

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	259	228
Current Assets			
Trade receivables	6	35,313	12,685
Other receivables, deposits and prepayments	7	1,290	1,279
Current tax assets		839	401
Deposits with financial institutions	9	3,887	6,600
Cash and bank balances		1,420	5,494
		42,749	26,459
Total Assets		43,008	26,687
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	10(a)	20,506	20,506
Treasury shares	10(b)	(179)	-
Reserves	11	(7,224)	(4,542)
		13,103	15,964
Non-controlling interests	12	196	277
		13,299	16,241
Non-current Liabilities			
Deferred tax liabilities	13	7	43
Current Liabilities			
Trade payables	14	27,039	8,487
Other payables and accruals	15	2,663	1,700
Current tax liabilities		*	216
		29,702	10,403
Total Liabilities		29,709	10,446
Total Equity and Liabilities		43,008	26,687

* Less than RM1,000

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Revenue	16	68,291	76,136
Cost of sales		(61,336)	(66,275)
Gross profit		6,955	9,861
Other income	17	866	1,138
Distribution costs		(129)	(145)
Administrative expenses		(8,665)	(9,382)
Other expenses		(1,830)	(115)
(Loss) /Profit from operations		(2,803)	1,357
Finance costs		(24)	-
(Loss) /Profit before taxation	18	(2,827)	1,357
Income tax expense	21	67	(472)
(Loss) /Profit for the year		(2,760)	885
Other comprehensive (loss) /profit :			
- Foreign currency translation difference for foreign operation		(3)	(17)
Total comprehensive (loss) /profit		(2,763)	868
(Loss) /Profit for the year attributable to :-			
Equity holders of the Company		(2,679)	523
Non-controlling interests		(81)	362
		(2,760)	885
Total comprehensive (loss) /profit for the year attributable to :-			
Equity holders of the Company		(2,682)	506
Non-controlling interests		(81)	362
		(2,763)	868
Basic (loss) /earnings per share (sen)	22	(1.31)	0.26
Diluted (loss) /earnings per share (sen)	22	(1.03)	0.20

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 2016

	Attributable to equity holders of the company				Distributable		Non-Distributable		Total		Total equity	
	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 RM'000	Non-controlling interests RM'000	Total equity RM'000	
Balance at 1 January 2015	20,506	-	6,758	1,357	(7)	(13,156)	15,458	160	15,618		15,618	
<i>Transaction with owners:</i>												
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(245)	-	(245)	(245)	
Issuance of shares arising from warrants exercise	*	-	-	*	-	*	*	-	-	*	*	
Total transactions with owners	-	-	-	-	-	-	-	(245)	-	(245)	(245)	
<i>Comprehensive income:</i>												
Net profit for the financial year	-	-	-	-	-	523	523	362	885		885	
Other comprehensive income:												
Foreign currency translation difference for foreign operation	-	-	-	-	(17)	-	(17)	-	(17)		(17)	
Total comprehensive income	-	-	-	-	(17)	523	506	362	868		868	
Balance at 31 December 2015	20,506	-	6,758	1,357	(24)	(12,633)	15,964	277	16,241		16,241	
Balance at 1 January 2016	20,506	-	6,758	1,357	(24)	(12,633)	15,964	277	16,241		16,241	
<i>Transaction with owners:</i>												
Dividend paid to non-controlling shareholders	-	(179)	-	-	-	-	(179)	-	(179)		(179)	
Purchase of own shares	-	(179)	-	-	-	-	(179)	-	(179)		(179)	
Total transactions with owners	-	(179)	-	-	-	-	(179)	-	(179)		(179)	
<i>Comprehensive loss:</i>												
Net loss for the financial year	-	-	-	-	-	(2,679)	(2,679)	(81)	(2,760)		(2,760)	
Other comprehensive loss:												
Foreign currency translation difference for foreign operation	-	-	-	-	(3)	-	(3)	-	(3)		(3)	
Total comprehensive loss	-	-	-	-	(3)	(2,679)	(2,682)	(81)	(2,763)		(2,763)	
Balance at 31 December 2016	20,506	(179)	6,758	1,357	(27)	(15,312)	13,103	196	13,299		13,299	

* 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 2016

	Note	2016 RM'000	2015 RM'000
Cash flows from operating activities			
(Loss) /Profit before taxation		(2,827)	1,357
Adjustments for : -			
Depreciation of plant and equipment		93	80
Impairment losses on trade receivables		1,714	-
Interest income		(164)	(101)
Reversal of impairment losses no longer required		(121)	-
Unrealised gain on foreign exchange		(11)	*
Operating (loss) /profit before working capital changes		(1,316)	1,336
(Increase) /Decrease in trade receivables		(24,210)	11,679
(Increase) /Decrease in other receivables, deposits and prepayments		(11)	2,611
Increase /(Decrease) in trade payables		18,552	(7,307)
Increase in other payables and accruals		963	151
Cash (used in) /generated from operations		(6,022)	8,470
Tax paid		(646)	(642)
Tax refund		24	344
Net cash (used in) /from operating activities		(6,644)	8,172
Cash flows from investing activities			
Dividend paid to non-controlling interests		-	(245)
Interest received		164	101
Placement of deposits with licensed banks		(838)	(1,200)
Purchase of plant and equipment	23	(124)	(109)
Net cash used in investing activities		(798)	(1,453)
		(7,442)	6,719
Cash flows from financing activities			
Proceeds from issuance of shares		-	*
Purchase of own shares		(179)	-
Net (decrease) /increase in cash and cash equivalents		(7,621)	6,719
Effects of foreign exchange translation		(3)	(17)
Cash and cash equivalents at the beginning of the year		10,894	4,192
Cash and cash equivalents at the end of the year	24	3,270	10,894

* 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 2016

	Note	2016 RM'000	2015 RM'000
ASSETS			
Non-current Assets			
Plant and equipment	4	*	*
Investment in subsidiary companies	5	8,408	8,766
		8,408	8,766
Current Assets			
Other receivable, deposits and prepayments	7	*	21
Amount due from subsidiary companies	8	1,227	1,549
Current tax assets		15	15
Deposit with financial institutions	9	650	-
Cash and bank balances		72	933
		1,964	2,518
Total Assets		10,372	11,284
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	10(a)	20,506	20,506
Treasury shares	10(b)	(179)	-
Reserves	11	(10,331)	(9,665)
		9,996	10,841
Current Liabilities			
Other payables and accruals	15	343	443
Amount due to subsidiary companies	8	33	-
		376	443
Total Liabilities		376	443
Total Equity and Liabilities		10,372	11,284

* 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 2016

	Note	2016 RM'000	2015 RM'000
Revenue	16	1,794	2,060
Other income	17	60	57
Administrative expenses		(2,520)	(2,312)
Other expenses		*	(1)
<hr/>			
Loss before taxation	18	(666)	(196)
Income tax expense	21	-	33
<hr/>			
Loss for the year, representing total comprehensive loss for the year		(666)	(163)

* Less than RM1,000

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	<----- Attributable to equity holders of the company ----->					Total RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Warrant reserves RM'000	Accumulated losses RM'000	
Balance at 1 January 2015	20,506	-	6,758	1,357	(17,617)	11,004
<i>Transactions with owners :</i>						
Issuance of shares arising from warrants exercise	*	-	-	*	*	*
Total comprehensive loss for the year	-	-	-	-	(163)	(163)
Balance at 31 December 2015	20,506	-	6,758	1,357	(17,780)	10,841
<i>Transactions with owners :</i>						
Purchase of own shares	-	(179)	-	-	-	(179)
Total comprehensive loss for the year	-	-	-	-	(666)	(666)
Balance at 31 December 2016	20,506	(179)	6,758	1,357	(18,446)	9,996

* Less than RM1,000

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Cash flows from operating activities			
Loss before taxation		(666)	(196)
Adjustments for : -			
Depreciation of plant and equipment		*	1
Dividend income from subsidiary		-	(255)
Impairment loss on investment in subsidiary companies		358	105
Interest income		(60)	(57)
Operating loss before working capital changes		(368)	(402)
Decrease in other receivable, deposits and prepayments		20	66
Decrease in amount due from subsidiary companies		322	7
Decrease in other payables and accruals		(99)	(19)
Cash used in operations		(125)	(348)
Tax refund		15	146
Tax paid		(15)	(16)
Net cash used in operating activities		(125)	(218)
Cash flows from investing activities			
Dividends received from subsidiary		-	255
Interest received		60	57
Repayment from subsidiary companies		-	670
Net cash from investing activities		60	982
		(65)	764
Cash flows from financing activities			
Proceeds from issuance of shares		-	*
Purchase of own shares		(179)	-
Advance from /(Repayment to) subsidiary companies		33	(2)
Net cash used in financing activities		(146)	(2)
Net (decrease) /increase in cash and cash equivalents		(211)	762
Cash and cash equivalents at the beginning of the year		933	171
Cash and cash equivalents at the end of the year	24	722	933

* 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 2016

1. GENERAL INFORMATION

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

Registered office : Level 7, Menara Milenium, Jalan Damanela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur.

Principal place of business : No. 8-3, Jalan Puteri 4/2, Bandar Puteri,
47100 Puchong, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 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 2016 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 22 March 2017.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Statement of compliance

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

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014–2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Tax – Recognition of Deferred Tax Assets for Unrealised Losses

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

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (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

- MFRS 16, Leases

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 2017 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 2017;
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are applicable to the Group and to the Company and effective for annual periods beginning on or after 1 January 2018; and
- from the annual period beginning on 1 January 2019 for those accounting standards, amendments or interpretations that are applicable to the Company and effective for annual periods beginning on or after 1 January 2019.

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

MFRS 9, Financial Instruments

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

MFRS 15, Revenue from Contracts with Customers

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

MFRS 16, Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

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

a) Statement of compliance (Cont'd)

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 (Cont'd)

The amendments clarify that (Cont'd) :-

- 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.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9, MFRS 15, MFRS 16 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.

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

At the end of the reporting period, included in the allowance account for trade receivables of the Group is individually assessed impairment losses for trade receivables amounting to RM1,749,231 (2015 – RM279,585). The estimates of individually assessed impairment for trade receivables are based on the historical default rate. Hence, should the actual default rate becomes higher than the estimated default rate, the Group may be required to charge additional impairment losses to the profit or loss within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

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

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

iii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses and capital allowances was approximately RM1,467,000 (2015 – RM1,175,500).

iv) Income tax expense

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

v) Impairment of investment in subsidiary companies

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

The carrying amounts of investment in subsidiary companies of the Company as at 31 December 2016 was RM8,408,395 (2015 – RM8,765,726).

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

i) Subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of consolidation (Cont'd)

ii) Business combinations

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

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

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

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

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

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

iii) Acquisitions of non-controlling interests

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

iv) Loss of control

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

v) Non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of consolidation (Cont'd)

vi) Transactions eliminated on consolidation

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

b) Foreign currency

i) Foreign currency transactions

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Financial instrument

i) Initial recognition and measurement

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

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

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

ii) Financial instrument categories and subsequent measurement

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

Financial assets

a) Financial assets at fair value through profit or loss

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

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

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

b) Held-to-maturity investments

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

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

c) Loans and receivables

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

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

d) Available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (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)

d) Available-for-sale financial assets (Cont'd)

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

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

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

iii) Financial guarantee contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Financial instrument (Cont'd)

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 expired or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset is transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

d) Plant and equipment

i) Recognition and measurement

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Plant and equipment (Cont'd)

ii) Subsequent costs

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

iii) Depreciation

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

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

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

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

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

e) Leases

i) Finance lease

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

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

ii) Operating lease

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Leases (Cont'd)

ii) Operating lease (Cont'd)

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

f) Intangible assets

i) Goodwill

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

ii) Research and development

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

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

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

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

iii) Other intangible assets

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

iv) Subsequent expenditure

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

v) Amortisation

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Intangible assets (Cont'd)

v) Amortisation (Cont'd)

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

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

g) Cash and cash equivalents

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

h) Impairment of assets

i) Financial assets

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) 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 group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

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

i) Equity instruments

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

i) Issue expenses

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

ii) Ordinary shares

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) 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.

j) Compound financial instruments

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

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

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

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

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

k) Employee benefits

i) Short term employee benefits

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

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

ii) State plans

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

iii) Termination benefits

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Provisions

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

m) Revenue and other income

i) Goods sold

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

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

ii) Services

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

iii) Dividend income

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

iv) Interest income

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

n) Income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

n) Income tax (Cont'd)

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

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

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

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

o) Discontinued operation

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

p) Earnings per ordinary shares

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

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

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

q) Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

r) Contingencies

i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

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

s) Fair value measurements

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

4. PLANT AND EQUIPMENT

Group 2016	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<u>Cost</u>					
Balance at 1/1/16	447	152	131	34	764
Additions	76	1	15	32	124
Balance at 31/12/16	523	153	146	66	888
<u>Accumulated depreciation</u>					
Balance at 1/1/16	275	121	118	22	536
Charge for the year	67	10	7	9	93
Balance at 31/12/16	342	131	125	31	629
Net Book Value	181	22	21	35	259
2015					
<u>Cost</u>					
Balance at 1/1/15	533	155	157	34	879
Additions	101	-	8	-	109
Written off	(187)	(3)	(34)	-	(224)
Balance at 31/12/15	447	152	131	34	764
<u>Accumulated depreciation</u>					
Balance at 1/1/15	403	114	147	16	680
Charge for the year	59	10	5	6	80
Deletion	(187)	(3)	(34)	-	(224)
Balance at 31/12/15	275	121	118	22	536
Net Book Value	172	31	13	12	228

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

4. PLANT AND EQUIPMENT (Cont'd)

Company 2016	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
<u>Cost</u>				
Balance at 1/1/16	2	67	40	109
Additions	-	-	-	-
Balance at 31/12/16	2	67	40	109
<u>Accumulated depreciation</u>				
Balance at 1/1/16	2	67	40	109
Charge for the year	-	*	-	*
Balance at 31/12/16	2	67	40	109
Net Book Value	-	*	-	*
2015				
<u>Cost</u>				
Balance at 1/1/15	2	67	40	109
Additions	-	-	-	-
Balance at 31/12/15	2	67	40	109
<u>Accumulated depreciation</u>				
Balance at 1/1/15	2	66	40	108
Charge for the year	*	1	-	1
Balance at 31/12/15	2	67	40	109
Net Book Value	-	*	-	*

* Less than RM1,000

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Computer equipment	183	144	2	2
Furniture and fittings	103	103	65	65
Office equipment	107	107	40	40
Renovation	16	16	-	-
	409	370	107	107

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	24,382	24,382
Less : Allowance for impairment losses	(15,974)	(15,616)
	8,408	8,766

The reconciliation of the allowance account is as follows : -

	Company	
	2016 RM'000	2015 RM'000
At beginning of the financial year	15,616	15,511
Impairment loss recognised	358	105
At the end of the financial year	15,974	15,616

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	
			2016	2015
			%	%
Comm Zed Sdn. Bhd.	Malaysia	Providing network security, IT solution, hardware and software maintenance.	100	100
MBP Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Resource Planning ("ERP") consulting and implementation of Microsoft Dynamic products.	100	100
O2U Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of Oracle products.	51	51
ProDserv Sdn. Bhd.	Malaysia	Developing and providing Enterprise Business Solutions Value added solutions. However, the company has ceased its business operations during current financial year.	100	100
SBOne Solutions Sdn. Bhd.	Malaysia	Providing ERP consulting and implementation of SAP products.	100	100
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions.	100	100
Tech3 Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Systems Solutions.	100	100
TFP International Pte. Ltd. **	Singapore	Inactive.	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
<u>Subsidiary company of Comm Zed Sdn. Bhd.</u>				
Comm Zed Solution Sdn. Bhd. ("CZSSB")	Malaysia	Providing infrastructure sales and services.	100	100

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

The auditors' report of subsidiary company was subject to the following 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 RM1,428,206 as at 31 December 2016, and as of that date, the subsidiary company's current liabilities exceeded its current assets by RM428,838, 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.

Non-controlling interest in subsidiary company

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

	O2U Solutions Sdn. Bhd.	
	2016	2015
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI (RM'000)	196	277
(Loss) /Profit allocated to NCI (RM'000)	(81)	362

Summarised financial information before intra-group elimination :-

	RM'000	RM'000
<u>As at 31 December</u>		
Non-current assets	9	3
Current assets	496	1,544
Current liabilities	(151)	(1,028)
Net assets	354	519
<u>Year ended 31 December</u>		
Revenue	1,474	4,011
(Loss) /Profit for the year, representing total comprehensive (loss)/ income for the year	(165)	739
Cash flows (used in) /from operating activities	(378)	1,598
Cash flows from /(used in) investing activities	17	(10)
Cash flows used in financing activities	(32)	(1,113)
Net (decrease) /increase in cash and cash equivalents	(393)	475
Dividends paid to NCI	-	245

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

6. TRADE RECEIVABLES

	Group	
	2016 RM'000	2015 RM'000
Trade receivables	37,062	12,965
Less : Allowance account	(1,749)	(280)
	35,313	12,685

The reconciliation of the allowance account is as follows : -

	Group	
	2016 RM'000	2015 RM'000
At beginning of the financial year	280	396
Bad debt written off	(124)	-
Impairment losses recognised	1,714	-
Amount recovered and reversed	(121)	(116)
At the end of the financial year	1,749	280

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

The normal credit term of trade receivables range from immediate payment to 65 days (2015 – 7 to 65 days). Other terms are assessed and approved on a case-by-case basis.

Included in the trade receivable is an amount of Nil (2015 – RM13,806) due from a company in which one of the directors of the Company has an interest.

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

	Group	
	2016 RM'000	2015 RM'000
US Dollar	102	11

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	902	354	*	-
Deferred costs	268	859	-	-
Other deposits	33	35	*	*
Prepayments	87	31	-	21
	1,290	1,279	*	21

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

8. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES

	Company	
	2016 RM'000	2015 RM'000
Amount due from subsidiary companies : -		
Trade		
- Comm Zed Sdn. Bhd.	-	24
- MBP Solutions Sdn. Bhd.	-	33
- O2U Solutions Sdn. Bhd.	-	28
- SBOne Solutions Sdn. Bhd.	-	18
- SoftFac Technology Sdn. Bhd.	-	3
- Tech3 Solutions Sdn. Bhd.	218	23
Non-Trade		
- MBP Solutions Sdn. Bhd.	958	600
- Tech3 Solutions Sdn. Bhd.	-	800
- TFP International Pte. Ltd.	158	127
	1,334	1,656
Less : Allowance account	(107)	(107)
	1,227	1,549
Amount due to subsidiary companies : -		
Non-Trade		
- Comm Zed Sdn. Bhd.	*	-
- O2U Solutions Sdn. Bhd.	(14)	-
- SBOne Solutions Sdn. Bhd.	(12)	-
- SoftFac Technology Sdn. Bhd.	(7)	-
	(33)	-

* Less than RM1,000

The reconciliation of the allowance account is as follows : -

	Company	
	2016 RM'000	2015 RM'000
At beginning of the financial year	107	107
Impairment losses recognised	-	-
At the end of the financial year	107	107

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

	2016 RM'000	2015 RM'000
Singapore Dollar	50	20

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

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

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

Included in the amount due from subsidiary companies is an unsecured loan of RM1,000,000 (2015 – RM1,400,000) due from subsidiary companies, which bears interest at rate of 3.50% (2015 – 3.50%) per annum and repayable on demand.

9. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits with licensed banks	2,037	1,200	-	-
Repo deposits with licensed banks	1,850	5,400	650	-
	3,887	6,600	650	-

The effective interest rates of deposits with licensed banks are in the range from 1.85% to 3.15% (2015 – 2.50% to 3.15%) per annum.

Included in deposits with licensed banks of the Group are amounts of RM2,037,404 (2015 – RM1,199,554) which have been pledged to licensed banks as security for the credit facilities granted to the subsidiary companies.

10. (A) SHARE CAPITAL

	Group and Company			
	2016 Number of ordinary shares of RM0.10 each '000	2015 '000	2016 RM'000	2015 RM'000
Authorised :				
At beginning of the financial year	500,000	500,000	50,000	50,000
Created during the financial year	-	-	-	-
At end of the financial year	500,000	500,000	50,000	50,000
Issued and fully paid :				
At beginning of the financial year	205,059	205,057	20,506	20,506
Issued during the financial year	-	2	-	*
At end of the financial year	205,059	205,059	20,506	20,506

* Less than RM1,000

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

10. (B) 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 : -

	Number of shares '000	Cost RM'000
Balance at 1 January 2016	-	-
Shares purchased	1,279	179
Balance at 31 December 2016	1,279	179
Average unit cost for the year (RM)		0.14

The number of outstanding shares in issue after excluding the treasury shares as at 31 December 2016 was 203,780,645 (2015 – 205,059,645)

11. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Non-distributable</u>				
Share premium	6,758	6,758	6,758	6,758
Warrant reserves	1,357	1,357	1,357	1,357
Foreign currency translation reserves	(27)	(24)	-	-
	8,088	8,091	8,115	8,115
<u>Distributable</u>				
Accumulated losses	(15,312)	(12,633)	(18,446)	(17,780)
	(7,224)	(4,542)	(10,331)	(9,665)

Share premium

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

11. 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.

12. NON-CONTROLLING INTERESTS

	Group	
	2016 RM'000	2015 RM'000
Balance at the beginning of the year	277	160
Transferred from profit or loss	(81)	362
Dividends paid to NCI	-	(245)
Balance at the end of the year	196	277

13. DEFERRED TAX LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
Balance at the beginning of the year	43	35
Recognised in profit or loss (Note 21)	(36)	8
Balance at the end of the year	7	43

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

13. DEFERRED TAX LIABILITIES (Cont'd)

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

Group	As at 1 January RM'000	Recognised in profit or loss RM'000	As at 31 December RM'000
2016			
Deferred tax liabilities			
Accelerated capital allowances	43	(36)	7
<hr/>			
2015			
Deferred tax liabilities			
Accelerated capital allowances	35	8	43

14. TRADE PAYABLES

Group

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

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

Group	2016 RM'000	2015 RM'000
US Dollar	6	-

15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	2,115	502	-	1
Accruals	548	1,198	343	442
	2,663	1,700	343	443

Company

Included in accruals is an amount of provision of directors' remuneration of RM250,000 (2015 – RM336,860).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

15. OTHER PAYABLES AND ACCRUALS (Cont'd)

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

Group	2016 RM'000	2015 RM'000
Singapore dollar	8	13

16. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend received from subsidiary companies	-	-	-	255
Management fee	-	-	1,794	1,805
Sale of goods	61,504	64,748	-	-
Services rendered	6,787	11,388	-	-
	68,291	76,136	1,794	2,060

17. OTHER INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gain on foreign exchange				
- realised	21	9	-	-
- unrealised	11	*	-	-
Insurance claims	11	-	-	-
Interest income				
- Advance to subsidiary companies	-	-	40	42
- Cash fund with a financial institution	-	7	-	-
- Fixed deposits	56	2	-	-
- Repo deposits	108	92	20	15
Partners' incentive	531	890	-	-
Payables written back	-	21	-	-
Reversal of impairment loss no longer required	121	117	-	-
Sundry income	7	-	-	-
	866	1,138	60	57

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

18. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax is arrived at after charging :-				
Auditors' remuneration				
- Kreston John & Gan				
- current year provision	114	114	32	32
- overprovision in previous year	-	(1)	-	(1)
- Other auditors	8	8	-	-
Depreciation of plant and equipment	93	80	*	1
Employee benefits expense (Note 19)	8,462	9,373	1,689	1,779
Impairment loss on				
- trade receivables	1,714	-	-	-
- investment in subsidiary companies	357	-	358	105
Loss on foreign exchange - realised	22	34	-	-
Rental of plant and equipment	-	3	-	-
Rental of premises	147	117	-	12
and after crediting :-				
Dividends received from subsidiary companies	-	-	-	255
Gain on foreign exchange - realised	21	9	-	-
Gain on foreign exchange - unrealised	11	*	-	-
Interest income				
- Advance to subsidiary companies	-	-	40	42
- Cash fund with a financial institution	-	7	-	-
- Fixed deposits	56	2	-	-
- Repo deposits	108	92	20	15
Payable written back	-	21	-	-
Reversal of impairment loss no longer required	121	117	-	-

* Less than RM1,000

19. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, allowances and bonus	6,269	6,682	1,378	1,517
Employees Provident Fund	1,019	1,048	260	233
Social security costs	40	36	2	1
Other staff related expenses	1,134	1,607	49	28
	8,462	9,373	1,689	1,779

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to RM2,358,124 (2015 – RM2,500,409) and RM1,436,000 (2015 – RM1,511,100) respectively as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

20. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Directors of the Company</u>				
Executive directors				
- Fees	125	118	125	118
- Other emoluments	1,787	1,857	1,436	1,511
- Contribution to defined contribution plan	294	266	-	-
Non-executive directors				
- Fees	125	132	125	132
- Other emoluments	9	6	9	6
Total excluding benefits-in-kind	2,304	2,379	1,695	1,767
<u>Directors of subsidiary companies</u>				
Executive directors				
- Fees	7	7	-	-
- Other emoluments	572	643	-	-
- Contribution to defined contribution plan	78	88	-	-
	657	738	-	-

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

	Number of directors			
	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Directors of the Company</u>				
Executive directors :				
- Below RM50,000	-	-	1	1
- RM100,000 - RM200,000	-	-	-	-
- RM200,001 - RM300,000	-	-	-	-
- RM300,001 - RM400,000	1	1	-	-
- RM400,001 - RM500,000	1	1	1	1
- RM500,001 - RM600,000	2	2	2	2
Non-Executive directors :				
- Below RM50,000	4	4	4	4
<u>Directors of a subsidiary company</u>				
Executive directors :				
- Below RM50,000	1	1	-	-
- RM100,000 - RM200,000	1	1	-	-
- RM200,001 - RM300,000	2	2	-	-
- RM300,001 - RM400,000	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

21. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax				
- current year provision	48	516	-	-
- over provision in previous year	(79)	(52)	-	(33)
	(31)	464	-	(33)
Deferred taxation (Note 13)	(36)	8	-	-
	(67)	472	-	(33)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015 – 25%) of the estimated assessable profit for the year.

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

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Applicable tax rate	(24)	25	(24)	(25)
Tax effects of :				
- Non-allowable expenses	13	5	18	57
- Deferred tax assets not recognised during the year	11	1	6	(32)
- Utilisation of tax losses	(2)	(7)	-	-
- Over provision in previous year	(2)	(3)	-	(17)
- Income tax exempted under pioneer status	2	5	-	-
Effective tax rate	(2)	26	-	(17)

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

	Group	
	2016	2015
Unabsorbed tax losses	5,151	3,803
Unabsorbed capital allowances	1,122	1,096

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

21. INCOME TAX EXPENSE (Cont'd)

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

	Group	
	2016 RM'000	2015 RM'000
<u>Tax losses - approximate</u>		
Balance brought forward	3,803	3,892
Claimed during the year	1,525	431
	5,328	4,323
Utilised during the year	(177)	(520)
Balance carried forward	5,151	3,803
<u>Capital allowances - approximate</u>		
Balance brought forward	1,096	1,095
Claimed during the year	77	1
	1,173	1,096
Utilised during the year	(51)	-
Balance carried forward	1,122	1,096

The tax saving derived from the utilisation of unabsorbed tax losses and unabsorbed capital allowances brought forward from previous years amounted to approximately RM42,000 (2015 – RM130,000) and RM12,000 (2015 – Nil) respectively.

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

Group	Unabsorbed tax losses RM'000	Unabsorbed capital allowances RM'000	Accelerated capital allowances RM'000	Total RM'000
Balance at 1 January 2015	933	263	7	1,203
Utilising during the year	(21)	-	(7)	(28)
Balance at 31 December 2015	912	263	-	1,175
Arising /(Utilising) during the year	321	6	(35)	292
Balance at 31 December 2016	1,233	269	(35)	1,467

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

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

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

21. INCOME TAX EXPENSE (Cont'd)

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

22. (LOSS) /EARNINGS PER SHARE

Basic :

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

	Group	
	2016 RM'000	2015 RM'000
(Loss) /Profit for the year attributable to ordinary equity holders of the Company	(2,679)	523
	Number of shares	
	Unit '000	Unit '000
Number of shares in issue at 1 January	205,060	205,057
Effect of warrants exercised	-	2
Effect of shares purchased	(339)	-
Weighted average number of ordinary shares in issue	204,721	205,059
Basic (loss) /earnings per share (sen)	(1.31)	0.26

Diluted :

	Group	
	2016 RM'000	2015 RM'000
(Loss) /Profit for the year attributable to ordinary equity holders of the Company (diluted)	(2,679)	523
	Number of shares	
	Unit '000	Unit '000
Weighted average number of ordinary shares in issue (basic)	204,721	205,059
Dilutive potential ordinary shares		
- Assumed exercise of warrants	56,891	56,891
- Purchase of own shares	(339)	-
Weighted average number of ordinary shares in issue (diluted)	261,273	261,950
Diluted (loss) /earnings per share (sen)	(1.03)	0.20

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

23. PURCHASE OF PLANT AND EQUIPMENT

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Purchase of plant and equipment (Note 4)	124	109	-	-

24. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	1,420	5,494	72	933
Deposits with financial institutions (Note 9)	3,887	6,600	650	-
	5,307	12,094	722	933
Less : Pledged deposits (Note 9)	(2,037)	(1,200)	-	-
	3,270	10,894	722	933

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

	2016 RM'000	2015 RM'000
Singapore Dollar	10	9
US Dollar	1	1

25. 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	
	2016 RM'000	2015 RM'000
- Customer A	20,140	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS

- a) Categories of financial instruments

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

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

Group	Carrying amount RM'000	L&R RM'000	FL RM'000
2016			
Financial assets			
Trade receivables	35,313	35,313	-
Other receivables	902	902	-
Deposits with financial institution	3,887	3,887	-
Cash and bank balances	1,420	1,420	-
	41,522	41,522	-
Financial liabilities			
Trade payables	(27,039)	-	(27,039)
Other payables and accruals	(2,663)	-	(2,663)
	(29,702)	-	(29,702)
2015			
Financial assets			
Trade receivables	12,685	12,685	-
Other receivables	354	354	-
Deposits with financial institution	6,600	6,600	-
Cash and bank balances	5,494	5,494	-
	25,133	25,133	-
Financial liabilities			
Trade payables	(8,487)	-	(8,487)
Other payables and accruals	(1,700)	-	(1,700)
	(10,187)	-	(10,187)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

a) Categories of financial instruments (Cont'd)

Company	Carrying amount RM'000	L&R RM'000	FL RM'000
2016			
Financial assets			
Other receivables	*	*	-
Amount due from subsidiary companies	1,227	1,227	-
Deposits with financial institution	650	650	-
Cash and bank balances	72	72	-
	1,949	1,949	-
Financial liabilities			
Accruals	(343)	-	(343)
Amount due to subsidiary companies	(33)	-	(33)
	(376)	-	(376)
2015			
Financial assets			
Amount due from subsidiary companies	1,549	1,549	-
Cash and bank balances	933	933	-
	2,482	2,482	-
Financial liabilities			
Other payables and accruals	(443)	-	(443)

* Less than RM1,000

b) Financial risk management

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

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

i) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk management (Cont'd)

i) Credit risk (Cont'd)

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at 31 December 2016, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM20,000,000 due from one trade receivable which represents 60% of the total trade receivables of the Group. However, the directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

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

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

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

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	28,906	-	28,906
Past due 1-30 days	749	-	749
Past due over 30 days	7,407	(1,749)	5,658
	37,062	(1,749)	35,313
2015			
Not past due	5,650	-	5,650
Past due 1-30 days	2,515	-	2,515
Past due over 30 days	4,800	(280)	4,520
	12,965	(280)	12,685

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk management (Cont'd)

i) Credit risk (Cont'd)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM6,876,831 (2015 – RM6,299,554) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

ii) Liquidity and cash flow risks

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk management (Cont'd)

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

Maturity Analysis Group	Carrying amount RM'000	Effective interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2016				
<i>Non-derivative financial liabilities</i>				
Trade payables	27,039	-	27,039	27,039
Other payables and accruals	2,663	-	2,663	2,663
	29,702		29,702	29,702
2015				
<i>Non-derivative financial liabilities</i>				
Trade payables	8,487	-	8,487	8,487
Other payables and accruals	1,700	-	1,700	1,700
	10,187		10,187	10,187
Company				
2016				
<i>Non-derivative financial liabilities</i>				
Accruals	343	-	343	343
Amount due to subsidiary companies	33	-	32,833	32,833
	376		33,176	33,176
2015				
<i>Non-derivative financial liabilities</i>				
Other payables and accruals	443	-	443	443

iii) Market risk

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

Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk management (Cont'd)

iii) Market risk (Cont'd)

Currency risk (Cont'd)

Exposure to foreign currency risk

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

Group	2016		2015	
	Denominated in		Denominated in	
	SGD	USD	SGD	USD
	in RM'000	in RM'000	in RM'000	in RM'000
Balance recognised in the statement of financial position :				
Trade receivables	-	102	-	11
Cash and bank balances	10	1	9	1
Trade payables	-	(6)	-	-
Other payables and accruals	(8)	-	(13)	-
Net exposure	2	97	(4)	12

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.

Group	2016		2015	
	Equity	Loss for the year	Equity	Loss for the year
	RM'000	RM'000	RM'000	RM'000
<u>SGD</u>				
Increase /(Decrease)	*	*	*	*
<u>USD</u>				
Increase	5	5	1	1

* Less than RM1,000

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

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk management (Cont'd)

iii) Market risk (Cont'd)

Interest rate risk (Cont'd)

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

Group	2016 RM'000	Effective interest rate %	2015 RM'000	Effective interest rate %
<u>Floating rate instruments</u>				
Deposits with financial institutions	1,850	1.85-2.75	5,400	2.50-2.70
<u>Fixed rate instruments</u>				
Deposits with licensed banks	2,037	2.85-3.15	1,200	3.15
Company				
<u>Fixed rate instruments</u>				
Amount due from subsidiaries	1,000	3.10	1,400	3.10

Interest rate risk sensitivity analysis : -

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM18,500 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

b) Financial risk management (Cont'd)

iv) Operational risk (Cont'd)

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

c) Fair value information

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

27. 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.

28. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Unsecured</u>				
Corporate guarantees issued to third parties for supplies of goods and services to :-				
- subsidiary companies	-	-	6,100	6,100
<u>Secured</u>				
Bankers' guarantee issued in favour of third parties secured by deposit with a licensed bank	777	200	-	-
	777	200	6,100	6,100

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

29. RELATED PARTIES

Identity of related parties

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

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

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

Significant related party transactions

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

a) Related party/companies transactions :-

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

	Group	
	2016	2015
	RM'000	RM'000
- Revenue	-	51
- Purchases	-	(191)

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

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

	Group	
	2016	2015
	RM'000	RM'000
- Lim Lung Wen	(47)	(31)
- Quah Teik Jin	(26)	(13)

	Company	
	2016	2015
	RM'000	RM'000
- Lim Lung Wen	-	(12)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

29. RELATED PARTIES (Cont'd)

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

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

	Company	
	2016 RM'000	2015 RM'000
Gross dividend income received from subsidiary companies		
- O2U Solutions Sdn. Bhd.	-	255
Interest on loan to a subsidiary companies		
- MBP Solutions Sdn. Bhd.	27	25
- O2U Solutions Sdn. Bhd.	-	1
- Tech3 Solutions Sdn. Bhd.	13	16
Management fee received /receivable from subsidiary companies		
- Comm Zed Sdn. Bhd.	2	99
- MBP Solutions Sdn. Bhd.	179	96
- O2U Solutions Sdn. Bhd.	44	118
- SBOne Solutions Sdn. Bhd.	62	139
- SoftFac Technology Sdn. Bhd.	20	16
- Tech3 Solutions Sdn. Bhd.	1,487	1,336

b) Compensation of key management personnel

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	2,367	2,506	1,445	1,517
Post-employment benefits :				
- Defined contribution plan				
- EPF	372	354	260	231
	2,739	2,860	1,705	1,748

Included in the total key management personnel are :-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' remuneration (Note 20)				
- Directors of the Company	2,046	2,113	1,695	1,767
- Directors of the subsidiaries	579	650	-	-
	2,625	2,763	1,695	1,767

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

30. SUBSEQUENT EVENT

Companies Act, 2016

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

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

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (Cont'd)

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

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

Group	2016 RM'000	2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(14,734)	(11,580)
- unrealised	(7)	(43)
	(14,741)	(11,623)
Less : Consolidation adjustments	(571)	(1,010)
Total accumulated losses	(15,312)	(12,633)
Company		
Total accumulated losses of the Company		
- realised	(18,446)	(17,780)
Total accumulated losses	(18,446)	(17,780)

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

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