Madam Yeong Siew Lee was appointed as an Independent Non-Executive Director of the Company on 6 February 2018. She Graduated from University of Wales College (UK) with the degree of Bachelor of Science (Honours) (Accounting and Finance) in 1999 and completed her Association of Chartered Certified Accountants (UK) in 2004.

She is a Chartered Accountant and also a member of the Malaysian Institute of Accountants (MIA). She began her career with GHL Systems Berhad ("GHL"), a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Assistant Accountant in 2003 and moved up the ranks and became Head/Assistant General Manager of Finance in 2008 to supervise the company's local and overseas accounting teams. She left GHL in August 2009 to venture into business in the consumer and architectural industry, and was working as a finance adviser for SMR HR Group Sdn Bhd.

She is a Senior Independent Non-Executive Director of Asia Media Group Berhad and Independent Non-Executive Director of Bright Packaging Industry Berhad and Sersol Berhad.

Chandran John Kasilingam

45 years old, Malaysian, Male,
Executive Director, Non-Independent

Mr John is currently an Executive Director and was appointed to the Board of the Company on 6 February 2018. He graduated from the Association of Chartered Certified Accountants (UK) and has more than 20 years' experience with Deloitte Consulting South East Asia's Strategy and Operations division, Ernst & Young's Assurance and Advisory Business Services division as well as serving his own clients in the region.

Mr John brings multi-industry experience including Property Development, Fast Moving Consumer Goods ("FMCG"), Manufacturing, Utility Concessionaires and Hospitality. He has led strategy and business transformation initiatives for MNCs and government in the region, including the distribution strategy for global MNC FMCG players in the Singapore and ASEAN markets and a Breakout Strategy for Microenterprises in Malaysia. His years of experience locally and regionally has led to his appointment as the Group's Head of Strategy.

Mr John does not hold any directorships with any other public companies and listed corporations.

Notes:

- None of the Directors have conflict of interest with the Company and have family relationships with any other Director or major shareholder of the Company.
- All Directors have not been convicted for any offences within the past five (5) years other than traffic offences (if any) as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2017.

KEY SENIOR MANAGEMENT'S PROFILE

The Key Senior Management consist of eleven (11) persons which includes one (1) Executive Directors namely, Mr. Chandran John Kasilingam, of which his profile is listed on page 7, and ten (10) persons as below :

Quah Teik Jin

46 years old, Malaysian, Male,
TFP Group Vice President

Mr. Quah is currently our TFP Group Vice President. 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 his current role as, he oversees responsibility for all aspects of the operations comprising sales, marketing, consulting, support, education, research & development and customer care. He does not hold any directorships in other public companies and listed corporations.

Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra

38 years old, Malaysian, Male,
Vice President of Comm Zed Sdn Bhd Group

Dr. Khaled Abdullah Soubra is currently our Vice President of Comm Zed Sdn Bhd Group. He obtained his Master in Business Administration (MBA) in 2007 from the Institute of Technology Australia. In 2010, he had obtained his Doctoral Degree in Business Administration (DBA) from the European-American University. His career started with the Information Technology (“IT”) and Telecommunications industry. At his young age during 1997, he had worked with a start-up company and turning around a losing IT company into a profitable business.

His 20 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.

He does not hold any directorships in other public companies and listed corporations.

Stanley Soh

40 years old, Malaysian, Male
Associate Vice President of Comm Zed Sdn Bhd Group
 (“Comm Zed Group”)

Mr. Soh is currently our Associate Vice President of Comm Zed Group, and he was appointed to the Key Senior Management in 2012. He holds a Bachelor of Engineering Degree and has 16 years of working experience, as Technical Engineer, Account Manager, Project Manager, and as General Manager.

Mr. Soh does not hold any directorships in other public companies and listed corporations.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Choo Chuin Hui

52 years old, Malaysian, Female

Financial Controller ("FC")

Ms. Choo is currently our FC and she was appointed to the Key Senior Management in 2008. She is a registered Chartered Accountant with the Malaysian Institute of Accountants (MIA) as well as an Associate with the Malaysian Institute of Certified Public Accountants.

Ms. Choo has more than 30 years of accounting and auditing experience. As the FC of the Company, she is responsible for the daily operations of finance and accounting. Her other responsibilities include performance monitoring and reporting of the different businesses, office administration support and she also manages the Human Resource department of the Company.

Her experience includes leading the due diligence team in prospective mergers and acquisitions. She does not hold any directorships in other public companies and listed corporations.

Jonathan Cheah

37 years old, Malaysian, Male

Vice President of Converged Infrastructure Solutions ("CIS")

Mr. Jonathan is currently the Vice President of CIS for TFP Group and he was appointed to the Key Senior Management in 2010. He is responsible for the sales and operation for CIS Division. Mr. Jonathan accumulated over 17 years of experience in the Information Technology ("IT") industry and has consistently demonstrated outstanding sales performance with his talented business acumen and strong passion for sales. He holds a Diploma in Computer Systems from Asia Pacific Institute of Information Technology (APIIT).

Mr. Jonathan began his IT career in 2001. He started out as a Channel Sales Executive with HPD Systems Sdn Bhd (HPD), a reputable subsidiary of a listed IT company working within the area of Hewlett-Packard ("HP") Hardware Distribution Team. His outstanding sales talent and consistent performance resulted in him ending his tenure as the Sales Director heading a sales team focusing vertical on Commercial, Telecommunication & Manufacturing working thru Solution ISVs.

Over a decade plus in the industry managing Principals, Channel Partners engaging direct Corporate End Users, Mr. Jonathan is also the recipient of numerous awards such as the HP Achievers one hundred percent Club in the year 2006. He strives to maintain a balance in work, life and family.

In his spare time, he is an avid sportsman and recently completed his second International Ironman Challenge in November 2017. He does not hold any directorships in other public companies and listed corporations.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Alistair Wong

37 years old, Malaysian, Male
Associate Vice President of CIS

Mr. Alistair is currently our Associate Vice President of CIS responsible for the Infrastructure Technology & Product Consultancy under the CIS Division and he was appointed to the Key Senior Management in 2010. He holds a Master of Science Degree in Mobile and Distributed Computer Networking from Leeds Metropolitan University, and a Bachelor of Science in Computing from Portsmouth University.

Mr. Alistair brings with him an extensive Infrastructure Solutions experience over 14 years ranging from Multiplatform Servers, Storage Systems, Networking and Systems Management. He also possess strong business acumen with strengths in translating commercial and functional requirements, to technical specifications, re-engineering business processes and defining continuous improvement processes.

Throughout these years, Mr. Alistair has developed a deep working knowledge of High-Availability Systems Business Continuity, and Data Management Solutions. He has also invested his time over these years to strengthen his solution domain knowledge in the Communications, Multimedia, and Entertainment (CME) Industry. His current passion is focusing towards the Hybrid IT CLOUD Solution area.

He does not hold any directorships in other public companies and listed corporations.

Simon Foong

47 years old, Malaysian, Male
Vice President of Enterprise Business Solutions

Mr. Simon is currently our Vice President of Enterprise Business Solutions and he was appointed to the Key Senior Management in 2008. He holds a Bachelor Degree in IT from Hummberside University, United Kingdom. Mr. Simon has over 20 years of experience in the Information and Communications Technology industry.

Mr. Simon has held various executive and managerial positions in technical, consulting areas and also sales and marketing management. He also volunteers his time actively in NGO activities in Malaysia and he is currently the committee member of SME and HRDC Bureau of the KL Selangor Chinese Chamber of Commerce and Industrial and also for the Science, Innovation and Technology Bureau of the Association of Chinese Chambers of Commerce and Industry of Malaysia.

Mr. Simon does not hold any directorships in other public companies and listed corporations.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Tan Man Siang

56 years old, Malaysian, Male

Executive Vice President of Business Management Solutions (“BMS”)

Mr Tan is currently our Executive Vice President of BMS. He is a founding member of TFP Solutions Bhd and has been with the group since its inception.

Armed with zest and passion, and a Degree in Mathematics (minor in Computer Science and Business Administration), from the University of Texas, Mr Tan has since invested in a career spanning close to 30 years. Started as a Mainframe Systems Engineer, he has held numerous portfolios in the areas of Sales and Marketing Management, Business Development, Channels/Alliance Management and Strategic Business Partnerships/Alliances while serving in top organisations such as Software AG, Sybase, Intential, Oracle and SAP.

He is a sought after speaker/presenter due to his uncanny insights from the training and experiences gained during his tenure with various global MNCs.

Leveraging his forte and honing into his business acumen, he is also a certified business coach as Certified Strategic Advisor (C.S.A.) by Strategy 360TM.

His motto: ‘If You Fail to Plan, You are Planning to Fail’, by Winston Churchill.

Mr Tan does not hold any directorships in other public companies and listed corporations.

Davinder Singh A/L Manmohan Singh

39 years old, Malaysian, Male

Associate Vice President of Consulting

Mr. Davinder is currently our Associate Vice President of Consulting, BMS and he was appointed to the Key Senior Management in 2015. Holding a Bachelor of IT from University Kebangsaan Malaysia, with a cumulative working experience of over 15 years, he has spent his working career engaged closely with Enterprise Resource Planning (ERP) and business applications. Among the applications that he has worked with are SAP Business One (SAP Certified Application Associate) / SAP Business One HANA and SAGE UK; his positions ranged from managing, consulting, presales, sales enablement and business development.

Mr. Davinder also leads the SAP Business One and Goods and Services Tax (“GST”) initiative on the roll out of GST in Malaysia for clients, and is an advocate for SAP Business One HANA and its in-memory computing and analytics. He does not hold any directorships in other public companies and listed corporations.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Winson Ooi

52 years old, Malaysian, Male

Vice President of Research and Development ("R&D")

Mr. Winson is currently our Vice President of R&D and he was appointed to the Key Senior Management in 2008. He assumes responsibility for all aspects of R&D operations of our Group.

Mr. Winson underwent his tertiary education in Japan and holds a Diploma in Engineering from Tokyo Toritsu Nakano Technical College. He brings with him an extensive business networks with the business community in the industrial and manufacturing sector and a deep understanding of its business dynamics. His proficiency in the Japanese language allows him to engage and service the Multinationals Japanese clients in Malaysia.

He has 14 years of R&D IT experience with expertise in software architecture design and R&D management. He does not hold any directorships in other public companies and listed corporations.

Notes:

- None of the Key Senior Management has conflict of interest with the Company and has family relationships with any other Director or major shareholder of the Company.
- All Key Senior Management have not been convicted for any offences within the past five (5) years other than traffic offences (if any) as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The business environment for the year 2017 in ASEAN and Malaysia has been turbulent and challenging. Despite that, our operating revenue has increased in 2017. TFP Group has achieved consolidated revenue of RM 70.75 million FYE 2017 as compared with RM 68.29 million in FYE 2016. Our overall gross profit has improved from RM6.96 million or 10.19% of FYE2016 revenue to RM8.28 million or 11.70% of FYE 2017 revenue. The increase in gross profit is mainly due to the increase in our services revenue within the TFP Group, including cloud based services in 2017. However, TFP Group recorded a loss before taxation of RM 643,000 and a loss after taxation of RM820,000 for FYE 2017. The loss is due to inflationary pressures on operating costs.

As such, the management team of TFP will continue to strive to improve our financial results in 2018. In 2018, we shall continue to remodel and adapt our business model to meet the changing business needs of our customers. Our plan is to continue developing and enhancing our existing software solutions and offer higher value consultancy services to our customers. We plan to upskill our talent pool in TFP. In order to expand our market space, TFP has entered into a joint venture agreement with a business partner in Bangladesh, with the purpose of marketing our software and business solutions in Bangladesh. TFP will continue to build upon a more sustainable growth model for TFP by strengthening our Group's core competencies and capabilities and explore new opportunities. Despite continued forecasted inflationary pressures on operating expenditure, TFP Group will continue to strengthen our operational efficiency and productivity. TFP shall remain focused on growing our successful core business, exploring new opportunities and expanding our business beyond the boundaries of Malaysia.

Industry Prospects

Based on economic reports from World Bank in 2018, the global economy is experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade. Going forward, the global growth is projected to edge up to 3.1% in 2018, as the cyclical momentum continues, and then slightly moderate to an average of 3% in 2019-2020. In tandem with the higher global GDP growth, IMF also raised its GDP growth forecasts for Asean-5, which comprises of Indonesia, Malaysia, Thailand, Philippines and Vietnam, from 5.2% to 5.3% for 2018. In Malaysia, the World Bank has also forecasted a GDP growth rate for Malaysia at 5.2% in 2018.

Consequently, Gartner has reported that the Worldwide IT spending is forecast to spend USD 3.68 trillion in 2018, a 4.5% increase over 2017 IT spending of USD 3.52 trillion. The global IT spending for data center systems is forecasted to grow to USD 179 billion with a 0.6% growth in 2018. Global Enterprise software IT spending is forecasted at USD 389 billion with a growth rate of 9.5% over the previous year. Subsequently, global spending for IT services forecast at USD 985 billion in 2018. Zooming down to the IT spending for Malaysia, Gartner is forecasting an IT spending of RM65.2 billion in 2018 as compared to IT spending in 2017 of RM61.6 billion. IT spending for data center systems is forecast at RM2.2 billion and enterprise software is forecast to grow to RM5.2 billion in 2018. Similarly, IT Service spending in Malaysia is expected to grow to RM12.1 billion in 2018. The market size for all these three segments (data center systems, enterprise software and IT services) are the market segments that TFP Group is competing in, which indicates growth opportunities for TFP Group in 2018.

TFP Group will continue its efforts to enhance our core competencies around the three IT segments which will enable TFP to grow our business revenue in 2018. Our intended business expansion to Bangladesh will allow us to harness more business opportunities in that country in 2018. The Management Team of TFP is confident that we will ride through 2018 challenges and take upon these new opportunities with full enthusiasm.

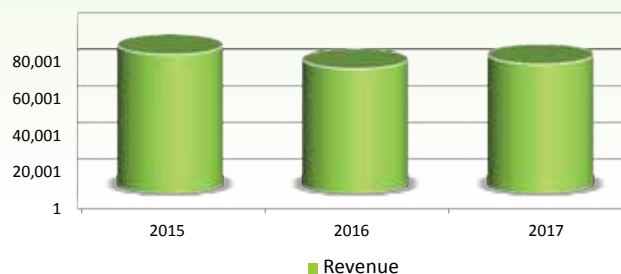
Appreciation

TFP Board and its Management Team would like to take this opportunity to express our sincere thanks to the employees of TFP for their efforts and dedication in pursuing our group goals in 2017. Their extraordinary efforts and contributions throughout the year have contributed to the significant achievement for the Group. Lastly, TFP Board and its Management Team would like to convey our sincere thanks to our valued customers, business partners, shareholders for their kind support and confidence they have on us in 2017. We shall look forward for your continued support as we grow together in 2018.

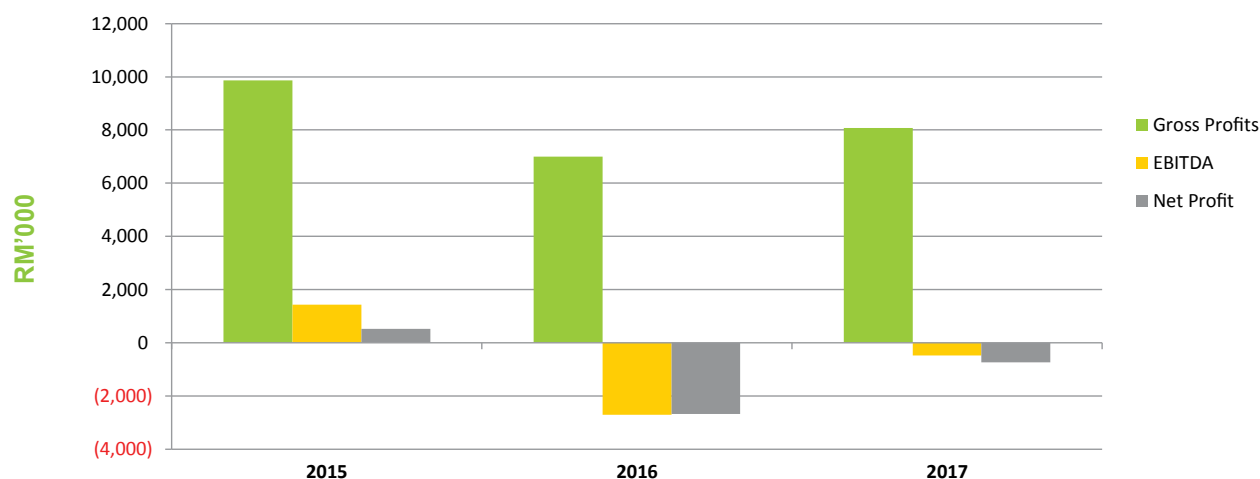
FINANCIAL HIGHLIGHT

RM'000

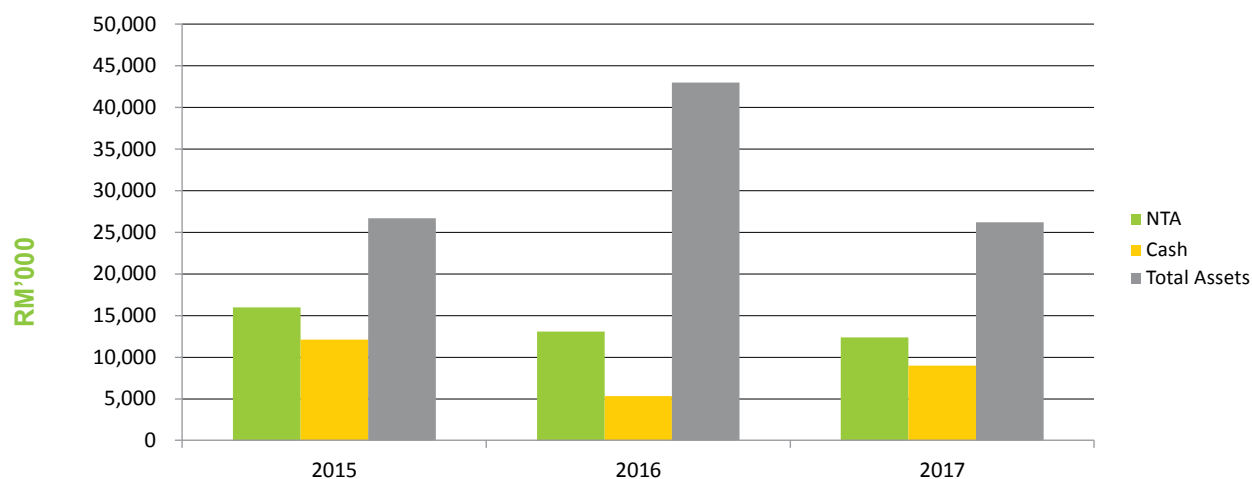
	Audited 2015	Audited 2016	Audited 2017
Revenue	76,136	68,291	70,753
Gross Profits	9,861	6,955	8,275
EBITDA #	1,437	(2,710)	(484)
Net Profit/(Loss)	523	(2,679)	(731)



Earnings before interest, taxation, depreciation and amortisation 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 2015	Audited 2016	Audited 2017
Net Tangible Assets	15,964	13,103	12,376
Cash	12,094	5,307	8,982
Total Assets	26,687	43,008	27,001



BUSINESS INFORMATION

The growth and success of business enterprises depend a lot on its competitiveness in the market place. In order to compete effectively, there is a need to enhance their business productivity by reducing costs and improve services. As such, TFP Solutions Berhad goes to the market with two (2) business pillars; **Business Management Solutions ("BMS")** and **Converged Infrastructure Solutions ("CIS")** offering products and services that are aligned to these input factor conditions.



Campus Management System



Human Resource Management



Enterprise Resource Planning

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 of 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 and sales and marketing, therefore driving 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)
- Big Data Business Analytics and Reporting
- Human Resource Management System
- University / Campus Management System

Backed by a team of certified technical experts with high degree of professionalism, we represent a few globally renowned software principals. BMS provides sales, consultation, implementation, helpdesk and after-sales support and maintenance services for 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
- GoMyCampus University / Campus Management System

For more information on BMS products and services, please visit the websites below:-

- sbone.tfp.com.my
- softfac.tfp.com.my
- o2u.tfp.com.my

BUSINESS INFORMATION (CONT'D)



System Management & Monitoring



System Optimization & Automation



CLOUD Computing

CONVERGED INFRASTRUCTURE SOLUTIONS

The CIS business pillar focuses on delivering a wide range of Hybrid Information Technology (“IT”) Cloud Technology in our customers’ Software Defined Data Center (“SDDC”). The fluidity of a SDDC coupled with the elasticity of IT resources allows our customers to adopt a Platform-As-A-Service model that provides agility, performance and utility to the organization.

CIS’s core competency includes :-

- IT Infrastructure Consultancy & Architecture Design
- Professional Project Management, Certified Installation and Start-up
- Professional ONE Partner Support and Maintenance (Single support partner for multiple product principals)

Our set of complete solutions deliver management simplicity, infrastructure agility and security are as follows:-

- Software Defined Data Center and Cloud Infrastructure Solutions
- End User Computing and Mobility Solutions
- Network Virtualisation Solutions
- Information Lifecycle Management Solutions
- Service Management and Performance Monitoring Solutions
- Security Incident and Event Management Solutions
- Operation Support System (Fault, Performance and 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 are as follows:-

- VMW Premier Solution Partner:-
 - Server and Desktop Virtualisation
 - Management Operations and 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 and Fortify)
- Damballa (Automated Breach Defense) Partner
- Infovista Service Delivery Partner

For more information on CIS products and services, please visit **tech3.tfp.com.my**

With innovation comes growth, and with new products and services, our business is driving this change. We aspire to be the preferred solutions provider to increase “Total Factor Productivity” (TFP) for Businesses in ASEAN.

SUSTAINABILITY STATEMENT 2017

Since our inception, TFP Group of companies have been contributing positively to the surrounding communities through various Corporate Social Responsibility (“CSR”) initiatives. Since the introduction of sustainability reporting by Bursa Malaysia, TFP is committed to delivering long-term sustainable values with a view to grow and maintain successful business to all its stakeholders, including our shareholders, employees and the community. We recognise the importance to strike a sustainable balance between our business pursuits and incorporating sustainable values of workplace, marketplace, environment and community.

Community Engagement

TFP has always played its role in giving back to the community through various CSR programs in the past. In 2017, the Group collaborated with Autism Cafe Project (ACP) to raise awareness about autism and most importantly to embrace people with special needs into the workforce.

The Autism Café Project, was founded in August 2016 by Mohd Adli Yahya, father of an autistic child. Adli’s vision for the Autism Café Project is to provide a safe space for individuals with autism to undergo training to learn some basic skills and hopefully it will lead to some employment opportunities.

With the objective to amplify ACP’s effort, TFP worked with ACP at several corporate and customer events to promote the good cause. During such event, autism talk was presented. During the CIO Summit 2017 event, a few autistic youth were hired to run a popcorn stall and flyers were distributed. This initiative landed ACP with a few catering opportunities as well as invitation to give a speech on Autism.

TFP recognises the importance to strike a harmonious balance between business pursuits and CSR. We believe that we can make a difference in the community. We hope there will be more businesses and individuals who will come forward and support this meaningful project - Autism Cafe Project.



Workplace Development

In TFP, employees are highly valued as assets. In this fast moving market-place, we believe that our efforts to cultivate and strengthen corporate culture will eventually attract and retain talents. VGO Sports Club is set-up to organise staff gatherings, sports and other social activities throughout the year to bring together employees for a better working relationship.

SUSTAINABILITY STATEMENT 2017 (CONT'D)

We believe human capital development is vital for business continuity and sustainability as well as growth. The Group conducts regular performance assessments and provides talent development-related trainings to its Management and staff. Through various training programmes, workshops and seminars, employees acquire the right technical knowledge and skill to perform their duties professionally and efficiently.

As part of employee safety in our office, a safety and evacuation training is conducted annually to all employees to ensure safety procedures and compliance are adhered to.

The Group is committed to ensure fairness in career opportunities. This applies in the recruitment and disciplinary policies. The Group does not tolerate discrimination with regards to age, ethnicity, gender, race, religion or belief.

Education

TFP is committed to educate and nurture the new generation and to prepare them for tomorrow's workforce. The Group offers an internship programme for local colleges, technical schools and universities students to gain experience and exposure from real-life working environment. The interns will then work in its various departments including project delivery, pre-sales and consulting. Apart from giving them a head start in their career, suitable interns are offered job opportunities upon completion of their tertiary studies.

Environment

TFP continues its go "Green" campaign promoting and supporting of practices for the use of resources in an environmentally friendly manner.

a) Paper reduction initiatives;

Employees are encouraged to leverage on technology for communication and data record keeping. Hard copies of documents are generated on a need basis only. Printing papers are recycled and reused whenever possible.

b) Recycle bins;

Employees are encouraged to separate waste paper stationery and materials for recycle and reuse.

c) Reduction of electrical power usage within the organisation.

We are committed to reducing the organisation's carbon emissions and constantly educate our employees on the importance of energy conservation. As such, our employees practice the habit of turning off the lights and air-conditioning when leaving for lunch and when locking up for the day.

Market place

TFP employees are expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships with external stakeholders, such as our customers, suppliers and business partners. TFP is held to the same standard in its compliance with all applicable legal and regulatory requirements. The Group recognises its responsibility in helping customers to make informed and correct decisions. We are cautious in marketing campaigns conducted to ensure accurate representations in all media used to support the sales of a product or service. We strictly review materials that are published and distributed to our customers. It is our business principle to ensure transparency and accountability in all our business undertakings, in line with good governance practices in the disclosure of information to our stakeholders. We ensure that stakeholders are kept informed of the Group's performance and have open channels for dialogues during our annual general meetings and feedback on our corporate website.

Moving Forward

TFP recognises that we are at the beginning of our sustainability journey and will continue to enhance our sustainability efforts. We recognise the importance of being a responsible and sustainable organisation and that it goes beyond measuring our financial performance. TFP Board and its Management are committed to this effort and we look forward to improving further on our sustainability efforts in the years to come.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of TFP Solutions Berhad (“**the Company**”) recognises the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practised throughout the Group to deliver long term sustainable value to the shareholders and other stakeholders.

As stated in Rule 15.25(1) of Ace Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), a listed issuer is required to provide an overview of its application of the principles set out in the Malaysian Code on Corporate Governance 2017 (“**MCCG**”) in respect of the reporting financial year, in its annual report.

The Board presents this statement to provide shareholders and investors with an overview of the Corporate Governance (“**CG**”) practices of the Company under the leadership of the Board during the financial year 2017. This overview takes guidance from the key CG principles as set out in the MCCG.

The application of each Practices set out in the MCCG during the financial year under review is disclosed under TFP’s corporate governance report published on the company’s website at www.tfp.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is collectively responsible for the long-term success of our Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising oversight on management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

1.1 Board Responsibilities

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group’s assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following:-

(a) Review and adopt strategic business plans for the Company

The Board contributes to the development of the Group’s strategic planning and directions and subsequently monitoring the implementation of the strategic business plan by Management.

The Group has in place an annual business strategy planning and business target session. The Management and business unit heads will present to the Board its recommended strategy, together with proposed business plans, including new products and introduction of new market penetration, if any, for review and approval.

The Board will deliberate and suggest Management to take into consideration the varying opportunities and risks whilst developing the strategic business plan. Ultimately to ensure optimised returns for the Company and the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

(b) Oversee the conduct of the Company's business

The Management which is lead by the Key Senior Management are responsible, with the support of the Board, for the day-to-day management of the business and operations of the Group.

The Board monitors the performance of Management on a regular basis via insertion of the agenda items in the scheduled Board meetings:-

- To review the Group's performance for the quarterly financial results; and
- To be aware of the updates and progress of key initiatives, business targets and achievements to-date.

The Key Senior Management would also inform and provide clarification on the challenges and issues faced by Management and business units.

(c) Identify the principal risks and implement appropriate internal controls and mitigation measures

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.

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.

The Audit Committee reviews the action plan implemented by the Company and makes relevant recommendations to the Board to manage risks. Further explanations on such processes are disclosed in the Statement on Risk Management and Internal Control on pages 29 to 31 of this Annual Report.

(d) Succession planning

The Board views succession planning as important for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation would be filled quickly and without any business interruption. Succession planning includes the appointment of, training for, fixing the compensation of and where appropriate, replacement of senior management.

Management has in place, an informal structure and practice to ensure key roles within the Group are supported by competent and calibre second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible. There is a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. It fosters and promotes the continual development of key employees and ensures that key positions maintain some measure of continuity, thus enabling the Group to achieve business objectives. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group.

(e) Oversee the development and implement a shareholders communication policy for the company

The Board communicates with shareholders at shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform shareholders of the Company's affairs including its performance.

The Board strives to provide shareholders and investors accurate, useful and timely information about Company's businesses and activities via timely release and updates on the Company's corporate website of quarterly financial results, press releases and announcements (if any). In addition, shareholders and investors can make inquiries and get information about investor relations matters via the e-mail address available on the Company's corporate website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

- (f) Review the adequacy and integrity of the Group's internal control systems and management information systems

The Board and Management continuously take measures to strengthen the control environment and to improve our system of internal control. The Group has 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.

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.

The Board has delegated some of its duties and responsibility to various committees within the Board. Currently the Board has established four (4) Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, and Risk Management Committee to assist the Board in the deliberation of issues within their respective functions and terms of reference. The Board receives regular reports on the respective Committees' proceedings and deliberations. On matters reserved for the Board and where the Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board's deliberation and endorsement.

The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Additional meeting will be convened when the needs arise.

1.2 Board Balance and Board Composition

The Board currently has total six (6) board members; of whom one (1) is Executive Director, three (3) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors. In assisting the Board to fulfil its functions, various Board Committees have been set up. The Board through the Nomination Committee also consider woman candidates as part of its recruitment exercise. Out of six (6) Directors, one (1) Director is female.

The MCGG recommends the practice of at least two (2) or one-third (1/3) of the Board comprises of Independent Directors. However three (3) out of six (6) of the Board members are Independent Directors. This composition complied with the MCGG's recommended practice and the requirement of the Rule 15.02 of the AMLR of Bursa Securities whereby the Company must have at least two (2) or one-third (1/3) of the Board, whichever is higher, who are Independent Directors. The profiles of the Directors are presented on pages 4 to 6 of this Annual Report 2017.

The Company practises a division of responsibilities between the Chairman of the Board and the Executive Director. Their roles are separately and clearly defined to ensure a balance of power and authority, increase accountability and greater capacity of the Board for independent decision.

The Chairman of the Board is primarily responsible for the orderly conduct and working of the Board while the Executive Director has an overall responsibility in the implementations of the Board's policies and decisions as well as some of the Group's day-to-day operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

1.3 Qualified and Competent Company Secretary

The Board is supported by qualified and experienced Company Secretary who facilitates overall compliance with the AMLR of Bursa Securities and other relevant laws and regulations.

The Company Secretary of the Company is qualified to act as company secretary under Section 235 of the Companies Act, 2016. The Company Secretary plays an important role in ensuring adherence to the Board's policies and procedures from time to time.

The Company Secretary provides support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. Prior to the Board meetings, the Company Secretary will furnish a notice together with an agenda to the Directors to allow them to have adequate preparation time to ensure effectiveness at the proceedings of the meeting. The Company Secretary will ensure the Board's proceedings are followed regularly and reviewed and will also provide guidance to the Board on the Director's obligations arising from the rules and regulations including the MCCG and AMLR of Bursa Securities.

1.4 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 as and when necessary.

2.1 Demarcation of Responsibilities

(a) Board Charter

The Board had on 17 May 2013 approved the Board Charter and the same was uploaded to the Company's website. 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. The Board Charter will be reviewed by the Board as and when required.

(b) Code of Conduct

The Code of Conduct ("COC") was posted on the Company's website. 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.

(c) Whistleblowing Policy

The Group has in place a procedures and policies on whistleblowing. The Whistle-Blowing Policy of TFP Group is in place with the objective to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. The policy is designed to provide protection to those who makes the allegation or reports the misconduct.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

BOARDROOM COMPOSITION

3.1 Tenure of Independent Directors

Currently, none of our Independent Directors had served the Company exceeding a cumulative term limit of nine (9) years as per the recommendations of the MCCG.

3.2 Nine-Years Policy for Independent Directors

Currently, the Company did not adopt a policy which limits the tenure of Independent Directors to nine (9) years.

Notwithstanding the recommendation of the MCCG, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for directors as there are significant advantages to be gained from the long-serving directors who possess tremendous insight and knowledge of the Company's businesses and affairs. The ability of a director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.

The Nomination Committee has carried out annual assessment on the performance of the Independent Directors for the financial year ended 31 December 2017 and is satisfied with the effectiveness demonstrated.

3.3 Appointment of the Board and Senior Management

The Board of Directors comprise of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make active, informed and positive contributions to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Nomination Committee will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the Nomination Committee will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics and professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in AMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting ("AGM").

3.4 Gender Diversity

The Board has not set gender diversity target as of the reporting period. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the MCCG's target.

As of the date of this Statement, one (1) out of six (6) of the Board members is female director, which meet the MCCG's recommendation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

3.5 Nomination Committee

The present Nomination Committee is comprised of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director of the Company as follows:-

- (i) Noor Shahwan Bin Saffwan, Independent Non-Executive Director (Chairman)
- (ii) Dato' Hussian @ Rizal Bin A. Rahman, Non-Independent Non-Executive Director (Member)
- (iii) Wong Loke Lim, Independent Non-Executive Director (Member)
- (iv) Yeong Siew Lee, Independent Non-Executive Director (Member)

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 can be viewed on the Company's website at www.tfp.com.my.

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

- (i) Reviewed the effectiveness, composition and balance of the Board;
- (ii) Conducted the assessment on the effectiveness of the Board and Board Committees;
- (iii) Conducted the assessment on the contribution and performance of each individual Director;
- (iv) Reviewed and assessed 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; and
- (vi) Reviewed and confirmed the minutes of the Nomination Committee.

The Nomination Committee held one (1) meeting during the financial year.

The Nomination Committee concluded that each Board member is competent and committed in discharging his duty and responsibility. All assessments and evaluations carried out by the Nomination Committee were properly documented.

3.6 Appointment of Directors

The appointment of Directors is under the purview of the Nomination Committee, which is to assist the Board on all new Board and Board Committees' appointments and to provide a formal and transparent procedure for such appointments including obtaining a commitment from the candidate that sufficient time will be devoted to carry out the responsibilities as a Director.

The Nomination Committee reviews candidates for appointment as Directors based on the following criteria:-

- qualifications;
- skills and competence;
- functional knowledge;
- experience;
- background and character;
- integrity and professionalism;
- time commitment; and
- in the case of candidates for the position of Independent Non-Executive Directors, whether the test of independence under Bursa Securities LR is satisfied and evaluate the candidates' ability to discharge such responsibilities, functions as expected from Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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3.7 Assessment of Board and Board Committee

The Nomination Committee has established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole. The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

In April 2017, the Nomination Committee has carried out evaluation on the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole. The Nomination Committee had assessed the overall effectiveness of the Board and the performance of individual directors for the financial year ended 31 December 2017 and is satisfied with the effectiveness demonstrated. In the interval between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.

During the financial year, the Board held a total of five (5) meetings. The details of the attendance are as follows:-

Name of Director	Attendance
Datuk Seri Syed Ali Bin Abbas Alhabshee (Appointed on 9 June 2017)	2/2
Dato' Hussain @ Rizal Bin A. Rahman	5/5
Wong Loke Lim	5/5
Noor Shahwan Bin Saffwan	5/5
Chandran John Kasilingam (Appointed on 6 February 2018)	Not applicable
Yeong Siew Lee (Appointed on 6 February 2018)	Not applicable
Y. Bhg. Dato' Jamaludin Bin Hassan (Resigned on 1 June 2017)	3/3
Quah Teik Jin (Resigned on 22 November 2017)	4/4
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra (Resigned on 6 February 2018)	5/5
Lim Lung Wen (Resigned on 22 November 2017)	4/4
Dr. Chew Seng Poh (Resigned on 22 November 2017)	4/4

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in Bursa Securities 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.

3.8 Directors' Training

The Board 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 training programmes attended by the directors during the financial year are as follows:-

MKD Directors Talk : Boardroom Language " A Guide to surviving the Boardroom"

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

REMUNERATION

The Board acknowledges the level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives.

In order to achieve the aim, the Board has established Remuneration Committee and developed the remuneration policy to assist the Board in discharging its duties and responsibilities in the matters relating to the remuneration of the Board and senior management.

4.1 Remuneration Policy

The Board has in place policies and procedures to determine the remuneration of directors and take into consideration the demands, complexity and performance of the Company as well as skills and experience requirements.

The Board has a Remuneration Committee formed to determine the remuneration of Executive Director and Key Senior Management reflecting the level of responsibility, experience and commitment. The fees paid to Non-Executive Directors are the responsibilities of the entire Board. No director is involved in determining his own remuneration.

The detailed breakdown of the Directors Fees and other benefits paid (both the Company and the Group) for the financial year ended 31 December 2017 are as follows:-

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Dato' Hussian @ Rizal Bin A. Rahman	30,000	2,000	30,000	2,000
Datuk Seri Syed Ali Bin Abbas Alhabshee (Appointed on 9 June 2017)	70,000	400	70,000	400
Wong Loke Lim	30,000	2,000	30,000	2,000
Noor Shahwan Bin Saffwan	30,000	2,000	30,000	2,000
Chandran John Kasilingam (Appointed on 6 February 2018)	N/A	N/A	N/A	N/A
Yeong Siew Lee (Appointed on 6 February 2018)	N/A	N/A	N/A	N/A
Dato' Jamaludin Bin Hassan (Resigned on 1 June 2017)	14,583	1,600	14,583	1,600
Quah Teik Jin (Resigned on 22 November 2017)	32,083	577,960	32,083	577,960
Lim Lung Wen (Resigned on 22 November 2017)	27,500	577,960	27,500	577,960
Dr. Chew Seng Poh (Resigned on 22 November 2017)	27,500	407,790	27,500	407,790
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra (Resigned on 6 February 2018)	30,000	2,000	30,000	394,448
Total	291,666	1,573,710	291,666	1,966,158

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

4.2 Remuneration Committee

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, Independent Non-Executive Director (Chairman)
- (ii) Noor Shahwan Bin Saffwan, Independent Non-Executive Director (Member)
- (iii) Yeong Siew Lee, Independent Non-Executive Director (Member)

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.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

5.1 Composition of Audit Committee

The Board has established the Audit Committee on 28 December 2007.

Our Audit Committee comprises a majority of Independent Non-Executive Directors. The Chairman of the Audit Committee is not the Chairman of the Board. At least twice a year, meetings are held without the presence of the management of the Company to ensure that the External Auditors can freely discuss and express their opinions on any matter to the Audit Committee, and the Audit Committee can be sufficiently assured that the management has fully provided all relevant information and responded to all queries from the external auditors. The Audit Committee is fully informed about significant matters related to the Company's audit and its financial statements. The Audit Committee also reviewed the internal audit programme and invited the internal auditors to the meeting for discussion on the internal audit findings. Besides, such discussion also served as an avenue for the Audit Committee to appropriately communicate its insights, views and concerns about relevant transactions and events to the internal and external auditors.

5.2 Cooling Off Period for Appointment Former Key Audit Partner

The Board took note on Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee and would consider adopting such recommendation in due course.

5.3 Assessment of Suitability and Independence of External 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.

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 competences 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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audit and the preparation and contents of their audit report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

6.1 Establishment of Risk Management and Internal Control Framework

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 29 to 31 of the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

6.2 Internal Audit Function

The Group outsourced its internal audit function to an independent professional firm, SF Chang & Co.

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

COMMUNICATION WITH STAKEHOLDERS

There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

7.1 Effective, Transparent and Regular Communication

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 (<http://www.tfp.com.my>).

The Company's AGM also provides an effective means of face-to-face communication with the shareholders where they are encouraged to participate in the open question and answering session during the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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CONDUCT OF GENERAL MEETINGS

General meetings are the important and effective platforms for directors and senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

8.1 Notice of Annual General Meeting (“AGM”)

The Company's General Meetings remain the primary channel of communication with the Company's shareholders. All Board members, senior management team as well as the Company's external auditors are available to respond to shareholders' relevant questions raised at the meeting.

Further, in line with good practice, the notice of the Eleventh AGM of the Company was issued more than 28 days before the AGM date.

This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.

8.2 Attendance of the Chair of the Board Committees at the AGM

The Board took note that the presence of all directors will provide an opportunity for shareholders to effectively engage each director. Besides, having the chair of the Board subcommittees present will facilitate these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees (i.e. Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee) will be present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.

8.3 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.

8.4 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>.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considered that the Corporate Governance Overview Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

This statement is made in accordance with the resolution of the Board of Directors dated 20 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Rule 15.26 of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) ACE market Listing requirements (“**LR**”), 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 2017. 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 Bursa Securities LR 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 controls 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 2017 was RM34,153.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 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's Enterprise Risk Management Committee ("ERM") was setup in year 2014 and the ERM Charter was approved by the Board on 25 August 2014.

RISK MANAGEMENT FRAMEWORK

The Group's ERM is aimed at achieving an appropriate balance between realising opportunities for gains while minimising losses to the Group. The risk management framework serves to identify and provide guidance to Directors, Senior Management, functional line Management and staff in managing the risk.

The risk management process is to identify risks faced by the Group proactively, particularly in major proposed transactions and new business opportunities, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and assess the appropriate risk response strategies and controls.

Day-to-day risk management of operations are delegated to key management staff and heads of department to manage identified risks within defined parameters. Periodical management and operation meetings attended by heads of department and key management staff are held to discuss key operational issues, business performance matters and appropriate risks mitigation controls to ensure risks are regularly monitored and reported. The practices and initiatives by Management serve as an ongoing process adopted by the Group.

This mechanism is overseen by the Audit Committee, which reviews the results of this process including mitigating measures implemented by Management to address the key risks as identified. Significant risks are communicated to the Board at the scheduled Board meetings of the Audit Committee.

ASSURANCE FROM MANAGEMENT

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 to meet the Group's objectives. 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 strengthen the Group's system of internal control and risk management to meet the Group's objectives.

The Board received assurance from the Group Managing Director, the Group Executive Directors and the 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 of the Group, for the financial year ended 31 December 2017, and up to 20 April 2018, being the date of this statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of Bursa Securities LR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

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 on 20 April 2018.

AUDIT COMMITTEE REPORT

1. INTRODUCTION

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

Chairman : Noor Shahwan Bin Saffwan Independent Non-Executive Director
(re-designated as Chairman of Audit Committee on 1 June 2017)

Members : Wong Loke Lim, Independent Non-Executive Director
Dato' Hussian @ Rizal Bin A. Rahman, Non-Independent Non-Executive Director
(appointed as member of Audit Committee on 21 July 2017)
Yeong Siew Lee, Independent Non-Executive Director
(appointed as member of Audit Committee on 27 February 2018)

2. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2017, 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	No. of meetings attended	% of attendance
1. Noor Shahwan Bin Saffwan	6/6	100%
2. Wong Loke Lim	6/6	100%
3. Dato' Hussian @ Rizal Bin A. Rahman	3/3	100%
4. Yeong Siew Lee	Not applicable	100%
5. Dato' Jamaludin Bin Hassan (resigned on 1 June 2017)		

All members of the Audit Committee have a working familiarity with finance and accounting practices. Mr. Wong is a member of the Malaysian Institute of Accountants.

3. SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The works of the Audit Committee were primarily in accordance with its duties, as set out in its terms of reference. The main works undertaken by the Audit Committee during the financial year ended 31 December 2017 were as follows:

I. Review of the financial performance and reporting

- Reviewed the unaudited quarterly financial results of the Company and the Group prior to the recommendation to the Board for approval and announcement to Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
- Reviewed the draft audited financial statements for the financial year ended 31 December 2016 prior to the submission to the Board for approval.

II. Oversight of External Auditors

- Updated by the External Auditors on changes to the relevant guidelines on the regulatory and statutory requirements;
- Met twice with the External Auditors without the presence of Executive Board and employees;
- Reviewed and recommended to the Board for approval of the audit fees payable to the External Auditors in respect of the financial year ended 31 December 2017;

AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF WORKS OF THE AUDIT COMMITTEE (Cont'd)

The works of the Audit Committee were primarily in accordance with its duties, as set out in its terms of reference. The main works undertaken by the Audit Committee during the financial year ended 31 December 2017 were as follows: (Cont'd)

II. Oversight of External Auditors (Cont'd)

- d. Reviewed and recommended the re-appointment of Messrs. Kreston John & Gan as External Auditors for the financial year ended 31 December 2017;
- e. Reviewed and assessed the suitability and independence of the External Auditors; and
- f. Discussed with the External Auditors in relation to audit issues, audit reports, assistance provided by Management, management letter (if any) and audit plan.

III. Oversight of Internal Auditors and Internal Audit Functions

- a. Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the Annual Report 2016 prior to the submission to the Board for approval;
- b. Met with the Internal Auditors quarterly;
- c. Discussed the internal audit reports prepared by the Internal Auditors and ensured that appropriate corrective actions are taken by Management;
- d. Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities; and
- e. Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

IV. Review of the Related Party Transactions

Reviewed the Circular to Shareholders for the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to the submission to the Board for approval.

V. Oversight of Internal Control Matters

- a. Reviewed and confirmed the minutes of the Audit Committee meetings; and
- b. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for the Annual Report 2016.

VI. Others Activities

- a. Monitored the accounts receivable and request explanations from Management on overdue accounts status; and
- b. Reported to the Board on any significant issues and concerns.

4. TERMS OF REFERENCE

The full terms of reference of the Audit Committee is available at the Company's website at <http://www.tfp.com.my>.

AUDIT COMMITTEE REPORT (CONT'D)

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. SF Chang & Co, which was appointed on 5 September 2017. The previous internal auditors, Messrs. Omar Arif & Co, resigned on 5 September 2017. The outsourced Internal Auditors report to the Audit Committee and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The main role of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

After review, the Audit Committee noted that the internal audit function of the Company is independent and the Internal Auditors have performed with impartiality, proficiency and due professional care.

The previous Internal Auditors had adopted the Committee of Sponsoring Organisations of the Treadway Commission's ("**COSO**") control framework throughout their audit implementation as a basis for assessing the adequacy and effectiveness of the Company's risk and control processes. This approach was also in compliance with Bursa Securities ACE Market Listing Requirements on the issuance of Statement of Risk Management and Internal Control.

The COSO framework components comprised the following five (5) interrelated control elements:-

- i) Organisational Control Environment – provides an atmosphere in which people conduct their activities and carry out their control responsibilities. It serves as the foundation for the other components.
- ii) Risk Assessment – within this environment, Management assesses risks to the achievement of specific objectives.
- iii) Control Activities – are implemented to help ensure that Management directives to address the risks are carried out.
- iv) Information and Communication – meanwhile, relevant information is captured and communicated throughout the organisation.
- v) Monitoring – the entire process is monitored and modified as conditions warrant.

During the financial year 2017, the Internal Auditors had carried out the audit activities for the following four (4) areas in accordance with their Audit Planning which was approved by the Audit Committee:-

- 1. Human Resource Management
- 2. Asset Management
- 3. Financial Management and Reporting
- 4. Material Cost

ADDITIONAL COMPLIANCE INFORMATION

1. Status of Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise any proceeds during the financial year.

2. Audit and Non-Audit Fees

For the financial year ended 31 December 2017, Messrs. Kreston John & Gan, the External Auditors have rendered audit and non-audit services to the Company and the Group. A breakdown of fees paid were listed as below for information:-

	Company (RM)	Group(RM)
Audit services rendered - Statutory Audit	26,400	107,800
Non-audit services rendered - Review of Risk Management and Internal Control Statement	6,000	6,000
Total	32,400	113,800

3. Material Contracts involving Director's, Chief Executive's and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries, involving the Director's, Chief Executive's and Major Shareholders' interests during the financial year ended 31 December 2017.

4. 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 2017 (RM)
LMS Technology Distributions Sdn Bhd ("LMS") and Comm Zed Sdn Bhd ("CZ")	Expertise to deploy network security project related to Telekom Malaysia Berhad similar to the previous Hewlett-Packard Arcsight project in 2015, whereby LMS has the resources, skill set and experience to provide this expertise	Dato' Hussian @ Rizal Bin A. Rahman, Director and deemed Major Shareholder of TFP, is also a director and deemed Major Shareholder of LMS and Rapportrans. Rapportrans, a Major Shareholder of TFP, is also a Major Shareholder of LMS	- *
Comm Zed Sdn Bhd ("CZ") and LMS Technology Distributions Sdn Bhd ("LMS")	Implementation services as well as project management for OSS solution by CommZed to LMS, whereby CommZed has the resources, skill set and experience to provide this OSS services locally	Dato' Hussian @ Rizal Bin A. Rahman, Director and deemed Major Shareholder of TFP, is also a director and deemed Major Shareholder of LMS and Rapportrans. Rapportrans, a Major Shareholder of TFP, is also a Major Shareholder of LMS	- *

* There were no value of transaction during the period as the expected projects did not materialise.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

5. Share Buy-Back

The following are the share buy-back ("**SBB**") transactions during the financial year ended 31 December 2017. The purchase price of shares is the average price for all shares purchased in the day and the total purchase price includes incidental costs. As disclosed in Note 11 to the Audited Financial Statements of this Annual Report, all shares bought back previously have been maintained as treasury shares and there has been no resale of the Company's treasury shares nor have there been any shares cancelled during the financial year ended 31 December 2017.

Summary of SBB as at 31 December 2017

Total issued share capital: 205,059,645 ordinary shares

Date	No. of SBB	No. of SBB proposed to be cancelled	Min Price (RM)	Max Price (RM)	Total Consideration (RM)	Adjusted shares capital after SBB
24.08.2016	140,000	0	0.125	0.125	17,634	204,919,645
20.09.2016	190,000	0	0.135	0.135	25,847	204,729,645
23.09.2016	10,000	0	0.140	0.140	1,444	204,719,645
28.09.2016	330,000	0	0.145	0.145	48,217	204,389,645
30.09.2016	49,000	0	0.140	0.140	6,912	204,340,645
04.10.2016	110,000	0	0.140	0.140	15,518	204,230,645
05.10.2016	50,000	0	0.140	0.140	7,053	204,180,645
06.10.2016	400,000	0	0.140	0.140	56,429	203,780,645
Total	1,279,000				179,054	

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DIRECTORS' REPORT for the year ended 31 December 2017

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 2017.

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 5 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
Loss for the year after taxation attributable to : -		
Owners of the Company	(731)	(519)
Non-controlling interests	(89)	-
	(820)	(519)

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.

TREASURY SHARES

As at 31 December 2017, the Company held as treasury shares a total of 1,279,000 out of its 205,059,645 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM178,991. Relevant details on the treasury shares are disclosed in Note 11 to the financial statements.

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;
- (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;

DIRECTORS' REPORT

for the year ended 31 December 2017 (cont'd)

WARRANTS 2014/2019 (Cont'd.)

The salient features of the warrants are (Cont'd.) : -

- (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 2017, the total outstanding warrants are 97,648,744 remained unexercised.

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

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.

DIRECTORS' REPORT

for the year ended 31 December 2017 (cont'd)

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.

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

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.

Shares and debentures

SHARES AND DEBENTURES

The Group and the Company did not issue any shares or debentures during the financial year.

DIRECTORS' REPORT

for the year ended 31 December 2017 (cont'd)

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year and since the end of the financial year are : -

Datuk Seri Syed Ali Bin Abbas Alhabshee – Chairman – appointed on 9/6/2017
 Dato' Hussian @ Rizal Bin A. Rahman
 Wong Loke Lim
 Noor Shahwan Bin Saffwan
 Chandran John Kasilingam – appointed on 6/2/2018
 Yeong Siew Lee – appointed on 6/2/2018
 Dato' Jamaludin Bin Hassan – Chairman – resigned on 1/6/2017
 Quah Teik Jin - Managing Director – resigned on 22/11/2017
 Lim Lung Wen – resigned on 22/11/2017
 Dr. Chew Seng Poh – resigned on 22/11/2017
 Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra – resigned on 6/2/2018

The directors who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report are : -

Foong Siang Ming
 Kevin Yap Yu Wei
 Ooi Chee Hong
 Soh Yu Chuang @ Soh Chuang Khim
 Tan Man Siang
 Ramlan Bin Salleh – appointed on 22/11/2017
 Mohd Ismail Bin Haji Mohd Nor – appointed on 1/1/2018

DIRECTORS' INTERESTS

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 : -

	As at 1/1/2017	Number of ordinary shares		As at 31/12/2017
		Bought	Sold	
Direct interests				
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra	326,900	-	-	326,900
Indirect interests				
Dato' Hussian @ Rizal Bin A. Rahman *	62,339,895	-	-	62,339,895
Datuk Seri Syed Ali Bin Abbas Alhabshee **	-	39,000,000	-	39,000,000

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

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

DIRECTORS' REPORT

for the year ended 31 December 2017 (cont'd)

DIRECTORS' INTERESTS (CONT'D)

	As at 1/1/2017	Number of warrants 2014/2019 Granted	Exercised /Disposal	As at 31/12/2017
Direct interests				
Dr. Khaled Abdullah Soubra				
Bin Abdullah Khaled Soubra	163,450	-	-	163,450
Indirect interest				
Dato' Hussian @ Rizal Bin A. Rahman *	32,864,197	-	-	32,864,197
Datuk Seri Syed Ali Bin Abbas Al Habshee**	-	19,500,000	-	19,500,000

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

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

By virtue of Section 8 of the Companies Act, 2017, Dato' Hussian @ Rizal Bin A. Rahman and Datuk Seri Syed Ali Bin Abbas Alhabshee 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.

DIRECTORS' REMUNERATION

The amounts of the remuneration of the directors or past directors of the Company or any of its subsidiary companies comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 31 to the financial statements.

None of the directors or past directors of the Company or any of its subsidiary companies have received any other benefits otherwise than in cash from the Company or any of its subsidiary companies during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company or any of its subsidiary companies during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company or any of its subsidiary companies.

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.

DIRECTORS' REPORT

for the year ended 31 December 2017 (cont'd)

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 32 to the financial statements.

AUDITORS

- a) Detail of auditors' remuneration for the Company is disclosed in Note 20 to the financial statements.
- b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

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

Chandran John Kasilingam

Dato' Hussian @ Rizal Bin A. Rahman

Puchong, Selangor
Date : 6 April 2018

INDEPENDENT AUDITORS' REPORT

to members of TFP Solutions Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TFP Solutions Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue Recognition

Refer to Notes 3(m) and 17 to the financial statements.

The key audit matter

The main revenue streams of the Group are segregated into goods sold and services. We identified revenue recognition in respect of goods sold and services to be an area of audit focus as it is to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

INDEPENDENT AUDITORS' REPORT

to members of TFP Solutions Berhad (cont'd)

How our audit addresses this matter

We performed the following audit procedures, among others, around revenue recognition : -

- Tested the operating effectiveness of the Group's internal controls over timing and amount of revenue recognised;
- Inspected the terms of significant sales contracts to determine the point of transfer of significant risk and rewards;
- Inspected the documents which evidenced the delivery of goods and services to customers; and
- Tested sales transactions as well as credit notes issued, near to the year ended date to assess whether the revenue was recognised in the correct period.

Trade Receivables

Refer to Notes 2(d)(ii) and 6 to the financial statements.

The key audit matter

As at 31 December 2017, the Group carries significant outstanding trade receivables balance of approximately amounted to RM16.5 million and is subject to major credit risk exposures. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.

How our audit addresses this matter

We performed the following audit procedures, among others : -

- Obtaining an understanding of : -
 - the Group's control over the receivable collection process;
 - how the Group identifies and assesses the impairment of receivables; and
 - how the Group makes the accounting estimates for impairment.
- Reviewing the ageing analysis of receivables and testing the reliability thereof.
- Reviewing subsequent cash collections for major receivables and overdue amount.
- Making inquiries of management regarding the action plans to recover overdue amounts.
- Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.
- Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.
- Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.
- Obtaining positive confirmation from major receivables to proof the accuracy of the amounts correspondence to auditor's records.

INDEPENDENT AUDITORS' REPORT

to members of TFP Solutions Berhad (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

to members of TFP Solutions Berhad (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

to members of TFP Solutions Berhad (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Kreston John & Gan
(AF 0113)
Chartered Accountants

Lim Chiam Kay
Approval No: 1285/03/2019(J)
Chartered Accountant

Kuala Lumpur,
Date : 6 April 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Note	2017 RM'000	2016 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	268	259
Current Assets			
Trade receivables	6	16,546	35,313
Other receivables, deposits and prepayments	7	855	1,290
Current tax assets		350	839
Deposits with licensed banks	9	7,548	3,887
Cash and bank balances		1,434	1,420
Total Current Assets		26,733	42,749
Total Assets		27,001	43,008
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	10	20,506	20,506
Share premium	10	6,758	6,758
Treasury shares	11	(179)	(179)
Reserves	12	(14,709)	(13,982)
Non-controlling interests	13	12,376 107	13,103 196
Total Equity		12,483	13,299
Non-current Liabilities			
Deferred tax liabilities	14	9	7
Current Liabilities			
Trade payables	15	12,905	27,039
Other payables and accruals	16	1,604	2,663
Current tax liabilities		*	*
Total Current Liabilities		14,509	29,702
Total Liabilities		14,518	29,709
Total Equity and Liabilities		27,001	43,008

* 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 2017

	Note	2017 RM'000	2016 RM'000
Revenue	17	70,753	68,291
Cost of sales		(62,478)	(61,336)
Gross profit		8,275	6,955
Other income	18	1,009	866
Distribution costs		(141)	(129)
Administrative expenses		(9,305)	(8,665)
Other expenses		(421)	(1,830)
Loss from operations		(583)	(2,803)
Finance costs	19	(60)	(24)
Loss before taxation	20	(643)	(2,827)
Income tax expense	23	(177)	67
Loss for the year		(820)	(2,760)
Other comprehensive profit /(loss) :			
- Foreign currency translation difference for foreign operation		4	(3)
Total comprehensive loss		(816)	(2,763)
Loss for the year attributable to : -			
Equity holders of the Company		(731)	(2,679)
Non-controlling interests		(89)	(81)
		(820)	(2,760)
Total comprehensive loss for the year attributable to : -			
Equity holders of the Company		(727)	(2,682)
Non-controlling interests		(89)	(81)
		(816)	(2,763)
Basic loss per share (sen)	24	(0.36)	(1.31)
Diluted loss per share (sen)	24	(0.28)	(1.03)

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 2017

	Attributable to equity holders of the company ----->						
	<----- Non-Distributable ----->			<Distributable>			
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Warrant reserves RM'000	Foreign currency translation reserves RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2016	20,506	-	6,758	1,357	(24)	(12,633)	15,964
Transaction with owners :							
Purchase of own shares	-	(179)	-	-	-	-	(179)
Comprehensive loss :							
Net loss for the financial year	-	-	-	-	-	(2,679)	(81)
Other comprehensive loss :							
Foreign currency translation difference for foreign operation	-	-	-	-	(3)	-	(3)
Total comprehensive loss	-	-	-	-	(3)	(2,679)	(81)
Balance at 31 December 2016	20,506	(179)	6,758	1,357	(27)	(15,312)	13,103
Balance at 1 January 2017	20,506	(179)	6,758	1,357	(27)	(15,312)	13,103
Comprehensive loss :							
Net loss for the financial year	-	-	-	-	-	(731)	(89)
Other comprehensive profit :							
Foreign currency translation difference for foreign operation	-	-	-	-	4	-	4
Total comprehensive profit /(loss)	-	-	-	-	4	(731)	(816)
Balance at 31 December 2017	20,506	(179)	6,758	1,357	(23)	(16,043)	12,376
							107
							12,483

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year for the year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
Cash flows from operating activities			
Loss before taxation		(643)	(2,827)
Adjustments for : -			
Depreciation of plant and equipment		99	93
Impairment losses on trade receivables		278	1,714
Interest income		(192)	(164)
Reversal of impairment losses no longer required		(3)	(121)
Unrealised loss /(gain) on foreign exchange		11	(11)
Operating loss before working capital changes		(390)	(1,292)
Decrease /(Increase) in trade receivables		18,481	(24,210)
Decrease /(Increase) in other receivables, deposits and prepayments		435	(11)
(Decrease) /Increase in trade payables		(14,134)	18,552
(Decrease) /Increase in other payables and accruals		(1,059)	963
Cash generated from /(used in) operations		3,333	(5,998)
Interest expense		(60)	(24)
Tax paid		(291)	(646)
Tax refund		605	24
Net cash from /(used in) operating activities		3,587	(6,644)
Cash flows from investing activities			
Interest received		192	164
Placement of deposits with licensed banks		(450)	(838)
Purchase of plant and equipment	25	(109)	(124)
Net cash used in investing activities		(367)	(798)
		3,220	(7,442)
Cash flows from financing activities			
Purchase of own shares		-	(179)
Net increase /(decrease) in cash and cash equivalents		3,220	(7,621)
Effects of foreign exchange translation		4	(3)
Cash and cash equivalents at the beginning of the year		3,270	10,894
Cash and cash equivalents at the end of the year	26	6,494	3,270

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

STATEMENT OF FINANCIAL POSITION

31 December 2017

	Note	2017 RM'000	2016 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	-	*
Investment in subsidiary companies	5	8,408	8,408
Total Non-current Assets		8,408	8,408
Current Assets			
Other receivable and deposit	7	*	*
Amount due from subsidiary companies	8	875	1,227
Current tax assets		13	15
Deposits with licensed banks	9	400	650
Cash and bank balances		90	72
Total Current Assets		1,378	1,964
Total Assets		9,786	10,372
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	10	20,506	20,506
Share premium	10	6,758	6,758
Treasury shares	11	(179)	(179)
Reserves	12	(17,608)	(17,089)
Total Equity		9,477	9,996
Current Liabilities			
Other payable and accruals	16	309	343
Amount due to subsidiary companies	8	*	33
Total Liabilities		309	376
Total Equity and Liabilities		9,786	10,372

* 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 2017**

	Note	2017 RM'000	2016 RM'000
Revenue	17	1,704	1,794
Other income	18	39	60
Administrative expenses		(2,262)	(2,520)
Other expenses		*	*
Loss before taxation	20	(519)	(666)
Income tax expense	23	-	-
Loss for the year, representing total comprehensive loss for the year		(519)	(666)

* Less than RM1,000

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 2017

	<----- Attributable to equity holders of the company ----->					
	<----- Non-distributable ----->		<Distributable>			
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Warrant reserves RM'000	Accumulated losses RM'000	Total RM'000
Balance at 1 January 2016	20,506	-	6,758	1,357	(17,780)	10,841,028
Transactions with owners :						
Purchase of own shares	-	(179)	-	-	-	(178,991)
Total comprehensive loss for the year	-	-	-	-	(666)	(666,241)
Balance at 31 December 2016	20,506	(179)	6,758	1,357	(18,446)	9,996
Total comprehensive loss for the year	-	-	-	-	(519)	(519)
Balance at 31 December 2017	20,506	(179)	6,758	1,357	(18,965)	9,477

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 2017

	Note	2017 RM'000	2016 RM'000
Cash flows from operating activities			
Loss before taxation		(519)	(666)
Adjustments for : -			
Depreciation of plant and equipment		*	*
Impairment loss on investment in subsidiary companies		-	358
Interest income		(39)	(60)
Operating loss before working capital changes		(558)	(368)
Decrease in other receivable and deposit		*	20
Decrease in amount due from subsidiary companies		352	322
Decrease in other payable and accruals		(34)	(99)
Cash used in operations		(240)	(125)
Tax refund		15	15
Tax paid		(13)	(15)
Net cash used in operating activities		(238)	(125)
Cash flows from investing activity			
Interest received		39	60
		(199)	(65)
Cash flows from financing activities			
Purchase of own shares		-	(179)
Advance from /(Repayment to) subsidiary companies		(33)	33
Net cash used in financing activities		(33)	(146)
Net decrease in cash and cash equivalents		(232)	(211)
Cash and cash equivalents at the beginning of the year		722	933
Cash and cash equivalents at the end of the year	26	490	722

* 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 2017

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 : -

Principal place of business	: No. 8-3, Jalan Puteri 4/2, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan
Registered office	: With effective from 26 September 2017 Suite 10.03, Level 10, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur
	Prior to 26 September 2017 Level 7, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara Damansara Heights, 50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 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 2017 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 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 6 April 2018.

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 requirements of the Companies Act, 2016 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 2018

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (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 (Cont'd.)

- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- MFRS 16, Leases
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long Term Interests in Associates and Joint Ventures
- IC Interpretation 23, Uncertainty over Income Tax Treatments

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

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 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;
- from the annual period beginning on 1 January 2019 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 2019; and
- from the annual period beginning on 1 January 2021 for those accounting standards, amendments or interpretations that are applicable to the Company and effective for annual periods beginning on or after 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd.)

a) Statement of compliance (Cont'd.)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the 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.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 17, Insurance Contracts

MFRS 17 replaces the existing standard on Insurance Contracts MFRS 4. Earlier application is permitted provided the entities have applied MFRS 9, Financial Instruments and MFRS 15, Revenue from Contracts with Customers on or before the date of initial application of MFRS 17.

Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements

The amendments clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to MFRS 11, Joint Arrangements clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

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 amendments clarify that : -

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd.)

a) Statement of compliance (Cont'd.)

Amendments to MFRS 112, Income Taxes

The amendments clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123, Borrowing Costs

The amendments clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9, MFRS 15, MFRS 16, MFRS 17, amendments to MFRS 3 and MFRS 11, amendments to MFRS 10 and MFRS 128, amendments to MFRS 112 and amendments to MFRS 123.

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 judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, 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 judgements 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd.)

d) Use of estimates and judgements (Cont'd)

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 RM2,023,650 (2016 – RM1,749,231). 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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses and capital allowances was approximately RM1,551,000 (2016 – RM1,467,000).

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.

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 2017 was RM8,408,395 (2016 – RM8,408,395).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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 of voting rights, it has the current liability to direct the activities of the investee that significantly 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.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of consolidation (Cont'd)

iv) 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.

v) 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.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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.

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 foreseeable 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Foreign currency (Cont'd.)

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 acquisition or issue of 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

c) Financial instrument (Cont'd.)

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

The Group and the Company categorise financial instruments as follows : - (Cont'd.)

Financial assets (Cont'd.)

a) Financial assets at fair value through profit or loss (Cont'd.)

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.

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)).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

c) Financial instrument (Cont'd.)

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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 expired or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new 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 expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

d) Plant and equipment (Cont'd.)

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 is depreciated separately.

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 held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

f) Intangible assets (Cont'd)

v) 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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

h) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd)

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.

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 a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

h) Impairment of assets (Cont'd.)

ii) Other assets (Cont'd)

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) Treasury shares

When the Company re-acquires its own equity shares, the amount of the consideration paid, including directly attributable costs, is recognised in equity. Shares re-acquired are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sales, re-issuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount are shown as a movement in equity, as appropriate. Where treasury shares are distributed as share dividends, the cost of the treasury shares are applied in the reduction of the share premium reserve or distributable retained profits or both.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

j) Compound financial instruments (Cont'd)

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.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) State 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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) Management fee

Management fee is recognised upon the service rendered.

iv) 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.

v) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

n) Income tax (Cont'd)

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 reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

o) 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.

p) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

q) 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.

r) 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 2017 (cont'd)

4. PLANT AND EQUIPMENT

Group 2017	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<u>Cost</u>					
Balance at 1/1/17	523	153	146	66	888
Additions	34	34	18	23	109
Written off	(114)	-	(4)	-	(118)
Balance at 31/12/17	443	187	160	89	879
<u>Accumulated depreciation</u>					
Balance at 1/1/17	342	131	125	31	629
Charge for the year	69	11	8	12	100
Deletion	(114)	-	(4)	-	(118)
Balance at 31/12/17	297	142	129	43	611
Net Book Value	146	45	31	46	268

2016

<u>Cost</u>					
Balance at 1/1/16	447	152	131	34	764
Additions	76	1	15	32	124
Balance at 31/12/16	523	153	146	66	888
<u>Accumulated depreciation</u>					
Balance at 1/1/16	275	121	118	22	536
Charge for the year	67	10	7	9	93
Balance at 31/12/16	342	131	125	31	629
Net Book Value	181	22	21	35	259

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

4. PLANT AND EQUIPMENT (Cont'd)

Company 2017	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
<u>Cost</u>				
Balance at 1/1/17	2	67	40	109
Additions	-	-	-	-
Balance at 31/12/17	2	67	40	109
<u>Accumulated depreciation</u>				
Balance at 1/1/17	2	67	40	109
Charge for the year	-	*	-	*
Balance at 31/12/17	2	67	40	109
Net Book Value	-	-	-	-

2016

<u>Cost</u>				
Balance at 1/1/16	2	67	40	109
Additions	-	-	-	-
Balance at 31/12/16	2	67	40	109
<u>Accumulated depreciation</u>				
Balance at 1/1/16	2	67	40	109
Charge for the year	-	*	-	*
Balance at 31/12/16	2	67	40	109
Net Book Value	-	*	-	*

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Computer equipment	109	183	2	2
Furniture and fittings	109	103	67	65
Office equipment	114	107	40	40
Renovation	16	16	-	-
	348	408	109	107

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	24,382	24,382
Less : Allowance for impairment losses	(15,974)	(15,974)
	8,408	8,408

The reconciliation of the allowance account is as follows : -

	Company	
	2017 RM'000	2016 RM'000
At beginning of the financial year	15,974	15,616
Impairment loss recognised	-	358
At the end of the financial year	15,974	15,974

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	
			2017 %	2016 %
Comm Zed Sdn. Bhd.	Malaysia	Providing network security, IT solution, hardware and software maintenance.	100	100
MBP Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Systems Solutions	100	100
O2U Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resources Planning ("ERP") consulting and implementation of Oracle products.	51	51
TFP Soft Sdn. Bhd. (Formerly known as One Uni Education Sdn. Bhd. and ProDserv Sdn. Bhd.)	Malaysia	Developing and providing Enterprise Business Solutions value added solutions and investment holding.	100	100
SBOne Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of SAP products.	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
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 company of Comm Zed Sdn. Bhd.</u>				
Comm Zed Solution Sdn. Bhd.	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 material uncertainty related to going concern : -

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 RM1,276,515 as at 31 December 2017, and as of that date, the subsidiary company's current liabilities exceeded its current assets by RM276,515, 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. The auditors' opinion is not modified in respect of this matter.

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.	
	2017	2016
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI (RM'000)	107	196
Loss allocated to NCI (RM'000)	(89)	(81)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Non-controlling interest in subsidiary company (Cont'd)

	O2U Solutions Sdn. Bhd.	
	2017	2016
Summarised financial information before intra-group elimination : -		
	RM'000	RM'000
<u>As at 31 December</u>		
Non-current assets	6	9
Current assets	414	496
Current liabilities	(248)	(151)
Net assets	172	354
<u>Year ended 31 December</u>		
Revenue	1,115	1,474
(Loss) /Profit for the year, representing total comprehensive (loss)/ income for the year	(182)	(165)
Cash flows used in operating activities	(67)	(378)
Cash flows from investing activities	33	17
Cash flows from /(used in) financing activities	45	(32)
Net increase /(decrease) in cash and cash equivalents	11	(393)
Dividends paid to NCI	-	-

6. TRADE RECEIVABLES

	Group	
	2017 RM'000	2016 RM'000
Trade receivables	18,570	37,062
Less : Allowance account	(2,024)	(1,749)
	16,546	35,313

The reconciliation of the allowance account is as follows : -

	Group	
	2017 RM'000	2016 RM'000
At beginning of the financial year	1,749	280
Bad debt written off	-	(124)
Impairment losses recognised	278	1,714
Amount recovered and reversed	(3)	(121)
At the end of the financial year	2,024	1,749

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

6. TRADE RECEIVABLES (Cont'd)

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 immediate payment to 90 days (2016 – immediate payment to 65 days). Other terms are assessed and approved on a case-by-case basis.

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

	Group 2017 RM'000	2016 RM'000
US Dollar	146	102

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2017 RM'000	2016 RM'000	Company 2017 RM'000	2016 RM'000
Other receivables	550	902	-	*
Deferred costs	277	268	-	-
Other deposits	28	33	*	*
Prepayments	-	87	-	-
	855	1,290	*	*

* Less than RM1,000

8. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES

	Company 2017 RM'000	2016 RM'000
Amount due from subsidiary companies : -		
Trade		
- Comm Zed Sdn. Bhd.	34	-
- MBP Solutions Sdn. Bhd.	2	-
- O2U Solutions Sdn. Bhd.	4	-
- SBOne Solutions Sdn. Bhd.	3	-
- Tech3 Solutions Sdn. Bhd.	101	218
Non-Trade		
- MBP Solutions Sdn. Bhd.	602	958
- O2U Solutions Sdn. Bhd.	50	-
- TFP International Pte. Ltd.	186	158
	982	1,334
Less : Allowance account	(107)	(107)
	875	1,227

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

8. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES (Cont'd)

	Company 2017 RM'000	2016 RM'000
Amount due to subsidiary companies : -		
Trade		
- SoftFac Technology Sdn. Bhd.	*	-
Non-Trade		
- Comm Zed Sdn. Bhd.	-	*
- O2U Solutions Sdn. Bhd.	-	(14)
- SBOne Solutions Sdn. Bhd.	-	(12)
- SoftFac Technology Sdn. Bhd.	-	(7)
	*	(33)

The reconciliation of the allowance account is as follows : -

	Company 2017 RM'000	2016 RM'000
At beginning of the financial year	107	107
Impairment losses recognised	-	-
At the end of the financial year	107	107

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

	2017 RM'000	2016 RM'000
Singapore Dollar	79	50

* Less than RM1,000

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 RM650,000 (2016 – RM1,000,000) due from subsidiary companies, which bears interest at rate of 3.50% (2016 – 3.50%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

9. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits with licensed banks	2,488	2,037	-	-
Repo deposits with licensed banks	5,060	1,850	400	650
	7,548	3,887	400	650

The effective interest rates of deposits with licensed banks of the Group and of the Company are in the range from 2.35% to 2.95% (2016 – 1.85% to 3.15%) and 2.75% (2016 – 2.75%) per annum respectively.

Included in deposits with licensed banks of the Group are amounts of RM2,487,657 (2016 – RM2,037,404) which have been pledged to licensed banks as security for the credit facilities granted to the subsidiary companies.

10. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company			
	2017 <u>Number of shares</u> '000	2016 <u>Number of shares</u> '000	2017 RM'000	2016 RM'000
Authorised :				
Ordinary shares of RM0.10 each	N/A	500,000	N/A	50,000

	Group and Company			
	Number of ordinary shares		Total share capital and share premium	
	Share capital (Issued and fully paid) '000	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Share premium RM'000
At beginning /end of the financial year	205,059	20,506	6,758	27,264

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

The holders of ordinary shares are entitled to receive dividends as 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. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

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, 2016.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

11. TREASURY SHARES

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 24 June 2016, 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 details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows : -

	Group and Company			
	2017	2016	2017	2016
	<u>Number of shares</u>			
	'000	'000	RM'000	RM'000
Balance at 1 January 2017	1,279	-	179	-
Shares purchased	-	1,279	-	179
Balance at 31 December 2017	1,279	1,279	179	179
Average unit cost for the year (RM)			0.14	0.14

The number of outstanding shares in issue after excluding the treasury shares as at 31 December 2017 was 203,780,645 (2016 – 203,780,645).

12. RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Non-distributable</u>				
Warrant reserves	1,357	1,357	1,357	1,357
Foreign currency translation reserves	(23)	(27)	-	-
	1,334	1,330	1,357	1,357
<u>Distributable</u>				
Accumulated losses	(16,043)	(15,312)	(18,965)	(18,446)
	(14,709)	(13,982)	(17,608)	(17,089)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

12. RESERVES (Cont'd)

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%

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	
	2017 RM'000	2016 RM'000
Balance at the beginning of the year	196	277
Transferred from profit or loss	(89)	(81)
Balance at the end of the year	107	196

14. DEFERRED TAX LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
Balance at the beginning of the year	7	43
Recognised in profit or loss (Note 23)	2	(36)
Balance at the end of the year	9	7

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

14. DEFERRED TAX LIABILITIES (Cont'd.)

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

Group	As at 1 January RM'000	Recognised in profit or loss RM'000	As at 31 December RM'000
2017			
<u>Deferred tax assets</u>			
Unabsorbed tax losses	-	(18)	(18)
<u>Deferred tax liabilities</u>			
Accelerated capital allowances	7	20	27
2016			
<u>Deferred tax liabilities</u>			
Accelerated capital allowances	43	(36)	7

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and where the deferred income taxes relate to the same tax authority. The net deferred tax asset and liabilities shown on the statement of financial position after appropriate off setting are : -

Group

	2017 RM'000	2016 RM'000
Deferred tax asset	(18)	-
Deferred tax liabilities	27	7
	9	7

15. TRADE PAYABLES

Group

The normal credit term of trade payables is in the range from immediate payment 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

	2017 RM'000	2016 RM'000
US Dollar	-	6

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

16. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables	476	2,115	1	-
Accruals	1,128	548	308	343
	1,604	2,663	309	343

Company

Included in accruals is an amount of provision of directors' remuneration of RM207,083 (2016 – RM250,000).

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

Group	2017 RM'000	2016 RM'000
Singapore dollar	24	8

17. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Management fee	-	-	1,704	1,794
Sale of goods	63,515	61,504	-	-
Services rendered	7,238	6,787	-	-
	70,753	68,291	1,704	1,794

18. OTHER INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposit interest income	67	56	-	-
Gain on foreign exchange				
- realised	10	21	-	-
- unrealised	-	11	-	-
Insurance claims	-	11	-	-
Interest income on advances to subsidiary companies	-	-	21	40
Interest income on late payment	3	-	-	-
Partners' incentive	794	531	-	-
Repo deposit interest income	125	108	18	20
Reversal of impairment loss no longer required	3	121	-	-
Sundry income	7	7	-	-
	1,009	866	39	60

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

19. FINANCE COSTS

	Group 2017 RM'000	2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss : -		
- Banker's acceptance	60	24

20. LOSS BEFORE TAXATION

	Group 2017 RM'000	2016 RM'000	Company 2017 RM'000	2016 RM'000
Loss before tax is arrived at after charging : -				
Auditors' remuneration				
- Kreston John & Gan	114	114	32	32
- Other auditors	8	8	-	-
Depreciation of plant and equipment	99	93	*	*
Employee benefits expense (Note 21)	8,950	8,462	1,727	1,689
Impairment loss on				
- trade receivables	278	1,714	-	-
- investment in subsidiary companies	-	-	-	358
Interest expenses on bankers' acceptance	60	24	-	-
Loss on foreign exchange				
- realised	33	22	-	-
- unrealised	11	-	-	-
Rental of premises	150	147	-	-
and after crediting : -				
Fixed deposit interest income	67	56	-	-
Gain on foreign exchange - realised				
- realised	10	21	-	-
- unrealised	-	11	-	-
Interest income on late payment	3	-	-	-
Interest income on advances to subsidiary companies	-	-	21	40
Repo deposit interest income	125	108	18	20
Reversal of impairment loss no longer required	3	121	-	-

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, allowances and bonus	6,373	6,269	1,428	1,378
Employees Provident Fund	997	1,019	271	260
Social security costs	42	40	3	2
Other staff related expenses	1,538	1,134	25	49
	8,950	8,462	1,727	1,689

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to RM2,284,152 (2016 – RM2,358,124) and RM1,317,000 (2016 – RM1,436,000) respectively as disclosed in Note 22.

22. DIRECTORS' REMUNERATIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Directors of the Company</u>				
Executive directors				
- Fees	117	125	117	125
- Other emoluments	1,667	1,787	1,317	1,436
- Contribution to defined contribution plan	291	294	249	-
Non-executive directors				
- Fees	175	125	175	125
- Other emoluments	8	9	8	9
Total excluding benefits-in-kind	2,258	2,340	1,866	1,695
<u>Directors of subsidiary companies</u>				
Executive directors				
- Fees	7	7	-	-
- Other emoluments	617	572	-	-
- Contribution to defined contribution plan	85	78	-	-
	709	657	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

23. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax				
- current year provision	175	48	-	-
- over provision in previous year	2	(79)	-	-
Deferred taxation (Note 14)	177 *	(31) (36)	-	-
	177	(67)	-	-

* Less than RM1,000

Income tax is calculated at the Malaysian statutory tax rate of 24% 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	
	2017 %	2016 %	2017 %	2016 %
Applicable tax rate	(24)	(24)	(24)	(24)
Tax effects of :				
- Deferred tax assets not recognised during the year	43	11	17	6
- Income tax exempted under pioneer status	7	2	-	-
- Non-allowable expenses	47	13	7	18
- Non-taxable income	(11)	-	-	-
- Over provision in previous year	-	(2)	-	-
- Utilisation of capital allowances	(13)	-	-	-
- Utilisation of tax losses	(21)	(2)	-	-
Effective tax rate	28	(2)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

23. INCOME TAX EXPENSE (Cont'd)

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 2017 RM'000	2016 RM'000
Unabsorbed tax losses	5,531	5,151
Unabsorbed capital allowances	984	1,122

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

	Group 2017 RM'000	2016 RM'000
<u>Tax losses - approximate</u>		
Balance brought forward	5,151	3,803
Claimed during the year	963	1,525
	6,114	5,328
Utilised during the year	(583)	(177)
Balance carried forward	5,531	5,151
<u>Capital allowances - approximate</u>		
Balance brought forward	1,122	1,096
Claimed during the year	11	77
	1,133	1,173
Utilised during the year	(149)	(51)
Balance carried forward	984	1,122

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

23. INCOME TAX EXPENSE (Cont'd)

The tax saving derived from the utilisation of unabsorbed tax losses and unabsorbed capital allowances brought forward from previous years amounted to approximately RM140,000 (2016 – RM42,000) and RM36,000 (2016 – RM12,000) 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	Total RM'000
Balance at 1 January 2016	912	263	-	1,175
Arising /(Utilising) during the year	321	6	(35)	292
Balance at 31 December 2016	1,233	269	(35)	1,467
Arising /(Utilising) during the year	90	(37)	31	84
Balance at 31 December 2017	1,323	232	(4)	1,551

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.

Company	Unabsorbed tax losses RM'000	Other temporary difference RM'000	Total RM'000
Balance at 1 January 2016	-	-	-
Arising during the year	45	*	45
Balance at 31 December 2016	45	-	45
Arising during the year	85	-	85
Balance at 31 December 2017	130	-	130

* Less than RM1,000

No deferred tax asset has been recognised as the Company 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.

24. LOSS PER SHARE

Basic :

Basic earnings per share is calculated by dividing the (loss) /profit 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	
	2017 RM'000	2016 RM'000
Loss for the year attributable to ordinary equity holders of the Company	(731)	(2,679)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

24. LOSS PER SHARE (Cont'd)

Basic : (Cont'd)

	Number of shares Unit'000	Unit'000
Number of shares in issue at 1 January	204,721	205,060
Effect of shares purchased	-	(339)
Weighted average number of ordinary shares in issue	204,721	204,721
Basic loss per share (sen)	(0.36)	(1.31)

Diluted :

	Group 2017 RM'000	2016 RM'000
Loss for the year attributable to ordinary equity holders of the Company(diluted)	(731)	(2,679)

	Number of shares Unit'000	Unit'000
Weighted average number of ordinary shares in issue(basic)	204,382	204,71
Dilutive potential ordinary shares		
- Assumed exercise of warrants	56,891	56,891
- Purchase of own shares	(339)	(339)
Weighted average number of ordinary shares in issue(diluted)	261,273	261,273
Diluted(loss) /earnings per share (sen)	(0.28)	(1.03)

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 2017 RM'000	2016 RM'000	Company 2017 RM'000	2016 RM'000
Purchase of plant and equipment (Note 4)	109	124	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

26. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,434	1,420	90	72
Deposits with licensed banks (Note 9)	7,548	3,887	400	650
	8,982	5,307	490	722
Less : Pledged deposits (Note 9)	(2,488)	(2,037)	-	-
	6,494	3,270	490	722

The foreign currency exposures of cash and bank balances of the Group are as follows : -

	2017	2016
	RM'000	RM'000
Singapore Dollar	28	10
US Dollar	1	1

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 5 to the financial statements.

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

	Group	
	2017	2016
	RM'000	RM'000
- Customer A	-	20,140
- Customer B	9,003	-
- Customer C	6,944	-
	15,947	20,140

28. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

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

- (i) Loans and receivables ("L&R");
- (ii) Financial liabilities measured at amortised cost ("FL").

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

28. FINANCIAL INSTRUMENTS

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

Group	Carrying amount RM'000	L&R RM'000	FL RM'000
2017			
Financial assets			
Trade receivables	16,546	16,546	-
Other receivables	550	550	-
Deposits with licensed banks	7,548	7,548	-
Cash and bank balances	1,434	1,434	-
	26,078	26,078	-
Financial liabilities			
Trade payables	(12,905)	-	(12,905)
Other payables and accruals	(1,604)	-	(1,604)
	(14,509)	-	(14,509)
2016			
Financial assets			
Trade receivables	35,313	35,313	-
Other receivables	902	902	-
Deposits with licensed banks	3,887	3,887	-
Cash and bank balances	1,420	1,420	-
	41,522	41,522	-
Financial liabilities			
Trade payables	(27,039)	-	(27,039)
Other payables and accruals	(2,663)	-	(2,663)
	(29,702)	-	(29,702)
Company			
2017			
Financial assets			
Amount due from subsidiary companies	875	875	-
Deposits with licensed banks	400	400	-
Cash and bank balances	90	90	-
	1,365	1,365	-
Financial liabilities			
Other payable and accruals	(309)	-	(309)
Amount due to subsidiary companies	*	-	*
	(309)	-	(309)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

28. FINANCIAL INSTRUMENTS (Cont'd)

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

Company	Carrying amount RM'000	L&R RM'000	FL RM'000
2016			
Financial assets			
Other receivables	*	*	-
Amount due from subsidiary companies	1,227	1,227	-
Deposits with licensed banks	650	650	-
Cash and bank balances	72	72	-
	1,949	1,949	-
Financial liabilities			
Accruals	(343)	-	(343)
Amount due to subsidiary companies	(33)	-	(33)
	(376)	-	(376)

* Less than RM1,000

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Exposure to credit risk, credit quality and collateral

As at 31 December 2017, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM10,000,000 due from five trade receivables which represents 60% of the total trade receivables of the Group. However, the directors are of the opinion that these amount outstanding is 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
2017			
Not past due	6,102	-	6,102
Past due 1-30 days	4,491	-	4,491
Past due over 30 days	7,977	(2,024)	5,953
	18,570	(2,024)	16,546
2016			
Not past due	28,906	-	28,906
Past due 1-30 days	749	-	749
Past due over 30 days	7,407	(1,749)	5,658
	37,062	(1,749)	35,313

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

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 RM16,546,643 (2016 – RM6,876,831) representing the outstanding corporater/bankers' guarantees related to 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risks (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : -

Group	Carrying amount RM'000	Effective interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2017				
<i>Non-derivative financial liabilities</i>				
Trade payables	12,905	-	12,905	12,905
Other payables and accruals	1,604	-	1,604	1,604
	14,509		14,509	14,509
2016				
<i>Non-derivative financial liabilities</i>				
Trade payables	27,039	-	27,039	27,039
Other payables and accruals	2,663	-	2,663	2,663
	29,702		29,702	29,702
Company				
2017				
<i>Non-derivative financial liabilities</i>				
Other payable and accruals	309	-	309	309
Amount due to subsidiary companies	*	-	*	*
	309		309	309
2016				
<i>Non-derivative financial liabilities</i>				
Accruals	343	-	343	343
Amount due to subsidiary companies	33	-	33	33
	376		376	376

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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 : -

Group	2017		2016	
	Denominated in SGD in RM'000	USD in RM'000	Denominated in SGD in RM'000	USD in RM'000
Balance recognised in the statement of financial position :				
Trade receivables	-	146	-	102
Cash and bank balances	28	1	10	1
Trade payables	-	-	-	(6)
Other payables and accruals	(24)	-	8	-
Net exposure	4	147	18	97
Company				
Amount due from subsidiary companies	79	-	50	-

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (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 (Cont'd.)

Group	2017		2016	
	Equity RM'000	Loss for the year RM'000	Equity RM'000	Loss for the year RM'000
<u>SGD</u> Increase /(Decrease)	*	*	*	*
<u>USD</u> Increase /(Decrease)	7	(7)	5	(5)
Company				
<u>SGD</u> Increase /(Decrease)	4	(4)	3	(3)

* 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.

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	2017		2016	
	RM'000	Effective interest rate %	RM'000	Effective interest rate %
<u>Floating rate instruments</u>				
Deposits with licensed banks	5,060	2.35-2.75	1,850	1.85-2.75
<u>Fixed rate instruments</u>				
Deposits with licensed banks	2,488	2.85-2.95	2,037	2.85-3.15

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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 (Cont'd.)

	2017 RM'000	Effective interest rate %	2016 RM'000	Effective interest rate %
Company				
<u>Floating rate instruments</u>				
Deposits with licensed banks	400	2.75	650	2.75
<u>Fixed rate instruments</u>				
Amount due from subsidiaries	650	3.25	1,000	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 RM50,600 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Unsecured</u>				
Corporate guarantees issued to third parties for supplies of goods and services to : -				
- subsidiary companies	-	-	15,600	6,100
<u>Secured</u>				
Bankers' guarantee issued in favour of third parties secured by deposit with a licensed bank	947	777	-	-
	947	777	15,600	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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (cont'd)

31. RELATED PARTIES (Cont'd)

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 8.

a) Related party/companies transactions : -

- i) Rental of premises paid to certain of the directors /former directors of the Company and the subsidiaries : -

	Group	
	2017 RM'000	2016 RM'000
- Lim Lung Wen	(47)	(47)
- Quah Teik Jin	(26)	(26)

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

	Company	
	2017 RM'000	2016 RM'000
Interest on loan to subsidiary companies		
- MBP Solutions Sdn. Bhd.	21	26
- O2U Solutions Sdn. Bhd.	*	-
- Tech3 Solutions Sdn. Bhd.	-	13
Management fee received /receivable from subsidiary companies		
- Comm Zed Sdn. Bhd.	222	2
- MBP Solutions Sdn. Bhd.	30	179
- O2U Solutions Sdn. Bhd.	27	44
- SBOne Solutions Sdn. Bhd.	41	62
- SoftFac Technology Sdn. Bhd.	15	20
- Tech3 Solutions Sdn. Bhd.	1,370	1,487

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	2,544	2,367	1,616	1,445
Post-employment benefits :				
- Defined contribution plan				
- EPF	371	372	249	260
	2,915	2,739	1,865	1,705

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' remuneration (Note 22)				
- Directors of the Company	1,967	2,046	1,616	1,695
- Directors of the subsidiaries	624	579	-	-
	2,591	2,625	1,616	1,695

* Less than RM1,000

32. SIGNIFICANT EVENTS

- a) The Companies Act, 2016 ("New Act") was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2017.

- b) On 17 November 2017, TFP Soft Sdn. Bhd. (formerly known as One Uni Education Sdn. Bhd. and ProDsolv Sdn. Bhd.), a wholly-owned subsidiary company of the Company, entered into a Memorandum of Understanding ("MOU") with Begum Rokeya University, Rangpur, Bangladesh to collaborate with each other to create a platform of mutual understanding between Begum Rokeya University and the International University of Malaya-Wales ("IUMW") for the placement of students from Begum Rokeya University in IUMW.
- c) On 21 December 2017, TFP Soft Sdn. Bhd. (formerly known as One Uni Education Sdn. Bhd. and ProDsolv Sdn. Bhd.), a wholly-owned subsidiary company of the Company, entered into a Joint Venture Agreement with Maestrosoft Limited, a private limited company incorporated in Bangladesh, to establish a joint venture company in Bangladesh.

Based on the agreement, the proposed IT related business of the joint venture company shall be carried out by forming a private limited company under the name of TFP Solutions (Bangladesh) Ltd.

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

We, Chandran John Kasilingam and Dato' Hussian @ Rizal Bin A. Rahman, 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 48 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2017 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Chandran John Kasilingam

Dato' Hussian @ Rizal Bin A. Rahman

Puchong, Selangor
Date: 6 April 2018

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

I, Choo Chuin Hui, NRIC : 661114-10-5790, 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 48 to 105, 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 6 April 2018.

Choo Chuin Hui

Before me

D. Selvaraj (W 320)
Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS as at 30 March 2018

SHARE CAPITAL

Total Number of Issued Shares : 205,059,645 (including treasury shares of 1,279,000)
 Class of Shares : Ordinary Shares
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2018

Size of Holding	No. of shareholders	% of shareholders	No. of Shares#	% of shares
1 – 99	6	0.62	250	0.00
100 - 1,000	40	4.10	14,053	0.01
1,001 - 10,000	516	52.92	1,828,600	0.90
10,001 - 100,000	314	32.31	13,571,400	6.66
100,001 – 10,189,031 *	93	9.54	42,726,447	20.97
10,189,032 AND ABOVE **	6	0.62	145,639,895	71.47
Total	975	100.00	203,780,645	100.00

Remark :

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

Excluding 1,279,000 shares bought back by the Company and retained as treasury 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:-

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Malaysian Trustees Berhad	46,296,297@	22.72@	-	-
2	Rapportrans Sdn. Bhd.	62,339,895	30.59	-	-
3	Milan Premier Sdn. Bhd.	39,000,000	19.14	-	-
4	Aurum Resources Sdn. Bhd.	20,600,000	10.11	-	-
5	Lim Lung Wen	11,850,000	5.82	-	-
6	Quah Teik Jin	11,850,000	5.82	-	-
7	Ariyan Jay Chinniah	350,000	0.17	20,600,000*	10.11*
8	Dato' Hussian @ Rizal Bin A. Rahman	-	-	62,339,895**	30.59**
9	Datuk Seri Syed Ali Bin Abbas Alhabshee	-	-	39,000,000***	19.14***

* Deemed Interest through Aurum Resources Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad

** Deemed interest through Rapportrans Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad

*** Deemed Interest through Milan Premier Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad

@ Held on behalf of Rapportrans Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

as at 30 March 2018 (Cont'd)

DIRECTORS' SHAREHOLDINGS

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

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Dato' Hussian @ Rizal Bin A. Rahman	-	-	62,339,895**	30.59
2	Datuk Seri Syed Ali Bin Abbas Alhabshee	-	-	39,000,000***	19.14
3	Noor Shahwan Bin Saffwan	-	-	-	-
4	Wong Loke Lim	-	-	-	-
5	Chandran John Kasilingam	-	-	-	-
6	Yeong Siew Lee	-	-	-	-

** Deemed interest through Rapportrans Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad

*** Deemed Interest through Milan Premier Sdn. Bhd., who in turn holds shares in TFP Solutions Berhad

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 MARCH 2018)

No.	Name of Shareholders	No. of Shares	%
1	Malaysian Trustees Berhad Rapportrans Sdn Bhd	46,296,297	22.72
2	Milan Premier Sdn Bhd	39,000,000	19.14
3	Aurum Resources Sdn Bhd	20,600,000	10.11
4	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rapportrans Sdn Bhd	16,043,598	7.87
5	Lim Lung Wen	11,850,000	5.82
6	Quah Teik Jin	11,850,000	5.82
7	Raymond Selvaraj A/L Victor Benjamin	4,505,800	2.21
8	Lim Chee Siong	3,815,000	1.87
9	Cheah Sek Lim Sonny	3,111,400	1.53
10	Chiang Siew Eng @ Le Yu Ak Ee	2,000,000	0.98
11	Tan Man Siang	1,716,247	0.84
12	Tan Bee Lean	1,500,000	0.74
13	Lau Geak Siam	1,200,000	0.59
14	Lee Kian Kerk	1,156,000	0.57
15	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kian Tak (REM 132)	900,000	0.44

ANALYSIS OF SHAREHOLDINGS

as at 30 March 2018 (Cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 MARCH 2018) (Cont'd)

No.	Name of Shareholders	No. of Shares	%
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Tzy Liq (E-KPG)	780,000	0.38
17	Shoo Kim Looi	720,000	0.35
18	Tan Siew Hua	700,000	0.34
19	Foo Hee Hiang	662,900	0.33
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kok Pin @ Kok Khong	650,000	0.32
21	Soh Keh Woei	550,000	0.27
22	Alliancegroup Nominees (Tempatan) Sdn Bhd Siew Lai Ping (8102742)	549,000	0.27
23	Lai Thiam Poh	528,900	0.26
24	Chia Sun Kia	520,000	0.26
25	Yong Kim Thai	500,000	0.25
26	Cheak Mun Luen	490,000	0.24
27	Tan Keat Ming	477,900	0.23
28	Maybank Nominees (Tempatan) Sdn Bhd Teo Soon Seng	459,900	0.23
29	Sue Ann Rozells	445,000	0.22
30	Soh Chau Kin	401,800	0.20

ANALYSIS OF WARRANTS HOLDINGS

as at 30 March 2018 (Cont'd)

Issued Size : 97,648,744
 Number of Warrants Holders : 756

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 30 MARCH 2018

Size of Holding	No. of Warrants Holders	Percentage (%) of Warrants Holders	No. of Warrants Holdings	Percentage (%) of Warrants Holdings
1 – 99	46	6.08	2,278	0.00
100 - 1,000	300	39.68	218,619	0.22
1,001 - 10,000	181	23.94	667,750	0.68
10,001 - 100,000	170	22.49	7,380,550	7.56
100,001 - 4,882,436*	54	7.14	25,165,350	25.77
4,882,437 AND ABOVE **	5	0.66	64,214,197	65.76
Total	756	100.00	97,648,744	100.00

Remark :

* Less than 5% of Issued Warrants

** 5% and above of Issued Warrants

DIRECTORS' INTERESTS IN WARRANTS AS AT 30 MARCH 2018

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Dato' Hussian @ Rizal Bin A. Rahman	-	-	32,864,197 [#]	33.66
2	Datuk Seri Syed Ali Bin Abbas Alhabshee	-	-	-	-
3	Noor Shahwan Bin Saffwan	-	-	-	-
4	Wong Loke Lim	-	-	-	-
5	Chandran John Kasilingam	-	-	-	-
6	Yeong Siew Lee	-	-	-	-

[#] Deemed interest through Rapportrans Sdn Bhd, who in turn holds warrants in TFP Solutions Berhad

SUBSTANTIAL WARRANTS HOLDERS

No.	Name of Substantial Warrants Holder	No. of Warrants held		No. of Warrants held	
		Direct	%	Indirect	%
1	Quah Teik Jin	5,925,000	6.07	19,500,000 ^{##}	19.97
2	Lim Lung Wen	5,925,000	6.07	19,500,000 ^{##}	19.97
3	Rapportrans Sdn Bhd	32,864,197	33.66	-	-
4	Milan Premier Sdn Bhd	19,500,000	19.97	-	-
5	Dato' Hussain @ Rizal Bin A. Rahman	-	-	32,864,197 [#]	

[#] Deemed interest through Rapportrans Sdn Bhd, who in turn holds warrants in TFP Solutions Berhad

^{##} Deemed interest through Milan Premier Sdn Bhd, who in turn holds warrants in TFP Solutions Berhad

ANALYSIS OF WARRANTS HOLDINGS

as at 30 March 2018 (Cont'd)

LIST OF TOP 30 LARGEST WARRANTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 MARCH 2018)

No.	Name of Warrants Holders	No. of 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	2,358,900	2.42
7	Raymond Selvaraj A/L Victor Benjamin	2,252,900	2.31
8	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Sia Seng (001)	1,678,000	1.72
9	Ng Sook Kin	1,253,400	1.28
10	Maybank Nominees (Tempatan) Sdn Bhd Teoh Hoay Ming	1,073,000	1.10
11	Chiang Siew Eng @ Le Yu Ak Ee	1,000,000	1.02
12	Dan Yoke Pyng	939,000	0.96
13	Yong Siew Ngee	887,600	0.91
14	Vincent Yong Tuck Seng	880,000	0.90
15	Lim Wu Chen	763,000	0.78
16	Kah Kong Boo	762,900	0.78
17	Soh Chau Kin	673,700	0.69
18	Lau Geak Siam	590,000	0.60
19	Soh Keh Woei	500,000	0.51
20	Thoo Kim Chan	480,000	0.49
21	Soo Siew Hua	450,000	0.46
22	Yap Eng Hwa	416,000	0.43
23	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Ewe Boon	410,000	0.42
24	Chua Kin Hua	400,000	0.41
25	Tan Thiam Mooi	400,000	0.41
26	Hoong Peng Li	370,000	0.38
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kim Hein (E-KPG)	365,000	0.37
28	Phua Pok In	311,000	0.32
29	Teoh Hoay Ming	307,800	0.32
30	Gan Heng Kock	300,000	0.31

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh (11th) Annual General Meeting (“**AGM**”) of TFP Solutions Berhad (“**the Company**”) will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Monday, 25 June 2018 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of Directors’ fees of RM291,666.66 for the financial year ended 31 December 2017. *Ordinary Resolution 1*
3. To approve the payment of Directors’ fees up to RM495,000 to be divided amongst the Directors in such manner as the Directors may determine in respect of the period from 1 January 2018 until the conclusion of the next AGM of the Company. *Ordinary Resolution 2*
4. To approve the payment of other benefits up to RM150,000 in respect of the period from 26 June 2018 until the conclusion of the next AGM of the Company. *Ordinary Resolution 3*
5. To re-elect Encik Noor Shahwan Bin Saffwan who retires by rotation pursuant to Article 105 of the Company’s Articles of Association and being eligible, offer himself for re-election. *Ordinary Resolution 4*
6. To re-elect the following Directors who retire pursuant to Article 108 of the Company’s Articles of Association and being eligible, offer themselves for re-election: -
 - i. Datuk Seri Syed Ali Bin Abbas Alhabshee *Ordinary Resolution 5*
 - ii. Chandran John Kasilingam *Ordinary Resolution 6*
 - iii. Yeong Siew Lee *Ordinary Resolution 7*
7. To re-appoint Messrs. Kreston John & Gan as Auditors of the Company and to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. *Ordinary Resolution 8*

AS SPECIAL BUSINESS

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

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** *Ordinary Resolution 9*

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”) and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time 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 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

9. **PROPOSED RENEWAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")** *Ordinary Resolution 10*

"THAT pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), the Company and/or its subsidiaries be and are hereby authorised to enter into any of the recurrent related party transactions of revenue or trading nature as set out in Circular to Shareholders dated 30 April 2018 with the related parties mentioned therein provided that such transactions are:-

- (a) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public;
- (b) necessary for the day-to-day operations; and
- (c) not to the detriment of the minority shareholders of the Company.

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

- (a) the conclusion of the next AGM of the Company following this AGM at which such Shareholders' Mandate is passed, at which it will lapse, unless by an ordinary resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed RRPT Mandate."

10. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Company Secretary

Kuala Lumpur
Dated: 30 April 2018

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Ordinary and Special Business: -

1. Item 1 of the Agenda

This Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provides that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 9 - Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution no. 9, if passed, will empower the Directors of the Company to issue and allot new shares at any time to such persons, in their absolute discretion, deem fit ("**General Mandate**"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The renewed General Mandate granted by the shareholders at 10th AGM of the Company held on 1 June 2017 had not been utilized and hence no proceeds were raised therefrom.

The renewed General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares

3. Ordinary Resolution 10- Proposed RRPT Mandate

The proposed Ordinary Resolution no. 10, if passed, will provide a renewal mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at general meeting.

Further information on the Proposed RRPT Mandate are set out in the Circular to Shareholders dated 30 April 2018 of the Company which is despatched together with the Company's 2017 Annual Report.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

- (1) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2018 (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 [subject to always to a maximum of two (2) proxies at each Meeting]. 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. 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 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 Share Registrar, Securities Services (Holdings) Sdn Bhd 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) *Pursuant to Rule 8.31A of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 11th AGM will be put to vote on a poll.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.29(2) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no Director standing for election other than the retiring Directors who are seeking for their re-election as a Directors pursuant to Article 105 and Article 108 of the Company's Articles of Association at the Eleventh (11th) Annual General Meeting.

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PROXY FORM

TFP SOLUTIONS BERHAD

(Company No. 773550-A)

(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

*I/We, (full name in capital letter) _____

I.C./Passport/Company No. _____ of _____

being a member/members of TFP SOLUTIONS BERHAD hereby appoint _____

of _____

_____ or failing him/her,

of _____

_____ or *failing him/her, the

CHAIRMAN OF THE MEETING as *my/our Proxy to vote for *me/us and act on *my/our behalf at the Eleventh 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 Monday, 25 June 2018 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.

No.	Ordinary Resolutions	*For	*Against
1.	To approve the payment of Directors' fees of RM291,666.66 for the financial year ended 31 December 2017.		
2.	To approve the payment of Directors' fees up to RM495,000 to be divided amongst the Directors in such manner as the Directors may determine in respect of the period from 1 January 2018 until the conclusion of the next AGM of the Company.		
3.	To approve the payment of other benefits up to RM150,000 in respect of the period from 26 June 2018 until the conclusion of the next AGM of the Company.		
4.	To re-elect Noor Shahwan Bin Saffwan as Director.		
5.	To re-elect Datuk Seri Syed Ali Bin Abbas Alhabshee as Director.		
6.	To re-elect Chandran John Kasilingam as Director.		
7.	To re-elect Yeong Siew Lee as Director.		
8.	Re-appointment of Messrs. Kreston John & Gan as Auditors of the Company.		
9.	As Special Business: - Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
10.	Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

* Strike out whichever not applicable.

Dated this ____ day of _____ 2018

Name of Proxy	Proportion of Shares Held
1.	
2.	
Total Number of Shares Held	

(Signature(s)/Common Seal of Shareholder)

Notes:

- (1) In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2018 (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 [subject to always to a maximum of two (2) proxies at each Meeting]. 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. 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 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 Share Registrar, Securities Services (Holdings) Sdn Bhd 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) Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, all resolutions set out in the Notice of 11th AGM will be put to vote on a poll.



The Share Registrar
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

AFFIX
STAMP



The 8 Fundamental Values That Guide Our Business Operations

- **TEAMWORK**
We believe in “OneTeam One Goal” concept
- **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



TFP Solutions Berhad
(773550-A)

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