DIRECTORS' REPORT
for the year ended 31 December 2017

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and engaged in the business of providing shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiary companies are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the year after taxation attributable to : -		
Owners of the Company	(731)	(519)
Non-controlling interests	(89)	-
	(820)	(519)

RESERVES AND PROVISIONS

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

TREASURY SHARES

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

WARRANTS 2014/2019

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

The salient features of the warrants are : -

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

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

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

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

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

WARRANTS 2014/2019 (Cont'd.)

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

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

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

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

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

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

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

As at 31 December 2017, the total outstanding warrants are 97,648,744 remained unexercised.

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or of the Company for the current financial year.
Shares and debentures

SHARES AND DEBENTURES

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

DIRECTORS OF THE COMPANY

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

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

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

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

DIRECTORS' INTERESTS

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

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

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

DIRECTORS' INTERESTS (CONT'D)

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

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

By virtue of Section 8 of the Companies Act, 2017, Dato' Hussian @ Rizal Bin A. Rahman and Datuk Seri Syed Ali Bin Abbas Alhabshee are deemed to have an interest in shares of the subsidiary companies during the financial year to the extent that TFP Solutions Berhad has an interest.

DIRECTORS' REMUNERATION

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

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

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

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 31 to the financial statements.

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

SIGNIFICANT EVENTS

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

AUDITORS

a) Detail of auditors' remuneration for the Company is disclosed in Note 20 to the financial statements.

b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

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

Chandran John Kasilingam

Dato' Hussian @ Rizal Bin A. Rahman

Puchong, Selangor
Date : 6 April 2018

INDEPENDENT AUDITORS' REPORT
to members of TFP Solutions Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TFP Solutions Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 105.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue Recognition

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

The key audit matter

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

How our audit addresses this matter

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

- Tested the operating effectiveness of the Group's internal controls over timing and amount of revenue recognised;

- Inspected the terms of significant sales contracts to determine the point of transfer of significant risk and rewards;

- Inspected the documents which evidenced the delivery of goods and services to customers; and

- Tested sales transactions as well as credit notes issued, near to the year ended date to assess whether the revenue was recognised in the correct period.

Trade Receivables

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

The key audit matter

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

How our audit addresses this matter

We performed the following audit procedures, among others : -

- Obtaining an understanding of : -
    - the Group's control over the receivable collection process;
    - how the Group identifies and assesses the impairment of receivables; and
    - how the Group makes the accounting estimates for impairment.

- Reviewing the ageing analysis of receivables and testing the reliability thereof.

- Reviewing subsequent cash collections for major receivables and overdue amount.

- Making inquiries of management regarding the action plans to recover overdue amounts.

- Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.

- Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.

- Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

- Obtaining positive confirmation from major receivables to proof the accuracy of the amounts correspondence to auditor's records.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Kreston John & Gan
(AF 0113)
Chartered Accountants

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

Kuala Lumpur,
Date : 6 April 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2017

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

** Less than RM1,000*

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	<------ Attributable to equity holders of the company								------>
	<------ Non-Distributable			------>	<Distributable>				
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Warrant reserves RM'000	Foreign currency translation reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2016	20,506	-	6,758	1,357	(24)	(12,633)	15,964	277	16,241
Transaction with owners :									
Purchase of own shares	-	(179)	-	-	-	-	(179)	-	(179)
Comprehensive loss :									
Net loss for the financial year	-	-	-	-	-	(2,679)	(2,679)	(81)	(2,760)
Other comprehensive loss :									
Foreign currency translation difference for foreign operation	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive loss	-	-	-	-	(3)	(2,679)	(2,682)	(81)	(2,763)
Balance at 31 December 2016	20,506	(179)	6,758	1,357	(27)	(15,312)	13,103	196	13,299
Balance at 1 January 2017	20,506	(179)	6,758	1,357	(27)	(15,312)	13,103	196	13,299
Comprehensive loss :									
Net loss for the financial year	-	-	-	-	-	(731)	(731)	(89)	(820)
Other comprehensive profit :									
Foreign currency translation difference for foreign operation	-	-	-	-	4	-	4	-	4
Total comprehensive profit /(loss)	-	-	-	-	4	(731)	(727)	(89)	(816)
Balance at 31 December 2017	20,506	(179)	6,758	1,357	(23)	(16,043)	12,376	107	12,483

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year for the year ended 31 December 2017

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

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

STATEMENT OF FINANCIAL POSITION
31 December 2017

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

* Less than RM1,000

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017

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

* Less than RM1,000

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

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

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

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

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

* Less than RM1,000

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

1. GENERAL INFORMATION

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the year ended 31 December 2017 do not include other entities.

The Company is principally an investment holding company and engaged in the business of providing shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

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

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

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

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

a) Statement of compliance (Cont'd.)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018 (Cont'd.)

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

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

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

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

- MFRS 17, Insurance Contracts

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

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

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

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

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

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

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

a) Statement of compliance (Cont'd.)

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

MFRS 9, Financial Instruments

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

MFRS 15, Revenue from Contracts with Customers

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

MFRS 16, Leases

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

MFRS 17, Insurance Contracts

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

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

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

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

The amendments clarify that : -

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

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

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

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

a) Statement of compliance (Cont'd.)

Amendments to MFRS 112, Income Taxes

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

Amendments to MFRS 123, Borrowing Costs

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

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

b) Basis of measurement

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

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

i) Depreciation of plant and equipment

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

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

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

ii) Impairment losses for trade receivables

At the end of the reporting period, included in the allowance account for trade receivables of the Group is individually assessed impairment losses for trade receivables amounting to RM2,023,650 (2016 – RM1,749,231). The estimates of individually assessed impairment for trade receivables are based on the historical default rate. Hence, should the actual default rate becomes higher than the estimated default rate, the Group may be required to charge additional impairment losses to the profit or loss within the next financial year.

iii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses and capital allowances was approximately RM1,551,000 (2016 – RM1,467,000).

iv) Income tax expense

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

v) Impairment of investment in subsidiary companies

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

The carrying amounts of investment in subsidiary companies of the Company as at 31 December 2017 was RM8,408,395 (2016 – RM8,408,395).

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

i) Subsidiaries

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

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

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

ii) Business combinations

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

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

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

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

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

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

iii) Loss of control

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of consolidation (Cont'd)

iv) Non-controlling interests

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

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

v) Transactions eliminated on consolidation

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

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

b) Foreign currency

i) Foreign currency transactions

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Foreign currency (Cont'd.)

ii) Operations denominated in functional currencies other than Ringgit Malaysia

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

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

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

c) Financial instrument

i) Initial recognition and measurement

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

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

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

ii) Financial instrument categories and subsequent measurement

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

Financial assets

a) Financial assets at fair value through profit or loss

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

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

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

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

Financial assets (Cont'd.)

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

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

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

b) Held-to-maturity investments

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

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

c) Loans and receivables

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

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

d) Available-for-sale financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

c) Financial instrument (Cont'd.)

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

Financial liabilities

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

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

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

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

iii) Financial guarantee contracts

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

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

iv) Regular way purchase or sale of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

c) Financial instrument (Cont'd.)

v) Derecognition

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

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

d) Plant and equipment

i) Recognition and measurement

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

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

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

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

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

ii) Subsequent costs

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

d) **Plant and equipment (Cont'd.)**

iii) Depreciation

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

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

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

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

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

e) **Leases**

i) Finance lease

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

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

ii) Operating lease

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

f) Intangible assets

i) Goodwill

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

ii) Research and development

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

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

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

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

iii) Other intangible assets

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

iv) Subsequent expenditure

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

f) Intangible assets (Cont'd)

v) Amortisation

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

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

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

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

g) Cash and cash equivalents

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

h) Impairment of assets

i) Financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

h) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd)

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

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

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

ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

h) Impairment of assets (Cont'd.)

ii) Other assets (Cont'd)

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

i) Equity instruments

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

i) Issue expenses

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

ii) Ordinary shares

Ordinary shares are classified as equity.

iii) Treasury shares

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

j) Compound financial instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

j) Compound financial instruments (Cont'd)

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

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

k) Employee benefits

i) Short-term employee benefits

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

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

ii) State plans

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

iii) Termination benefits

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

l) Provisions

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

m) Revenue and other income

i) Goods sold

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

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

ii) Services

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

iii) Management fee

Management fee is recognised upon the service rendered.

iv) Dividend income

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

v) Interest income

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

n) Income tax

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

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

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

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

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

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

o) Earnings per ordinary shares

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

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

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

p) Operating segments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

q) Contingencies

i) Contingent liabilities

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

ii) Contingent assets

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

r) Fair value measurements

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

4. PLANT AND EQUIPMENT

Group 2017	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Cost					
Balance at 1/1/17	523	153	146	66	888
Additions	34	34	18	23	109
Written off	(114)	-	(4)	-	(118)
Balance at 31/12/17	443	187	160	89	879
Accumulated depreciation					
Balance at 1/1/17	342	131	125	31	629
Charge for the year	69	11	8	12	100
Deletion	(114)	-	(4)	-	(118)
Balance at 31/12/17	297	142	129	43	611
Net Book Value	146	45	31	46	268
2016					
Cost					
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
Accumulated depreciation					
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

4. PLANT AND EQUIPMENT (Cont'd)

Company 2017	Computer equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost				
Balance at 1/1/17	2	67	40	109
Additions	-	-	-	-
Balance at 31/12/17	2	67	40	109
Accumulated depreciation				
Balance at 1/1/17	2	67	40	109
Charge for the year	-	*	-	*
Balance at 31/12/17	2	67	40	109
Net Book Value	-	-	-	-
2016				
Cost				
Balance at 1/1/16	2	67	40	109
Additions	-	-	-	-
Balance at 31/12/16	2	67	40	109
Accumulated depreciation				
Balance at 1/1/16	2	67	40	109
Charge for the year	-	*	-	*
Balance at 31/12/16	2	67	40	109
Net Book Value	-	*	-	*

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

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

* Less than RM1,000

5. INVESTMENT IN SUBSIDIARY COMPANIES

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

The reconciliation of the allowance account is as follows : -

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

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

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

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Name of subsidiary	Place of incorporation	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
SoftFac Technology Sdn. Bhd.	Malaysia	Providing Human Capital Resource Management (HCRM) solutions.	100	100
Tech3 Solutions Sdn. Bhd.	Malaysia	Providing Enterprise Systems Solutions.	100	100
TFP International Pte. Ltd. **	Singapore	Inactive.	100	100
<u>Subsidiary company of Comm Zed Sdn. Bhd.</u>				
Comm Zed Solution Sdn. Bhd.	Malaysia	Providing infrastructure sales and services.	100	100

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

The auditors' report of subsidiary company was subject to the following material uncertainty related to going concern : -

MBP Solutions Sdn. Bhd.

The subsidiary company's financial statements have been prepared on a going concern basis, notwithstanding that the subsidiary company incurred accumulated losses of RM1,276,515 as at 31 December 2017, and as of that date, the subsidiary company's current liabilities exceeded its current assets by RM276,515, thereby indicating the existence of a material uncertainty which may cast significant doubt about the subsidiary company's ability to continue as a going concern. The auditors' opinion is not modified in respect of this matter.

Non-controlling interest in subsidiary company

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

	O2U Solutions Sdn. Bhd. 2017	O2U Solutions Sdn. Bhd. 2016
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI (RM'000)	107	196
Loss allocated to NCI (RM'000)	(89)	(81)

5. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

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

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

6. TRADE RECEIVABLES

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

The reconciliation of the allowance account is as follows : -

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

6. TRADE RECEIVABLES (Cont'd)

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

The normal credit term of trade receivables range from immediate payment to 90 days (2016 – immediate payment to 65 days). Other terms are assessed and approved on a case-by-case basis.

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

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

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

** Less than RM1,000*

8. AMOUNTS DUE FROM /(TO) SUBSIDIARY COMPANIES

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

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

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

The reconciliation of the allowance account is as follows : -

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

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

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

** Less than RM1,000*

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

Included in the amount due from subsidiary companies is an unsecured loan of RM650,000 (2016 – RM1,000,000) due from subsidiary companies, which bears interest at rate of 3.50% (2016 – 3.50%) per annum and repayable on demand.

9. DEPOSITS WITH LICENSED BANKS

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

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

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

10. SHARE CAPITAL AND SHARE PREMIUM

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

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

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

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

Share premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 2016.

11. TREASURY SHARES

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 24 June 2016, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows : -

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

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

12. RESERVES

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

12. RESERVES (Cont'd)

Warrant reserves

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

Fair value of warrants and assumptions

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

Foreign currency translation reserves

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

13. NON-CONTROLLING INTERESTS

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

14. DEFERRED TAX LIABILITIES

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

14. DEFERRED TAX LIABILITIES (Cont'd.)

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

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

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

Group

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

15. TRADE PAYABLES

Group

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

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

Group

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

16. OTHER PAYABLES AND ACCRUALS

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

Company

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

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

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

17. REVENUE

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

18. OTHER INCOME

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

19. FINANCE COSTS

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

20. LOSS BEFORE TAXATION

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

Less than RM1,000

21. EMPLOYEE BENEFITS EXPENSE

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

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

22. DIRECTORS' REMUNERATIONS

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

23. INCOME TAX EXPENSE

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

* Less than RM1,000

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

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

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

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

23. INCOME TAX EXPENSE (Cont'd)

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

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

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

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

23. INCOME TAX EXPENSE (Cont'd)

The tax saving derived from the utilisation of unabsorbed tax losses and unabsorbed capital allowances brought forward from previous years amounted to approximately RM140,000 (2016 – RM42,000) and RM36,000 (2016 – RM12,000) respectively.

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

Group	Unabsorbed tax losses RM'000	Unabsorbed capital allowances RM'000	Accelerated capital allowances RM'000	Total RM'000
Balance at 1 January 2016	912	263	-	1,175
Arising /(Utilising) during the year	321	6	(35)	292
Balance at 31 December 2016	1,233	269	(35)	1,467
Arising /(Utilising) during the year	90	(37)	31	84
Balance at 31 December 2017	1,323	232	(4)	1,551

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

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

* Less than RM1,000

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

24. LOSS PER SHARE

Basic :

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

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

24. LOSS PER SHARE (Cont'd)

***Basic** : (Cont'd)*

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

Diluted :

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

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

25. PURCHASE OF PLANT AND EQUIPMENT

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

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

26. CASH AND CASH EQUIVALENTS

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

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

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

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

27. SEGMENT INFORMATION

No segmental reporting by industry and geographical segments has been prepared as the Group operated predominantly in the information communication technology industry principally in Malaysia as mentioned in Note 5 to the financial statements.

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

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

28. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

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

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

28. FINANCIAL INSTRUMENTS

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

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

28. FINANCIAL INSTRUMENTS (Cont'd)

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

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

* *Less than RM1,000*

b) Financial risk management

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

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

i) Credit risk

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

<u>Receivables</u>

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

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Exposure to credit risk, credit quality and collateral
As at 31 December 2017, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM10,000,000 due from five trade receivables which represents 60% of the total trade receivables of the Group. However, the directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

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

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

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

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	6,102	-	6,102
Past due 1-30 days	4,491	-	4,491
Past due over 30 days	7,977	(2,024)	5,953
	18,570	(2,024)	16,546
2016			
Not past due	28,906	-	28,906
Past due 1-30 days	749	-	749
Past due over 30 days	7,407	(1,749)	5,658
	37,062	(1,749)	35,313

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

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral
The maximum exposure to credit risk amounts to RM16,546,643 (2016 – RM6,876,831) representing the outstanding corporater/bankers' guarantees related to the subsidiaries as at the end of the reporting period.

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

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

ii) Liquidity and cash flow risks

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

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

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

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

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

Maturity analysis

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

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

* *Less than RM1,000*

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

iii) Market risk

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

<u>Currency risk</u>

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

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

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

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

Currency risk sensitivity analysis

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

28. FINANCIAL INSTRUMENTS (Cont'd.)

b) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Currency risk (Cont'd.)

Currency risk sensitivity analysis (Cont'd.)

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

** Less than RM1,000*

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

Interest rate risk

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

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

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

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

28. **FINANCIAL INSTRUMENTS (Cont'd.)**

b) **Financial risk management (Cont'd.)**

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd.)

	2017 RM'000	Effective interest rate %	2016 RM'000	Effective interest rate %
Company				
Floating rate instruments				
Deposits with licensed banks	400	2.75	650	2.75
Fixed rate instruments				
Amount due from subsidiaries	650	3.25	1,000	3.10

Interest rate risk sensitivity analysis : -

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

Cash flow sensitivity analysis for variable rate instruments
At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM50,600 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

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

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

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

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

c) **Fair value information**

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

29. CAPITAL MANAGEMENT

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

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

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

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

30. CONTINGENT LIABILITIES

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

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

31. RELATED PARTIES

Identity of related parties

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

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

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

31. RELATED PARTIES (Cont'd)

Significant related party transactions

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

a) Related party/companies transactions : -

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

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

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

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

b) Compensation of key management personnel

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

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

31. RELATED PARTIES (Cont'd)

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

Included in the total key management personnel are : -

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

* *Less than RM1,000*

32. SIGNIFICANT EVENTS

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

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

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

b) On 17 November 2017, TFP Soft Sdn. Bhd. (formerly known as One Uni Education Sdn. Bhd. and ProDserv Sdn. Bhd.), a wholly-owned subsidiary company of the Company, entered into a Memorandum of Understanding ("MOU") with Begum Rokeya University, Rangpur, Bangladesh to collaborate with each other to create a platform of mutual understanding between Begum Rokeya University and the International University of Malaya-Wales ("IUMW") for the placement of students from Begum Rokeya University in IUMW.

c) On 21 December 2017, TFP Soft Sdn. Bhd. (formerly known as One Uni Education Sdn. Bhd. and ProDserv Sdn. Bhd.), a wholly-owned subsidiary company of the Company, entered into a Joint Venture Agreement with Maestrosoft Limited, a private limited company incorporated in Bangladesh, to establish a joint venture company in Bangladesh.

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

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

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

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

Chandran John Kasilingam **Dato' Hussian @ Rizal Bin A. Rahman**

Puchong, Selangor
Date: 6 April 2018

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

I, Choo Chuin Hui, NRIC : 661114-10-5790, being the officer primarily responsible for the financial management of TFP Solutions Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 105, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur on 6 April 2018.

Choo Chuin Hui

Before me

D. Selvaraj (W 320)
Commissioner for Oaths