

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
*(Incorporated in Malaysia)*

**FINANCIAL STATEMENTS**

**PERIOD FROM**  
**1ST JANUARY, 2017 TO 30TH JUNE, 2017**

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**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH JUNE, 2017**

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1st January, 2016 to 30th June, 2017.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in researching, designing, developing, distributing and supporting accounting and business management solutions, including its proprietary range of packaged accounting and business management software and its related activities. The Company is also involved in hardware and networking businesses. The activity of the subsidiary company is disclosed in note 5 to the financial statements. There have been no significant changes in these activities during the financial period.

**RESULTS**

	Group RM	Company RM
Profit/(loss) for the period	386,455	(84,775)
Accumulated loss brought forward	(2,631,718)	(1,005,608)
Accumulated loss carried forward	<u>(2,245,263)</u>	<u>(1,090,383)</u>

**DIVIDEND**

No dividend has been paid, declared or proposed since the end of the previous financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial period.

**ISSUE OF SHARES**

During the financial period, there was no issue of shares.

**SHARE OPTION**

During the financial period, the Company did not grant any option to any person to take up the unissued shares of the Company.

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH JUNE, 2017**

**DIRECTORS**

The directors during the financial period and since the end of the financial period are:

Ong Geok Moi (f)  
Ong Rui Yuan  
Ong Kim Mui (f)

**DIRECTORS' INTEREST IN SHARES**

According to the Register of Directors' shareholdings, particulars of directors' interests in the shares of the Company at the end of the financial period are as follows:

	Number of Ordinary shares			
	Balance at 1.1.2017	Bought	Sold	Balance at 30.6.2017
Ong Geok Moi (f)	1,710,000	-	(1,477,500)	232,500
Ong Rui Yuan	2,940,000	-	(2,242,500)	697,500

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Group and of the Company) by reason of a contract made by the Company or a related corporation with any 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.

Neither during nor at the end of the financial period was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures of the Group and of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The amounts of remunerations received and receivable by the directors of the Company during the financial period are disclosed in Note 21 of the financial statements.

**INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

No indemnity has been given during and since the end of the financial period, for any person who is or has been the director, officer or auditor of the Company.

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH JUNE, 2017**

**HOLDING COMPANY**

The holding company is Ifree Group (International) Limited, which owns 80% of the Company's equity shareholdings.

**OTHER STATUTORY INFORMATION**

Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and of the Company were made out, the directors took reasonable steps:

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and, the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad or doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of which were written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- i) which would require any amount to be written off as bad debts, or provided for as doubtful debts;
- ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

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

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial period.

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**DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH JUNE, 2017**

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

In the opinion of the directors:

- i) the results of the operations of the Group and of the Company for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.


**AUDITORS' REMUNERATION**


The amount paid or payable to the auditors as remuneration for their service is disclosed in Note 21 of the financial statements.

**AUDITORS**

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

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

  
\_\_\_\_\_  
ONG GEOK MOI (F)  
Director

  
\_\_\_\_\_  
ONG RUI YUAN  
Director

Dated: 29 AUG 2017  
Kuala Lumpur

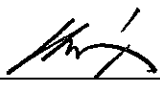
Company No.  
371774-H


**STATEMENT BY DIRECTORS**

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

We, ONG GEOK MOI (F) and ONG RUI YUAN, two of the directors of BIZTRAK BUSINESS SOLUTIONS SDN. BHD., state that, in the opinion of the directors, the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows, together with the notes thereto, have been made out in accordance with Malaysian Private Entities Reporting Standard and the Companies Act, 2016 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June, 2017 and of the results and cash flow of the Group and of the Company for the financial period ended on that date.

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

  
\_\_\_\_\_  
ONG GEOK MOI (F) Director

  
\_\_\_\_\_  
ONG RUI YUAN Director

Dated: 29 AUG 2017  
Kuala Lumpur

**STATUTORY DECLARATION**

(Pursuant to Section 251[1][b] of the Companies Act, 2016)

I, ONG GEOK MOI (F), the director primarily responsible for the financial management of BIZTRAK BUSINESS SOLUTIONS SDN. BHD., do solemnly and sincerely declare that the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows, together with the notes thereto are, to the best of my knowledge and belief, 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 )  
by the abovenamed at Kuala Lumpur )  
in Wilayah Persekutuan on )  
29 AUG 2017 )  
)

  
\_\_\_\_\_  
ONG GEOK MOI (F)

Before me,

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**

(Company No: 371774-H)

*(Incorporated in Malaysia)*

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Biztrak Business Solutions Sdn. Bhd., which comprise the statements of financial position as at 30th June, 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 40.

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 30th June, 2017, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Private Entities Reporting Standard 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**

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#### **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 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 Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, 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 Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**

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#### **Auditor's 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 of 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**

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**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- 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 a 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 evidences 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.

**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 content of this report.



ONG & WONG  
AF 0241  
Chartered Accountants



ONG KONG LAI  
494/06/18(J/PH)  
Chartered Accountant

Dated: **29 AUG 2017**  
Kuala Lumpur

Company No.  
371774-H

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**STATEMENTS OF FINANCIAL POSITION AS AT 30TH JUNE, 2017**

		Group		Company	
	Note	1.7.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM (Restated)	1.7.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	3	275,315	249,691	195,472	222,552
Goodwill on combination	4	-	-	-	-
Investment in subsidiary company	5	-	-	100,000	100,000
Capital work-in-progress	6	484,221	195,081	-	-
Intangible assets	7	1,268,898	1,450,883	873,620	955,496
		<u>2,028,434</u>	<u>1,895,655</u>	<u>1,169,092</u>	<u>1,278,048</u>
<b>Current assets</b>					
Trade receivables	8	1,012,099	1,255,147	166,729	225,147
Other receivables, deposits & prepayment	9	658,962	338,204	377,592	315,570
Amount due from subsidiary company	10	-	-	3,004,310	3,159,916
Deposit with licensed bank	11	200,000	200,000	200,000	200,000
Cash & bank balances		47,168	207,292	43,443	206,857
		<u>1,918,229</u>	<u>2,000,643</u>	<u>3,792,074</u>	<u>4,107,490</u>
<b>TOTAL ASSETS</b>		<u>3,946,663</u>	<u>3,896,298</u>	<u>4,961,166</u>	<u>5,385,538</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	12	4,650,000	4,650,000	4,650,000	4,650,000
Accumulated loss		(2,245,263)	(2,631,718)	(1,090,383)	(1,005,608)
		<u>2,404,737</u>	<u>2,018,282</u>	<u>3,559,617</u>	<u>3,644,392</u>
<b>Non-current liabilities</b>					
Hire purchase payables	13	9,771	21,290	9,771	21,290
Term loans	14	700,858	790,682	700,858	790,682
Long term loan payable	15	108,454	398,763	108,454	398,763
		<u>819,083</u>	<u>1,210,735</u>	<u>819,083</u>	<u>1,210,735</u>
<b>Current liabilities</b>					
Trade payables	16	62,448	62,448	-	-
Other payables & accruals	17	136,434	167,136	106,169	114,029
Amount due to a director	18	50,470	27,161	2,806	5,846
Hire purchase payables	13	22,789	31,844	22,789	31,844
Term loans	14	262,091	260,287	262,091	260,287
Bank overdraft (secured)	19	188,611	118,405	188,611	118,405
		<u>722,843</u>	<u>667,281</u>	<u>582,466</u>	<u>530,411</u>
<b>Total liabilities</b>		<u>1,541,926</u>	<u>1,878,016</u>	<u>1,401,549</u>	<u>1,741,146</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,946,663</u>	<u>3,896,298</u>	<u>4,961,166</u>	<u>5,385,538</u>

The annexed notes form an integral part of these financial statements.

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30TH JUNE, 2017**

		Group		Company	
	Note	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM
Revenue	20	1,271,169	3,010,837	963,169	2,010,837
Cost of sales		(1,440)	(25,748)	(304,526)	(634,522)
Gross profit		1,269,729	2,985,089	658,643	1,376,315
Other operating income		2,670	7,918	870	7,918
		1,272,399	2,993,007	659,513	1,384,233
Administrative expenses		(707,148)	(1,561,289)	(565,492)	(1,238,214)
Marketing & promotional expenses		(41,559)	(85,573)	(41,559)	(85,573)
Other operating expenses		(81,876)	(164,740)	(81,876)	(164,739)
Profit/(loss) from operations		441,816	1,181,405	(29,414)	(104,293)
Finance cost		(55,361)	(53,500)	(55,361)	(53,500)
Profit/(loss) for the period/year	21	386,455	1,127,905	(84,775)	(157,793)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period/year		386,455	1,127,905	(84,775)	(157,793)

The annexed notes form an integral part of these financial statements.

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**STATEMENTS OF CHANGES IN EQUITY FOR  
THE PERIOD ENDED 30TH JUNE, 2017**

	Note	Share Capital RM	Accumulated Loss RM	Total RM
<b>Group</b>				
At 1st January, 2016		4,650,000	(3,759,623)	890,377
Total comprehensive income for the year		-	1,127,905	1,127,905
At 31st December, 2016		4,650,000	(2,631,718)	2,018,282
Total comprehensive income for the period		-	386,455	386,455
At 30th June, 2017		4,650,000	(2,245,263)	2,404,737
<b>Company</b>				
At 1st January, 2016		4,650,000	(847,815)	3,802,185
Total comprehensive loss for the year		-	(157,793)	(157,793)
At 31st December, 2016		4,650,000	(1,005,608)	3,644,392
Total comprehensive loss for the period		-	(84,775)	(84,775)
At 30th June, 2017		4,650,000	(1,090,383)	3,559,617

The annexed notes form an integral part of these financial statements.

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**STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30TH JUNE, 2017**

	Group		Company	
Note	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) for the period/year	386,455	1,127,905	(84,775)	(157,793)
Adjustments for:				
Amortisation of intangible asset	181,985	405,449	81,876	163,752
Loss on disposal of property, plant & equipment	-	987	-	987
Depreciation of property, plant & equipment	33,200	113,873	27,420	111,090
Interest expense	55,361	53,500	55,361	53,500
Interest income	(126)	(756)	(126)	(756)
Operating profit before working capital changes	656,875	1,700,958	79,756	170,780
(Increase)/decrease in receivables	(77,710)	(1,158,882)	152,002	126,866
Decrease in payables	(7,393)	(458,110)	(10,900)	(496,647)
Cash generated from/(absorbed by) operations	571,772	83,966	220,858	(199,001)
Interest paid	(55,361)	(53,500)	(55,361)	(53,500)
Interest received	126	756	126	756
Net cash generated from/(used in) operating activities	516,537	31,222	165,623	(251,745)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant & equipment	-	200	-	200
Capital work-in-progress	(289,140)	(195,081)	-	-
Acquisition of investment in subsidiary company	-	-	-	(99,998)
Development cost	-	(160,179)	-	-
Purchase of property, plant & equipment	(58,824)	(219,109)	(340)	(193,729)
Net cash used in investing activities	(347,964)	(574,169)	(340)	(293,527)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from term loan raised	-	1,115,000	-	1,115,000
Increase in fixed deposit	-	(200,000)	-	(200,000)
Repayment of hire purchase	(20,574)	(61,760)	(20,574)	(58,544)
Repayment of long term loan	(290,309)	(233,642)	(290,309)	(233,642)
Repayment of term loan	(88,020)	(64,031)	(88,020)	(64,031)
Net cash (used in)/generated from investing activities	(398,903)	555,567	(398,903)	558,783
Net (decrease)/increase in cash and cash equivalents	(230,330)	12,620	(233,620)	13,511
Cash and cash equivalents at beginning of period/year	88,887	76,267	88,452	74,941
Cash and cash equivalents at end of period/year	(141,443)	88,887	(145,168)	88,452

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**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30TH JUNE, 2017**

**NOTE**

**A. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	1.1.2017 to 30.6.2017 RM	1.1.2016 to 30.6.2016 RM	1.1.2017 to 30.6.2017 RM	1.1.2016 to 30.6.2016 RM
Deposit with licensed bank	200,000	200,000	200,000	200,000
Cash & bank balances	47,168	207,292	43,443	206,857
Bank overdraft (Note 19)	(188,611)	(118,405)	(188,611)	(118,405)
	<u>58,557</u>	<u>288,887</u>	<u>54,832</u>	<u>288,452</u>
Deposit pledged to financial institution	(200,000)	(200,000)	(200,000)	(200,000)
	<u>(141,443)</u>	<u>88,887</u>	<u>(145,168)</u>	<u>88,452</u>

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**1. GENERAL**

The Company is principally engaged in researching, designing, developing, distributing and supporting accounting and business management solutions, including its proprietary range of packaged accounting and business management software and its related activities. The Company is also involved in hardware and networking businesses. The activity of the subsidiary company is disclosed in note 5 to the financial statements.

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office is located at Unit C-6-5, 6th Floor, Block C, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal place at which business is carried on is located at D-01-02, Garden Shoppe One City, Jalan USJ 25/1A, 47650 Subang Jaya, Selangor Darul Ehsan.

**2. ACCOUNTING POLICIES**

**a. Basis of Preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis.

**b. Use of Estimates and Judgements**

The preparation of the financial statements in conformity with MPERS 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.



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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

**b. Use of Estimates and Judgements (cont'd)**

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements.

**c. Business Combinations and Consolidation**

**(i) Business Combinations**

The Group applies the acquisition method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquire. Control is obtained when the group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfillment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values, except for those permitted or required to be measured on other bases by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

c. Business Combinations and Consolidation (cont'd)

(i) Business Combinations (cont'd)

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of the reporting period in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends after one period from the acquisition date.

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

**c. Business Combinations and Consolidation (cont'd)**

**(ii) Subsidiaries and Basis of Consolidation**

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee.).

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

**d. Intangible Asset**

**a) Goodwill**

- i) Goodwill arises on business combinations and is initially measured at its cost. After initial recognition, the Group measures the goodwill acquired in a business combination at cost less accumulated amortisation and accumulated impairment losses.

Goodwill arises on acquisition of equity-accounted associates and jointly controlled entities is recorded as part of the carrying amount at the date of acquisition. The Group adjusts its share of the associate's and jointly controlled entities' profits or losses after the acquisition to account for amortisation of the goodwill.

**ii) Amortisation**

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- goodwill 10 years

If there is an indication that there has been a change in the residual value or useful life of an intangible asset since the last annual reporting date, the Group would review its previous estimates and, if current expectations differ, the Group would amend the residual value, amortisation method or useful life.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

**d. Intangible Assets (cont'd)**

**b) Intangible Assets**

Intangible assets comprise of consideration paid in respect of sole distribution right of computer software and intellectual property right agreements signed between the Company and third parties.

Other than that, intangible assets also include staff cost incurred on development projects and are recognised as development assets to the extent that such expenditure is expected to generate future economic benefit.

The intangible assets are stated at cost and are amortised on a straight line basis over their useful lives of 5 to 20 years.

**e. Property, Plant & Equipment and Depreciation**

Property, plant & equipment are stated at cost less accumulated depreciation and any impairment losses.

Property, plant & equipment are depreciated on a straight line basis at rates calculated to write off the cost of the assets over their estimated useful lives. The annual rates are:

Computer system	20%
Electrical wiring	10%
Furniture & fittings	10%
Motor vehicles	20%
Office equipment	10%
Renovation	10%

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

**f. Investment in Subsidiary Company**

Investment in subsidiary company, which is eliminated on consolidation, is stated in the Company's financial statements at cost, except where the directors are of the opinion that there is a permanent diminution in the value of the investment, in which case allowance is made for the diminution in value.

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefit from their activities.

**g. Financial Instruments**

**(i) Initial Recognition and Measurement**

A financial asset or 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 the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**(ii) Subsequent Measurement**

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

g. Financial Instruments (cont'd)

(ii) Subsequent Measurement (cont'd)

- (c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

Investments in shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- \* For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, 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 of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

g. Financial Instruments (cont'd)

(iii) Derecognition (cont'd)

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

h. Leases

i) Finance Leases

Leases of property, plant & equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

The Company initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge 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 rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtained ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.



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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

h. Leases (cont'd)

ii) Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

i. Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unabsorbed tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

j. Foreign Currencies

i) Foreign Currency - Foreign Currency Transactions

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

ii) Foreign Currencies - Exchange Differences on Net Investment in Foreign Operations

Exchange differences arising on monetary items that forms part of the Company's net investment in foreign operations are recognised in the profit or loss in the separate financial statements of the Company. In the financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under the heading of translation reserves. They are not recognised in profit or loss on disposal of the net investment.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

j. Foreign Currencies (cont'd)

iii) Foreign Currencies - Foreign Operations

Assets and liabilities of foreign operations, including goodwill arising on the acquisition and any fair value adjustments, are translated to the presentation currency at the closing rate at the end of the reporting period. Income and expenses are translated at exchange rates at the date of the transactions. All resulting exchange differences are recognised in other comprehensive income and reported as a component of equity. They are not subsequently reclassified to profit or loss.

k. Provisions for Liabilities

Provisions for liabilities are recognised when the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount a provision is the present value of the expenditure expected to be required to settle the obligation.

l. Borrowing Costs

Borrowing costs of the Company include interest bank loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognized as an expense when incurred.

m. Revenue Recognition

Revenue represents:

- a) gross invoiced value of packaged accounting and business management software sold, net of discounts and trade returns, and
- b) services provided for training to the dealer or end user, services and maintenance for the software programme, as well as implementation after the sales completed.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

n. Employee Benefits

i) Short Term Benefits

Wages, salaries, bonuses and social security contributions ("Socso") are recognised as expenses in the period in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined Contribution Plans

Obligations for contribution to defined contribution plans such as Employee Provident Fund ("E.P.F.") are recognised as expenses in the income statement as incurred.

o. Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisitions, net of bank overdrafts.

p. Equity, Liabilities and Distribution

Equity instruments (other than those issued as part of a business combination or as settlement of an existing financial liability) are measured at the fair value of the cash or other resources received or receivable. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of any income tax effect.

Preference shares that are non-redeemable by the holders or give the issuer the right to redeem the instruments, and the dividend payment at discretion of the issuer, are classified as equity.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**2. ACCOUNTING POLICIES (CONT'D)**

p. Equity, Liabilities and Distribution (cont'd)

Preference shares that provide for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or give the holders the right to require the issuer to redeem the instruments at or after a particular date for a fixed or determinable amount, are classified a financial liability.

On issuing convertible debt or similar compound financial instruments that contain both a liability and an equity component, proceeds are allocated between the liability component and the equity component.

Equity is reduced for the amount of distributions to the holders of equity instruments. Dividends declared are recognised as a liability only after they have been appropriately authorised. For a distribution of non-cash assets to owners, dividend payable is measured at the fair value of the assets to be distributed.

q. Impairment of Non-Financial Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is credited to profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**3. PROPERTY, PLANT & EQUIPMENT**

Group	As at 1.1.2017 RM	Addition RM	Disposal/ Retirement RM	As at 30.6.2017 RM
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**COST**

Computer system	749,462	50,904	-	800,366
Electrical wiring	34,845	-	-	34,845
Furniture & fittings	98,429	5,620	-	104,049
Motor vehicles	395,183	-	-	395,183
Office equipment	191,094	2,300	-	193,394
Renovations	202,719	-	-	202,719
	<u>1,671,732</u>	<u>58,824</u>	<u>-</u>	<u>1,730,556</u>

	As at 1.1.2017 RM	Charge for the period RM	Disposal/ Retirement RM	As at 30.6.2017 RM
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**ACCUMULATED  
DEPRECIATION**

Computer system	678,114	11,833	-	689,947
Electrical wiring	3,194	1,742	-	4,936
Furniture & fittings	72,441	1,624	-	74,065
Motor vehicles	370,122	12,529	-	382,651
Office equipment	164,892	1,617	-	166,509
Renovations	133,278	3,855	-	137,133
	<u>1,422,041</u>	<u>33,200</u>	<u>-</u>	<u>1,455,241</u>

	As at 30.6.2017 RM	As at 31.12.2016 RM
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**NET BOOK VALUE**

Computer system	110,419	71,348
Electrical wiring	29,909	31,651
Furniture & fittings	29,984	25,988
Motor vehicles	12,532	25,061
Office equipment	26,885	26,202
Renovations	65,586	69,441
	<u>275,315</u>	<u>249,691</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**3. PROPERTY, PLANT & EQUIPMENT (CONT'D)**

Company	As at 1.1.2017 RM	Addition RM	Disposal/ Retirement RM	As at 30.6.2017 RM
<b>COST</b>				
Computer system	430,077	-	-	430,077
Electrical wiring	34,845	-	-	34,845
Furniture & fittings	98,429	340	-	98,769
Motor vehicles	395,183	-	-	395,183
Office equipment	189,079	-	-	189,079
Renovations	202,719	-	-	202,719
	<b>1,350,332</b>	<b>340</b>	<b>-</b>	<b>1,350,672</b>

	As at 1.1.2017 RM	Charge for the period RM	Disposal/ Retirement RM	As at 30.6.2017 RM
<b>ACCUMULATED DEPRECIATION</b>				
Computer system	385,867	6,254	-	392,121
Electrical wiring	3,194	1,742	-	4,936
Furniture & fittings	72,441	1,500	-	73,941
Motor vehicles	370,122	12,529	-	382,651
Office equipment	162,878	1,540	-	164,418
Renovations	133,278	3,855	-	137,133
	<b>1,127,780</b>	<b>27,420</b>	<b>-</b>	<b>1,155,200</b>

	As at 30.6.2017 RM	As at 31.12.2016 RM
<b>NET BOOK VALUE</b>		
Computer system	37,956	44,210
Electrical wiring	29,909	31,651
Furniture & fittings	24,828	25,988
Motor vehicles	12,532	25,061
Office equipment	24,661	26,201
Renovations	65,586	69,441
	<b>195,472</b>	<b>222,552</b>

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**3. PROPERTY, PLANT & EQUIPMENT (CONT'D)**

Motor vehicles of the Group and of the Company with net book value of RM12,532 (31.12.2016: RM25,061) are acquired under hire purchase arrangement.

**4. GOODWILL ON COMBINATION**

	Group	
	30.6.2017	31.12.2016
	RM	RM
Cost	-	392,433
Amortisation		
- At beginning of year	-	-
- As previously reported	-	(392,433)
- Prior year adjustment	-	(392,433)
- As restated	-	-
- Amortisation during the year	-	-
- At end of year	-	(392,433)
Net carrying amount	-	-

**5. INVESTMENT IN SUBSIDIARY COMPANY**

	Company	
	30.6.2017	31.12.2016
	RM	RM
Unquoted shares, at cost	100,000	100,000



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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**5. INVESTMENT IN SUBSIDIARY COMPANY (CONT'D)**

The subsidiary company is:

	Country of incorporation	Principal activities	Effective equity interest	
			30.6.2017	31.12.2016
Biztrak R & D Sdn. Bhd.	Malaysia	Software development	100%	100%

**6. CAPITAL WORK-IN-PROGRESS**

These are in respect of expenditure incurred in computer software.

The development expenditure includes the following charges for the period/year:

	Group	
	30.6.2017	31.12.2016
	RM	RM
Development expenditure		
- At beginning of period/year	195,081	-
- Additions during the period/year	289,140	195,081
- At end of period/year	<u>484,221</u>	<u>195,081</u>
Staff cost		
- Salaries	247,693	170,776
- Bonus	4,150	-
- E.P.F.	31,629	20,959
- Socso	3,196	1,717
	<u>286,668</u>	<u>193,452</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**7. INTANGIBLE ASSETS**

	Group		Company	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM	RM	RM	RM
		(Restated)		
Cost				
- Software distribution rights	255,000	255,000	255,000	255,000
- Intellectual property rights	20,000	20,000	20,000	20,000
- Software source code	10,000,262	10,000,262	3,000,000	3,000,000
	<u>10,275,262</u>	<u>10,275,262</u>	<u>3,275,000</u>	<u>3,275,000</u>
Amortisation				
- At beginning of year	8,824,379	8,418,930	2,319,504	2,155,752
- Current year's amortisation	181,985	405,449	81,876	163,752
- At end of year	<u>9,006,364</u>	<u>8,824,379</u>	<u>2,401,380</u>	<u>2,319,504</u>
Net carrying amount	<u>1,268,898</u>	<u>1,450,883</u>	<u>873,620</u>	<u>955,496</u>

**8. TRADE RECEIVABLES**

The Group's and the Company's normal trade credit terms range from 30 to 120 days.

**9. OTHER RECEIVABLES, DEPOSITS & PREPAYMENT**

	Group		Company	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM	RM	RM	RM
Other receivables	640,302	321,178	364,632	298,544
Deposits	18,660	12,960	12,960	12,960
Prepayment	-	4,066	-	4,066
	<u>658,962</u>	<u>338,204</u>	<u>377,592</u>	<u>315,570</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**10. AMOUNT DUE FROM SUBSIDIARY COMPANY**

This balance is unsecured, interest free and has no fixed term of repayment.

**11. DEPOSIT WITH LICENSED BANK**

The fixed deposit is pledged as security deposit for bank guarantee.

The weighted average effective interest rate and average maturities of deposits at the balance sheet date were as follows:

	Average Remaining Maturity Days		Weighted Average Effective Interest Rate	
	30.6.2017	31.12.2016	30.6.2017 %	31.12.2016 %
Deposit with licensed bank	<u>35</u>	<u>216</u>	<u>3.15</u>	<u>3.15</u>

**12. SHARE CAPITAL**

	Group & Company	
	30.6.2017 RM	31.12.2016 RM
Ordinary shares:		
Issued and fully paid	<u>4,650,000</u>	<u>4,650,000</u>

**BIZTRAK BUSINESS SOLUTIONS SDN. BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**13. HIRE PURCHASE PAYABLES**

	Group & Company	
	30.6.2017	31.12.2016
	RM	RM
Minimum payment		
- not later than one year	23,748	33,374
- later than one year and not later than five years	9,875	21,749
	<u>33,623</u>	<u>55,123</u>
Future finance charges on hire purchase	(1,063)	(1,989)
Present value of hire purchase payables	<u>32,560</u>	<u>53,134</u>
Current	22,789	31,844
Non-current	9,771	21,290
	<u>32,560</u>	<u>53,134</u>
Present value of hire purchase payables		
- not later than one year	22,789	31,844
- later than one year and not later than five years	9,771	21,290
	<u>32,560</u>	<u>53,134</u>

The hire purchase payables bear interest rates ranging from 2.40% to 2.50% (31.12.2016: 2.40% to 2.50%) per annum.

**14. TERM LOANS**

	Group & Company	
	30.6.2017	31.12.2016
	RM	RM
Term loans	962,949	1,050,969
Payable within one year	(262,091)	(260,287)
Payable after one year	<u>700,858</u>	<u>790,682</u>
The breakdown of amount payable after one year is as follows:		
- Between two to five years	<u>700,858</u>	<u>790,682</u>

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**14. TERM LOANS (CONT'D)**

The term loan is jointly and severally guaranteed by all directors and fixed deposit with interest rates ranging from 6.75% to 10.15% per annum.

**15. LONG TERM LOAN PAYABLE**

	Group & Company	
	30.6.2017	31.12.2016
	RM	RM
Non-current portion	<u>108,454</u>	<u>398,763</u>

This balance is unsecured, interest free and with no fixed terms of repayment.

**16. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 90 days.

**17. OTHER PAYABLES, DEPOSIT RECEIVED & ACCRUALS**

	Group		Company	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	RM	RM	RM	RM
		(Restated)		
Other payables	114,564	130,968	86,999	86,661
Deposit received	1,800	-	-	-
Accruals	20,070	36,168	19,170	27,368
	<u>136,434</u>	<u>167,136</u>	<u>106,169</u>	<u>114,029</u>

**18. AMOUNT DUE TO A DIRECTOR**

This balance is unsecured, interest free and has no fixed terms of repayment.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**19. BANK OVERDRAFT (SECURED)**

The bank overdraft of the Company is secured by:

- a) first party Fixed Deposit of RM200,000; and
- b) joint and several guarantee by all directors of the Company.

The bank overdraft of the Company bears interest rate at 8.35% (31.12.2016: 8.60%).

**20. REVENUE**

Revenue represents invoiced value of sales less sales returns and discounts.

**21. PROFIT/(LOSS) FOR THE PERIOD/YEAR**

	Group		Company	
	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM
Profit/(loss) for the year is arrived at after charging:				
Amortisation of intangible assets	181,985	405,449	81,876	163,752
Auditors' remuneration				
- Current period's/year's provision	4,400	9,800	3,500	6,000
- Underprovision in prior year	3,900	-	3,000	-
Depreciation of property, plant & equipment	33,200	113,873	27,420	111,090
Directors' remuneration				
- Other emoluments	68,250	144,083	68,250	144,803
- E.P.F.	4,098	8,689	4,098	8,689
- Socso	296	530	296	530
Finance costs				
- Hire purchase interest	925	3,796	925	3,796
- Overdraft interest	5,824	900	5,842	900
- Term loan interest	48,594	48,804	48,594	48,804

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**21. PROFIT/(LOSS) FOR THE PERIOD/YEAR (CONT'D)**

	Group		Company	
	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM
Loss on disposal of property, plant & equipment	-	987	-	987
Rental of office	24,600	43,400	21,000	43,400
Staff costs				
- Salaries & allowances	308,736	481,430	308,736	481,430
- Bonus	20,163	62,872	20,163	62,872
- E.P.F.	43,619	74,831	43,619	74,831
- Socso	3,696	5,556	3,696	5,556
and crediting:				
Interest income	126	756	126	756
Realised gain on foreign exchange	644	210	644	210
Rental income	1,800	-	-	-
Other income	100	6,952	100	6,952

**22. TAXATION**

Subject to agreement with the Inland Revenue Board, the Company has the following:

	30.6.2017 RM	31.12.2016 RM (Restated)
Unabsorbed tax losses	705,978	705,978

The unabsorbed tax losses are available to set off against future income.

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**23. DEFERRED TAXATION**

As at 30th June, 2017, the amount of estimated net deferred tax assets of the Company measured at current tax rate which are not recognised in the financial statements, are as follows:

	Group		Company	
	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM (Restated)	1.1.2017 to 30.6.2017 RM	1.1.2016 to 31.12.2016 RM (Restated)
Temporary difference between book depreciation and capital allowance on property, plant & equipment	(16,700)	(16,700)	(9,900)	(9,900)
Unabsorbed tax losses	820,312	820,312	169,435	169,435
	<u>803,612</u>	<u>803,612</u>	<u>159,535</u>	<u>159,535</u>

**24. RELATED PARTY TRANSACTION**

	Company	
	30.6.2017 RM	31.12.2016 RM
Purchases from subsidiary company	<u>303,086</u>	<u>608,774</u>

The above related party transaction is undertaken in the ordinary course of business at arm's length.

**25. HOLDING COMPANY**

The holding company is Ifree Group (International) Limited, which owns 80% of the Company's equity shareholdings.



Company No.  
371774-H

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**NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE, 2017**

**26. COMPARATIVES**

Certain comparative figures have been restated to conform with current year's presentation.

**27. AUTHORISATION FOR ISSUE**

The financial statements of the Group and of the Company for the financial period ended 30th June, 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 29th August, 2017.

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