MERCHANTRADE ASIA SDN. BHD.

199601038238 (410591-T)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2020

199601038238 (410591-T)

Merchantrade Asia Sdn. Bhd.
(Incorporated in Malaysia)

Contents

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Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

The Company is principally engaged in the money services business (remittance business and currency business), communication business and payment business.

The information relating to subsidiaries and associates of the Group and of the Company are disclosed in Note 15 and Note 16 respectively to the financial statements.

Results

	Group RM'000	Company RM'000
Net profit for the year	1,909	3,960
Attributable to:		
Equity holders of the parent	2,154	3,960
Non-controlling interests	(245)	-
	1,909	3,960

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of comprehensive income and the statements of changes in equity.

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

The names of the directors of the Company and its subsidiaries in office since the beginning of the financial year to the date of this report are:

Directors of the Company:

Dato' Mohzani Bin Datuk Dr Abdul Wahab
Ramasamy a/l K. Veeran*
Ravindra a/l Vamathevan*
Dato' Abdul Aziz Bin Abu Bakar
Wong Chui Fen
Koichi Kawase
Jeyabalan a/l S.K.Parasingam

*These directors are also directors of the Company's subsidiaries.

Directors of the subsidiaries:

Milan Tamang
Noorzliana Binti Ahmad (Appointed on 22 May 2020)
Ivan Alias (Appointed on 5 October 2020)
Suryansh Kumar Chaudhary (Alternate director to Noorzliana Binti Ahmad)
(Appointed on 22 May 2020)
Tan Keng Siang
S Narayanan a/l Subbarayan (Resigned on 1 August 2020)
Ivan Alias (Alternate director to S Narayanan a/l Subbarayan)
(Appointed on 22 May 2020 and ceased on 1 August 2020)
Amarjeet Kaur a/p Ranjit Singh (Resigned on 29 March 2020)
Lee Kok Chew (Resigned on 7 August 2020)
Mohit Davar (Ceased on 20 April 2020)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by a director or the fixed salary of a full time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which any director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in Note 31 to the financial statements.

During the financial year, there was no indemnity coverage or insurance premium paid for the directors and the officers of the Company.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
Company	**Balance as at 01.01.2020**	**Bought**	**Sold**	**Balance as at 31.12.2020**
Direct interest				
Ramasamy a/l K. Veeran	2,539,435	-	433,117	2,106,318
Ravindra a/l Vamathevan	1,349,065	-	-	1,349,065

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

The Group and the Company have not issued any new shares during the financial year.

Other statutory information

(a) 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 satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would:

(i) require any amount to be written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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Other statutory information (cont'd.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Significant events during the financial year is as disclosed in Note 38 to the financial statements.

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 7 to the financial statements.

To the extent permitted by law, the Company had agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year or since the financial year end.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2021.

Ramasamy a/l K. Veeran

Ravindra a/l Vamathevan

Petaling Jaya, Malaysia

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

We, Ramasamy a/l K. Veeran and Ravindra a/l Vamathevan, being two of the directors of Merchantrade Asia Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 110 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 financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2021.

Ramasamy a/l K. Veeran

Ravindra a/l Vamathevan

Petaling Jaya, Malaysia

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Ramasamy a/l K. Veeran, being the director primarily responsible for the financial management of Merchantrade Asia Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 110 are in my opinion 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 above named Ramasamy a/l K. Veeran at Petaling Jaya in Selangor Darul Ehsan on 29 March 2021.

Ramasamy a/l K. Veeran

Before me,

PESURUHJAYA SUMPAH
No. B 508
WONG CHOY YIN
1.1.2021 - 31.12.2023
MALAYSIA

3 Damansara Shopping Mall
3, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

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Ernst & Young PLT
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SST ID: W10-2002-32000062
Chartered Accountants
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Independent auditors' report to the members of Merchantrade Asia Sdn. Bhd. (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Merchantrade Asia Sdn. Bhd., which comprise the statements of financial position as at 31 December 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 110.

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 2020, 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 other information and we do not express any form of assurance conclusion thereon.

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Independent auditors' report to the members of Merchantrade Asia Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

Responsibilities of the directors for the financial statements

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

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

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.

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Independent auditors' report to the members of
Merchantrade Asia Sdn. Bhd. (cont'd.)
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Auditors' responsibilities for the audit of the financial statements (cont'd.)

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 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 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.

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Independent auditors' report to the members of Merchantrade Asia Sdn. Bhd. (cont'd.)
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Auditors' responsibilities for the audit of the financial statements (cont'd.)

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.

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, is disclosed in Note 15 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 content of this report.

Ernst + Young PLT
Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Brandon Bruce Sta Maria
No. 02937/09/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 March 2021

Merchantrade Asia Sdn. Bhd.
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Statements of comprehensive income
For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	3	186,900	162,631	153,478	143,789
Cost of sales	4	(58,242)	(48,593)	(31,937)	(36,974)
Gross profit		128,658	114,038	121,541	106,815
Other income	5	1,239	1,678	836	1,997
Other expenses	6	(1,315)	(25)	(1,217)	(13)
Administrative expenses		(35,740)	(37,415)	(35,773)	(36,206)
Personnel expenses		(66,393)	(66,570)	(61,663)	(64,113)
Depreciation and amortisation		(10,921)	(10,369)	(10,244)	(10,008)
Selling and marketing expenses		(3,331)	(8,062)	(3,111)	(7,792)
(Allowance for)/write-back of allowance for expected credit losses ("ECL")		(713)	(330)	(705)	180
Operating profit/(loss)	7	11,484	(7,055)	9,664	(9,140)
Loss on disposal of subsidiary	15	(3,096)	-	-	-
Finance costs	8	(2,251)	(2,733)	(2,189)	(2,662)
		6,137	(9,788)	7,475	(11,802)
Share of net loss of associate	16	(560)	(2,021)	-	-
Profit/(loss) before taxation		5,577	(11,809)	7,475	(11,802)
Taxation	9	(3,668)	1,469	(3,515)	1,514
Net profit/(loss) for the year		1,909	(10,340)	3,960	(10,288)
Other comprehensive (loss)/income:					
Items that will not be reclassified to profit or loss:					
Foreign currency translation		(85)	(48)	-	-
Revaluation of properties	10	-	341	-	341
Deferred tax effects in relation to revaluation of properties	9, 20	-	(82)	-	(82)
Other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods, net of tax		(85)	211	-	259
Total comprehensive income/(loss) for the year, net of tax		1,824	(10,129)	3,960	(10,029)

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Statements of comprehensive income
For the financial year ended 31 December 2020 (cont'd.)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit/(Loss) attributable to:					
Equity holders of the parent		2,154	(11,533)	3,960	(10,288)
Non-controlling interests		(245)	1,193	-	-
		1,909	(10,340)	3,960	(10,288)
Other comprehensive (loss)/ income attributable to:					
Equity holders of the parent		(49)	211	-	259
Non-controlling interests		(36)	-	-	-
		(85)	211	-	259
Total comprehensive income/ (loss) attributable to:					
Equity holders of the parent		2,105	(11,322)	3,960	(10,029)
Non-controlling interests		(281)	1,193	-	-
		1,824	(10,129)	3,960	(10,029)
Earnings/(Loss) per share attributable to equity holders of the parent (RM per share)					
Basic and diluted	29	0.25	(1.33)		

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

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Statements of financial position
As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Non-current assets					
Property and equipment	10	17,501	18,036	16,766	17,302
Intangible assets	11	14,745	10,957	15,455	11,396
Right-of-use assets	12	5,807	9,120	5,648	8,713
Goodwill	13	21,913	10,482	9,898	9,898
Contract cost	14	7,274	-	7,274	-
Investments in subsidiaries	15	-	-	54,829	5,365
Investments in associates	16	1	4,404	1	7,624
Deferred tax assets	20	68	1,770	-	1,740
Total non-current assets		67,309	54,769	109,871	62,038
Current assets					
Inventories	17	1,453	1,362	1,446	1,351
Trade receivables	18	5,404	2,366	6,511	1,684
Non-trade receivables, deposits and prepayments	19	13,787	11,220	13,102	11,362
Tax recoverable		4,847	5,568	4,603	5,439
Financial assets at fair value through profit or loss	21	4,468	29,028	4,468	29,028
Cash and short-term funds	22	265,785	159,119	256,127	154,229
Total current assets		295,744	208,663	286,257	203,093
Total assets		363,053	263,432	396,128	265,131
Equity and liabilities					
Share capital	23	55,555	55,555	55,555	55,555
Foreign currency translation reserve		(123)	(52)	-	-
Revaluation reserve	24	1,437	1,437	1,437	1,437
Retained profits		49,655	47,498	55,802	51,842
Equity attributable to equity holders of the parent		106,524	104,438	112,794	108,834
Non-controlling interests		1,650	2,396	-	-
Total equity		108,174	106,834	112,794	108,834

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Statements of financial position
As at 31 December 2020 (cont'd.)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current liabilities					
Borrowings	25	30,775	-	30,775	-
Lease liabilities	12	3,143	6,027	3,143	5,810
Deferred income	28	1,102	1,930	1,102	1,930
Deferred tax liabilities	20	750	-	750	-
Total non-current liabilities		35,770	7,957	35,770	7,740
Current liabilities					
Settlement obligations	26	160,163	100,493	159,476	100,715
Non-trade payables and accruals	27	18,476	10,417	48,045	10,573
Borrowings	25	35,582	32,056	35,582	32,056
Lease liabilities	12	3,047	3,331	2,860	3,112
Deferred income	28	1,841	2,344	1,601	2,101
Total current liabilities		219,109	148,641	247,564	148,557
Total liabilities		254,879	156,598	283,334	156,297
Total equity and liabilities		363,053	263,432	396,128	265,131

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

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Statements of changes in equity
For the financial year ended 31 December 2020

	<--- Non-distributable	--->		Distributable			
Group	**Share capital RM'000 (Note 23)**	**Revaluation reserve RM'000 (Note 24)**	**Foreign Currency Translation Reserve RM'000**	**Retained profits RM'000**	**Total shareholders' equity RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2020	55,555	1,437	(52)	47,498	104,438	2,396	106,834
Profit/(Loss) for the year	-	-	-	2,154	2,154	(245)	1,909
Other comprehensive loss	-	-	(49)	-	(49)	(36)	(85)
Total comprehensive (loss)/income for the year	-	-	(49)	2,154	2,105	(281)	1,824
Transfer to foreign currency translation reserve	-	-	(3)	3	-	-	-
Acquisition of additional interest in a subsidiary (Note 30(b))	-	-	-	-	-	1,658	1,658
Disposal of a subsidiary	-	-	(19)	-	(19)	(2,123)	(2,142)
At 31 December 2020	55,555	1,437	(123)	49,655	106,524	1,650	108,174
At 1 January 2019	55,555	1,178	(4)	59,031	115,760	1,203	116,963
(Loss)/Profit for the year	-	-	-	(11,533)	(11,533)	1,193	(10,340)
Other comprehensive income/(loss)	-	259	(48)	-	211	-	211
Total comprehensive income/(loss) for the year	-	259	(48)	(11,533)	(11,322)	1,193	(10,129)
At 31 December 2019	55,555	1,437	(52)	47,498	104,438	2,396	106,834

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Statements of changes in equity
For the financial year ended 31 December 2020 (cont'd.)

	Non-distributable		Distributable	
	Share capital RM'000 (Note 23)	Revaluation reserve RM'000 (Note 24)	Retained profits RM'000	Total equity RM'000
Company				
At 1 January 2020	55,555	1,437	51,842	108,834
Profit for the year	-	-	3,960	3,960
Total comprehensive income for the year	-	-	3,960	3,960
At 31 December 2020	55,555	1,437	55,802	112,794
At 1 January 2019	55,555	1,178	62,130	118,863
Loss for the year	-	-	(10,288)	(10,288)
Other comprehensive income	-	259	-	259
Total comprehensive income/(loss) for the year	-	259	(10,288)	(10,029)
At 31 December 2019	55,555	1,437	51,842	108,834

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

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Statements of cash flows
For the financial year ended 31 December 2020

		Group		Company	
	Note	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cash flows from operating activities					
Profit/(Loss) before taxation		5,577	(11,809)	7,475	(11,802)
Adjustments for:					
Depreciation of property and equipment	7,10	4,639	4,726	4,331	4,592
Depreciation of right-of-use assets	7,12	3,407	3,447	3,134	3,219
Amortisation of intangible assets	7,11	2,875	2,196	2,779	2,197
Amortisation of contract cost	14	909	-	909	-
Allowance for/(write-back of allowance for) ECL, net	7	713	330	705	(180)
Property and equipment written off	7	373	146	373	-
Gain on disposal of property and equipment	5	(6)	-	(5)	-
Inventories written down	17	25	-	25	-
Interest income	5	(192)	(450)	(176)	(450)
Finance costs	8	2,251	2,733	2,189	2,662
Share of net loss of an associate	16	560	2,021	-	-
Loss on disposal of subsidiary	15	3,096	-	-	-
Variable lease payment	12	(601)		(505)	-
Unrealised foreign exchange loss/(gain)	5,6	883	(1,157)	823	(1,161)
Operating profit before changes in working capital		24,509	2,183	22,057	(923)

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Statements of cash flows
For the financial year ended 31 December 2020 (cont'd.)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities (cont'd.)					
Changes in working capital:					
(Increase)/Decrease in inventories		(116)	180	(120)	185
(Increase)/Decrease in trade and non-trade receivables, deposits and prepayments		(7,106)	9,707	(6,630)	9,202
Increase in settlement obligations, non-trade payables and accruals		75,421	25,684	93,071	25,711
Increase in monies held in trust	22	(23,193)	(24,698)	(23,193)	(24,698)
Fixed deposit with licenced bank	22	(41)	-	-	-
Decrease in deferred income	28	(1,331)	(301)	(1,328)	(332)
Cash generated from operations		68,143	12,755	83,857	9,145
Interest paid on bank overdraft	8	(802)	(516)	(791)	(516)
Income taxes paid		(304)	(2,387)	(189)	(1,905)
Net cash generated from operating activities		67,037	9,852	82,877	6,724
Cash flows from investing activities					
Proceeds from disposal of property and equipment		38	2	32	2
Proceeds from disposal of a subsidiary	15	70	-	70	-
Purchase of property and equipment	10	(2,139)	(4,099)	(2,106)	(3,689)
Purchase of intangible assets	11	(4,991)	(4,133)	(5,717)	(4,635)
Net cash inflow on acquisition of additional interest in a subsidiary	30(b)	2,557	-	(1,769)	-
Acquisition of a subsidiary	30(a)	(24,400)	-	(40,142)	-
Cost of acquiring contracts	14	(8,183)	-	(8,183)	-
Interest received		192	450	176	450
Net cash used in investing activities		(36,856)	(7,780)	(57,639)	(7,872)

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Merchantrade Asia Sdn. Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2020 (cont'd.)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities					
Payment of principal portion of lease liabilities	12	(3,127)	(3,764)	(2,970)	(3,495)
Placement in Debt Service Reserve Account ("DSRA") with a licensed bank	22	1,069	(43)	1,069	(43)
Term loan drawn down	25	32,113	-	32,113	-
Repayment of term loans	25	(16,100)	(17,700)	(16,100)	(17,700)
Finance costs paid		(1,099)	(1,582)	(1,099)	(1,582)
Net cash generated from/ (used in) financing activities		12,856	(23,089)	13,013	(22,820)
Net increase/(decrease) in cash and cash equivalents		43,037	(21,017)	38,251	(23,968)
Effect of foreign exchange differences		(679)	322	(620)	369
Cash and cash equivalents at 1 January		122,144	142,839	117,254	140,853
Cash and cash equivalents at 31 December		164,502	122,144	154,885	117,254
Cash and cash equivalents comprise:					
Cash and bank balances	22	74,875	46,247	65,258	41,357
Pre-funding to disbursement partners	22	119,403	62,825	119,403	62,825
Bank overdraft	25	(34,244)	(15,956)	(34,244)	(15,956)
Foreign currencies at FVTPL	21	4,468	29,028	4,468	29,028
		164,502	122,144	154,885	117,254

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

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The Company commenced business in February 2002.

The registered office of the Company is located at 12th floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business is located at Suite 513, 5th Floor, Lobby 4, Block A, Damansara Intan, No 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in the money services business (remittance business and currency business), communication business and payment business.

The principal activities and other information of the subsidiaries and associates are disclosed in Note 15 and Note 16, respectively.

The financial statements for the year ended 31 December 2020 were approved and authorised by the Board of Directors on 29 March 2021.

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise stated in the significant accounting

2.2 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company, and all values are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies

Adoption of amended MFRS issued

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except as follows:

The Group and the Company adopted the following amended MFRS which are applicable for financial periods beginning on or after 1 January 2020

Amendments to MFRS 3 Definition of a Business
Amendments to MFRS 101 and 108 Definition of a Material
Amendments to MFRS 9, 139 and 7 Interest Rate Benchmark Reform
Amendments to References to the Conceptual Framework in MFRS Standards

The Group and the Company early adopted the following amended MFRS which is applicable for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16 Covid-19-Related Rent Concessions

The adoption of the above amendments to MFRS did not have any material impact on the financial statements of the Group and the Company in the current financial year.

2.4 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following MFRS and amendments to MFRS have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, 139, 7, 4 and 16 Interest Rate Benchmark Reform - Phase 2

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3 Reference to the Conceptual Framework
Amendments to MFRS 116 Plant, Property and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfiling a Contract
Annual Improvements to MFRS Standards 2018-2020

2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 Disclosure of Accounting Policies
Amendments to MFRS 108 Definition of Accounting Estimates

Effective date to be determined by the MASB

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application.

2.5 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

- No adjustments are made to reflect the fair values at the date of combination, or recognise any new assets or liabilities.

- No additional goodwill is recognised as a result of the combination.

- Any differences between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

MFRS 3 Business Combinations provides an option to apply a business combination prospectively from the date of combination or from a specific date prior to the date of combination. This provides relief from the full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of combination.

The Group has elected not to restate the financial information in the financial statements for the periods prior to the combination of businesses under common control.

(b) Investments in associates

Associates are entities over which the Group have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method. In the Company's separate financial statements, investments in associates are stated at cost less impairment loss. The policy for impairment losses is disclosed in Note 2.5(i).

Under the equity method, the investments in associates are initially recognised at cost. The carrying amount of investments are adjusted to recognise changes in the Group's share of net assets associate since the acquisition date.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(c) Income taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(c) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group and the Company expect to be entitled when the performance obligation is satisfied.

(i) Income from remittance business

Revenue from contracts with customers on service charges and gain/loss on foreign exchange arising from remittance activities are recognised as remittance services are rendered.

(ii) Income from currency business

Revenue from contracts with customers on sale of foreign currencies are measured as the differences between the cost and selling price of the currency (foreign currency margin). The revenue is recognised when the performance obligation is satisfied at a point in time.

(iii) Income from communication business

Activities relating to the Group's and the Company's Application Services Providers Licence comprise particular functions such as voice services, data services, content-based services and other transmission services. Application Services are essentially the functions or capabilities, which are delivered to end-users via the mobile network of a third-party telecommunications services provider.

Revenue from contracts with customers on sale of starter packs and recharge vouchers are recognised on a net basis when services are rendered. The Group and the Company are acting as an agent for a mobile telecommunications provider in arranging the sale of starter packs and recharge vouchers on their behalf and does not meet the definition of control under MFRS 15.

Revenue from contracts with customers on sale of international airtime transfer services ("IATS") are recognised when services are rendered. Revenue from services that have been sold to customers but where services have not been rendered at the reporting date is only recognised once the performance obligation has been fulfilled.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Revenue (cont'd.)

(iv) Income from technology solutions business

Revenue from contracts with customers on technology solutions are recognised when the performance obligation has been fulfilled over time.

(v) Income from payment business

Revenue from contracts with customers on payment services comprises service fees and transaction fees from the cards issuing and merchant acquisition business. Revenue is recognised when payment services are rendered.

(vi) Interest income from payment business

Revenue from interest income earned on invested funds of the payment business is recognised on a time proportioned basis that reflects the effective interest rates on the financial assets.

(e) Property and equipment

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, equipments are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Commercial buildings and shop lots are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisals that are undertaken by professionally qualified valuers. Revaluations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(e) Property and equipment (cont'd.)

Any revaluation surplus is credited to other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case, the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal or retirement of an asset, any remaining revaluation reserve relating to the particular asset is transferred directly to retained profits.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Commercial buildings	Over 50 years ^
Shop lots	Over 50 years ^
Renovations	10%
Computer and office equipment	20%
Furniture and fittings	10%
Motor vehicles	20%
Telecommunication equipment	20%

^ Subsequent to revaluation, the revalued amounts are depreciated over the remaining useful lives following the date of the latest valuation.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amounts, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(f) Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group and Company as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and estimates of costs to be incurred in dismantling and removing the underlying assets. Right-of-use assets are depreciated on a straight-line basis over the shorter or the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. The policy for impairment loss is disclosed in Note 2.5(i).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonable certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(f) Leases (cont'd.)

Group and Company as a lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. They also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense over the lease term.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value ("NRV"). Cost is determined on a first-in-first-out basis. Where net realisable value is lower than the cost of inventories, the difference is recognised as an expense in profit or loss.

NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(h) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency as described in Note 2.2.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(h) Foreign currencies (cont'd.)

(i) Functional and presentation currency (cont'd.)

The main foreign currencies at the functional currency spot rates of exchange at reporting date used are as follows:

	2020 RM	2019 RM
1 United States Dollar ("USD")	4.0170	4.0930
1 Bangladeshi Taka ("BDT")	0.0475	0.0482
100 Indian Rupee ("INR")	5.4985	5.7410
100 Indonesian Rupiah ("IDR")	0.0286	0.0295
1 Singapore Dollar ("SGD")	3.0394	3.0406

(i) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets (cont'd.)

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation surplus recognised.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

(j) Employee benefits expense

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and 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

The Group's and the Company's contributions to defined contribution plans are charged to profit or loss in the period in which the related service is performed. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans. As required by law, the Group and the Company make such contributions to the Employees' Provident Fund.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(k) Financial instruments

(i) Initial recognition and classification

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial assets. All regular purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date. The Group and the Company classify its financial assets under the following categories:

(a) Amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows which represent solely payments of principal and interest.

(b) Financial instruments at FVTPL

Financial assets that do not qualify for either held at amortised cost or at fair value through other comprehensive income ("FVOCI") are measured at FVTPL.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

(a) Amortised cost

Non-derivative financial liabilities that are not held for active trading or designated as FVTPL are measured at amortised cost.

(ii) Measurement

Initial measurement

Financial instruments are initially recognised at their fair value plus transaction costs directly attributable to the acquisition or issuance of the instruments. For financial instruments classified at FVTPL, transaction costs are expensed off.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(k) Financial instruments (cont'd.)

(ii) Measurement (cont'd.)

Subsequent measurement

(a) Amortised cost

Amortised cost financial instruments are measured at amortised cost using the effective interest rate method. Gains/losses are recognised in profit or loss through the amortisation process and when the financial instruments are impaired or derecognised. The policy for impairment of financial assets at amortised cost is described in Note 2.5(k)(iii).

(b) Financial instruments at FVTPL

All other financial instruments which are classified as at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

(iii) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group and the Company recognise an allowance for ECL for all financial instruments measured at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. For the simplified approach, credit risk is not tracked and a loss allowance based on lifetime ECLs is provided at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(k) Financial instruments (cont'd.)

(iv) Derecognition

Financial asset

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(v) Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Fair value measurement

The Group and the Company measure non-financial assets such as properties and financial assets at FVTPL, at fair value at each reporting date. Fair value related disclosures for non-financial assets and financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Properties under revaluation model	Note 10
- Foreign currencies at FVTPL	Note 21

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(l) Fair value measurement (cont'd.)

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(l) Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For foreign currencies at FVTPL, fair value is determined by reference to Reuters's closing middle rate.

External valuers are involved for valuation of the properties of the Group and of the Company. Involvement of external valuers is decided upon annually by management. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. Revaluations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

At each reporting date, management analyses the movements in the values of properties which are required to be re-measured or re-assessed. Management and the Company’s external valuers also compare the changes in the fair value of each property with relevant external sources to determine whether the change is reasonable. Changes in fair value of properties are tabled to the Board of Directors for approval.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term money market deposits, pre-funding to disbursement partners and foreign currencies at FVTPL, which are subject to an insignificant risk of changes in value and which have original maturity periods of 3 months or less at acquisition.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(m) Cash and cash equivalents (cont'd.)

Monies held in trust and fixed deposits placed with a financial institution are excluded from cash and cash equivalents as these are restricted cash which cannot be used for general purposes.

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the asset of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as equity. Dividend on ordinary shares is recognised in equity in the period in which they are declared.

(o) Intangible assets

The Group's and the Company's intangible assets consist of computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. The Group and the Company do not have any indefinite useful life intangible assets as at the reporting date.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over 5 years. Work-in-progress is not amortised until such time the asset is ready for its intended use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(p) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for impairment of non-financial assets is described in Note 2.5(i).

(q) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incur in connection with the borrowing of funds.

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or a group of people that is responsible to allocate resources and assess the performance of the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision-maker.

(s) Contract balances

(i) Deferred income

Deferred income represents the Group's and the Company's obligations to transfer goods or services to customers for which the Group and the Company have received consideration (or an amount of consideration is due) from its customers. If the Group and the Company receive consideration before the fulfilment of the performance obligation in the contract, deferred income is recognised when the payment is made or the payment is due (whichever is earlier). Deferred income is recognised in profit or loss when the Group and the Company perform under the contract.

(ii) Contract cost

Contract cost represents the cost incurred by the Group and the Company to acquire contracts to secure revenue in relation to the remittance business. The contract cost is amortised on a systematic basis over the period which it is estimated that the Group and the Company will derive benefits from the contracts.

The Group and the Company shall recognise an impairment loss in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Group and Company expect to receive in exchange for the goods or services to which the asset relates less the costs that relate directly to providing those services and that have not been recognised as expenses. The policy for impairment of non-financial assets is detailed in Note 2.5(i).

2. Significant accounting policies (cont'd.)

2.6 Significant accounting estimates and judgments

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgments. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. The most significant uses of judgments and estimates for the Group and the Company are as follows:

(a) Revaluation of commercial buildings and shop lots

The Group and the Company carry properties at revalued amounts. The measurement of fair value for commercial buildings and shop lots is arrived at by reference to market evidence of transaction prices for similar commercial buildings and shop lots and is performed by a firm of qualified professional independent property valuers. The valuation techniques and significant unobservable inputs used to assess fair value of such properties are described in

(b) Amortisation of contract cost

The Group and the Company have applied judgment in evaluating the amortisation period of the contract cost of 9 years, which is based on the assessment that it is probable that future economic benefits associated with the item will flow to the Group and the Company. The details of the contract cost is detailed in Note 14.

(c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budgets for the next five years including a terminal value, and do not include restructuring activities that the Group and the Company are not yet committed to or significant future investments that will enhance the performance of the assets of the Cash Generating Units ("CGU") being tested. The recoverable amounts are sensitive to the discount rate used for the DCF model, gross margins as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The carrying amount of goodwill of the Group and of the Company and key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 13.

The carrying amount of investments in subsidiaries of the Company and investments in associates of the Group and of the Company at the financial year end including other relevant financial information is disclosed in Notes 15 and 16 respectively.

2. Significant accounting policies (cont'd.)

2.6 Significant accounting estimates and judgments (cont'd.)

(d) Allowance for ECL on financial assets

The measurement of allowance for ECL under MFRS 9 across categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the allowance for ECL. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's and the Company's ECL calculations are based on underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include determination of associations between macroeconomic variables and, economic inputs and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). In view of the COVID-19 pandemic, overlays have been applied to determine a sufficient overall level of ECL as at 31 December 2020.

The amounts of allowances for ECL on trade receivables, non-trade receivables and deposits and cash and short-term funds recognised by the Group and the Company are as disclosed in Note 18, Note 19 and Note 22 respectively.

(e) Leases

The Group and Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the

The Group and the Company cannot readily determine the interest rate implicit in the leases, therefore, estimate using incremental borrowing rate ("IBR") to measure lease liabilities. The IBR was estimated based on the total of the Group's and the Company's credit risk spread and Malaysian Government Securities risk-

The carrying amount of right-of-use assets and lease liabilities of the Group and of the Company and other relevant information are disclosed in Note 12.

3. Revenue

(i) By type of revenue

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Remittance business	145,775	117,186	139,821	117,186
Currency business	7,925	20,890	7,925	20,890
Communication business	27,536	19,902	1,282	2,275
Payment business	4,412	3,348	4,412	3,348
Technology solutions business	1,193	1,140	-	-
Other businesses	59	165	38	90
	186,900	162,631	153,478	143,789

(ii) By geographical region

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Inside Malaysia	169,003	148,337	135,454	130,178
Outside Malaysia	17,897	14,294	18,024	13,611
	186,900	162,631	153,478	143,789

(iii) By basis of recognition

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Point in time	159,470	143,901	153,478	143,789
Over time	27,430	18,730	-	-
	186,900	162,631	153,478	143,789

4. Cost of sales

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Remittance business	29,803	28,221	28,369	33,933
Currency business	299	482	299	482
Communication business	24,655	16,645	-	-
Payment business	3,265	2,556	3,265	2,556
Technology solutions business	197	667	-	-
Other businesses	23	22	4	3
	58,242	48,593	31,937	36,974

5. Other income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	192	450	176	450
Incentive/rebates from a licensed money changer/ payout partners	166	65	166	65
Gain on disposal of property and equipment	6	-	5	-
Management fees from subsidiaries in Malaysia	-	-	-	315
Unrealised foreign exchange gain, net	-	1,157	-	1,161
Realised foreign exchange gain, net	9	-	3	-
Project set up fees	457	-	457	-
Lease modification	304	-	26	-
Others	105	6	3	6
	1,239	1,678	836	1,997

6. Other expenses

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unrealised foreign exchange loss, net	883	-	823	-
Realised foreign exchange loss, net	1	13	-	13
Loss on disposal of property and equipment	373	-	373	-
Others	58	12	21	-
	1,315	25	1,217	13

7. Operating profit/(loss)

The following items have been charged/(credited), amongst others, in arriving at operating (loss)/profit:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Employee benefits expense:					
- Salaries, wages, allowances and overtime		53,119	52,013	49,212	50,286
- Contributions to defined contribution plan		6,054	5,768	5,568	5,626
- Social security contributions		634	623	596	613
- Other benefits		2,741	4,122	2,836	3,987
		62,548	62,526	58,212	60,512
Non-executive directors' fees	31(c)	392	396	392	396
Executive directors' remuneration (a)		3,442	3,648	3,048	3,205
Auditors' remuneration:					
Statutory auditors of the Group:					
- Audit services		489	393	401	340
- Other professional services		1,279	218	1,242	218
Other auditors		66	22	-	15
Depreciation of:					
- Property and equipment	10	4,639	4,726	4,331	4,592
- Right-of-use asset	12	3,407	3,447	3,134	3,219
Property and equipment written off	10	373	146	373	-
Amortisation of intangible assets	11	2,875	2,196	2,779	2,197
Amortisation of contract cost	14	909	-	909	-
Allowance for/ (write-back of allowance for) ECL, net	18, 19, 22	713	330	705	(180)
Utilities charges		1,339	1,540	1,280	1,522
Legal and other professional fees		3,572	1,984	4,176	2,441

7. Operating profit/(loss) (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Expenses relating to leases of:				
- Short-term leases	4,525	4,796	4,293	4,526
- Low-value assets	1,223	857	1,209	849

(a) Executive directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive directors:				
Salaries and other emoluments	2,912	3,092	2,518	2,649
Contributions to defined contribution plan	530	556	530	556
Total executive directors' remuneration (excluding benefits-in-kind)	3,442	3,648	3,048	3,205
Estimated money value of benefits-in-kind	7	17	7	15
Total executive directors' remuneration (including benefits-in-kind)	3,449	3,665	3,055	3,220

7. Operating profit/(loss) (cont'd.)

(b) Executive directors' and non-executive directors' total remuneration band

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

	Number of directors 2020	Number of directors 2019
Group		
Executive directors:		
RM1 - RM100,000	1	1
RM300,001 – RM400,000	1	1
RM600,001 – RM 700,000	1	-
RM700,001 – RM800,000	-	1
RM2,100,001 – RM 2,400,000	1	-
RM2,400,001 – RM 2,700,000	-	1
Non-executive directors:		
RM1 – RM100,000	-	1
RM100,001 – RM200,000	3	2
Company		
Executive directors:		
RM600,001 – RM 700,000	1	-
RM700,001 – RM800,000	-	1
RM2,100,001 – RM 2,400,000	1	-
RM2,400,001 – RM 2,700,000	-	1
Non-executive directors:		
RM1 – RM100,000	-	1
RM100,001 – RM200,000	3	2

8. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest on:				
Bank overdrafts	802	516	791	516
Term loans	904	1,546	904	1,546
Lease liabilities	545	671	494	600
	2,251	2,733	2,189	2,662

9. Taxation

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense for the year:				
- Malaysian income tax	1,216	-	1,025	-
- Under provision of income tax expense in prior years	-	132	-	79
	1,216	132	1,025	79
Deferred tax (Note 20):				
- Relating to origination and reversal of temporary differences	2,333	(1,917)	2,390	(1,916)
- Under provision of deferred tax in prior years	119	316	100	323
	2,452	(1,601)	2,490	(1,593)
Income tax expense/ (credit) reported in profit or loss	3,668	(1,469)	3,515	(1,514)
Other comprehensive income ("OCI"):				
Deferred tax related to items recognised in OCI during the year (Note 19):				
Revaluation of properties	-	82	-	82
Deferred tax charged to OCI	-	82	-	82

9. Taxation (cont'd.)

Reconciliation of income tax expense/(credit) and the profit/(loss) before taxation multiplied by the statutory tax rate for the Group and Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before taxation	5,577	(11,809)	7,475	(11,802)
Income tax at Malaysian statutory tax rate of 24% (2019: 24%)	1,338	(2,834)	1,794	(2,832)
Effect of changes in tax rate	68	(853)	-	-
Expenses not deductible for tax purposes	2,683	1,165	1,645	977
Income not subject to tax	(24)	(61)	(24)	(61)
Effect of deferred tax assets not recognised	173	181	-	-
Effect of share of net loss of associates	134	485	-	-
Utilisation of previously unrecognised tax losses	(729)	-	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	(226)	-	-	-
Deferred tax assets recognised on unutilised business losses	(39)	-	-	-
Withholding tax expenses	171	-	-	-
Under provision of income tax expense in prior years	-	132	-	79
Under provision of deferred tax in prior years	119	316	100	323
Income tax expense/ (credit) for the year	3,668	(1,469)	3,515	(1,514)

10. Property and equipment

Group	Commercial buildings RM'000	Shop lots RM'000	Renovations RM'000	Computer and office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Telecom-munication equipment RM'000	Total RM'000
	<--- At valuation	--->	<--- At cost				--->	
At 31 December 2020								
Cost/Valuation								
At beginning of the financial year	1,970	600	15,933	26,712	2,613	2,154	2,186	52,168
Acquisition of subsidiaries (Note 30)	-	-	1,843	444	152	-	1	2,440
Additions	-	-	343	1,676	120	-	-	2,139
Disposal of subsidiary (Note 38(ii))	-	-	(36)	(14)	(13)	-	-	(63)
Disposal	-	-	(12)	(59)	(7)	-	-	(78)
Written off (Note 7)	-	-	(447)	(4)	(16)	-	-	(467)
Foreign currency translation	-	-	(8)	(11)	(8)	-	-	(27)
At end of the financial year	1,970	600	17,616	28,744	2,841	2,154	2,187	56,112
Accumulated depreciation								
At beginning of the financial year	14	4	9,823	19,339	1,016	1,750	2,186	34,132
Charge during the financial year	56	18	1,102	3,063	276	123	1	4,639
Disposal of subsidiary (Note 38(ii))	-	-	(6)	(5)	(3)	-	-	(14)
Disposal	-	-	(1)	(44)	(1)	-	-	(46)
Written off (Note 7)	-	-	(90)	(1)	(3)	-	-	(94)
Foreign currency translation	-	-	(1)	(4)	(1)	-	-	(6)
At end of the financial year	70	22	10,827	22,348	1,284	1,873	2,187	38,611
Net carrying amount								
At end of the financial year	1,900	578	6,789	6,396	1,557	281	-	17,501

10. Property and equipment (cont'd.)

Group	Commercial buildings RM'000	Shop lots RM'000	Reno- vations RM'000	Computer and office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Telecom- munication equipment RM'000	Total RM'000
	<--- At valuation	--->	<------------------		At cost		------------------>	
At 31 December 2019								
Cost/Valuation								
At beginning of the financial year	1,830	550	15,302	23,998	2,160	2,171	2,186	48,197
Revaluation surplus	256	85	-	-	-	-	-	341
Transfer*	(116)	(35)	-	-	-	-	-	(151)
Reclassification	-	-	(11)	-	11	-	-	-
Additions	-	-	785	2,872	442	-	-	4,099
Disposal	-	-	-	(133)	-	(17)	-	(150)
Written off (Note 7)	-	-	(141)	(23)	-	-	-	(164)
Foreign currency translation	-	-	(2)	(2)	-	-	-	(4)
At end of the financial year	1,970	600	15,933	26,712	2,613	2,154	2,186	52,168
Accumulated depreciation								
At beginning of the financial year	78	23	8,719	16,338	783	1,598	2,186	29,725
Charge during the year	52	16	1,117	3,138	234	169	-	4,726
Transfer*	(116)	(35)	-	-	-	-	-	(151)
Disposal	-	-	-	(131)	-	(17)	-	(148)
Written off (Note 7)	-	-	(13)	(5)	-	-	-	(18)
Foreign currency translation	-	-	-	(1)	(1)	-	-	(2)
At end of the financial year	14	4	9,823	19,339	1,016	1,750	2,186	34,132
Net carrying amount								
At end of the financial year	1,956	596	6,110	7,373	1,597	404	-	18,036

10. Property and equipment (cont'd.)

Company	Commercial buildings RM'000	Shop lots RM'000	Renovations RM'000	Computer and office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Telecom-munication equipment RM'000	Total RM'000
	<--- At valuation	--->	<------------------	------------------	At cost	------------------	------------------>	
At 31 December 2020								
Cost/Valuation								
At beginning of the financial year	1,970	600	15,713	26,103	2,424	2,154	2,186	51,150
Transferred from subsidiary (Note 30(c))	-	-	1,608	333	148	-	-	2,089
Additions	-	-	343	1,642	121	-	-	2,106
Disposal	-	-	(12)	(20)	(7)	-	-	(39)
Written off	-	-	(447)	(4)	(16)	-	-	(467)
At end of the financial year	1,970	600	17,205	28,054	2,670	2,154	2,186	54,839
Accumulated depreciation								
At beginning of the financial year	14	4	9,799	19,090	1,005	1,750	2,186	33,848
Charge during the year	56	18	1,004	2,893	237	123	-	4,331
Disposal	-	-	(1)	(10)	(1)	-	-	(12)
Written off	-	-	(90)	(1)	(3)	-	-	(94)
At end of the financial year	70	22	10,712	21,972	1,238	1,873	2,186	38,073
Net carrying amount								
At end of the financial year	1,900	578	6,493	6,082	1,432	281	-	16,766

10. Property and equipment (cont'd.)

Company	Commercial buildings RM'000	Shop lots RM'000	Renovations RM'000	Computer and office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Telecom-munication equipment RM'000	Total RM'000
	<--- At valuation --->		<--- At cost				--->	
At 31 December 2019								
Cost/Valuation								
At beginning of the financial year	1,830	550	15,109	23,439	2,136	2,171	2,186	47,421
Revaluation surplus	256	85	-	-	-	-	-	341
Transfer*	(116)	(35)	-	-	-	-	-	(151)
Additions	-	-	604	2,797	288	-	-	3,689
Disposal	-	-	-	(133)	-	(17)	-	(150)
At end of the financial year	1,970	600	15,713	26,103	2,424	2,154	2,186	51,150
Accumulated depreciation								
At beginning of the financial year	78	23	8,704	16,177	789	1,598	2,186	29,555
Charge during the year	52	16	1,095	3,044	216	169	-	4,592
Transfer*	(116)	(35)	-	-	-	-	-	(151)
Disposal	-	-	-	(131)	-	(17)	-	(148)
At end of the financial year	14	4	9,799	19,090	1,005	1,750	2,186	33,848
Net carrying amount								
At end of the financial year	1,956	596	5,914	7,013	1,419	404	-	17,302

*Transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of commercial buildings and shop lots.

10. Property and equipment (cont'd.)

(i) The strata titles of the commercial buildings have yet to be issued by the relevant authorities in the name of the Company.

(ii) The costs of fully depreciated property and equipment that are still in use are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Renovations	6,264	5,768	6,264	5,768
Computer and office equipment	15,391	10,509	15,370	10,505
Furniture and fittings	191	173	191	173
Motor vehicles	1,621	1,307	1,621	1,307
Telecommunication equipment	2,199	2,186	2,186	2,186
	25,666	19,943	25,632	19,939

(iii) The net book value of the revalued commercial buildings and shop lots had they been carried at cost less accumulated depreciation are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Commercial buildings	583	600	583	600
Shop lots	225	231	225	231
	808	831	808	831

(iv) The commercial buildings and shop lots were last revalued in August 2019 by Messrs. JB Jurunilai Bersekutu (Selangor) Sdn Bhd, a firm of qualified independent property valuers. The valuation method used was the comparison method and the key inputs included price per square foot of comparable properties.

Fair value measurement disclosures for the revalued commercial buildings and shop lots are as disclosed in Note 35.

11. Intangible assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Computer software:				
Cost				
At beginning of the financial year	16,018	12,570	16,158	12,497
Transferred from a subsidiary (Note 30(c))	-	-	1,121	-
Additions	1,327	385	1,713	670
Acquisition of subsidiaries (Note 30)	1,677	-	-	-
Reclassification from work-in-progress	3,421	3,063	3,421	2,991
Exchange difference	(10)	-	-	-
At end of the financial year	22,433	16,018	22,413	16,158
Accumulated amortisation				
At beginning of the financial year	9,199	7,003	9,187	6,990
Charge for the financial year	2,875	2,196	2,779	2,197
Exchange difference	(5)	-	-	-
At end of the financial year	12,069	9,199	11,966	9,187
Net carrying amount	10,364	6,819	10,447	6,971
Work-in-progress:				
Cost/Net carrying amount				
At beginning of the financial year	4,138	3,453	4,425	3,451
Additions	3,664	3,748	4,004	3,965
Reclassification to: Computer software	(3,421)	(3,063)	(3,421)	(2,991)
At end of the financial year	4,381	4,138	5,008	4,425
Total intangible assets	14,745	10,957	15,455	11,396

12. Right-of-use assets and lease liabilities

Leases

The Group and the Company have lease contracts consisting of tenancy agreements for offices and branches. These leases generally have lease terms between 2 to 6 years. The leases include extension and variable lease payments consisting of incremental rates of leases, which are further discussed below.

Set out below are the carrying amounts recognised and the movements during the year:

	Group		Company	
	2020	2019	2020	2019
Right-of-use assets	RM'000	RM'000	RM'000	RM'000
At 1 January	9,120	11,745	8,713	11,115
Non-cash additions	-	817	-	817
Re-measurement	105	-	69	-
Depreciation expense (Note 7)	(3,407)	(3,447)	(3,134)	(3,219)
Translation differences	(11)	5	-	-
As at 31 December	5,807	9,120	5,648	8,713
Lease liabilities				
At 1 January	9,358	11,645	8,922	11,015
Non-cash additions	-	802	-	802
Re-measurement	34	-	62	-
Accretion of interest (Note 8)	545	671	494	600
Lease payments	(3,127)	(3,764)	(2,970)	(3,495)
Variable lease payment	(601)	-	(505)	-
Translation differences	(19)	4	-	-
As at 31 December	6,190	9,358	6,003	8,922
The maturity of the lease liabilities are as follows:				
Repayable within one year	3,047	3,331	2,860	3,112
Repayable within two to five years	3,143	6,027	3,143	5,810
As at 31 December	6,190	9,358	6,003	8,922

12. Right-of-use assets and lease liabilities (cont'd.)

The future cash outflows relating to leases that have not yet commenced are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
31 December				
Future minimum rental payments:				
- Within one year	3,371	6,143	3,162	6,143
- After one year but not more than five years	3,363	3,971	3,363	3,971
	6,734	10,114	6,525	10,114

Expenses recognised in respect of short-term leases and leases of low value assets of the Group and of the Company are disclosed in Note 7.

13. Goodwill

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group				
Balance at 1 January	10,482	10,482	9,898	9,898
Arising from acquisition of subsidiaries (provisional) (Note 30(a)(b))	11,431	-	-	-
Balance at 31 December	21,913	10,482	9,898	9,898

Goodwill is reviewed for impairment annually or when there are indications of impairment. Goodwill of the currency and technology solutions businesses are allocated to the Group's and Company's CGU for impairment testing purposes, identified according to business segments expected to benefit from the synergies as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Currency business CGU	9,898	9,898	9,898	9,898
Technology solutions business CGU	584	584	-	-
	10,482	10,482	9,898	9,898

Goodwill arising from acquisition of subsidiaries during the year has been recognised on a provisional basis in accordance with the requirements of *MFRS 3 Business Combinations.*

13. Goodwill (cont'd.)

Currency business CGU

The goodwill of RM9,898,000 comprises the value of expected synergies arising from the integration of currency business operations and customers of Vital Rate Sdn. Bhd., which are not separately recognised. None of the goodwill recognised is expected to be deductible for income tax purposes.

The recoverable amount of the currency business CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by Board of Directors covering a one year period. It takes into account a projected annual growth rate of 23.0% (2019: 2.0%) per annum based on the CGU's average historical turnover growth rate. Estimated cash flows beyond the period covered by the financial budgets are extrapolated using a terminal growth rate of 1.0% (2019: 1.0%) per annum. The discount rates applied ranged from 13.0% to 14.5% (2019: 13.0% to 14.5%) per annum. As a result of the analysis, there was sufficient headroom when comparing the value in use versus carrying value and hence management did not identify any indicators of impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the currency business is most sensitive to the following assumptions:

(i) Gross margins
(ii) Discount rates
(iii) Growth rates used to extrapolate cash flows beyond the forecast period

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill and intangible assets to exceed the recoverable amount of the CGU.

Technology solutions business CGU

The goodwill of RM584,000 arising from the acquisition of a subsidiary comprises the value of expected synergies arising from the integration of business operations and resources of Eightsquare Infotrans Sdn. Bhd. and its subsidiary, Eightsquare Pvt. Ltd, (collectively known as Eightsquare Group), which are not separately recognised. Therefore, it does not meet the criteria for recognition as an intangible asset under MFRS 138 *Intangible Assets.* None of the goodwill recognised is expected to be deductible for income tax purposes.

13. Goodwill (cont'd.)

Technology solutions business CGU (cont'd.)

The recoverable amount of the technology solutions business CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by Board of Directors covering a one year period. It takes into account a projected average growth rate of 17.0% (2019: 26.0%) per annum based on the entity's planned and committed projects. Estimated cash flows beyond the period covered by the financial budgets are extrapolated using a terminal growth rate of 1.0% (2019: 1.0%) per annum. The discount rates applied ranged from 13.0% to 14.5% (2019: 13.0% to 14.5%) per annum. As a result of the analysis, there was sufficient headroom when comparing the value in use versus carrying value and hence management did not identify any indicators of impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the technology solutions business is most sensitive to the following assumptions:

(i) Gross margins
(ii) Discount rates
(iii) Growth rates used to extrapolate cash flows beyond the forecast period

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill and intangible assets to exceed the recoverable amount of the CGU.

14. Contract cost

	Group and Company	
	2020 RM'000	2019 RM'000
Contract cost	8,183	-
Amortisation in profit and loss	(909)	-
	7,274	-

During the year, the Group and the Company incurred costs on acquisition of contracts in relation to International Money Transfer Operator ("IMTO") business of RM8,183,000 as further disclosed in Note 38(ii). This cost will be amortised on a systematic basis over a period of 9 years which is the period over which it is estimated that the Group and the Company will derive benefits from the contracts.

15. Investments in subsidiaries

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost		
Balance at 1 January	5,365	5,365
Acquisition of 100% interest in Valyou Sdn. Bhd. on 17 September 2020 (Note 30(a))	40,142	-
Acquisition of Kliq Pte. Ltd.		
- Initial investment of 49% interest (Note 16)	7,623	-
- Acquisition of additional 21% interest on 6 August 2020 (Note 30(b))	1,769	-
Disposal of 60% interest in Jetixa FZCO on 16 March 2020	(70)	-
Balance at 31 December	54,829	5,365

The details of the subsidiaries are as follows:

	Paid-up capital '000	Country of incorporation	Principal activities	Group's proportion of ownership 2020 %	Group's proportion of ownership 2019 %
Held directly by the Company:					
Celcopon Sdn. Bhd. ("Celcopon")	RM6,000	Malaysia	Provision of digital mobile coupons and International Airtime Transfer Services ("IATS")	100%	100%
Jetixa FZCO^ ("Jetixa") (Note 38(ii))	**AED100	United Arab Emirates ("UAE")	Marketing and computer software trading	-	60%
Kliq Pte. Ltd. ("Kliq") (Note 30(b))	SGD5,123	Singapore	Provision of remittance services	70%	- (Note 16)
Valyou Sdn. Bhd. ("Valyou") (Note 30(a))	RM59,100	Malaysia	Provision of remittance services	100%	-
Eightsquare Infotrans Sdn. Bhd. ("Eightsquare")	RM1,500	Malaysia	Technology solutions	75%	75%

15. Investments in subsidiaries (cont'd.)

The details of the subsidiaries are as follows: (cont'd.)

	Paid-up capital '000	Country of incorporation	Principal activities	Group's proportion of ownership 2020 %	2019 %
Held directly by Eightsquare:					
Eightsquare Pvt. Ltd.^	***NPR5,000	Nepal	Technology solutions	75%	75%

^ Audited by a firm of accountants other than Ernst & Young PLT
** United Arab Emirates Dirham ("AED")
*** Nepalese Rupee ("NPR")

On 16 March 2020, the Company had disposed its 60% shareholding stake in Jetixa for a cash consideration of AED65,000, resulting in a loss of RM3,096,000 to the Group.

On 6 August 2020, the Company acquired an additional 21% interest in Kliq, increasing its equity interest thereon to 70%. Accordingly, Kliq has been reclassified to a subsidiary from an associate in the previous year. Details of the acquisition are provided in Note 30(b).

16. Investments in associates

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost				
Balance at 1 January	7,624	7,624	7,624	7,624
Step acquisition (Note 15)	(7,623)	-	(7,623)	-
Balance at 31 December	1	7,624	1	7,624
Share of post-acquisition reserves				
Balance at 1 January	(3,220)	(1,199)	-	-
Share of net loss for the year	(560)	(2,021)	-	-
Step acquisition (Note 30(b))	3,780	-	-	-
Balance at 31 December	-	(3,220)	-	-
Net total	1	4,404	1	7,624

16. Investments in associates (cont'd.)

The details of the associates are as follows:

	Country of Incorporation	Principal activities	Group's proportion of ownership 2020 %	2019 %
Merchantrade Digital Services Sdn. Bhd. ("MDS")	Malaysia	Has not commenced activities	49%	49%
Kliq Pte. Ltd. ("Kliq") (Note 30(b))	Singapore	Provision of remittance services	- (Note 15)	49%

17. Inventories

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At cost:				
Recharge vouchers	713	567	713	567
Miscellaneous cards	570	321	570	321
Prepaid cards	163	191	163	191
Mobile coupons	-	2	-	-
Others	7	9	-	-
	1,453	1,090	1,446	1,079
At net realisable value:				
Starter packs	-	272	-	272
	-	272	-	272
Total inventories at the lower of cost and net realisable value	1,453	1,362	1,446	1,351

During the financial year, the Group and the Company recognised a write-down of inventories of RM25,000 (2019: Nil) in cost of sales.

Under the terms of the agreement with the mobile telecommunication services provider, the Company has the right to return all of the inventories (excluding mobile coupons and prepaid cards) substantially at cost upon their expiry.

18. Trade receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Communication business receivables	1,063	1,344	1,063	1,344
Remittance business receivables	1,508	62	1,500	62
Currency business receivables	8,357	8,424	8,357	8,424
Receivables from remittance partners	1,082	223	3,638	223
Payment services receivable	511	-	511	-
Prefund with telecommunication service providers	1,201	516	-	-
Technology solutions business receivables	755	666	-	-
Others	9	19	-	-
	14,486	11,254	15,069	10,053
Less: Allowance for ECL	(9,082)	(8,888)	(8,558)	(8,369)
	5,404	2,366	6,511	1,684

Movements in the allowances for ECL on trade receivables are as follows:

Group	Lifetime ECL: non credit-impaired RM'000	Lifetime ECL: credit-impaired RM'000	Total ECL RM'000
At 1 January 2019	70	8,344	8,414
Allowances (written back)/made for the financial year (Note 7)	(36)	510	474
At 31 December 2019/1 January 2020	34	8,854	8,888
Business transfer (Note 30(c))	158	-	158
Allowances made for the financial year (Note 7)	31	5	36
At 31 December 2020	223	8,859	9,082

18. Trade receivables (cont'd.)

Movements in the allowances for ECL on trade receivables are as follows: (cont'd)

Company	Lifetime ECL: non credit-impaired RM'000	Lifetime ECL: credit-impaired RM'000	Total ECL RM'000
At 1 January 2019	70	8,335	8,405
Allowances written back for the financial year (Note 7)	(36)	-	(36)
At 31 December 2019/1 January 2020	34	8,335	8,369
Business transfer	158	-	158
Allowances made for the financial year (Note 7)	31	-	31
At 31 December 2020	223	8,335	8,558

Movements in gross carrying amount for trade receivables are as follows:

Group	Non credit-impaired RM'000	Credit-impaired RM'000	Total RM'000
At 1 January 2019	12,340	8,344	20,684
Net decrease during the financial year	(9,430)	-	(9,430)
Transferred to credit-impaired	(510)	510	-
At 31 December 2019/1 January 2020	2,400	8,854	11,254
Net increase during the financial year	3,232	-	3,232
Transferred to credit-impaired	(5)	5	-
At 31 December 2020	5,627	8,859	14,486
Company			
At 1 January 2019	10,890	8,335	19,225
Net decrease during the financial year	(9,172)	-	(9,172)
At 31 December 2019/1 January 2020	1,718	8,335	10,053
Net increase during the financial year	5,016	-	5,016
At 31 December 2020	6,734	8,335	15,069

Trade receivables are non-interest bearing and are generally given credit terms of 1 to 30 days (2019: 1 to 30 days).

19. Non-trade receivables, deposits and prepayments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets:				
Deposits with disbursement partners	4,514	3,547	4,514	3,547
Rental deposits	2,919	2,540	2,915	2,540
Utilities deposits	514	508	514	508
Amount due from subsidiaries	-	-	1,103	1,107
Other receivables	3,148	2,091	1,890	1,346
	11,095	8,686	10,936	9,048
Less: Allowance for ECL	(270)	(298)	(267)	(298)
	10,825	8,388	10,669	8,750
Non-financial asset:				
Prepayments	2,962	2,832	2,433	2,612
	13,787	11,220	13,102	11,362

All financial assets above of the Group and the Company are neither past due nor impaired at the financial year end. Amount due from subsidiaries is non-interest bearing, unsecured and repayable on demand.

Movements in the allowances for ECL on non-trade receivables and deposits are as follows:

Group	Lifetime ECL: non credit-impaired RM'000	Lifetime ECL: credit-impaired RM'000	Total ECL RM'000
At 1 January 2019	203	-	203
Allowances made for the financial year (Note 7)	95	-	95
At 31 December 2019/1 January 2020	298	-	298
Allowances written back for the financial year (Note 7)	(28)	-	(28)
At 31 December 2020	270	-	270

19. Non-trade receivables, deposits and prepayments (cont'd.)

Movements in the allowances for ECL on non-trade receivables and deposits are as follows: (cont'd)

Company	Lifetime ECL: non credit-impaired RM'000	Lifetime ECL: credit-impaired RM'000	Total ECL RM'000
At 1 January 2019	203	-	203
Allowances made for the financial year (Note 7)	95	-	95
At 31 December 2019/1 January 2020	298	-	298
Allowances written back for the financial year (Note 7)	(31)	-	(31)
At 31 December 2020	267	-	267

Movements in gross carrying amount for non-trade receivables and deposits are as follows:

	Group		
	Non credit-impaired RM'000	Credit-impaired RM'000	Total RM'000
At 1 January 2019	9,257	-	9,257
Net decrease during the financial year	(571)	-	(571)
At 31 December 2019/1 January 2020	8,686	-	8,686
Net increase during the financial year	2,409	-	2,409
At 31 December 2020	11,095	-	11,095

	Company		
	Non credit-impaired RM'000	Credit-impaired RM'000	Total RM'000
At 1 January 2019	9,263	-	9,263
Net decrease during the financial year	(215)	-	(215)
At 31 December 2019/1 January 2020	9,048	-	9,048
Net increase during the financial year	1,888	-	1,888
At 31 December 2020	10,936	-	10,936

20. Deferred tax (assets)/liabilities

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of the financial year	(1,770)	(251)	(1,740)	(229)
Recognised in profit or loss (Note 9)	2,452	(1,601)	2,490	(1,593)
Recognised in other comprehensive income (Note 9)	-	82	-	82
At end of the financial year	682	(1,770)	750	(1,740)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities in respect of each entity within the Group and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets, net	(68)	(1,770)	-	(1,740)
Deferred tax liabilities, net	750	-	750	-
	682	(1,770)	750	(1,740)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	(3,200)	(6,047)	(3,105)	(6,017)
Deferred tax liabilities	3,882	4,277	3,855	4,277
	682	(1,770)	750	(1,740)

20. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax assets:

	Allowances for ECL RM'000	Provisions RM'000	Lease liabilities RM'000	Unabsorbed capital allowances RM'000	Unutilised business losses RM'000	Total RM'000
Group						
At 1 January 2019	(265)	(1,612)	(2,644)	(217)	-	(4,738)
Recognised in profit or loss	44	531	502	(1,271)	(1,115)	(1,309)
At 31 December 2019	(221)	(1,081)	(2,142)	(1,488)	(1,115)	(6,047)
At 1 January 2020	(221)	(1,081)	(2,142)	(1,488)	(1,115)	(6,047)
Recognised in profit or loss	(208)	191	701	1,109	1,054	2,847
At 31 December 2020	(429)	(890)	(1,441)	(379)	(61)	(3,200)
Company						
At 1 January 2019	(265)	(1,598)	(2,644)	(186)	-	(4,693)
Recognised in profit or loss	44	539	502	(1,302)	(1,107)	(1,324)
At 31 December 2019	(221)	(1,059)	(2,142)	(1,488)	(1,107)	(6,017)
At 1 January 2020	(221)	(1,059)	(2,142)	(1,488)	(1,107)	(6,017)
Recognised in profit or loss	(208)	203	701	1,109	1,107	2,912
At 31 December 2020	(429)	(856)	(1,441)	(379)	-	(3,105)

20. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax liabilities:

	Property and equipment RM'000	Property revaluation surplus RM'000	Right-of-use assets RM'000	Total RM'000
Group				
At 1 January 2019	1,448	371	2,668	4,487
Recognised in profit or loss	285	-	(577)	(292)
Recognised in OCI	-	82	-	82
At 31 December 2019	1,733	453	2,091	4,277
At 1 January 2020	1,733	453	2,091	4,277
Recognised in profit or loss	340	-	(735)	(395)
At 31 December 2020	2,073	453	1,356	3,882
Company				
At 1 January 2019	1,448	371	2,668	4,487
Recognised in profit or loss	285	-	(577)	(292)
Recognised in OCI	-	82	-	82
At 31 December 2019	1,733	453	2,091	4,277
At 1 January 2020	1,733	453	2,091	4,277
Recognised in profit or loss	313	-	(735)	(422)
At 31 December 2020	2,046	453	1,356	3,855

20. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax assets have not been recognised in the financial statements in respect of the following items due to uncertainty of its realisation:

	Group	
	2020 RM'000	2019 RM'000
Unutilised business losses	21,266	2,747
Unabsorbed capital allowances	6,386	2,719
Other deductible temporary differences	374	200
	28,025	5,666

The unutilised business losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group. The unutilised business losses will be available for offsetting only for another 7 consecutive years effective from Year of Assessment 2019, after which it will expire. The unabsorbed capital allowances of the Company are not subject to the 7 year limitation period and is available indefinitely for offsetting against future taxable profits of the Company.

Utilisation of these carried forward tax losses and unabsorbed capital allowances are also subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

21. Financial assets at fair value through profit or loss ("FVTPL")

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign currencies at FVTPL	4,468	29,028	4,468	29,028

Foreign currencies at FVTPL relate to foreign currency denominated notes held on hand, which are carried at the foreign exchange rate ruling as at the reporting date.

22. Cash and short-term funds

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	74,875	46,247	65,258	41,357
Trust account	72,448	49,255	72,448	49,255
Pre-funding to disbursement partners	119,403	62,825	119,403	62,825
Fixed deposit placed in a financial institution	41	-	-	-
DSRA with a licensed bank	313	1,382	313	1,382
	267,080	159,709	257,422	154,819
Less: Allowance for ECL	(1,295)	(590)	(1,295)	(590)
	265,785	159,119	256,127	154,229

Movements in the allowances for ECL on cash and short-term funds are as follows:

	Group and Company		
	Lifetime ECL: non credit-impaired RM'000	Lifetime ECL: credit-impaired RM'000	Total ECL RM'000
At 1 January 2019	829	-	829
Allowances written back for the financial year (Note 7)	(239)	-	(239)
At 31 December 2019/1 January 2020	590	-	590
Allowances made for the financial year (Note 7)	705	-	705
At 31 December 2020	1,295	-	1,295

Movements in gross carrying amount for cash and short-term funds are as follows:

	Group		
	Non credit-impaired RM'000	Credit-impaired RM'000	Total RM'000
At 1 January 2019	142,521	-	142,521
Net increase during the financial year	17,188		17,188
At 31 December 2019/1 January 2020	159,709	-	159,709
Net increase during the financial year	107,371	-	107,371
At 31 December 2020	267,080	-	267,080

22. Cash and short-term funds (cont'd.)

	Company		
	Non credit-impaired RM'000	Credit-impaired RM'000	Total RM'000
At 1 January 2019	140,535	-	140,535
Net increase during the financial year	14,284		14,284
At 31 December 2019/1 January 2020	154,819	-	154,819
Net increase during the financial year	102,603	-	102,603
At 31 December 2020	257,422	-	257,422

Pre-funding to disbursement partners relate to monies placed in the bank accounts maintained with remittance partners of the Group and the Company for the purpose of remittance services. The pre-funding to disbursement partners are non-interest bearing.

DSRA with a licensed bank is maintained in accordance with the terms and conditions stipulated in the term loans as disclosed in Note 25(b).

Trust account is monies held in trust on behalf of payment services customers, that has yet to be utilised at the reporting date (Note 26(e)). Included in trust account is short-term money market deposits of RM50,330,000 (2019: RM47,000,000) and monies placed in a designated bank account. Short-term money market deposits are placed with licensed banks, which bear effective interest rates of between 2.15% to 3.35% (2019: 3.48% to 3.65%) per annum and which have a maturity of 34 to 99 days (2019: 181 to 185 days) as at the reporting date. Monies placed in the designated bank account bear an effective interest rate of 1.95% (2019: 2.95%) per annum.

The Company is a large e-money scheme issuer under the regulations of Bank Negara Malaysia. The Group and the Company are required to operate trust accounts for monies received on behalf of customers. The funds in the trust account can only be utilised for refunds to customers, making payments to the merchants and must be invested in high quality liquid assets. Accordingly, the Group and the Company have opted to not recognise monies held in trust as cash and cash equivalents. Interest income from investment in liquid assets are recognised in profit or loss in accordance with the policy as disclosed in Note 2.5(d)(vi) to the financial statements.

Fixed deposit with a licensed bank of RM41,000 bears an effective interest rate of 1.50% to 2.40% per annum and has a contractual maturity of 30 to 31 days as at the reporting date. The fixed deposit has been pledged to a financial institution for a banking facility and hence, is not available for general use.

During the financial year, a financial institution has issued a Standby Letter of Credit in favour of the Company on behalf of a financial services company amounting to USD980,000 (2019: USD980,000).

23. Share capital

	Group and Company			
	2020		2019	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January/31 December	8,680	55,555	8,680	55,555

24. Revaluation reserve

The revaluation reserve relates to the increase in the fair value of the Group's and of the Company's commercial buildings and shop lots, net of deferred taxation. Any decrease in fair value to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income is recognised in other comprehensive income.

25. Borrowings

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bank overdraft	(a)	34,244	15,956	34,244	15,956
Term loans	(b)	32,113	16,100	32,113	16,100
		66,357	32,056	66,357	32,056

The maturity structure of the borrowings can be analysed as follows:

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
On demand		34,244	15,956	34,244	15,956
Repayable within one year		1,338	16,100	1,338	16,100
		35,582	32,056	35,582	32,056
Repayable between					
one to two years		8,028	-	8,028	-
two to five years		22,747	-	22,747	-
		30,775	-	30,775	-
		66,357	32,056	66,357	32,056

25. Borrowings (cont'd.)

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Short-term borrowings					
Bank overdraft	(a)	34,244	15,956	34,244	15,956
Term loans:					
4-year term loan	(b)	-	16,100	-	16,100
5-year term loan		1,338	-	1,338	-
		1,338	16,100	1,338	16,100
		35,582	32,056	35,582	32,056
Long-term borrowings					
Term loans:					
5-year term loan	(b)	30,775	-	30,775	-

The bank overdraft and term loans of the Group and of the Company are denominated in RM.

(a) Bank overdraft facilities

(i) Repayable on demand with an approved limit of RM20,000,000 and bearing floating interest rate with an effective interest rate of 3.45% per annum.

(ii) Repayable on demand with an approved limit of RM25,000,000 and bearing floating interest rate with an effective interest rate of 3.60% per annum.

(iii) Repayable on demand with an approved limit of RM30,000,000 and bearing floating interest rate with an effective interest rate of 3.60% per annum.

(b) Term loan facilities

(i) A term loan of RM32,113,350 which is repayable in five years from the date of first drawdown with the first year on interest instalments and from the second year onwards by 48 equal monthly principal and interest instalments. The term loan is secured by way of DSRA (see Note 22), a personal guarantee by the Company’s executive director, and a legal charge of 100% over the unquoted shares of Valyou Sdn. Bhd. The Company is required to maintain a gearing ratio of not more than one (1) time during the tenor of the facility.

(ii) A term loan of RM35,000,000 which is repayable in two (2) years from the date of first drawdown with the option to extend by another two (2) years has been fully settled during the year.

The weighted average effective interest rates of term loans is 5.35% (2019: 6.21%) per annum.

26. Settlement obligations

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
International partner agents	(a)	28,831	15,153	28,833	15,153
Agent prefund	(a)	9,587	7,774	9,587	7,774
Disbursement partner agents	(b)	2,102	1,561	2,102	1,561
Unpaid remittances	(c)	47,089	27,880	47,089	27,880
Wholesale payables	(d)	-	11	-	11
Payment services payables	(e)	71,760	48,016	71,719	48,295
Others		794	98	146	41
		160,163	100,493	159,476	100,715

(a) International partner agents and agent prefund represent the amounts that have yet to be transferred to the disbursement partners at the reporting date.

(b) Disbursement partner agents represent post funding amounts that have yet to be settled at the reporting date.

(c) Unpaid remittances represent the amounts that have yet to be collected by payees at the reporting date.

(d) Wholesale payables represent the amounts payable to wholesale agents that have yet to be settled at the reporting date.

(e) Payment services payables represent the amounts deposited by customers in a trust account with a bank that have yet to be utilised at the reporting date (Note 22).

These amounts are unsecured, non-interest bearing and are repayable in the short-term.

27. Non-trade payables and accruals

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial liabilities:				
Accrued operating expenses	5,444	3,037	4,895	2,848
Other payables	12,847	7,195	12,741	7,725
Amount due to a subsidiary	-	-	30,376	-
Amount due to director of a subsidiary	80	134	-	-
	18,371	10,366	48,012	10,573
Non-financial liabilities:				
Net indirect taxes payables	105	51	33	-
	18,476	10,417	48,045	10,573

The financial liabilities are unsecured, non-interest bearing and are repayable on demand.

28. Deferred income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred income	2,943	4,274	2,703	4,031

The maturity of the deferred income are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Within one year	1,841	2,344	1,601	2,101
One to five years	1,102	1,930	1,102	1,930
	2,943	4,274	2,703	4,031
Short-term deferred income				
Incentive received from financial services companies	1,601	1,601	1,601	1,601
Incentive received from insurance companies	-	500	-	500
Cash payment received from customers in relation to:				
- Technology solution business	83	64	-	-
- Communication business	157	179	-	-
	1,841	2,344	1,601	2,101

28. Deferred income (cont'd.)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Long-term deferred income				
Incentive received from financial services companies	1,102	1,930	1,102	1,930
	2,943	1,930	2,703	1,930

Movements in deferred income are as follows:

	Group	Company
	RM'000	**RM'000**
At 1 January 2019	4,575	4,363
Increase during the financial year	1,736	500
Recognised in profit or loss during the financial year	(2,037)	(832)
At 31 December 2019/1 January 2020	4,274	4,031
Increase during the financial year	1,463	-
Recognised in profit or loss during the financial year	(2,794)	(1,328)
At 31 December 2020	2,943	2,703

29. Earnings/(Loss) per share - basic and diluted

Basic earnings/(loss) per share ("EPS"/"LPS") is calculated by dividing the net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS/LPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Earnings/(Loss) attributable to ordinary equity holders of the parent	2,154	(11,533)	3,960	(10,288)
Weighted average number of ordinary shares of the parent in issue during the year	8,680	8,680	8,680	8,680
Basic and diluted earnings/(loss) per share	0.25	(1.33)		

There were no dilutive potential ordinary shares as at the end of the relevant reporting dates. There have been no other transactions involving ordinary shares between the reporting date and the date of these financial statements.

30. Business combinations

(a) Acquisition of 100% interest in Valyou

On 18 September 2020, the Group had completed the acquisition of the entire shareholding interest in Valyou, an unlisted company licensed by Bank Negara Malaysia under the Money Services Business Act, 2011 to conduct money services businesses namely, remittance and payment businesses, for a total consideration of RM40,142,000. Valyou became a wholly-owned subsidiary of the Company on 25 September 2020 upon satisfactory completion of all conditions precedent.

30. Business combinations (cont'd.)

(a) Acquisition of 100% interest in Valyou (cont'd.)

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Valyou as at the date of acquisition were as follows:

	Fair value recognised on acquisition RM'000
Assets	
Property and equipment (Note 10)	2,417
Intangible assets (Note 11)	1,219
Cash and short-term funds	15,742
Receivables	25,566
Total assets	44,944
Liabilities	
Payables	(14,490)
Total liabilities	(14,490)
Total identifiable net assets at fair value	30,454
Provisional goodwill arising on acquisition (Note 13)	9,688
Purchase consideration transferred	40,142

Included in receivables is RM15,084,000 due from the Company.

Analysis of cash flows on acquisition:

	Cash flows on acquisition RM'000
Net cash acquired from the subsidiary	15,742
Cash and short-term funds paid on acquisition	(8,029)
Settlement by term loan (Note 25)	(32,113)
Net cash outflow on acquisition, recognised as cash used in investing activities	(24,400)

The net assets recognised in the 31 December 2020 financial statements were based on a provisional assessment of their fair values as the Group is in the midst of obtaining the information necessary to identify and measure the values of the net assets acquired. The assessment had not been completed by the date the 2020 financial statements were approved for issue by the Board of Directors and will need to be finalised within the 12 months period from the date of acquisition on 18 September

30. Business combinations (cont'd.)

(b) Acquisition of 21% interest in Kliq

On 6 August 2020, the Group completed the acquisition of an additional 21% shareholding interest in Kliq, an unlisted company based in Singapore and which is specialised in providing remittance services, for a purchase consideration of SGD576,471. This acquisition increased the Company's interest in Kliq from 49% to 70% as disclosed in Notes 15 and 16.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Kliq as at the date of acquisition were as follows:

	Fair value recognised on acquisition RM'000
Assets	
Property and equipment (Note 10)	23
Intangible assets (Note 11)	458
Cash and short-term funds	4,326
Receivables	761
	5,568
Liabilities	
Payables	(41)
	(41)
Total identifiable net assets at fair value	5,527
Step acquisition (Notes 15 and 16)	3,780
Non-controlling interests measured at fair value	(1,658)
Provisional goodwill arising on acquisition (Note 13)	1,743
Purchase consideration transferred	9,392

Analysis of cash flows on acquisition:

	Cash flows on acquisition RM'000
Net cash acquired from the subsidiary	4,326
Cash and short-term funds paid on acquisition	(1,769)
Net cash inflow on acquisition, recognised as cash generated from investing activities	2,557

30. Business combinations (cont'd.)

(b) Acquisition of 21% interest in Kliq (cont'd.)

The net assets recognised in the 31 December 2020 financial statements were based on a provisional assessment of their fair values as the Group is in the midst of obtaining the information necessary to identify and measure the values of the net assets acquired. The assessment had not been completed by the date the 2020 financial statements were approved for issue by the Board of Directors and will need to be finalised within the 12 months period from the date of acquisition on 6 August 2020.

(c) Transfer of remittance and payment business from Valyou to the Company ("Business Transfer")

On 22 July 2020, the Board of Directors approved the transfer of the entire business, operations and related net assets of the Company's wholly-owned subsidiary, Valyou to the Company. The Business Transfer is to comply with Bank Negara Malaysia's approval requirement in respect of the acquisition exercise.

The Business Transfer which involved the acquisition of assets and liabilities of Valyou, was completed on 31 December 2020 and the acquisition price payable is approximately RM32,572,000 based on the book value of the net assets transferred.

The assets and liabilities assumed by the Company as at 31 December 2020 are as follows:

	RM'000
Assets	
Property and equipment	2,089
Intangible asset	1,121
Trade receivables	2,131
Non-trade receivables, deposits and prepayments	4,209
Cash and short-term funds	30,590
	40,140
Liabilities	
Trade payables	(620)
Inter-company balances	(1,406)
Non-trade payables and accruals	(5,542)
	(7,568)
Net assets directly attributable to the transfer of business	32,572

The Business Transfer had been accounted for by the Company using the pooling of interests method. Under the pooling of interests method, the results and financial position of the remittance business and payment business are recorded prospectively (on an elective basis), in the financial statements of the Company.

31. Related party disclosures

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Related party transactions				
(Expenses)/income				
With subsidiaries:				
Eightsquare				
- Consultancy charges	-	-	(1,645)	(1,805)
- System development and maintenance fees	-	-	(2,851)	(2,716)
- Management fees income	-	-	-	180
Celcopon				
- Purchase of mobile coupons	-	-	(20)	(11)
- Purchase of IATS	-	-	(69)	(91)
- Sales of recharge vouchers	-	-	169	-
Jetixa				
- Sharing of remittance business revenue	-	-	-	(5,713)
- Management fee income	-	-	-	135
Kliq				
- Remittance transactions	-	-	127	-
With related parties:				
Kenanga Investment Bank Bhd.*				
- Project set-up and related fees	135	-	135	-
Celcom Mobile Sdn. Bhd.**				
- Rebates of starter packs and recharge vouchers	328	1,727	328	1,727

31. Related party disclosures (cont'd.)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(a) Related party transactions (cont'd.)				
(Expenses)/income (cont'd.)				
With key management personnel:				
Rental of premises	(185)	(160)	(185)	(160)
(b) Related party balances				
Assets/(liabilities)				
With subsidiaries:				
Celcopon				
- Non-trade receivables	-	-	651	608
- Settlement obligation	-	-	(201)	(279)
- Non-trade payables	-	-	(12)	(6)
Jetixa				
- Non-trade receivables	-	-	-	12
- Trade payables	-	-	-	(610)
Eightsquare				
- Non-trade receivables	-	-	452	487
- Non-trade payables	-	-	(193)	(202)
Kliq				
- Trade receivables	-	-	1,112	-
Valyou				
- Trade receivables	-	-	1,445	-
- Trade payables	-	-	(242)	-
- Non-trade payables	-	-	(30,371)	-

31. Related party disclosures (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(b) Related party balances (cont'd.)				
Assets/(liabilities) (cont'd.)				
With related parties:				
Kenanga Investment Bank Bhd.*				
- Trade receivables	141	-	141	-
Celcom Mobile Sdn. Bhd.**				
- Trade receivables	880	1,154	880	1,154

* Shareholder
** Subsidiary of a corporate shareholder

The directors of the Group and of the Company are of the view that the above transactions have been entered into in the normal course of business and at terms agreed between the parties during the year. The balances with related parties are unsecured, interest-free and repayable in the short-term, as disclosed in Notes 18 and 19.

(c) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Key management personnel:				
Short-term employee benefits	7,859	7,071	7,514	6,710
Post-employment benefits	1,080	1,025	1,080	1,025
	8,939	8,096	8,594	7,735
Non-executive directors' fees (Note 7)	392	396	392	396
Executive directors' remuneration (Note 7(a))	3,449	3,648	3,055	3,205
	3,841	4,044	3,447	3,601

31. Related party disclosures (cont'd.)

(c) Compensation of key management personnel (cont'd.)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The key management personnel of the Group and of the Company include directors and senior management.

32. Commitments and contingencies

The capital commitments and contingent liability of the Group and of the Company as at the financial year end are as follows:

(a) Capital expenditure

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Approved but not contracted for:				
Property and equipment	2,177	23	2,177	23
Intangible assets	5,482	3,224	5,445	3,222
Proposed acquisition of interest in an associate	-	1,753	-	1,753
Proposed business acquisition and disposal of shares in a subsidiary	-	7,953	-	7,953
	7,659	12,953	7,622	12,951

(b) Contingent liability

On 29 December 2020, a financial institution has submitted a claim for the reversal of Financial Process Exchange ("FPX") transactions performed by the customers and credited to the Company's account in prior years. The Group and the Company are currently investigating the matter. The estimated claims amount to RM1,200,000. The Group and the Company are of the view that the claim is only possible, but not probable at the date of these financial statements until the investigation is completed. Accordingly, no provision for any liability has been made in the financial statements for the year ended 31 December 2020.

33. Financial instruments by category

The carrying amounts of the financial assets and liabilities in the statements of financial position by the class of financial instruments are as disclosed below:

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Financial assets - FVTPL					
Financial assets at fair value through profit or loss	21	4,468	29,028	4,468	29,028
		4,468	29,028	4,468	29,028
Financial assets - Amortised cost					
Trade receivables	18	5,404	2,366	6,511	1,684
Non-trade receivables and deposits	19	10,825	8,388	10,669	8,750
Cash and short-term funds	22	265,785	159,119	256,127	154,229
		282,014	169,873	273,307	164,663
Financial liabilities - amortised costs					
Settlement obligations	26	160,163	100,493	159,476	100,715
Non-trade payables and accruals	27	18,371	10,366	48,012	10,573
Lease liabilities	12	6,190	9,358	6,003	8,922
Borrowings	25	66,357	32,056	66,357	32,056
		251,081	152,273	279,848	152,266

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, cash flow risk, interest rate risk and foreign currency risk.

It is, and has been throughout the current and previous financial years, the Group's and the Company's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting. The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

34. Financial risk management objectives and policies (cont'd.)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's credit risk arises primarily from its trade and non-trade receivables. For other financial assets such as cash and short-term funds and deposits and placements with a licensed bank, the Group and the Company minimise credit risk by dealing with reputable financial institutions with sound credit ratings and no history of default.

(a) Maximum exposure to credit risk

The maximum amount of exposure to credit risk arising from the Group's and the Company's trade receivables, non-trade receivables and deposits and cash and short-term funds equal to the carrying amount of these financial assets on the statement of financial position.

(b) Expected credit loss measurement

(i) Definition of default

The Group and the Company classify a financial asset as credit-impaired when there is objective evidence that the financial asset is credit-impaired.

The details of the default definition is as disclosed in Note 2.5(k)(iii).

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Group and the Company apply a simplified approach in calculating ECL for trade receivables, non-trade receivables and deposits and cash and short-term funds. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date.

For cash and short-term funds, ECL is computed based on the multiplication of Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). PD is derived based on default rates from an external rating agency for each counterparty after considerations of probability weighted outcomes and forward-looking information. EAD represents the source exposure of the Group and of the Company as at reporting date and LGD represents the expectation of the extent of loss on a default exposure.

34. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

(b) Expected credit loss measurement (cont'd.)

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (cont'd.)

Information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Group and the Company use external and internal information to generate a "base case" and "downturn" scenario which considers forecast economic variables, based on assigned probability-weights determined by the Group and the Company. The Group and the Company identified the key economic variables impacting credit risk which is Gross Domestic Product ("GDP").

The macroeconomic variables value data is obtained from an independent international financial institution. The probability-weighted forecasted GDP for the respective countries considered are as follows:

At 31 December 2020

Country	Probability-weighted	Country	Probability-weighted forecasted GDP
Bangladesh	4.40%	Philippines	7.40%
China	8.20%	Pakistan	1.00%
United Kingdom	5.90%	Singapore	5.00%
Hong Kong	3.70%	Thailand	4.00%
Indonesia	6.10%	Vietnam	6.70%
India	8.80%	Australia	3.00%
Sri Lanka	5.30%	Japan	2.30%
Myanmar	5.70%	Cambodia	6.80%
Nepal	2.50%		

At 31 December 2019

Country	Probability-weighted	Country	Probability-weighted forecasted GDP
Bangladesh	7.50%	Philippines	6.30%
China	5.90%	Pakistan	2.50%
United Kingdom	1.50%	Singapore	1.10%
Hong Kong	1.60%	Thailand	3.10%
Indonesia	5.20%	Vietnam	6.60%
India	7.10%	Australia	2.40%
Sri Lanka	3.60%	Japan	0.60%
Myanmar	6.40%	UAE	2.60%
Nepal	6.40%	Cambodia	6.90%

34. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

(b) Expected credit loss measurement (cont'd.)

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (cont'd.)

These economic variables and their associated impacts on the PD, EAD and LGD vary by financial instruments. Expert judgment has also been applied in this process. The Group and the Company regularly monitors the macroeconomic factors and their impacts in measuring ECL.

There have been no significant changes in the estimation techniques or significant assumptions made during the reporting period.

(iii) Credit quality of financial assets

The table below shows the credit quality of the Group's and the Company's financial assets (gross of ECL), based on the following risk grades:

Risk ratings	Definitions
Low risk (A-1 to A-3)	Indicates that strong to adequate capacity to meet its financial commitments.
Fair risk (B)	Vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.
Substandard (C)	Currently vulnerable that would result in loss and dependent on favourable business, financial and economic conditions to meet financial commitments.
Loss (D)	Obligor will fail to pay all when it comes due.
Unrated	Financial assets that are not rated by any external rating agencies. Therefore, the monitoring of credit risks are performed based on credit terms and financial standing of the counterparties.

34. Financial instruments by category

Credit risk (cont'd.)

(b) Expected credit loss measurement (cont'd.)

(iii) Credit quality of financial assets (cont'd.)

	31 December 2020						
	Non credit-impaired				Credit-impaired		
	A-1 to A-3	B	C	Unrated	D	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Trade receivables	-	-	-	5,627	-	8,859	14,486
Cash and short-term funds	182,007	85,073	-	-	-	-	267,080
Non-trade receivables and deposits	2,049	1,774	251	7,021	-	-	11,095
	184,056	86,847	251	12,648	-	8,859	292,661
Company							
Trade receivables	-	-	-	6,734	-	8,335	15,069
Cash and short-term funds	172,349	85,073	-	-	-	-	257,422
Non-trade receivables and deposits	2,049	1,774	251	6,862	-	-	10,936
	174,398	86,847	251	13,596	-	8,335	283,427

	31 December 2019						
	Non credit-impaired				Credit-impaired		
	A-1 to A-3	B	C	Unrated	D	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Trade receivables	-	-	-	2,400	-	8,854	11,254
Cash and short-term funds	104,012	55,614	-	83	-	-	159,709
Non-trade receivables and deposits	-	3,683	-	5,003	-	-	8,686
	104,012	59,297	-	7,486	-	8,854	179,649

34. Financial instruments by category

Credit risk (cont'd.)

(b) Expected credit loss measurement (cont'd.)

(iii) Credit quality of financial assets (cont'd.)

	31 December 2019						
	Non credit-impaired				Credit-impaired		
	A-1 to A-3	B	C	Unrated	D	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Trade receivables	-	-	-	1,718	-	8,335	10,053
Cash and short-term funds	99,179	55,557	-	83	-	-	154,819
Non-trade receivables and deposits	-	3,683	-	5,365	-	-	9,048
	99,179	59,240	-	7,166	-	8,335	173,920

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

34. Financial risk management objectives and policies (cont'd.)

Liquidity risk (cont'd.)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted payments:

Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
At 31 December 2020			
Financial liabilities			
Settlement obligations (Note 26)	160,163	-	160,163
Non-trade payables and accruals (excluding non-financial liabilities) (Note 27)	18,371	-	18,371
Lease liabilities (Note 12)	3,371	3,363	6,734
Borrowings (Note 25)	36,832	33,125	69,957
Total undiscounted financial liabilities	218,737	36,488	255,225

Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
At 31 December 2019			
Financial liabilities			
Settlement obligations (Note 26)	100,493	-	100,493
Non-trade payables and accruals (excluding non-financial liabilities) (Note 27)	10,366	-	10,366
Lease liabilities (Note 12)	4,046	6,749	10,795
Borrowings (Note 25)	32,540	-	32,540
Total undiscounted financial liabilities	147,445	6,749	154,194

Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
At 31 December 2020			
Financial liabilities			
Settlement obligations (Note 26)	159,476	-	159,476
Non-trade payables and accruals (excluding non-financial liabilities) (Note 27)	48,012	-	48,012
Lease liabilities (Note 12)	3,162	3,363	6,525
Borrowings (Note 25)	36,832	33,125	69,957
Total undiscounted financial liabilities	247,482	36,488	283,970

34. Financial risk management objectives and policies (cont'd.)

Liquidity risk (cont'd.)

Analysis of financial liabilities by remaining contractual maturities (cont'd.)

Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
At 31 December 2019			
Financial liabilities			
Settlement obligations (Note 26)	100,715	-	100,715
Non-trade payables and accruals (excluding non-financial liabilities) (Note 27)	10,573	-	10,573
Lease liabilities (Note 12)	3,779	6,508	10,287
Borrowings (Note 25)	32,540	-	32,540
Total undiscounted financial liabilities	147,607	6,508	154,115

Cash flow risk

Cash flow risk is the risk of fluctuation in the amounts of future cash flows associated with monetary financial instruments. Cash flow forecasts are prepared incorporating all major transactions. Any temporary excess funds, as and when available, from operating cash cycles, are invested in short-term placements and fixed deposits with a wide array of licensed financial institutions at the most competitive interest rates obtainable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

34. Financial risk management objectives and policies (cont'd.)

Interest rate risk (cont'd.)

The Group's and the Company's exposure to interest rate risk arises primarily from short-term money market deposits and floating rate borrowings. In respect of interest-bearing financial assets and financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier:

	Effective interest rate per annum %	Less than one year RM'000	Between one and five years RM'000	Total RM'000
Group and Company				
At 31 December 2020				
Financial assets:				
Trust account (Note 22)	1.95 - 3.35	72,448	-	72,448
Financial liabilities:				
Bank overdraft (Note 25)	3.45 - 3.60	34,244	-	34,244
Term loan (Note 25)	3.90	32,113	-	32,113
		66,357	-	66,357
At 31 December 2019				
Financial assets:				
Trust account (Note 22)	2.95 - 3.65	49,255	-	49,255
Financial liabilities:				
Bank overdraft (Note 25)	4.95	15,956	-	15,956
Term loan (Note 25)	6.25	16,100	-	16,100
		32,056	-	32,056

At the reporting date, if interest rates had been 50 basis points (2019: 50 basis points) lower/higher, with all other variables held constant, the Group's and the Company's loss before taxation would have been RM29,000 (2019: RM75,000), higher/lower (2019: higher/lower). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. Financial risk management objectives and policies (cont'd.)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency exchange risk arising from currency exposures primarily to USD, BDT, IDR, INR and SGD. These currency risks are generally not hedged, as such risks may be naturally hedged through the planned course of business and by matching income and expenditure to minimise currency exchange.

Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

	USD RM'000	BDT RM'000	IDR RM'000	INR RM'000	SGD RM'000	Others RM'000	Total RM'000
Group							
At 31 December 2020							
Financial assets in foreign currencies							
Cash and bank balances	25,104	-	3	-	5,842	1,382	32,331
Pre-funding to disbursement partners	23,512	39,784	14,902	9,609	765	30,831	119,403
Financial assets at FVTPL	1,094	-	169	164	800	2,241	4,468
Trade receivables	117	78	580	-	-	302	1,077
Non-trade receivables, deposits and prepayments	4,264	-	-	-	-	-	4,264
Financial liabilities in foreign currencies							
Settlement obligations	(28,234)	-	-	-	(967)	-	(29,201)
Other payables	(174)	-	(11)	-	-	(13)	(198)
Net exposure	25,683	39,862	15,643	9,773	6,440	34,743	132,144

34. Financial risk management objectives and policies (cont'd.)

Foreign currency risk (cont'd.)

Foreign currency risk exposure (cont'd.)

	USD RM'000	BDT RM'000	IDR RM'000	INR RM'000	SGD RM'000	Others RM'000	Total RM'000
Company							
At 31 December 2020							
Financial assets in foreign currencies							
Cash and bank balances	24,930	-	3	-	5,842	1,382	32,157
Pre-funding to disbursement partners	23,512	39,784	14,902	9,609	765	30,831	119,403
Financial assets at FVTPL	1,094	-	169	164	800	2,241	4,468
Trade receivables	113	13	5	-	-	161	292
Non-trade receivables, deposits and prepayments	4,264	-	-	-	-	-	4,264
Financial liabilities in foreign currencies							
Settlement obligations	(28,234)	-	-	-	(967)	-	(29,201)
Other payables	(174)	-	(11)	-	-	(13)	(198)
Net exposure	25,505	39,797	15,068	9,773	6,440	34,602	131,185

34. Financial risk management objectives and policies (cont'd.)

Foreign currency risk (cont'd)

Foreign currency risk exposure (cont'd.)

	USD RM'000	BDT RM'000	IDR RM'000	INR RM'000	SGD RM'000	Others RM'000	Total RM'000
Group and Company							
At 31 December 2019							
Financial assets in foreign currencies							
Cash and bank balances	6,582	-	-	-	3,382	437	10,401
Pre-funding to disbursement partners	5,441	20,119	8,365	5,983	1,711	21,206	62,825
Financial assets at FVTPL	2,759	-	2,445	419	6,567	16,838	29,028
Non-trade receivables, deposits and prepayments	3,547	-	-	-	-	-	3,547
Financial liabilities in foreign currencies							
Settlement obligations	(15,117)	-	-	-	(36)	-	(15,153)
Net exposure	3,212	20,119	10,810	6,402	11,624	38,481	90,648

34. Financial risk management objectives and policies (cont'd.)

Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD, BDT, IDR, INR and SGD exchange rates, with all other variables held constant. The impact on the Group's and the Company's loss before taxation is due to changes in the fair value of monetary assets and liabilities. The Group's and the Company's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit/(loss) before taxation			
	Group		Company	
	2020 Increase/ (Decrease) RM'000	2019 Decrease/ (Increase) RM'000	2020 Increase/ (Decrease) RM'000	2019 Decrease/ (Increase) RM'000
USD				
- strengthen 3% (2019: 3%)	770	96	765	96
- weaken 3% (2019: 3%)	(770)	(96)	(765)	(96)
BDT				
- strengthen 3% (2019: 3%)	1,196	604	1,194	604
- weaken 3% (2019: 3%)	(1,196)	(604)	(1,194)	(604)
IDR				
- strengthen 3% (2019: 3%)	469	324	452	324
- weaken 3% (2019: 3%)	(469)	(324)	(452)	(324)
INR				
- strengthen 3% (2019: 3%)	293	192	293	192
- weaken 3% (2019: 3%)	(293)	(192)	(293)	(192)
SGD				
- strengthen 3% (2019: 3%)	193	349	193	349
- weaken 3% (2019: 3%)	(193)	(349)	(193)	(349)
Others				
- strengthen 3% (2019: 3%)	1,038	1,154	1,038	1,154
- weaken 3% (2019: 3%)	(1,038)	(1,154)	(1,038)	(1,154)

The method used for deriving sensitivity information and significant variables has not changed from the previous year.

35. Fair values

Management assessed that the fair values of trade receivables, non-trade receivables and deposits, cash and short-term funds, settlement obligations, non-trade payables and short-term borrowings approximate their carrying amounts due to the relatively short-term nature of these financial instruments.

The fair value of long-term borrowings has been determined using discounted cash flow techniques. The discount rates used are based on the effective interest rates of the Group's and Company's borrowings as disclosed in Note 34. The fair value of long-term borrowings approximate their carrying amounts as at 31 December 2020 and 31 December 2019.

The fair value measurement for the Group's and the Company's properties of RM2,570,000 (2019: RM2,570,000), has been categorised under Level 3 of the fair value hierarchy.

Description of valuation techniques and the significant unobservable inputs used in the valuation of the properties are as set out below:

	Valuation technique	Significant unobservable input	Range 2020	Range 2019
Commercial building	Market approach - Comparison method	Estimated value per square foot	RM544 - RM551	RM544 - RM551
Shop lots	Market approach - Comparison method	Estimated value per square foot	RM364	RM364

An increase or decrease in the estimated value per square foot in isolation used in the valuation will result in a correspondingly higher or lower fair value of the properties.

35. Fair values (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets carried at fair value:

	Group and Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 31 December 2020				
Assets measured at fair value:				
Financial assets at FVTPL:				
Foreign currencies at FVTPL	4,468	-	-	4,468
Revalued properties:				
Commercial buildings and shop lots	-	-	2,478	2,478

	Group and Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 31 December 2019				
Assets measured at fair value:				
Financial asset at FVTPL:				
Foreign currencies at FVTPL	29,028	-	-	29,028
Revalued properties:				
Commercial buildings and shop lots	-	-	2,552	2,552

The movement from beginning to ending balances for assets carried under Level 3 of the fair value hierarchy of the Group and of the Company in the previous and current financial years is disclosed in Note 10. There were no transfers between Level 1 and Level 2 during the financial years ended 2020 and 2019.

36. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain sufficient capital in order to support their businesses. As at 31 December 2020 and 31 December 2019, the Group and the Company have complied with the following capital requirements:

(i) Money Services Business Act, 2011, minimum capital funds of RM30,000,000 (2019: RM30,000,000) as required by Bank Negara Malaysia; and

(ii) BNM/RH/GL 016-3 *Guideline on Electronic Money (E-Money)*, to maintain at all time, minimum shareholders' funds unimpaired by losses of RM5,000,000 or 8% of the Company's outstanding e-money liabilities, whichever is higher.

The directors monitor capital using a gearing ratio, represented as total debt divided by total equity plus total debt.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowings	66,357	32,056	66,357	32,056
Settlement obligations and non-trade payables and accruals	178,639	110,910	207,521	111,288
Total debt (a)	244,996	142,966	273,878	143,344
Total equity (b)	108,174	106,834	112,794	108,834
Capital and total debt (c) = (a) + (b)	353,170	249,800	386,672	252,178
Gearing ratio (d) = (a)/(c)	0.69	0.57	0.71	0.57

37. Segment information

The following segment information has been prepared in accordance with MFRS 8 *Operating Segments*, which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and assess its performance. The Group's businesses are organised into the following five segments based on the types of products and services that the segment provides:

(a) Money services business

The money services business segment covers remittance business and currency business.

(b) Communication business

The communication business segment covers provision of prepaid services for voice, data, international direct dialling to individual customers and IATS.

(c) Payment business

The payment business comprises the issue of the electronic wallet and multi-currency Visa prepaid card, as well as the merchant acquisition business.

(d) Technology solutions business

The technology solutions business comprises system development and providing solutions to customers.

(e) Other businesses

The other businesses include selling of mobile coupons and marketing services on remittance business.

37. Segment information (cont'd.)

Group 2020	Money services business RM'000	Communi-cation business RM'000	Payment business RM'000	Technology solutions business RM'000	Others businesses RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Revenue	153,922	27,566	4,412	6,228	79	192,207	(5,232)	186,975
Cost of sales	(30,304)	(24,707)	(3,265)	(3,001)	(42)	(61,319)	3,002	(58,317)
Gross profit	123,618	2,859	1,147	3,227	37	130,888	(2,230)	128,658
Other income	744	-	485	10	-	1,239	-	1,239
Other operating expenses	(91,154)	(5,515)	(19,787)	(2,673)	(723)	(119,852)	1,439	(118,413)
Finance costs	(2,205)	-	(2)	(44)	-	(2,251)	-	(2,251)
	31,003	(2,656)	(18,157)	520	(686)	10,024	(791)	9,233
Loss on disposal of subsidiary								(3,096)
Share of net loss of associate								(560)
Profit before taxation								5,577
Taxation								(3,668)
Net profit for the year								1,909
Other disclosures								
Depreciation of property and equipment	3,622	652	228	130	7	4,639	-	4,639
Amortisation of intangible assets	2,816	287	777	12	28	3,920	(135)	3,785
Depreciation of right-of-use assets	3,163	-	28	216	-	3,407	-	3,407

Reconciliation of profit before taxation (before share of net loss of associate)

Segment profit	10,024
Eliminations	
Inter-segment sales elimination from subsidiaries	(5,232)
Inter-segment purchases elimination from subsidiaries	3,002
Inter-segment management fee expense charged to subsidiaries	180
Inter-segment profit elimination	1,153
	9,127

37. Segment information (cont'd.)

Group 2020	Money services business RM'000	Communi-cation business RM'000	Payment business RM'000	Technology solutions business RM'000	Others businesses RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Segment assets								
Property and equipment	12,399	3,826	713	551	11	17,500	-	17,500
Intangible assets	8,230	2,234	5,708	39	181	16,392	(1,647)	14,745
Inventories	-	1,283	163	7	-	1,453	-	1,453
Trade receivables	4,944	2,472	512	496	-	8,424	(3,020)	5,404
Financial assets at fair value through profit or loss	4,468	-	-	-	-	4,468	-	4,468
Unallocated assets						393,236	(73,753)	319,483
Total assets						441,473	(78,420)	363,053
Segment liabilities								
Settlement obligations	89,516	109	71,719	-	-	161,344	(1,181)	160,163
Unallocated liabilities						127,929	(33,213)	94,716
Total liabilities						289,273	(34,394)	254,879

37. Segment information (cont'd.)

Group 2019	Money services business RM'000	Communi-cation business RM'000	Payment business RM'000	Technology solutions business RM'000	Others businesses RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Revenue	138,076	19,955	3,348	5,628	5,889	172,896	(10,265)	162,631
Cost of sales	(34,415)	(16,714)	(2,556)	(3,416)	(30)	(57,131)	8,538	(48,593)
Gross profit	103,661	3,241	792	2,212	5,859	115,765	(1,727)	114,038
Other income	1,941	10	46	2	(5)	1,994	(316)	1,678
Other operating expenses	(99,543)	(5,977)	(11,885)	(3,060)	(3,710)	(124,175)	1,404	(122,771)
Finance costs	(2,662)	-	-	(71)	-	(2,733)	-	(2,733)
	3,397	(2,726)	(11,047)	(917)	2,144	(9,149)	(639)	(9,788)
Share of net loss of associates								(2,021)
Loss before taxation								(11,809)
Taxation								1,469
Net loss for the year								(10,340)
Other disclosures								
Depreciation of property and equipment	3,480	887	224	121	14	4,726	-	4,726
Amortisation of intangible assets	1,456	277	477	9	6	2,225	(29)	2,196
Depreciation of right-of-use assets	3,219	-	-	228	-	3,447	-	3,447

Reconciliation of loss before taxation (before share of net loss of associate)

Segment loss	(9,149)
Eliminations	
Inter-segment sales elimination from subsidiaries	(10,265)
Inter-segment purchases elimination from subsidiaries	8,538
Inter-segment management fee income charged to subsidiaries	(316)
Inter-segment management fee expense charged to subsidiaries	315
Inter-segment profit elimination	1,089
	(9,788)

37. Segment information (cont'd.)

Group 2019	Money services business RM'000	Communi-cation business RM'000	Payment business RM'000	Technology solutions business RM'000	Others businesses RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Segment assets								
Property and equipment	11,312	4,842	1,148	670	60	18,032	4	18,036
Intangible assets	4,666	1,809	4,940	45	113	11,573	(616)	10,957
Inventories	-	1,160	191	9	2	1,362	-	1,362
Trade receivables	342	1,064	-	894	293	2,593	(277)	2,316
Financial assets at fair value through profit or loss	29,028	-	-	-	-	29,028	-	29,028
Unallocated assets						211,070	(9,387)	201,683
Total assets						273,658	(10,276)	263,382
Segment liabilities								
Settlement obligations	52,420	57	48,016	-	-	100,493	-	100,493
Unallocated liabilities						57,871	(1,766)	56,105
Total liabilities						158,364	(1,766)	156,598

38. Significant events

(i) Non-settlement of a trade transaction for Currency Business

On 25 February 2018, one of the Company's currency business trading counterparties, a licensed money changer ("LMC"), had not settled outstanding trade transactions amounting to RM8,334,820. The Company had provided allowance for ECL on the total outstanding amount as at 31 December 2018.

On 4 July 2019, the High Court delivered judgement in the Company's favour for RM1,684,000. The Company has appealed for the remaining of RM6,650,000 which is fixed for Case Management on 14 April 2021. The Company has commenced the winding up proceedings to recover the RM1,684,000 whereby the High Court has granted Winding-Up Order against the LMC. As against the LMC's guarantor, in order to recover the RM1,684,000, the Company has commenced Prohibitory Order proceedings.

(ii) Business acquisition and disposal of shares in Jetixa

On 16 March 2020, the Company completed the acquisition of the remaining 40% of the International Money Transfer Operator Business for a purchase consideration of USD1,943,000 (RM8,183,000). Under the same agreement, the Company sold 60% of its shareholding stake in Jetixa for a cash consideration of AED65,000. The upfront cash outflow of the RM8,183,000 is accounted for as contract cost and will be amortised over a period of 9 years.

(iii) Acquisition of additional shareholding interest in Kliq

On 6 August 2020, the Company completed the acquisition of an additional 1,050,000 ordinary shares in Kliq Pte. Ltd. ("Kliq") for a purchase consideration of SGD576,471 (RM1,768,000) settled in cash. Subsequent to the acquisition, the Company's investment in Kliq increased to 70% resulting in a reclassification of the investment from that of an associate to a subsidiary. The details of the acquisition is disclosed in Note 30(b).

(iv) Acquisition of Valyou and transfer of remittance and payment business from Valyou to the Company

On 18 September 2020, the Company completed the acquisition of a 100% equity interest in Valyou Sdn. Bhd. from Telenor South East Asia Investment Ptd Ltd for a purchase consideration of RM40,142,000 partly settled in cash and partly utilising a term loan. Subsequent to the completion, Valyou became a 100% owned subsidiary of the Company.

38. Significant events (cont'd.)

(iv) Acquisition of Valyou and transfer of remittance and payment business from Valyou to the Company (cont'd.)

Beginning 1 November 2020, the Company had progressively transferred the business, operations and net assets from Valyou. The exercise was completed on 31 December 2020. The Business Transfer is part of the compliance requirements to obtain Bank Negara Malaysia's approval for the above mentioned acquisition exercise. The Business Transfer involved the acquisition of assets and liabilities of Valyou as a going concern business. The acquisition price payable to Valyou for the transfer of business, operations and related net assets was RM32,572,000 based on the book value of the net assets transferred. The details of the acquisition and transfer of business are disclosed in Note 30(a) and (c).

(v) Outbreak of Coronavirus disease ("COVID-19") pandemic

Since the outbreak of the COVID-19 pandemic as announced by the World Health Organisation in March 2020 which has caused economy uncertainties and travel bans globally across countries. The Group and the Company regularly monitor the development of COVID-19. Appropriate measures have been taken to manage the impact of the Group's and the Company's financial performance to ensure liquidity and operations and going concern. The directors are of the opinion that there were no other matters that will have impact to carrying value of the Group's and the Company's asset and liabilities as at 31 December 2020. The Group and Company expect to remain resilient throughout this period of uncertainty, maintaining adequate capital as required by Bank Negara Malaysia.