Telecommunication. Fintech. Apps Platform

12
ANNUAL REPORT
2018

OUR VISION

- A company that provides Software & SI Services, Fintech Mobile and Digital Content Aggregation.
- We want to be seen as giving emphasis to the under – privileged and the rural.
- We want to be party to national initiatives of economic growth through services that cater for domestic and regional market.
- Above all we want to be a knowledge-based company that is creative and innovative.

OUR MISSION

- ***We strive*** to provide business customers with solutions to improve their productivity and efficiency.
- ***We strive*** to provide consumers with convenience of financial payment and remittance through mobile e-wallet.
- ***We strive*** to provide consumers with convenience of financial payment and remittance. We strive to provide Digital Contents aggregation & platform while promoting local digital content development & publication.
- ***We strive*** to create and innovate through continuous training and nurturing of our human capital through cross-fertilisation of ideas, knowledge and experience with our world class partners.

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Disclaimer :
This annual report, prepared by **TFP Solutions Berhad** ("**the Management**") may contain certain forward-looking statements and is prepared based on the Management's current view of future events that may involve certain assumptions, risks and uncertainties. Investors are advised that past performance does not necessarily signify its future performance.

Corporate Information

BOARD OF DIRECTORS

Datuk Seri Syed Ali Bin Abbas Alhabshee
Chairman, Non-Independent Non-Executive Director

Dato' Hussian @ Rizal Bin A. Rahman
Managing Director

Abdul Latib Bin Tokimin
Executive Director cum Chief Executive Officer

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
Yeong Siew Lee
Independent Non-Executive Director

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482)
Thien Lee Mee
(LS 0009760)

REGISTERED OFFICE

Suite 10.02, Level 10,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel no. : +603 2298 0263
Fax no. : +603 2298 0268

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

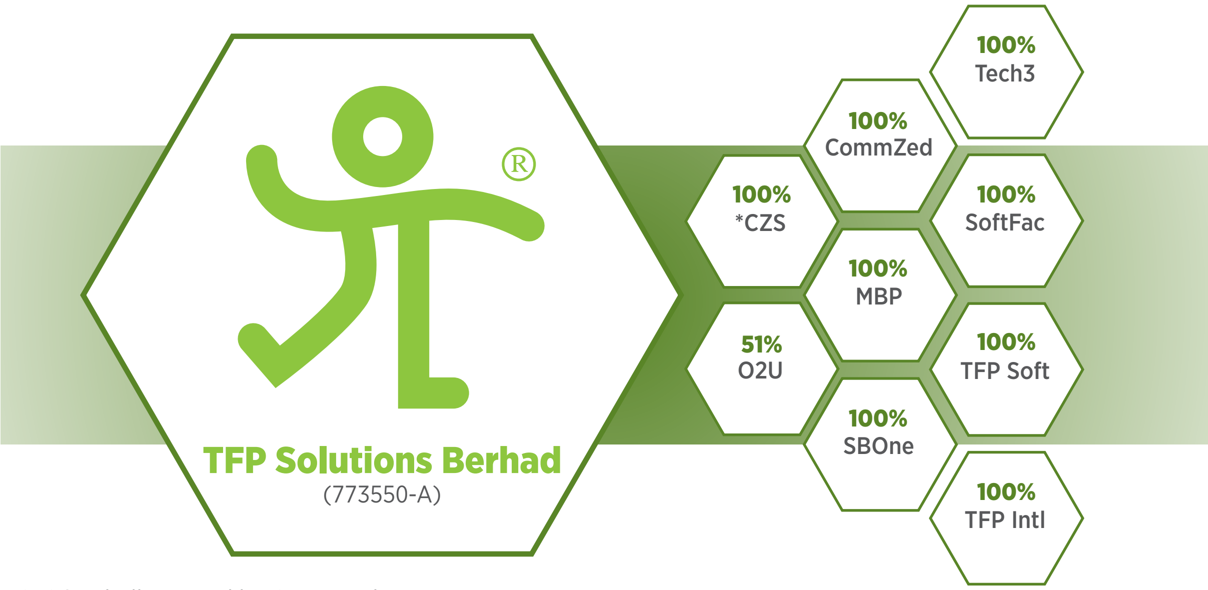
PRINCIPAL BANKER

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



* CZS is wholly-owned by CommZed

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 consulting, trading in IT related products and services, provide services ancillary to mobile telecommunication and Fintech products and services and investment holding.
O2U Solutions Sdn Bhd (“**O2U**”)	18 December 2008 Malaysia	51	500,000	Providing Enterprise Resources Planning (“**ERP**”) consulting and implementation of Oracle products
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 (HCRM) solutions
Tech3 Solutions Sdn Bhd (“**Tech3**”)	22 July 2002 Malaysia	100	5,000,000	Providing Enterprise Systems Solutions
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 International Pte Ltd (“**TFP Intl**”)	20 June 2008 Singapore	100	2	In the process of voluntary liquidation

Chairman's Foreword

FOREWORD FROM THE CHAIRMAN OF THE BOARD

Assalamu'alaikum Warahmatullahi Wabarakatuh

2018 has been a challenging year for TFP. Despite the economic uncertainties and slowdown due to pressure on Ringgit and the 14th General Election in May, TFP continued to incur losses despite prudent spending by Management.

Nonetheless, the Company has continued its downward financial trend and now will have to decide for its long-term business viability. Should it continue the same businesses? Or should it embark on "the blue-ocean strategy" which would require TFP to learn new businesses to stay relevant for sometimes into the future. And should there be reason for TFP to discontinue or selling some of its loss making business units mainly the Converged Infrastructure Solutions (CIS) business which focus on providing integrated system solutions via sale, installation and maintenance of servers and ICT infrastructure which consist the IT hardware business. Situational appraisal were done in the last quarter of 2018 and TFP has decided to take drastic steps moving forward to focus on the software business that is mainly the Business Management Solutions ("**BMS**"). BMS mainly focuses on providing software solutions to businesses in the private and public sectors, notably BMS provides software solutions/ tools such as enterprise resource planning and human resource management to the public and private sectors as well as campus management systems for the education sector.

The management of the Company intends to venture into new businesses that will create synergy with the Group's existing BMS business, amongst which would be potential collaboration with its partners to provide financial technology ("**Fintech**") to its existing and potential customers.

Over the past few years, Malaysians are increasingly embracing e-payment following the greater adoption of smartphones and the introduction of mobile-based payment platforms. The Group is exploring integrating Fintech to its existing human resource management systems and campus management system. The e-payment platform will allow users to make online payment via various channels as well as transfer and remittance of funds in an efficient and convenient way. The management of the Company is confident that it will be able to identify and penetrate the right target market for its new business plans.

The new strategic directions warrant changes in the Management team and several new key positions were identified and filled which saw changes of board members and the Management in TFP. Dato' Hussian @ Rizal Bin A. Rahman was re-designated as Managing Director in July while En Abdul Latib Tokimin was appointed to the Board as Executive Director cum CEO of TFP in November.

And the new businesses envisioned saw the necessity for TFP to be restructured and the last quarter of 2018 witnessed the beginning of Organisation Transformation. New skills and talents were brought into the Company to reinforce TFP's capability in gearing towards its readiness in launching the new businesses in the first half of 2019. Skills in project management, marketing planning, "go-to-market" strategies, retail operations, customer service and all the technical skills required in developing business support systems were identified and brought in. Organisation capability to support both Fintech and Content Aggregation operations were developed to ensure effective capture of the market, provisioning and after sales services.

The Company also recently announced the disposal of its loss making CIS business which is undertaken by Tech3 Solutions Sdn Bhd for a total cash consideration of RM7,904,000 which is subject to the approval of the shareholders at the coming extraordinary general meeting to be held. The proceeds from the disposal will provide the needed working capital and investment for the Company's new business direction.

We are into an exciting times and 2019 will witness a new TFP that is vibrant and surging forward. And in shaa Allah, with the support of our customers and all stakeholders, TFP will help catalyse the national economic growth in the medium and long terms.

Salam and Terima Kasih,

Datuk Seri Syed Ali Bin Abbas Alhabshee
Chairman, TFP Solutions Berhad

Board Of Directors' Profile

Datuk Seri Syed Ali Bin Abbas Alhabshee
57 years old, Malaysian, Male,
Chairman, Non-Independent Non-Executive Director

Datuk Seri Syed Ali Bin Syed Abbas Alhabshee ("**Datuk Seri Syed Ali**") 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 possess great knowledge and has 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 was on the board of several private and public corporations involved in a diverse range of businesses such as Chairman of UZMA Berhad until 2018. He was appointed the Chairman of Perbadanan Nasional Berhad, an Executive Board of Yayasan Wilayah Persekutuan and on the Board of Technology Park Malaysia, until 2018. He was a member of the Malaysian Senate (Dewan Negara) from 21 April 2003 until April 2009. He was the Head of UMNO, Cheras Division, Wilayah Persekutuan Kuala Lumpur and UMNO State Liaison Secretary, Wilayah Persekutuan Kuala Lumpur until 2018.

Datuk Seri Syed Ali does not hold any other directorship in other public companies and listed corporations.

Datuk Seri Syed Ali attended six (6) Board meetings held during the financial year ended 31 December 2018.

Dato' Hussian @ Rizal Bin A. Rahman D.S.A.P
57 years old, Malaysian, Male,
Managing Director

Dato' Hussian @ Rizal Bin A. Rahman ("**Dato' Hussian**") was appointed to the Board of the Company on 15 February 2013. Dato' Hussian was subsequently re-designated as Managing Director on 16 July 2018. 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 seven (7) Board meetings held during the financial year ended 31 December 2018.

Board Of Directors' Profile
(Cont 'd)

Abdul Latib Bin Tokimin
61 years old, Malaysian, Male,
Executive Director cum Chief Executive Officer

Encik Abdul Latib Bin Tokimin ("**Encik Latib**") was appointed to the Board of the Company on 1 November 2018. He holds an MBA from Henley Management College.

He started his career with Telekom Malaysia Berhad ("**TM**") in 1982 where he was responsible for various engineering practices in operations and maintenance, Research & Development and Training. During his tenure, he was seconded to Ghana Telecom as the Chief Marketing Officer, responsible for Marketing and the Regional Operations. He was the Vice President ("**VP**") Network Operations from June 2005 till February 2009 and VP for Center of Excellence until June 2011.

His experience included joining BT TelConsult as Consultant for a broadband project in Indonesia and engaged by IDATE for the Iranian National broadband project. In both projects, he was responsible in recommending high level technical solutions architecture, network dimensioning, and an implementation plan that include Network organisation's structure, high level processes, key functionalities and cross-domain KPIs.

He was a Board Member of Perangsang Telco and Ceres Telecom (Mobile Virtual Network Operator Company under the Virgin Group of Companies) from March 2015 to February 2017. In December 2015, he was made the Executive Director of Ceres Telecom with advisory role on Strategy, Marketing and Regulatory, until he resigned in February 2017.

He is currently a director of MobilityOne Sdn Bhd, Jejak Semangat Sdn Bhd and several private companies.

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

Encik Latib attended one (1) Board meeting held during the financial year ended 31 December 2018, in view that he was only appointed as Executive Director cum Chief Executive Officer on 1 November 2018.

Noor Shahwan Bin Saffwan
69 years old, Malaysian, Male,
Independent Non-Executive Director
Chairman of Audit and Nomination Committee
Member of Remuneration Committee

Encik Noor Shahwan Bin Saffwan ("**Encik 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, construction of specialised oil related projects, transport infrastructure projects in MRT, LRT and BRT.

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

Encik Shahwan attended all seven (7) Board meetings held during the financial year ended 31 December 2018.

Board Of Directors' Profile

(Cont 'd)

Wong Loke Lim
57 years old, Malaysian, Male,
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Nomination Committee

Mr. Wong Loke Lim ("**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 five (5) Board meetings held during the financial year ended 31 December 2018.

Yeong Siew Lee
41 years old, Malaysian, Female,
Independent Non-Executive Director
Member of Audit, Remuneration and Nomination Committee

Madam Yeong Siew Lee ("**Madam Yeong**") 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 an Independent Non-Executive Director of Bright Packaging Industry Berhad and Sersol Berhad.

She does not hold any other directorship in other public companies and listed corporations.

Madam Yeong attended all seven (7) Board meetings held during the financial year ended 31 December 2018.

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.

Key Senior Management's Profile

The Key Senior Management consist of eleven (11) persons which includes two (2) Executive Directors namely, Dato' Hussian @ Rizal Bin A. Rahman and Encik Abdul Latib bin Tokimin, of which their profile are listed on page 5 to 7, and nine (9) persons as below:

Simon Foong

48 years old, Malaysian, Male
Chief Operating Officer of Sales & Operation

Mr. Simon Foong ("**Mr. Simon**") is currently our Chief Operating Officer of Sales & Operation 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.

Noraizwa Binti Mohd Shariff

52 years old, Malaysian, Female
Director of Human Resource & Development, Corporate Affairs

Puan Noraizwa Binti Mohd Shariff ("**Puan Nora**") is the Director of Human Resource & Development, Corporate Affairs and has recently been appointed to the Key Senior Management in 2018. She holds a Master of Commerce from The University of New England, NSW, Australia and is a Fellow Member of the Institute of Professional Accountants, Australia. Puan Nora was formerly a Council Member of the Malaysian Council Board of The Institute of Public Accountants (IPA), Malaysian Branch from 2002-2011.

Puan Nora had spent 20 years in Australia where she received most of her education, professional training & work experience. She had held accounting and management positions in various industries such as telecommunications (Virgin Mobile Group), private equity investment (Islamic & conventional), construction, retail, food & beverage, manufacturing, health & medical and real estate in both Malaysia and Australia.

Puan Nora is an advocate of the Workplace/Corporate Wellness programme, an initiative by The World Economic Forum (WEF) which began in 2009. The programme is a management tool to increase employee productivity and performance; and to identify and build a workplace business model comparable to global standards.

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

Stanley Soh

41 years old, Malaysian, Male
Associate Vice President of Comm Zed Sdn Bhd Group ("Comm Zed Group")

Mr. Stanley Soh ("**Mr. Stanley**") 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. Stanley does not hold any directorships in other public companies and listed corporations.

Key Senior Management's Profile
(Cont 'd)

Choo Chuin Hui
53 years old, Malaysian, Female
Financial Controller ("FC")

Ms. Choo Chuin Hui ("**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.

Davinder Singh A/L Manmohan Singh
40 years old, Malaysian, Male
Associate Vice President of Consulting

Mr. Davinder Singh A/L Manmohan Singh ("**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.

Tan Man Siang
57 years old, Malaysian, Male
Executive Vice President of Business Management Solutions ("BMS")

Mr. Tan Man Siang ("**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.

Key Senior Management's Profile
(Cont 'd)

Winson Ooi
53 years old, Malaysian, Male
Vice President of Research and Development ("R&D")

Mr. Winson Ooi ("**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.

Jonathan Cheah
38 years old, Malaysian, Male
Vice President of Converged Infrastructure Solutions ("CIS")

Mr. Jonathan Cheah ("**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
38 years old, Malaysian, Male
Associate Vice President of CIS

Mr. Alistair Wong ("**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.

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.

Management Discussion and Analysis

Financial Performance

In 2018, it has been a challenging year for TFP in view of the economic uncertainties, slowdown due to the depreciating Ringgit coupled with political uncertainties with the recent General election in May. The consolidated turnover for the TFP Group for 2018 is RM50.506 million compared to RM70.753 million in 2017. Loss before taxation for 2018 widened to RM2.067 million compared to RM0.820 million in 2017. The decline in turnover and increase in losses was due to the weak Ringgit which increased the cost of equipment and declining profit margins especially for the IT hardware business segment of the TFP Group.

In view of this downward financial trend, the Directors and Management of TFP has taken drastic steps to ensure the long-term business viability of TFP. This includes changes in Board of Directors, appointment of a new CEO, and new skills and talents were brought into the TFP Group to support its new strategic business to focus on its existing Business Management Solutions (BMS) business as well as exploring potential collaboration with partners to provide financial technology which create synergy with its BMS business.

Industry Prospects

Based on the economic report by World Bank for 2019, Global growth is moderating as the recovery in trade and manufacturing activity loses steam. Despite ongoing negotiations, trade tensions among major economies remain elevated. These tensions, combined with concerns about softening global growth prospects, have weighed on investor sentiment and contributed to declines in global equity prices. Borrowing costs for emerging market and developing economies ("**EMDEs**") have increased, in part as major advanced-economy central banks continue to withdraw policy accommodation in varying degrees. A strengthening US dollar heightened financial market volatility, and rising risk premiums have intensified capital outflow and currency pressures in some large EMDEs, with some vulnerable countries experiencing substantial financial stress. Energy prices have fluctuated markedly, mainly due to supply factors, with sharp falls toward the end of 2018. (Source: World Bank Report 2019)

Growth in the East Asia and Pacific ("**EAP**") region is estimated to have slowed to 6.3 percent in 2018 and momentum has weakened, reflecting diminishing support from exports partly offset by robust domestic demand. Several large economies in the region have faced some combination of capital outflows, currency depreciations, equity market corrections, and foreign reserve losses (e.g., China, Indonesia, Malaysia, the Philippines, Thailand). (Source: World Bank Report 2019)

Malaysia's real gross domestic product ("**GDP**") growth is forecast to dip further to 4.6 percent in 2020. In Malaysia, lower public investment is weighing on growth, reflecting the completion of several infrastructure projects and a more prudent approach toward new ones (World Bank 2018). In contrast to the regional trend, import growth in Malaysia has been weak, reflecting weak demand for capital goods imports combined with lower imports of intermediate goods. Malaysia had pockets of vulnerabilities, including elevated levels of public and private debt, external debt, foreign participation in local-currency sovereign bond markets. (Source: World Bank Report 2019)

According to Gartner Inc., spending on information technology (IT) products and services in Malaysia is forecast to reach RM65.2 billion this year, an increase of 4.6 percent from 2018.

Worldwide IT spending, meanwhile, is projected to total USD$3.8 trillion in 2019, an increase of 3.2 percent from expected spending of USD$3.7 trillion in 2018.

More enterprises will use cloud services instead of buying their own servers that is the shift from ownership to 'pay for use' service.

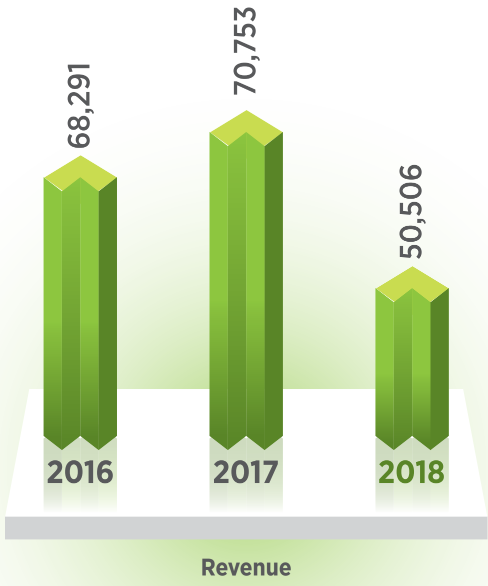
Enterprise software spending is forecast to experience the highest growth with an 8.3 percent increase in 2019.

Software as a service is driving growth in almost all software segments, particularly customer relationship management ("**CRM**"), due to increased focus on providing better customer experiences.

Cloud software, meanwhile, will grow at more than 22 percent this year compared with 6 percent growth for all other forms of software.

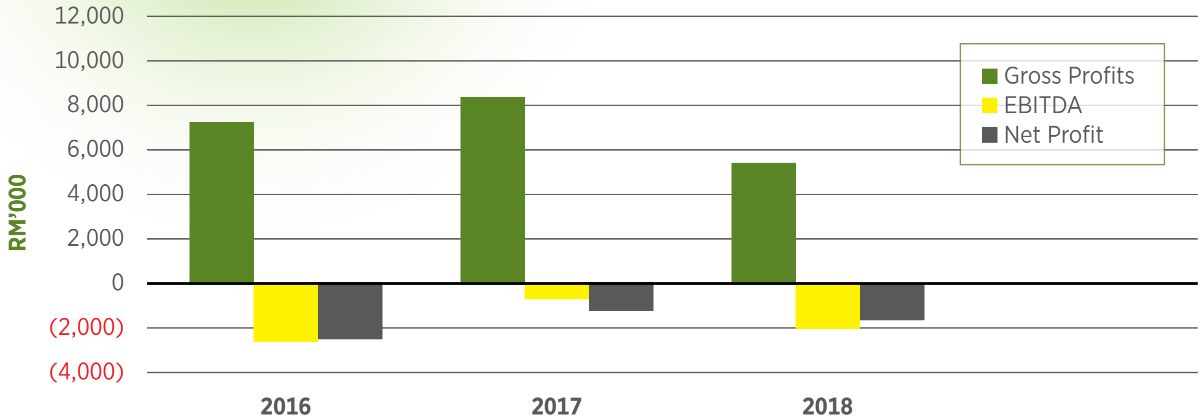
With the new strategic business direction undertaken by TFP in 2019 to focus on its Business Management Solutions consisting of software solutions such as enterprise planning resource and human resource management, the management team of TFP is confident that we will ride through the challenges and take on new business opportunities for 2019.

Financial Highlights

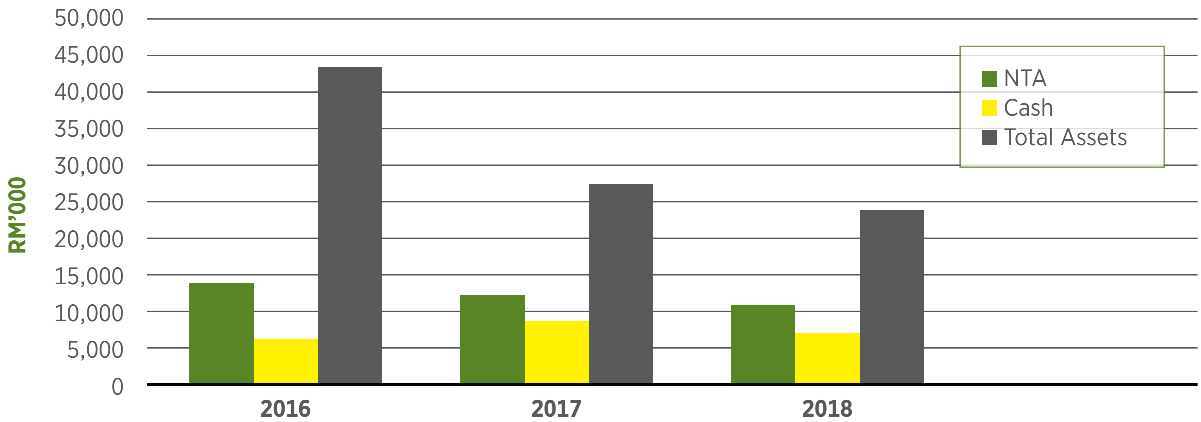


RM'000	Audited 2016	Audited 2017	Audited 2018
Revenue	68,291	70,753	50,506
Gross Profits	6,955	8,275	5,456
EBITDA#	(2,710)	(484)	(2,067)
Net Profit/(Loss)	(2,679)	(731)	(1,967)

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 2016	Audited 2017	Audited 2018
Net Tangible Assets	13,103	12,376	10,409
Cash	5,307	8,982	7,900
Total Assets	43,008	27,001	24,313



Business Information

Business Information

The growth and success of business enterprises depends a lot on its competitiveness competing 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 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 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 and proactive maintenance

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

- Enterprise Resource Planning (ERP)
- 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 below websites below:-

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

Business Information
(Cont 'd)

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 organisation.

System Management & Monitoring

CIS’s core competency includes :-

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

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

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

System Optimization & Automation

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

CLOUD Computing

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

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

Sustainability Statement

To ensure long-term business viability, TFP needs to address the expectations of its stakeholders and strike a balance that is healthy financially and acceptable to our customers and all sundry.

And our human capital and intellectual capital remain key to our planned business growth that thrive on the basic principles underpinned by TFP Core Values. The Vision and Mission statements would be our business and daily compass respectively. And not least, everyone in TFP will be made responsible to support the National Agenda.

COMMITMENT TO CUSTOMERS

TFP has always been putting customers as its core Mission. A typical day in the Company will not be complete without addressing customer issues and expectations. Our enterprise customers continued to be our primary focus. We are fully aware that customers' support system downtime is crucial to business operations. Our technical service team consistently carried out remote surveillance and periodic planned maintenance on our software services. And our enterprise customers are rest-assured that TFP would always strive to ensure six-sigma service availability.

Since the last quarter of 2018, in line with the Organisation Transformation to support TFP's new businesses, we have started to develop a Call Centre to support after-sale service of Fintech and BMS Customers. We intend to bring different nationalities to man the Centre to ensure customers from different national backgrounds will be able to communicate with ease.

BALANCING TFP'S BUSINESS GROWTH AND PROFITABILITY DRIVE TO THAT OF EMPLOYEES' EXPECTATIONS

The last quarter of 2018 has truly been hectic but fulfilling time for all in TFP. It marked the beginning of TFP new journey in charting into retail markets. Albeit the excitement of the changing of business directions, Management was fully aware that sustaining the staff motivation would require carefully planned Organisation Transformation programme that include job-to-person matching, remuneration packages, career path, succession planning, mandatory training and Company's organised recreational programme.

Management is committed to set aside mandatory training hours for selected team-building courses for every staff with the intention of creating unified TFP culture and Organisation Character. We are also committed to give all staff a chance make a career in TFP and ultimately, we want TFP to be the choice for young graduates to work for.

ENSURING ROBUST NETWORK CAPITAL WITHIN OUR VALUE CHAIN

Partners are vital in the process of customer Fulfilment and quality Assurance. To ensure seamless handing-over activities in the process value chain, TFP partners and vendors are subjected to the highest standard of customer service expectation.

Our partners will have to uphold TFP's value proposition and commitment to its customers because we believe that "network capital" is equally as important to TFP's own "human capital" and "intellectual capital".

SUPPORTING GOVERNMENT'S ASPIRATIONS

We are an Organisation that has been truly built on our motivation to grow and meet our stakeholders' expectations on our accord. We have a vision to be present in the Region and offering services that were developed by our own team as well as through our association with world class manufacturers and software houses.

Having presence across international waters present significant exposure to TFP. As part of our sustainability plan, we have decided to venture into overseas and ASEAN will be our main focus because of geographical distances and good telecommunications.

Sustainability Statement
(Cont'd)

In line with Government's aspirations to have more home-grown products and solutions for domestic market and export, TFP had strengthened its software development team with local and hiring foreign talent to develop multi-facetted enterprise software and business solutions.

We in TFP take pride that we are able to support Government's aspiration in encouraging export and hence contribute in the export market.

SUPPORTING THE UNDER-PRIVILEGED AND OUR CONTRIBUTION TO THE HANDICAPPED

We in TFP understand that for long-term sustainability, we must be able to co-exist within the society and being a responsible corporate citizen is a mandatory tenet. TFP is obviously concerned over the plight of the under-privileged and the handicapped.

It has been an annual affair where allocations were budgeted as part of our Corporate and Social Responsibility to assist these less fortunate country fellowmen in ways that we possibly can.

Throughout 2018, TFP has contributed toward this noble cause, the closure of which was the get together between the staff and the Association of the Deaf (DIB Café) and donation to the Autism Cafe.

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 ("**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 2018. 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

1.1 Board Responsibilities (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.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

1.1 Board Responsibilities (Cont'd)

(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 the 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.

(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 two (2) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. 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 MCCG 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 MCCG'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 5 to 7 of this Annual Report 2018.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

1.2 Board Balance and Board Composition (Cont'd)

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.

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 23 August 2018 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 Business Conduct

The Code of Business 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.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

2.1 Demarcation of Responsibilities (Cont'd)

(c) Whistleblowing Policy

The Group has in place 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.

The details of The Whistleblowing Policy is available for reference at the Company's website at **www.tfp.com.my**.

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 2018 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**").

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARDROOM COMPOSITION (CONT'D)

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.

3.5 Nomination Committee

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

(i) Noor Shahwan Bin Saffwan, Independent Non-Executive Director (Chairman)
(ii) Wong Loke Lim, Independent Non-Executive Director (Member)
(iii) 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, two (2) meetings were held and the details of the attendance are as follows:-

Name of Director	Attendance
Noor Shahwan Bin Saffwan	2/2
Wong Loke Lim	2/2
Yeong Siew Lee *(Appointed on 27 February 2018)*	1/1
Dato' Hussian @ Rizal Bin A. Rahman *(Resigned on 16 July 2018)*	1/2

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 AGM of the Company; and
(vi) Reviewed and confirmed the minutes of the Nomination Committee.

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

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARDROOM COMPOSITION (CONT'D)

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 AMLR is satisfied and evaluate the candidates' ability to discharge such responsibilities, functions as expected from Independent Non-Executive Directors.

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 2018, 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 2018 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 seven (7) meetings. The details of the attendance are as follows:-

Name of Director	Attendance
Datuk Seri Syed Ali Bin Abbas Alhabshee	6/7
Dato' Hussian @ Rizal Bin A. Rahman	7/7
Wong Loke Lim	5/7
Noor Shahwan Bin Saffwan	7/7
Yeong Siew Lee *(Appointed on 6 February 2018)*	7/7
Abdul Latib Bin Tokimin *(Appointed on 1 November 2018)*	1/1
Chandran John Kasilingam *(Resigned on 30 May 2018)*	2/3

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

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARDROOM COMPOSITION (CONT'D)

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:-

Valuation in practice for transactions and reportings: Valuation of intangible assets
Latest developments on MFRS 15 & MFRS 16
Audit Committee conference 2018
Sales and Service Tax 2018: understanding the mechanism and impact on business
Internal audit for board and audit committee
In-House Briefing on Tax Budget 2019 updates.

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 2018 are as follows:-

	Company		**Group**	
Director	**Fees (RM)**	**Salaries and other emoluments (RM)**	**Fees (RM)**	**Salaries and other emoluments (RM)**
Dato' Hussian @ Rizal Bin A. Rahman	35,000	3,600	35,000	246,310
Datuk Seri Syed Ali Bin Abbas Alhabshee	120,000	2,800	120,000	2,800
Wong Loke Lim	30,000	3,600	30,000	3,600
Noor Shahwan Bin Saffwan	30,000	4,400	30,000	4,400
Yeong Siew Lee *(Appointed on 6 February 2018)*	27,500	2,800	27,500	2,800
Abdul Latib Bin Tokimin *(Appointed on 1 November 2018)*	5,000	50,000	5,000	50,000
Dr. Khaled Abdullah Soubra Bin Abdullah Khaled Soubra *(Resigned on 6 February 2018)*	–	800	–	264,573
Chandran John Kasilingam *(Appointed on 6 February 2018 and Resigned on 30 May 2018)*	–	91,800	–	91,800
Total	247,500	159,800	247,500	666,283

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

REMUNERATION (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 of all Independent Non-Executive Directors. The Chairman of the Audit Committee is not the Chairman of the Board. At least once per 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 of 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 at least once 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 audit and the preparation and contents of their audit report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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 Corporate Services Sdn. Bhd.

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 **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.

CONDUCT OF GENERAL MEEETINGS

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.

The AGM Notice has been issued to the shareholders on 29 March 2019.

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

Corporate Governance Overview Statement
(Cont'd)

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

CONDUCT OF GENERAL MEEETINGS

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 allow 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 **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 18 March 2019.

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Statement on Risk Management and Internal Control

Pursuant to Rule 15.26 of ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), 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 2018. 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 AMLR 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 2018 was RM26,400.

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 2018, and up to 18 March 2019, 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 AMLR, 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 18 March 2019.

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Audit Committee Report

1. INTRODUCTION

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

Chairman : Noor Shahwan Bin Saffwan, Independent Non-Executive Director

Members : Wong Loke Lim, Independent Non-Executive Director
Yeong Siew Lee, Independent Non-Executive Director
(appointed as member of Audit Committee on 27 February 2018)
Dato' Hussian @ Rizal Bin A. Rahman, Managing Director
(resigned as member of Audit Committee on 16 July 2018)

2. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2018, the Audit Committee held a total of six (6) meetings. The attendance of the members of the Audit Committee is set out as below:-

Members	No. of meetings attended	% of attendance
1. Noor Shahwan Bin Saffwan	6/6	100%
2. Wong Loke Lim	4/6	67%
3. Yeong Siew Lee *(appointed on 27 February 2018)*	5/5	100%
4. Dato' Hussian @ Rizal Bin A. Rahman *(resigned on 16 July 2018)*	4/4	100%

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 2018 were as follows:

I. Review of the financial performance and reporting

a. 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
b. Reviewed the draft audited financial statements for the financial year ended 31 December 2017 prior to the submission to the Board for approval.

II. Oversight of External Auditors

a. Updated by the External Auditors on changes to the relevant guidelines on the regulatory and statutory requirements;
b. Met once with the External Auditors without the presence of Executive Board and employees;
c. 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 2018;
d. Reviewed and recommended the re-appointment of Messrs. Kreston John & Gan as External Auditors for the financial year ended 31 December 2018;
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.

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 2018 were as follows (Cont'd):

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 2017 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 2017.

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 **www.tfp.com.my**.

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 Corporate Services Sdn Bhd, which was appointed 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.

Audit Committee Report
(Cont'd)

5. INTERNAL AUDIT FUNCTION (CONT'D)

The Internal Auditors follows the audit guideline of the Malaysian Auditing Standards as a basis for assessing the adequacy and effectiveness of the Company's risk and control processes. This approach is in compliance with AMLR on the issuance of Statement of Risk Management and Internal Control.

During the financial year 2018, 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. Review of Material Cost
2. Review TFP website for compliance to MCCG
3. Review of Quarterly Bursa Announcements
4. Due Diligence review on proposed acquisition of Jejak Semangat Sdn Bhd and another company

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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 2018, Messrs. Kreston John & Gan, the External Auditors have rendered audit and non-audit services to the Company and the Group. The 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 2018.

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 2018 (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.	– *

Additional Compliance Information
(Cont'd)

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Transacting parties	Nature of transactions	Relationship of Related Party	Aggregate value made during the financial year ended 31 December 2018 (RM)
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.	– *
MobilityOne Sdn Bhd ("**M1**") and MBP Solutions Sdn Bhd ("**MBP**")	Agency and Resellership for Mobile Phone Prepaid Airtime Reload, Bill Payment and other Products and Services to be offered by M1	Dato' Hussian @ Rizal Bin A. Rahman is Director of M1 and he is shareholder of M1's holding company, MobilityOne Limited via his direct shareholdings of 53,465,724 ordinary shares in MobilityOne Limited. He is also the Managing Director in TFP and he is a major shareholder of TFP via his indirect shareholdings of 30.59% in TFP. Abdul Latib Bin Tokimin is the Executive Director cum Chief Executive Officer of TFP and Director of M1. He has no direct interest in TFP and M1.	905,590
Dato' Hussian @ Rizal Bin A. Rahman (Landlord)	Rental expense being rental of office	Dato' Hussian @ Rizal Bin A. Rahman is the Managing Director of TFP and he is also a major shareholder of TFP via his shareholdings in Rapportrans which in turn holds 30.15% shareholdings in TFP. He is also the owner of the office.	– **

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

** There were no value of transaction during the period as the rental has not commenced in 2018.

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 2018. 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 2018.

Summary of SBB as at 31 December 2018

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	1,444.85	204,719,645
28.09.2016	330,000	0	0.145	0.145	48,217.55	204,389,645
30.09.2016	49,000	0	0.140	0.140	6,912.82	204,340,645
04.10.2016	110,000	0	0.140	0.140	15,518.84	204,230,645
05.10.2016	50,000	0	0.140	0.140	7,053.75	204,180,645
06.10.2016	400,000	0	0.140	0.140	56,429.97	203,780,645
Total	**1,279,000**				**179,059.94**	

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Directors' Report
for the year ended 31 December 2018

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 2018.

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
Profit /(Loss) for the year after taxation attributable to:-		
Owners of the Company	(1,967)	491
Non-controlling interests	(100)	–
	(2,067)	491

DIVIDENDS

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

RESERVES AND PROVISIONS

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

TREASURY SHARES

As at 31 December 2018, 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;

WARRANTS 2014/2019 (CONT'D)

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

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

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

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

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

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

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

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

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

As at 31 December 2018, 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.

Directors' Report
for the year ended 31 December 2018
(Cont'd)

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

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.

Directors' Report
for the year ended 31 December 2018
(Cont'd)

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

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

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
Dato' Hussian @ Rizal Bin A. Rahman
Noor Shahwan Bin Saffwan
Wong Loke Lim
Yeong Siew Lee – appointed on 6/2/2018
Abdul Latib Bin Tokimin – appointed on 1/11/2018
Chandran John Kasilingam – appointed on 6/2/2018; resigned on 31/5/2018
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
Ooi Chee Hong
Soh Yu Chuang @ Soh Chuang Khim
Tan Man Siang
See Yong Beng – appointed on 5/4/2018
Ramlan Bin Salleh – resigned on 30/5/2018
Mohd Ismail Bin Haji Mohd Nor – appointed on 1/1/2018; resigned on 30/5/2018
Kevin Yap Yu Wei – resigned on 5/4/2018

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:-

	Number of ordinary shares			
	As at 1/1/2018	Bought	Sold	As at 31/12/2018
<u>Indirect interests</u>				
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

Directors' Report

for the year ended 31 December 2018
(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

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 (Cont'd):-

	Number of warrants 2014/2019			
	As at 1/1/2018	Granted	Exercised /Disposal	As at 31/12/2018
Indirect interest				
Dato' Hussian @ Rizal Bin A. Rahman *	32,864,197	–	–	32,864,197
Datuk Seri Syed Ali Bin Abbas Alhabshee **	19,500,000	–	–	19,500,000

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

By virtue of Section 8 of the Companies Act, 2016, Dato' Hussian @ Rizal Bin A. Rahman and Datuk Seri Syed Ali Bin Abbas Alhabshee are deemed to have interests 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 comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 30 to the financial statements.

None of the directors or past directors of the Company 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 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.

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 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company 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 2018
(Cont'd)

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 32 to the financial statements.

AUDITORS

a) Details of auditors' remuneration for the Group and the Company are 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

Dato' Hussian @ Rizal Bin A. Rahman **Abdul Latib Bin Tokimin**

Puchong, Selangor
Date : 26 February 2019

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 2018 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 108.

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 2018, 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(j) and 17 to the financial statements.

<u>The key audit matter</u>

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.

<u>How our audit addresses this matter</u>

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 control over goods or services;
- 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.

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

Key Audit Matters (Cont'd)

Trade Receivables

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

The key audit matter

As at 31 December 2018, the Group carries significant outstanding trade receivables balance of approximately amounted to RM14.7 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 and how the Group identifies and assesses the impairment of receivables;
- Reviewing the ageing analysis of receivables and testing the reliability thereof;
- Reviewing subsequent cash collections, customer correspondences, proposed or existing settlement plans, repayment schedule and considering explanation on recoverability with significantly overdue amounts; and
- Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

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

Independent Auditors' Report

to members of TFP Solutions Berhad
(Cont'd)

Key Audit Matters (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions 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 Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the 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 : 26 February 2019

Consolidated Statement of Financial Position

31 December 2018

	Note	2018 RM'000	2017 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	236	268
Current Assets			
Trade receivables	6	14,677	16,546
Other receivables, deposits and prepayments	7	849	855
Current tax assets		651	350
Deposits with licensed banks	9	2,137	7,548
Cash and bank balances		5,763	1,434
Total Current Assets		24,077	26,733
Total Assets		24,313	27,001
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	10	9,764	20,506
Share premium	10	–	6,758
Treasury shares	11	(179)	(179)
Reserves	12	824	(14,709)
		10,409	12,376
Non-controlling interests	13	7	107
Total Equity		10,416	12,483
Non-current Liabilities			
Deferred tax liabilities	14	5	9
Current Liabilities			
Trade payables	15	12,749	12,905
Other payables and accruals	16	1,143	1,604
Current tax liabilities		–	*
Total Current Liabilities		13,892	14,509
Total Liabilities		13,897	14,518
Total Equity and Liabilities		24,313	27,001

* *Less than RM1,000*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
Revenue	17	50,506	70,753
Cost of sales		(45,050)	(62,478)
Gross profit		5,456	8,275
Other income	18	429	1,009
Selling and distribution costs		(434)	(576)
Administrative expenses		(7,485)	(8,870)
Other expenses		(136)	(421)
Loss from operations		(2,170)	(583)
Finance cost	19	–	(60)
Loss before taxation	20	(2,170)	(643)
Income tax expense	22	103	(177)
Loss for the year		(2,067)	(820)
Other comprehensive income:-			
- Foreign currency translation difference for foreign operation		*	4
Total comprehensive loss for the year		(2,067)	(816)
Loss for the year attributable to:-			
Equity holders of the Company		(1,967)	(731)
Non-controlling interests		(100)	(89)
		(2,067)	(820)
Total comprehensive loss for the year attributable to:-			
Equity holders of the Company		(1,967)	(727)
Non-controlling interests		(100)	(89)
		(2,067)	(816)
Basic loss per share (sen)	23	(0.97)	(0.36)
Diluted loss per share (sen)	23	(0.87)	(0.28)

* *Less than RM1,000*

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 2018

	<---------- 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 RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2017	20,506	(179)	6,758	1,357	(27)	(15,312)	13,103	196	13,299
Comprehensive loss:-									
Net loss for the year	–	–	–	–	–	(731)	(731)	(89)	(820)
Other comprehensive income:-									
Foreign currency translation difference for foreign operation	–	–	–	–	4	–	4	–	4
Total comprehensive income /(loss)	–	–	–	–	4	(731)	(727)	(89)	(816)
Balance at 31 December 2017	20,506	(179)	6,758	1,357	(23)	(16,043)	12,376	107	12,483
Balance at 1 January 2018	20,506	(179)	6,758	1,357	(23)	(16,043)	12,376	107	12,483
Comprehensive loss:-									
Net loss for the year	–	–	–	–	–	(1,967)	(1,967)	(100)	(2,067)
Other comprehensive income:-									
Foreign currency translation difference for foreign operation	–	–	–	–	*	–	*	–	*
Total comprehensive income /(loss)	–	–	–	–	–	(1,967)	(1,967)	(100)	(2,067)
Transactions with owners:-									
Transfer of share premium in accordance with Section 618(2) of the Companies Act, 2016	6,758	–	(6,758)	–	–	–	–	–	–
Capital reduction	(17,500)	–	–	–	–	17,500	–	–	–
Balance at 31 December 2018	9,764	(179)	–	1,357	(23)	(510)	10,409	7	10,416

* *Less than RM1,000*

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

Consolidated Statement of Cash Flows
for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Loss before taxation		(2,170)	(643)
Adjustments for:-			
Bad debt written off		2	–
Depreciation of plant and equipment		103	100
Impairment losses on trade receivables		–	278
Interest income		(138)	(192)
Interest expense		–	60
Reversal of impairment losses on trade receivables		–	(3)
Unrealised loss on foreign exchange		–	11
Operating loss before working capital changes		(2,203)	(389)
Decrease in trade receivables		1,867	18,481
Decrease in other receivables, deposits and prepayments		6	435
Decrease in trade payables		(156)	(14,134)
Decrease in other payables and accruals		(461)	(1,059)
Cash (used in) /generated from operations		(947)	3,334
Interest expense		–	(60)
Tax paid		(215)	(291)
Tax refund		13	605
Net cash (used in) /from operating activities		(1,149)	3,588
Cash flows from investing activities			
Interest received		138	192
Placement of pledged deposits		351	(451)
Purchase of plant and equipment	24	(71)	(109)
Net cash from /(used in) investing activities		418	(368)
Net (decrease) /increase in cash and cash equivalents		(731)	3,220
Effects of foreign exchange translation		*	4
Cash and cash equivalents at the beginning of the year		6,494	3,270
Cash and cash equivalents at the end of the year	25	5,763	6,494

* *Less than RM1,000*

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

Statement of Financial Position

31 December 2018

	Note	2018 RM'000	2017 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	–	–
Investment in subsidiary companies	5	7,759	8,408
Total Non-current Assets		7,759	8,408
Current Assets			
Other deposit and prepayments	7	10	*
Amount due from subsidiary companies	8	1,832	875
Current tax assets		24	13
Deposit with licensed banks	9	–	400
Cash and bank balances		520	90
Total Current Assets		2,386	1,378
Total Assets		10,145	9,786
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	10	9,764	20,506
Share premium	10	–	6,758
Treasury shares	11	(179)	(179)
Reserves	12	383	(17,608)
Total Equity		9,968	9,477
Current Liabilities			
Other payable and accruals	16	177	309
Amount due to a subsidiary company	8	–	*
Total Liabilities		177	309
Total Equity and Liabilities		10,145	9,786

* *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 2018

	Note	2018 RM'000	2017 RM'000
Revenue	17	2,781	1,704
Other income	18	29	39
Selling and distribution costs		(3)	(8)
Administrative expenses		(1,509)	(2,254)
Other expenses		(807)	*
Profit /(Loss) before taxation	20	491	(519)
Income tax expense	22	–	–
Profit /(Loss) for the year, representing total comprehensive income /(loss) for the year		491	(519)

* *Less than RM1,000*

Statement of Changes in Equity

for the year ended 31 December 2018

	<------------------- 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 2017	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
Total comprehensive income for the year	–	–	–	–	491	491
Transactions with owners:-						
Transfer of share premium in accordance with Section 618(2) of the Companies Act, 2016	6,758	–	(6,758)	–	–	–
Capital reduction	(17,500)	–	–	–	17,500	–
Balance at 31 December 2018	9,764	(179)	–	1,357	(974)	9,968

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 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit /(Loss) before taxation		491	(519)
Adjustments for:-			
Depreciation of plant and equipment		–	*
Impairment losses on investment in subsidiary companies		649	–
Interest income		(29)	(39)
Operating profit /(loss) before working capital changes		1,111	(558)
(Increase) /Decrease in other deposit and prepayments		(10)	*
Decrease in amount due from subsidiary companies		144	32
Decrease in other payable and accruals		(132)	(34)
Decrease in amount due to a subsidiary company		*	(32)
Cash generated from /(used in) operations		1,113	(592)
Tax paid		(11)	(13)
Tax refund		–	15
Net cash from /(used in) operating activities		1,102	(590)
Cash flows from investing activities			
(Advance to) /Repayment from subsidiary companies		(1,101)	319
Interest received		29	39
Net cash (used in) /from investing activities		(1,072)	358
Net increase /(decrease) in cash and cash equivalents		30	(232)
Cash and cash equivalents at the beginning of the year		490	722
Cash and cash equivalents at the end of the year	25	520	490

* *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 2018

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 registered office and principal place of business of the Company are as follows:-

Registered office	:	*With effective from 16 July 2018* Suite 10.02, Level 10, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur *Prior to 16 July 2018* Suite 10.03, Level 10, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur
Principal place of business	:	No. 8-3, Jalan Puteri 4/2, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 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 2018 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 26 February 2019.

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 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

Notes to the Financial Statements
31 December 2018
(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 2019 (Cont'd)

- 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 2020

- Amendments to MFRS 2, Share-Based Payment
- Amendments to MFRS 3, Business Combinations
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources
- Amendment to MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134, Interim Financial Reporting
- Amendment to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
- Amendment to MFRS 138, Intangible Assets
- Amendment to IC Interpretation 12, Service Concession Arrangements
- Amendment to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132, Intangible Assets – Web Site Costs

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 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;

- from the annual period beginning on 1 January 2020 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 2020; 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 2018
(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 16, Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term if more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. MFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019.

Amendments to MFRS 123, Borrowing Costs

Amendments to MFRS 123 (effective form 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

IC Interpretation 23, Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. The effect of uncertainty shall be measured using the method which best predicts the resolution of the uncertainty. IC interpretation 23 will be effective for annual reporting periods beginning on or after 1 January 2019.

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 and the Company.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16, amendments to MFRS 123, IC Interpretation 23 and amendments to MFRS 10 and MFRS 128.

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.

Notes to the Financial Statements
31 December 2018
(Cont 'd)

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

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.

ii) Impairment losses for trade receivables

The Group and the Company makes impairment losses based on an assessment of the recoverability of receivables. Impairment loss is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical default rate, and changes in customer payment terms when making a judgements to evaluate the adequacy of the impairment losses of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

iii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and other temporary differences 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, capital allowances and other temporary differences are as disclosed in Note 22 to the financial statements.

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 and the Company 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 reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

Notes to the Financial Statements
31 December 2018
(Cont 'd)

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

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

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 (Cont'd):-

v) Impairment of investment in subsidiary companies (Cont'd)

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

The carrying amounts of investment in subsidiary companies of the Company as at 31 December 2018 are as disclosed in Note 5 to the financial statements.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

ii) Business combinations (Cont'd)

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.

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.

Notes to the Financial Statements
31 December 2018
(Cont 'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Foreign currency (Cont'd)

i) Foreign currency transactions (Cont'd)

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

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

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

ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

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

c) Financial instrument

During the financial year, the Group and the Company adopted MFRS 9, Financial Instruments which replaces MFRS 139, Financial Instruments : Recognition and Measurement.

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives. The financial effect of the changes in accounting policies are disclosed in Note 33 to the financial statements.

i) Initial recognition and measurement

Current financial year

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Financial instrument (Cont'd)

i) Initial recognition and measurement (Cont'd)

Current financial year (Cont'd)

Financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

Previous financial year

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

Financial assets

Current financial year

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

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements
31 December 2018
(Cont 'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Financial instrument (Cont'd)

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

Financial assets (Cont'd)

Current financial year (Cont'd)

b) Fair value through other comprehensive income

i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(f)(i)).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Financial instrument (Cont'd)

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

Financial assets (Cont'd)

Previous financial year

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

a) Financial assets at fair value through profit or loss

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

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

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

b) Held-to-maturity investments

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

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

c) Loans and receivables

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

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

d) Available-for-sale financial assets

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

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

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

Notes to the Financial Statements

31 December 2018

(Cont 'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Financial instrument (Cont'd)

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

Financial liabilities

Current financial year

At initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

a) Fair value through profit or loss

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

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

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, and remaining amount of the change in fair value in the profit or loss.

b) Amortised cost

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

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

Previous financial year

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) **Financial instrument (Cont'd)**

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 discharge 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.

v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

Notes to the Financial Statements
31 December 2018
(Cont 'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

f) **Impairment of assets**

i) Financial assets

During the financial year, the Group and the Company adopted MFRS 9, Financial Instruments which replaces MFRS 139, Financial Instruments : Recognition and Measurement.

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives. The financial effect of the changes in accounting policies are disclosed in Note 33 to the financial statements.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments, and interest in subsidiaries and associates.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12 months expected credit loss.

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Impairment of assets (Cont'd)

i) Financial assets (Cont'd)

Current financial year (Cont'd)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Impairment of assets (Cont'd)

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.

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.

g) 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Equity instruments (Cont'd)

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.

h) 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.

i) 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.

j) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

j) Revenue and other income (Cont'd)

i) Goods sold

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services taxes and discounts.

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

ii) Services rendered

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 services performed to date as a percentage of total services to be 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 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.

k) Income tax

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Income tax (Cont'd)

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

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

l) 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.

m) 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 are the Managing Director and 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.

n) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) 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.

4. PLANT AND EQUIPMENT

Group 2018	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Cost					
Balance at 1/1/18	443	187	160	89	879
Additions	69	–	2	–	71
Balance at 31/12/18	512	187	162	89	950
Accumulated depreciation					
Balance at 1/1/18	297	142	129	43	611
Charge for the year	63	16	10	14	103
Balance at 31/12/18	360	158	139	57	714
Net Book Value	152	29	23	32	236

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4. PLANT AND EQUIPMENT (CONT'D)

Group 2017	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Cost					
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
Accumulated depreciation					
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

Company 2018	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost				
Balance at 1/1/18	2	67	40	109
Additions	–	–	–	–
Balance at 31/12/18	2	67	40	109
Accumulated depreciation				
Balance at 1/1/18	2	67	40	109
Charge for the year	–	–	–	–
Balance at 31/12/18	2	67	40	109
Net Book Value	–	–	–	–
2017				
Balance at 1/1/17	2	67	40	109
Additions	–	–	–	–
Balance at 31/12/17	2	67	40	109
Accumulated depreciation				
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	–	–	–	–

* *Less than RM1,000*

4. PLANT AND EQUIPMENT (CONT'D)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Computer equipment	167	109	2	2
Furniture and fittings	109	109	67	67
Office equipment	116	114	40	40
Renovation	16	16	–	–
	408	348	109	109

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	24,382	24,382
Less : Allowance for impairment losses	(16,623)	(15,974)
	7,759	8,408

The reconciliation of the allowance for impairment losses is as follows:-

	Company	
	2018 RM'000	2017 RM'000
At beginning of the year	15,974	15,974
Impairment losses recognised	649	–
At the end of the year	16,623	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 2018 %	Effective ownership interest 2017 %
Comm Zed Sdn. Bhd.	Malaysia	Providing network security, IT solution, hardware and software maintenance.	100	100
MBP Solutions Sdn. Bhd.	Malaysia	Providing consulting. During the year, the company also engaged in trading in IT related products and services provide services ancillary to mobile telecommunication and Fintech products and services and investment holding.	100	100

Notes to the Financial Statements
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(Cont 'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest 2018 %	2017 %
O2U Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of Oracle products.	51	51
SBOne Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of SAP products.	100	100
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions.	100	100
Tech3 Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Systems Solutions.	100	100
TFP 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
TFP International Pte. Ltd. **	Singapore	In the process of voluntary liquidation.	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 emphasis 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 RM1,779,838 as at 31 December 2018, and as of that date, the subsidiary company's current liabilities exceeded its current assets by RM779,838, 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.

Notes to the Financial Statements
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5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

O2U 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 RM531,772 as at 31 December 2018, and as of that date, the subsidiary company's current liabilities exceeded its current assets by RM35,870, 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 companies that have material non-controlling interest ("NCI") are as follows:-

	O2U Solutions Sdn. Bhd.	
	2018	**2017**
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI (RM'000)	7	107
Loss allocated to NCI (RM'000)	(100)	(89)

Summarised financial information before intra-group elimination:-

	RM'000	**RM'000**
As at 31 December		
Non-current assets	4	6
Current assets	243	414
Current liabilities	(279)	(248)
Net (liabilities) /assets	(32)	172
Year ended 31 December		
Revenue	345	1,115
Loss for the year, representing total comprehensive loss for the year	(204)	(182)
Cash flows used in operating activities	(208)	(67)
Cash flows from investing activities	–	33
Cash flows from financing activities	173	45
Net (decrease) /increase in cash and cash equivalents	(35)	11
Dividends paid to NCI	–	–

Notes to the Financial Statements
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6. TRADE RECEIVABLES

	Group	
	2018 RM'000	2017 RM'000
Trade receivables	16,701	18,570
Less : Allowance for impairment losses (Note 27(b)(i))	(2,024)	(2,024)
	14,677	16,546

Included in the trade receivables is an amount of RM906 (2017 – Nil) due from a company in which one of the director has an interest.

The normal credit term of trade receivables range from immediate payment to 90 days (2017 – 90 days). Other terms are assessed and approved on a case-by-case basis.

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

	Group	
	2018 RM'000	2017 RM'000
US Dollar	6	146

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	342	550	–	–
Deferred costs	298	277	–	–
Other deposits	200	28	*	*
Prepayments	9	–	10	–
	849	855	10	*

Group

Included in other deposits is an amount of RM180,560 (2017 – Nil) relating to the deposit paid for the purchase of plant and equipment.

* *Less than RM1,000*

Notes to the Financial Statements
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8. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES

	Company	
	2018 RM'000	**2017 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
	–	144
Non-Trade		
- MBP Solutions Sdn. Bhd.	1,602	602
- O2U Solutions Sdn. Bhd.	230	50
- TFP International Pte. Ltd.	–	186
	1,832	838
Less : Allowance for impairment losses (Note 27(b)(i))	–	(107)
	1,832	731
	1,832	875
Amount due to a subsidiary company:-		
Trade		
- SoftFac Technology Sdn. Bhd.	–	*

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

	Company	
	2018 RM'000	**2017 RM'000**
Singapore Dollar	–	79

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

Included in the amount due from subsidiary companies is an unsecured loan of RM1,830,000 (2017 – RM650,000) due from subsidiary companies, which bears interest at rate of 3.50% (2017 – 3.50%) per annum and repayable on demand.

* *Less than RM1,000*

Notes to the Financial Statements
31 December 2018
(Cont 'd)

9. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits with licensed banks	2,137	2,488	–	–
Repo deposits with licensed banks	–	5,060	–	400
	2,137	7,548	–	400

The effective interest rates of deposits with licensed banks of the Group and of the Company are in the range from 2.95% to 3.10% (2017 – 2.35% to 2.95%) and Nil (2017 – 2.75%) per annum respectively.

Included in deposits with licensed banks of the Group are amounts of RM2,137,110 (2017 – RM2,487,657) 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			
	2018		2017	
	Number of ordinary shares Unit'000	RM'000	Number of ordinary shares Unit'000	RM'000
Issued and fully paid				
Ordinary shares with no par value				
At 1 January	205,059	20,506	205,059	20,506
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016	–	6,758	–	–
Capital reduction	–	(17,500)	–	–
At 31 December	205,059	9,764	205,059	20,506

	Group and Company	
	2018 RM'000	2017 RM'000
Share premium		
At 1 January	6,758	6,758
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	(6,758)	–
At 31 December	–	6,758

On 6 September 2018, the Company proposed to undertake the proposed share capital reduction of RM17.5 million of the issued share capital of the Company pursuant to Section 117 of the Companies Act, 2016. The corresponding credit of RM17.5 million arising from such cancellation will be utilised to reduce the accumulated losses of the Company.

Notes to the Financial Statements
31 December 2018
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10. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

On 31 December 2018, the Company had received the notice dated 26 December 2018 issued by the Registrar of Companies confirming the reduction of share capital. Accordingly, the share capital reduction is effective as at 26 December 2018.

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.

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			
	2018	2017	2018	2017
	Number of shares (Unit'000)		RM'000	RM'000
Balance at 1 January /31 December	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 2018 was 203,780,645 (2017 – 203,780,645).

12. RESERVES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable				
Warrant reserves	1,357	1,357	1,357	1,357
Foreign currency translation reserves	(23)	(23)	–	–
	1,334	1,334	1,357	1,357
Distributable				
Accumulated losses	(510)	(16,043)	(974)	(18,965)
	824	(14,709)	383	(17,608)

Notes to the Financial Statements
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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	
	2018 RM'000	2017 RM'000
Balance at the beginning of the year	107	196
Transferred from profit or loss	(100)	(89)
Balance at the end of the year	7	107

14. DEFERRED TAX LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
Balance at the beginning of the year	9	7
Recognised in profit or loss (Note 22)	(4)	2
Balance at the end of the year	5	9

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
2018			
Deferred tax assets			
Unabsorbed tax losses	(18)	18	–
Deferred tax liabilities			
Accelerated capital allowances	27	(22)	5
2017			
Deferred tax assets			
Unabsorbed tax losses	–	(18)	(18)
Deferred tax liabilities			
Accelerated capital allowances	7	20	27

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 2018 RM'000	2017 RM'000
Deferred tax assets	–	(18)
Deferred tax liabilities	5	27
	5	9

15. TRADE PAYABLES

Group

Included in the trade payables is an amount of RM1,234,343 (2017 – Nil) due to a company in which one of the director has an interest.

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.

Notes to the Financial Statements
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16. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables	273	476	2	1
Accruals	870	1,128	175	308
	1,143	1,604	177	309

Group and Company

Included in accruals is an amount of accrued directors' remuneration of RM100,000 (2017 – RM207,083).

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

	Group	
	2018 RM'000	2017 RM'000
Singapore dollar	–	24

17. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contract with customers:-				
- Management fees	–	–	840	1,704
- Sale of goods	41,040	63,515	–	–
- Services rendered	9,466	7,238	–	–
Revenue from other sources:-				
- Dividend income from subsidiaries	–	–	1,941	–
	50,506	70,753	2,781	1,704

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Timing of revenue:-				
- at a point of time	41,040	63,515	2,781	1,704
- over time	9,466	7,238	–	–
	50,506	70,753	2,781	1,704

18. OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposit interest income	71	67	–	–
Gain on foreign exchange				
- realised	10	10	–	–
Interest income on advances to subsidiary companies	–	–	26	21
Interest income on late payment	–	3	–	–
Partners' incentive	280	794	–	–
Repo deposit interest income	67	125	3	18
Reversal of impairment losses on trade receivables	–	3	–	–
Sundry income	1	7	–	–
	429	1,009	29	39

19. FINANCE COST

	Group	
	2018 RM'000	2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:-		
- Bankers' acceptance	–	60

20. PROFIT /(LOSS) BEFORE TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
This is arrived at after charging:-				
Auditors' remuneration				
- Kreston John & Gan	114	114	32	32
- Other auditors	–	8	–	–
Bad debt written off	2	–	–	–
Depreciation of plant and equipment	103	100	–	*
Employee benefits expense (Note 21)	7,501	8,950	934	1,727
Impairment losses on				
- trade receivables	–	278	–	–
- investment in subsidiary companies	–	–	649	–
Interest expense on bankers' acceptance	–	60	–	–
Loss on foreign exchange				
- realised	12	33	–	–
- unrealised	–	11	–	–
Rental of premises	113	150	–	–

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
and after crediting:-				
Fixed deposit interest income	71	67	–	–
Gain on foreign exchange - realised	10	10	–	–
Interest income on late payment	–	3	–	–
Interest income on advances to subsidiary companies	–	–	26	21
Management fees	–	–	840	1,704
Repo deposit interest income	67	125	3	18
Reversal of impairment losses on trade receivables	–	3	–	–

21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, allowances and bonus	5,805	6,373	740	1,428
Employees Provident Fund	831	997	126	271
Employment Insurance System	5	–	*	–
Social security costs	44	42	2	3
Other staff related expenses	816	1,538	66	25
	7,501	8,950	934	1,727

Included in employee benefits expense of the Group and of the Company are directors' emoluments amounting to amounting to RM1,384,003 (2017 – RM2,292,152) and RM161,000 (2017 – RM1,325,000) respectively as disclosed in Note 30 to the financial statements.

The estimated monetary value of benefits not included in director's emoluments of the Group and of the Company amounted to RM175,378 (2017 – RM376,306) and RM15,130 (2017 – RM248,710) respectively as disclosed in Note 30 to the financial statements.

22. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax				
- current year provision	51	175	–	–
- overprovision in previous year	(150)	*	–	–
	(99)	175	–	–
Deferred taxation (Note 14)	(4)	2	–	–
	(103)	177	–	–

* *Less than RM1,000*

22. INCOME TAX EXPENSE (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

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

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Applicable tax rate	(24)	(24)	24	(24)
Tax effects of:-				
- Deferred tax assets not recognised during the year	35	43	44	17
- Income tax exempted under pioneer status	–	7	–	–
- Non-allowable expenses	27	47	45	7
- Non-taxable income	(12)	(11)	(41)	–
- Overprovision of taxation in previous year	(7)	–	–	–
- Utilisation of unabsorbed capital allowances	–	(13)	–	–
- Utilisation of unabsorbed tax losses	(24)	(21)	(72)	–
Effective tax rate	(5)	28	–	–

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax losses - approximate				
Balance brought forward	5,531	5,151	540	186
Claimed during the year	2,836	963	–	354
	8,367	6,114	540	540
Utilised during the year	(402)	(583)	(402)	–
Balance carried forward	7,965	5,531	138	540

	Group	
	2018 RM'000	2017 RM'000
Capital allowances - approximate		
Balance brought forward	984	1,122
Claimed during the year	25	11
	1,009	1,133
Utilised during the year	(154)	(149)
Balance carried forward	855	984

22. INCOME TAX EXPENSE (CONT'D)

The tax savings of the Group and of the Company derived from the utilisation of unabsorbed tax losses and unabsorbed capital allowances brought forward from previous years amounted to approximately as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unabsorbed tax losses	109	140	96	–
Unabsorbed capital allowances	35	36	–	–

Unabsorbed tax losses and capital allowances of the Group and of the Company 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		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unabsorbed tax losses	7,965	5,531	138	540
Unabsorbed capital allowances	855	984	–	–

The unabsorbed capital allowances of the Group are only allowed to be carried forward to offset against future taxable profits from the same business source of the Group.

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	Other temporary differences RM'000	Total RM'000
Balance at 1 January 2017	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
Arising /(Utilising) during the year	589	(27)	(15)	547
Balance at 31 December 2018	1,912	205	(19)	2,098

Company				
Balance at 1 January 2017		45	*	45
Arising during the year		85	–	85
Balance at 31 December 2017		130	*	130
Utilising during the year		(97)	*	(97)
Balance at 31 December 2018		33	–	33

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

* *Less than RM1,000*

23. LOSS PER SHARE

Basic :

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

	Group	
	2018 RM'000	**2017 RM'000**
Loss for the year attributable to ordinary equity holders of the Company	(1,967)	(731)
	Number of shares	
	Unit'000	**Unit'000**
Weighted average number of ordinary shares in issue	203,781	204,721
Basic loss per share (sen)	(0.97)	(0.36)

Diluted :

	Group	
	2018 RM'000	**2017 RM'000**
Loss for the year attributable to ordinary equity holders of the Company (diluted)	(1,967)	(731)
	Number of shares	
	Unit'000	**Unit'000**
Weighted average number of ordinary shares in issue (basic)	203,781	204,382
Dilutive potential ordinary shares		
- Assumed exercise of warrants	22,534	56,891
Weighted average number of ordinary shares in issue (diluted)	226,315	261,273
Diluted loss per share (sen)	(0.87)	(0.28)

24. PURCHASE OF PLANT AND EQUIPMENT

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

	Group	
	2018 RM'000	**2017 RM'000**
Purchase of plant and equipment (Note 4)	71	109

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25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks (Note 9)	2,137	7,548	–	400
Cash and bank balances	5,763	1,434	520	90
	7,900	8,982	520	490
Less : Pledged deposits (Note 9)	(2,137)	(2,488)	–	–
	5,763	6,494	520	490

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

	Group	
	2018 RM'000	2017 RM'000
Singapore Dollar	–	28
US Dollar	–	1

26. 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	
	2018 RM'000	2017 RM'000
- Customer A	–	9,003
- Customer B	–	6,944
- Customer C	5,989	–
	5,989	15,947

Notes to the Financial Statements
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27. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:-

(i) Financial assets measured at amortised cost ("FAAC");
(ii) Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount RM'000	FAAC RM'000	FLAC RM'000
2018			
Financial assets			
Trade receivables	14,677	14,677	–
Other receivables	342	342	–
Deposits with licensed banks	2,137	2,137	–
Cash and bank balances	5,763	5,763	–
	22,919	22,919	–
Financial liabilities			
Trade payables	(12,749)	–	(12,749)
Other payables and accruals	(1,143)	–	(1,143)
	(13,892)	–	(13,892)
Company			
2018			
Financial assets			
Amount due from subsidiary companies	1,832	1,832	–
Cash and bank balances	520	520	–
	2,352	2,352	–
Financial liabilities			
Other payable and accruals	(177)	–	(177)

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27. FINANCIAL INSTRUMENTS (CONT'D)

a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows:-

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

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)

Company	Carrying amount RM'000	L&R RM'000	FL RM'000
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 payables and accruals	(309)	–	(309)
Amount due to a subsidiary company	*	–	*
	(309)	–	(309)

* *Less than RM1,000*

27. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management

The Group and the Company have 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.

<u>Receivables</u>

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at 31 December 2018, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM7,000,000 due from five trade receivables which represents 48% 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.

Expected credit losses ("ECL") assessment for trade receivables as at 1 January 2018 and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

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27. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (Cont'd)

i) Credit risk (Cont'd)

Receivables (Cont'd)

Expected credit losses ("ECL") assessment for trade receivables as at 1 January 2018 and 31 December 2018 (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:-

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
Not past due	8,556	–	8,556
Past due 1-30 days	1,492	–	1,492
Past due 31-60 days	1,380	–	1,380
Past due 61-90 days	66	–	66
Past due over 90 days	5,207	(2,024)	3,183
	16,701	(2,024)	14,677

Comparative under MFRS 139 Financial Instruments

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the aging of trade receivables that were past due but not impaired as at 1 January 2018 is as follows:-

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
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

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.

Movements in the allowance for impairment losses in respect of trade receivables

On the date of initial application of MFRS 9, there was no adjustment on the ending balance of the allowance for impairment losses reported under the previous MFRS 139 to derive the opening balance allowance for impairment losses determined in accordance with MFRS 9.

27. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (Cont'd)

i) Credit risk (Cont'd)

Receivables (Cont'd)

Movements in the allowance for impairment losses in respect of trade receivables (Cont'd)

The movement in the allowance for impairment losses in respect of trade receivables during the financial year is as follows:-

Group	2018 RM'000	2017 Individual impairment RM'000
Balance at 1 January per MFRS 9	2,024	1,749
Net measurement of loss allowance	–	275
Balance at 31 December	2,024	2,024

The allowance 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 trade receivable directly.

Comparative amounts for 2017 represent the allowance for impairment losses under MFRS 139, Financial Instruments.

Expected credit loss of other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

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. However, these advances have been overdue for more than a year and being impaired.

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27. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (Cont'd)

i) Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Impairment losses (Cont'd)

The movement in the allowances for impairment losses in respect of amount due from subsidiary companies during the financial year is as follows:-

Company	2018 RM'000	2017 RM'000
At beginning of the year	107	107
Bad debt written off	(107)	–
At the end of the year	–	107

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 RM15,600,000 (2017 – RM15,600,000) representing the outstanding corporate /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 and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

The Group and the Company 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.

27. 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
2018				
Non-derivative financial liabilities				
Trade payables	12,749	–	12,749	12,749
Other payables and accruals	1,143	–	1,143	1,143
	13,892		13,892	13,892
2017				
Non-derivative financial liabilities				
Trade payables	12,905	–	12,905	12,905
Other payables and accruals	1,604	–	1,604	1,604
	14,509		14,509	14,509

Company	Carrying amount RM'000	Effective interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2018				
Non-derivative financial liabilities				
Other payable and accruals	177	–	177	177
2017				
Non-derivative financial liabilities				
Accruals	309	–	309	309
Amount due to a subsidiary company	*	–	*	*
	309		309	309

* *Less than RM1,000*

Notes to the Financial Statements
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27. 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 and the Company's financial position or cash flows. Other than interest rates risk and foreign exchange rate risk, the Group and the Company are not expose to other prices risk.

Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes 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 and the Company's policy are 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 and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:-

Group	**2018** RM'000	**Effective interest rate** %	**2017** RM'000	**Effective interest rate** %
Floating rate instruments				
Deposits with licensed banks	–	–	5,060	2.35-2.75
Fixed rate instruments				
Deposits with licensed banks	2,137	2.95-3.10	2,488	2.85-2.95
Company				
Floating rate instruments				
Deposits with licensed banks	–	–	400	2.75
Fixed rate instruments				
Amount due from subsidiary companies	1,830	3.50	650	3.50

Interest rate risk sensitivity analysis:-

Fair value sensitivity analysis for fixed rate instruments

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

27. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (Cont'd)

iii) Market risk (Cont'd)

Currency risk

The Group and the Company are exposed to foreign currency risk on sales and 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 US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group and the Company are 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 and the Company'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 were:-

	2018 Denominated in		2017 Denominted in	
	SGD in RM'000	USD in RM'000	SGD in RM'000	USD in RM'000
Balance recognised in the statement of financial position :				
Group				
Trade receivables	–	6	–	146
Cash and bank balances	–	–	28	1
Other payables and accruals	–	–	(24)	–
Net exposure	–	6	4	147
Company				
Amount due from subsidiary companies	–	–	79	–

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.

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27. 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)

	2018		2017	
Group	**Equity RM'000**	**Loss for the year RM'000**	**Equity RM'000**	**Loss for the year RM'000**
SGD				
Increase /(Decrease)	–	–	*	*
USD				
Increase /(Decrease)	*	*	7	(7)
Company				
SGD				
Increase /(Decrease)	–	–	4	(4)

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.

iv) Operational risk

The operational risk arises from the daily activities of the Group and of the Company 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.

* *Less than RM1,000*

28. 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.

29. CONTINGENT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unsecured				
Corporate guarantees issued to third parties for supplies of goods and services to:-				
- subsidiary companies	–	–	15,600	15,600
Secured				
Bankers' guarantee issued in favour of third parties secured by deposit with a licensed bank	957	947	–	–
	957	947	15,600	15,600

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

30. 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.

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30. RELATED PARTIES (CONT'D)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The related party balances are shown in Note 6, 8 and 15 to the financial statements.

a) Related party /companies transactions:-

i) Transactions with certain former directors of the Company and the subsidiaries:-

	Group	
	2018 RM'000	2017 RM'000
Rental expenses		
- Lim Lung Wen	–	(47)
- Quah Teik Jin	–	(26)

ii) Transactions with a company in which one of the directors of the Company and the subsidiaries has financial interests:-

	Group	
	2018 RM'000	2017 RM'000
Sales commission		
- MobilityOne Sdn. Bhd.	*	-
Purchases		
- MobilityOne Sdn. Bhd.	(906)	–

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

	Company	
	2018 RM'000	2017 RM'000
Interest on loan to subsidiary companies		
- MBP Solutions Sdn. Bhd.	21	21
- O2U Solutions Sdn. Bhd.	5	*
Management fee received /receivable from subsidiary companies		
- Comm Zed Sdn. Bhd.	71	222
- MBP Solutions Sdn. Bhd.	21	30
- O2U Solutions Sdn. Bhd.	12	27
- SBOne Solutions Sdn. Bhd.	83	41
- SoftFac Technology Sdn. Bhd.	13	15
- Tech3 Solutions Sdn. Bhd.	640	1,369

* *Less than RM1,000*

Notes to the Financial Statements
31 December 2018
(Cont 'd)

30. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

b) Compensation of key management personnel

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

	Group		Company	
Directors of the Company	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Executive directors				
- Fees	40	117	40	117
- Other emoluments	653	1,667	147	1,317
- Contibution to defined contribution plan	76	291	15	249
Non-executive directors				
- Fees	208	175	208	175
- Other emoluments	14	8	14	8
	991	2,258	424	1,866
Directors of subsidiary companies				
Executive directors				
- Fees	18	7	–	–
- Other emoluments	717	617	–	–
- Contibution to defined contribution plan	99	85	–	–
	834	709	–	–

31. SIGNIFICANT EVENTS

a) On 11 April 2018, TFP Soft Sdn. Bhd. (formerly known as One Uni Education Sdn. Bhd. and ProDserv Sdn. Bhd.), a wholly-owned subsidiary company of the Company, incorporated a 55% owned subsidiary, TFP Solutions (Bangladesh) Limited ("TFP Bangladesh") in Bangladesh.

On 7 September 2018, TFP Soft Sdn. Bhd. (formerly known as One Uni Education Sdn. Bhd. and ProDserv Sdn. Bhd.), entered into a Sale and Purchase Agreement with an individual for the disposal of 1,100 shares in TFP Bangladesh, representing 55% equity interest in TFP Bangladesh for a total cash consideration of RM7,978.

b) On 24 October 2018, MBP Solutions Sdn. Bhd. ("MBP") a wholly-owned subsidiary company of the Company, entered into a Shareholders Agreement with LMS Technology Distributions Sdn. Bhd. for the acquisition of 375,000 shares in Jejak Semangat Sdn. Bhd. ("JSSB"), representing 75% equity interest for a total consideration of RM1.00. Following the acquisition, JSSB became a 75% owned subsidiary of MBP and an indirect subsidiary of the Company. The acquisition was expected to be completed within the next twelve months.

The acquisition is not expected to have a material effect on TFP's consolidated financial results for the financial year ended 31 December 2019.

Notes to the Financial Statements

31 December 2018
(Cont 'd)

32. SUBSEQUENT EVENT

On 28 January 2019, 13 February 2019 and 15 February 2019, the Company had converted 160,000 units, 93,300 units and 2,700,000 units of warrants at an exercise price of RM0.10 each respectively.

Following the conversion of warrants, the issued share capital of the Company is RM10,058,985 comprising 208,012,945 shares.

33. CHANGES IN ACCOUNTING POLICY

Classification of financial assets and financial liabilities upon adoption of MFRS 9

The following table shows the initial measurement under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and liabilities as at 1 January 2018 based on the business model assessment done.

Group	Classification under MFRS 139	New classification under MFRS 9	Carrying amount under MFRS 139 RM'000	Carrying amount under MFRS 9 RM'000
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	16,546	16,546
Other receivables	Loans and receivables	Amortised cost	550	550
Deposits with licensed banks	Loans and receivables	Amortised cost	7,548	7,548
Cash and bank balances	Loans and receivables	Amortised cost	1,434	1,434
Financial liabilities				
Trade payables	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	(12,905)	(12,905)
Other payables and accruals	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	(1,604)	(1,604)

33. CHANGES IN ACCOUNTING POLICY (CONT'D)

Classification of financial assets and financial liabilities upon adoption of MFRS 9 (Cont'd)

Company	Classification under MFRS 139	New classification under MFRS 9	Carrying amount under MFRS 139 RM'000	Carrying amount under MFRS 9 RM'000
Financial assets				
Amount due from subsidiary companies	Loans and receivables	Amortised cost	875	875
Deposits with licensed banks	Loans and receivables	Amortised cost	400	400
Cash and bank balances	Loans and receivables	Amortised cost	90	90
Financial liabilities				
Other payables and accruals	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	(309)	(309)
Amount due to a subsidiary company	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	*	*

Trade and other receivables, amount due from subsidiary companies, deposits with licensed banks and cash and bank balances are reclassified from loan and receivables to amortised cost under MFRS 9. There are no changes in the allowance for impairment of trade receivables that was recognised in opening retained earnings at 1 January 2018.

* *Less than RM1,000*

Notes to the Financial Statements
31 December 2018
(Cont 'd)

34. COMPARATIVE FIGURES

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

	As reclassified RM'000	As previously reported RM'000
Group		
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
- Selling and distribution costs	576	141
- Administrative expenses	8,870	9,305
Company		
Statement of Profit or Loss and Other Comprehensive Income		
- Selling and distribution costs	8	–
- Administrative expenses	2,254	2,262

Statement by Directors

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

We, Dato' Hussian @ Rizal Bin A. Rahman and Abdul Latib Bin Tokimin, 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 108 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 2018 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

Dato' Hussian @ Rizal Bin A. Rahman

Abdul Latib Bin Tokimin

Puchong, Selangor
Date : 26 February 2019

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 108, 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 26 February 2019

Choo Chuin Hui

Before me

D. Selvaraj (W 320)
Commissioner for Oaths

Analysis of Shareholdings
as at 11 March 2019

SHARE CAPITAL

Total Number of Issued Shares	:	208,012,945 (including 1,279,000 Treasury Shares as per Record of Depositors as at 11 March 2019)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 11 MARCH 2019

Size of Holding	No. of shareholders	No. of Shares #	% of shares
1 – 99	6	250	0.00
100 - 1,000	46	14,903	0.01
1,001 - 10,000	489	1,672,950	0.81
10,001 - 100,000	236	11,138,100	5.39
100,001 – 10,336,696 *	95	49,617,847	24.00
10,336,697 AND ABOVE **	6	144,289,895	69.79
Total	**878**	**206,733,945**	**100.00**

Remark:
* *- Less than 5% of Issued Holdings*
** *- 5% and above of Issued Holdings*

\# *Excluding a total of 1,279,000 ordinary shares bought back by the Company and retained as Treasury Shares as per Record of Depositors as at 11 March 2019*

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders 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 Direct	%	No. of Shares held Indirect	%
1	Milan Premier Sdn. Bhd.	39,000,000	18.86	–	–
2	Rapportrans Sdn. Bhd.	62,339,895	30.15	–	–
4	Aurum Resources Sdn. Bhd.	20,600,000	9.96	–	–
5	Lim Lung Wen	11,850,000	5.73	–	–
6	Daniel Boo Hui Siong	10,500,000	5.08	–	–
7	Ng Yuet Ho	–	–	20,600,000*	9.96*
8	Dato' Hussian @ Rizal Bin A. Rahman	–	–	62,339,895**	30.15**
9	Datuk Seri Syed Ali Bin Abbas Alhabshee	–	–	39,000,000***	18.86***

* *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*

Analysis of Shareholdings

as at 11 March 2019
(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 Direct	%	No. of Shares held Indirect	%
1	Dato' Hussian @ Rizal Bin A. Rahman	–	–	62,339,895**	30.15
2	Datuk Seri Syed Ali Bin Abbas Alhabshee	–	–	39,000,000***	18.86
3	Abdul Latib Bin Tokimin	–	–	–	–
4	Noor Shahwan Bin Saffwan	–	–	–	–
5	Wong Loke Lim	–	–	–	–
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 11 MARCH 2019)

No.	Name of Shareholders	No. of Shares	%
1	Milan Premier Sdn Bhd	39,000,000	18.86
2	Rapportrans Sdn. Bhd.	36,296,297	17.55
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rapportrans Sdn Bhd	26,043,598	12.60
4	Aurum Resources Sdn Bhd	20,600,000	9.96
5	Lim Lung Wen	11,850,000	5.73
6	Daniel Boo Hui Siong	10,500,000	5.08
7	Shoo Kim Looi	6,918,100	3.35
8	Lim Chee Siong	4,842,900	2.34
9	Raymond Selvaraj A/L Victor Benjamin	4,505,800	2.18
10	Cheah Sek Lim Sonny	3,111,400	1.51
11	Tan Bee Lean	1,840,000	0.89
12	Tan Man Siang	1,716,247	0.83
13	Quah Teik Jin	1,350,000	0.65
14	Lai Thiam Poh	1,026,600	0.50
15	Foo Hee Hiang	1,000,000	0.48
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Azman Bin Aziz Mohammed	1,000,000	0.48
17	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kian Tak (REM 132)	900,000	0.44
18	Tan Siew Hua	700,000	0.34
19	Teoh Hoay Ming	671,000	0.32
20	Ho Sia Seng	665,000	0.32
21	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kok Pin @ Kok Khong	650,000	0.31
22	Chia Sun Kia	620,000	0.30
23	Alliancegroup Nominees (Tempatan) Sdn Bhd Siew Lai Ping (8102742)	549,000	0.27
24	Chiang Siew Eng @ Le Yu Ak Ee	505,000	0.24
25	Yong Kim Thai	500,000	0.24
26	Cheak Mun Luen	490,000	0.24
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Tzy Liq (E-KPG)	490,000	0.24
28	Maybank Nominees (Tempatan) Sdn Bhd Teo Soon Seng	459,900	0.22
29	Sue Ann Rozells	445,000	0.22
30	Tan Ming Chai	434,000	0.21

Notice of Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth (12th) Annual General Meeting ("**AGM**") of TFP Solutions Berhad ("**the Company**") will be held at Function Room 1, Level 2, Kuala Lumpur International Hotel, 78, Lorong Haji Hussein Dua, Off Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur on Thursday, 25 April 2019 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' fees up to RM300,000 to be divided amongst the Directors in such manner as the Directors may determine in respect of the period from 26 April 2019 until the conclusion of the next AGM of the Company. ***Ordinary Resolution 1***

3. To approve the payment of other benefits up to RM100,000 in respect of the period from 26 April 2019 until the conclusion of the next AGM of the Company. ***Ordinary Resolution 2***

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

   1. Mr. Wong Loke Lim ***Ordinary Resolution 3***
   2. Dato' Hussian @ Rizal Bin A. Rahman ***Ordinary Resolution 4***

5. To re-elect En. Abdul Latib Bin Tokimin who retires pursuant to Article 108 of the Company's Articles of Association and being eligible, has offered himself for re-election. ***Ordinary Resolution 5***

6. 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 6***

AS SPECIAL BUSINESS

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

7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** ***Ordinary Resolution 7***

   "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 Twelfth Annual General Meeting
(Cont'd)

8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPTs MANDATE")** ***Ordinary Resolution 8***

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), approval be and is hereby given for the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Company and/or its subsidiaries to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Party as specified in Part A of the Circular to Shareholders dated 29 March 2019 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 RRPTs Mandate."

9. **PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")** ***Special Resolution 1***

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, a new constitution as set out in Part B of the Circular to Shareholders dated 29 March 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

AND THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

Notice of Twelfth Annual General Meeting
(Cont'd)

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

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS 0009760)
Company Secretaries

Kuala Lumpur
Dated: 29 March 2019

Explanatory Notes:-

1. **Item No. 1 of the Agenda – Audited Financial Statements**

   This Agenda item is meant for discussion only as provision of Section 340(1) (a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. **Ordinary Resolution 7 - Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

   The proposed Ordinary Resolution no. 7, 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 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.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Eleventh (11th) AGM held on 25 June 2018 and which will lapse at the conclusion of the Twelfth (12th) AGM.

3. **Ordinary Resolution 8 - Proposed RRPTs Mandate**

   The proposed Ordinary Resolution no. 8, 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 RRPTs Mandate are set out in Part A of the Circular to Shareholders dated 29 March 2019 of the Company which is dispatched together with the Company's 2018 Annual Report.

4. **Special Resolution 1 - Proposed Adoption**

   The proposed Special Resolution 1, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that may arise from the Act and the Listing Requirements. Please refer to Part B of the Circular to Shareholders dated 29 March 2019 for further information.

Notice of Twelfth Annual General Meeting
(Cont'd)

NOTES:

(1) In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 April 2019 (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 12th AGM will be put to vote on a poll.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Rule 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 appointment as Directors at the 12th AGM.

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

No. of shares held	
CDS Account No.	

PROXY FORM

I/We... I.C./Passport/Company No. ....
of ....
being a member/members of TFP SOLUTIONS BERHAD hereby appoint ....
I.C./Passport/Company No. .... of
....
.... or failing him/her,
.... I.C./Passport/Company No.
....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 Twelfth (12th) Annual General Meeting of the Company to be held at Function Room 1, Level 2, Kuala Lumpur International Hotel, 78, Lorong Haji Hussein Dua, Off Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur on Thursday, 25 April 2019 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 up to RM300,000 to be divided amongst the Directors in such manner as the Directors may determine in respect of the period from 26 April 2019 until the conclusion of the next AGM of the Company.		
2.	To approve the payment of other benefits up to RM100,000 in respect of the period from 26 April 2019 until the conclusion of the next AGM of the Company.		
3.	To re-elect Mr. Wong Loke Lim as Director.		
4.	To re-elect Dato' Hussian Rizal Bin A. Rahman as Director.		
5.	To re-elect En. Abdul Latib Bin Tokimin as Director.		
6.	Re-appointment of Messrs. Kreston John & Gan as Auditors of the Company.		
7.	**As Special Business:-** Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
8.	Proposed RRPTs Mandate		
9.	**Special Resolution 1** Proposed Adoption		

* *Strike out whichever not applicable.*

Dated this .... day of 2019

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 17 April 2019 (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 12th AGM will be put to vote on a poll.

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Stamp

The Share Registrar

TFP SOLUTIONS BERHAD
c/o Securities Services (Holdings) Sdn Bhd of

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

Please fold here

TFP SOLUTIONS BERHAD *(Company No. 773550-A)*
No. 8-3, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan, Malaysia
Phone: *+603 8060 0088* ***Fax:*** *+603 8061 3682* ***Helpdesk:*** *1 300 220 388*

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