

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Gabungan Komputer Nasional Malaysia will be held at the **MNCC Office, Unit 916, 9th Floor, Block A, Damansara Intan, No. 1 Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 29 June 2017 at 6.30 p.m.**

AGENDA

1. To receive and, if approved, to adopt the Annual Report of the Council for the year ended December 31, 2016.
2. To receive and, if approved, to adopt the Audited Financial Statements for the year ended December 31, 2016.
3. To receive and approve the estimates of Income and Expenditure and the programme of activities for the year 2017.
4. To elect six (6) members to the Council.

Pursuant to Article 32, the following members have been nominated for election to the Council.

- (1) Kunaseelan a/l Rajaretnam
- (2) Yap Yoke Wan
- (3) Charles Franklin Moreira
- (4) Dr. Teh Ying Wah
- (5)
- (6)

5. To re-appoint RSM Malaysia as Auditors.
6. To transact any other business of which due notice shall have been given.

By order of the Council

Rebecca Ho
Secretary

Petaling Jaya
15 June 2017

NOTE:

Pursuant to Section 149 of the Companies Act 1965, a member entitled to attend and vote at the meeting is entitled to appoint another person or persons (whether member or not) as his proxy to attend and vote instead of the member. The instrument appointing the proxy must be deposited at the Registered Office of the Gabungan at Unit 916, 9th Floor, Block A Damansara Intan, No. 1 Jalan SS 20/27, 47400 Petaling Jaya not less than 24 hours before the time set for holding the meeting.

OBJECTIVES OF THE GABUNGAN

The principal objectives of the Gabungan as set out in the Memorandum and Articles of Association of the Gabungan are :

- To establish and maintain a national organisation for persons concerned with and interested in the application and practice of Information Technology, Computer Science, Information Processing and related disciplines.
- To promote and develop the science of Information Technology and to foster and maintain research and development into the best means and methods of developing and applying such science and to encourage, disseminate and promote knowledge, education and training and the exchange of information and ideas in respect of all questions relating thereto or connected therewith.
- To provide means for considering questions affecting the interests of the computing profession and take whatever action that may seem desirable in relation to legislative or other measures affecting the profession.
- To extend as widely as possible the knowledge and appreciation of Information Technology, Information Processing Systems, computer-based control systems and theory related thereto.

OUR ORGANISATION

The Gabungan Komputer Nasional Malaysia [Malaysian National Computer Confederation (MNCC)] is the professional association for those involved in the field of Information Technology.

OUR VISION

MNCC is a confederation dedicated to the development of IT professionals and creation of an information rich society.

OUR MISSION

MNCC's mission is to achieve global competitive advantage through IT Professional Excellence.

COUNCIL 2016/2017*Year Joined
Council***President**

Prof. Dr. Ahmad Zaki A Bakar 2012

Vice PresidentHasannudin Saidin 2008 (*Retired on 19 December 2016*)Prof. Datuk Dr. Khairuddin Ab Hamid 2016 (*Appointed on 25 February 2017*)**Members**Dato' Dr. Raja Malik Raja Mohmaed 1998 (*Retired on 2 June 2016*)

Lee Nan Phin 2002

R Kunaseelan 2011

Charles Franklin Moreira @ Charlee 2014

Yap Yoke Wan 2014

Dr. Teh Ying Wah 2015

Prof. Datuk Dr. Khairuddin Ab Hamid 2016 (*Appointed on 2 June 2016*)Dr. Wong Kim Hoe 2016 (*Appointed on 2 June 2016*)

Number of meetings = 3

MANAGEMENT COMMITTEE 2016/2017**Chairman**

Prof. Dr. Ahmad Zaki A Bakar - President

MembersHasannudin Saidin - Vice President (*Retired on 19 December 2016*)Prof. Datuk Dr. Khairuddin Ab Hamid 2016 (*Appointed on 25 February 2017*)

R. Kunaseelan - Council Member

Lee Nan Phin - Council Member

Yap Yoke Wan - Council Member

- Number of meetings = 5

Executive Director

Syed Mohamed Syed Hussin

Secretary

Rebecca Ho

Registered OfficeUnit 916, 9th Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27, 47400 Petaling Jaya**Regional Office**

- Penang Regional Centre, P O Box 673, 10780 Pulau Pinang

- Johore/Melaka Regional Centre,

122, Jalan Susur Perdana Tengah, Taman Bukit Perdana 2, 83000 Batu Pahat, Johor.

Auditors

RSM Malaysia

5th Floor, Penthouse, Wisma RKT, Block A, No. 2, Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur

COMMITTEES 2016/2017

| | |
|--|--|
| <p>Membership Approval Prof. Dr. Ahmad Zaki A Bakar (<i>Chairman</i>) – Hasannudin Saidin (<i>Retired 19 December 2016</i>) R Kunaseelan Syed Mohamed Syed Hussin</p> <p>Membership Promotion Hasannudin Saidin (<i>Chairman</i>) (<i>Retired 19 December 2016</i>) Syed Mohamed Syed Hussin</p> <p>Professional Development R Kunaseelan (<i>Chairman</i>) Syed Mohamed Syed Hussin</p> <p>Web Development/Publications Yap Yoke Wan (<i>Chairman</i>) Syed Mohamed Syed Hussin</p> <p>Special Interest Groups (SIG)</p> <p>Cloud Computing SIG Hasannudin Saidin (<i>Chairman</i>) (<i>Retired 19 December 2016</i>)</p> <p>Information Security SIG To be appointed</p> | <p>Penang Regional Centre (<i>Regional Committee</i>)</p> <p>S Krishnan (<i>Chairman</i>) Surya Dharamdass (<i>Vice-Chairman</i>) Lim Chin Tian (<i>Honorary Secretary</i>) Lee Choon Hong (<i>Honorary Treasurer</i>) Prof. Dr. Zulkhairi Dahalin Yeoh Guan Gim Tan Kwang Eu Anbuselvan a/l Sangodiah</p> <p>Johore/Melaka Regional Centre (JOMERC) (<i>Regional Committee</i>)</p> <p>Ng Poh Horng (<i>Chairman</i>) How Munn Po (<i>Vice-Chairman</i>) Bridget Lim (<i>Honorary Secretary</i>) Cheng Hui Siang (<i>Honorary Treasurer</i>) Irvine Hing Lim Ai Zhi Sally Sim Wallace Lim</p> |
|--|--|

PRESIDENT'S STATEMENT 2017

Any organization in the world including civilizations is believed to have an organizational life cycle whereby an organization goes through a cycle comprising of five phases starting from birth, growth, maturity, decline, and revival. The Malaysian Computer Society (MCS) was formed on 22nd March 1968 at Universiti Malaya. The first MCS regional center for the northern region was formed on 4th December 1986 in Universiti Sains Malaysia. MCS was changed to *Gabungan Komputer Nasional Malaysia* or the Malaysian National Computer Confederation (MNCC) and registered under the 1965 Companies Act as a company limited by guarantee on 12 September 1988 by the Malaysian Ministry of Trade and Industry.

We are now in the middle of 2017, and next year, MNCC or MCS will celebrate its 50th anniversary. So, at what stage is MNCC in the organizational cycle? Many believed that we are at the maturity phase. If nothing much is done, we will be in dire straits financially and MNCC will have to go through a process of winding up. The Council with the support of many concerned members has tried to revive MNCC through various strategies. I am happy to report, things are getting better especially when we should be getting our share of the National IT Trust funds soon. Next year, 2018, if things worked out well we should be able to breathe for a while.

Our long efforts to help the Ministry of Communication and Multimedia (KKKM) form the Board of Computing Professionals Malaysia (BCPM) through an act of Parliament has shown much progress. The budget to establish BCPM has been sought from the the Economic Planning Unit. In the meetings chaired by KKMM, MNCC has also been given the role to officially represent Malaysia to explore with the Seoul Accord Secretariat the possibility to become a signatory. A skills-based framework project at the Asia-Pacific Economic Cooperation (APEC) has also been initiated at the SEARCC level in the last meeting in Beijing on 14 April 2017. If this framework is approved and implemented, MNCC will have the rights to provide ICT training for APEC. This will be a money earner for MNCC.

Similar to previous years, MNCC continued its efforts to work with many local and international partners, especially with SEARCC. This year, New Zealand rejoins SEARCC during the SEARCC Executive Council meeting in Beijing. More countries are expected to join SEARCC in the coming years. This year, the SEARCC Conference will be held on the 14th to 15th September 2017 in Colombo, Sri Lanka. In 2018, the Indian Computer Society

will host the SEARCC Conference in Rajasthan, India. Depending on our condition, Malaysia can offer to host the SEARCC Conference in 2019 or 2020.

Locally, MNCC continues to fulfill its public advocacy's role by contributing and being members of various committees at national and international levels as well as organizing seminars. This year, we jointly organized with University Malaysia of Computer Science and Engineering (UniMy) the ICT Practitioner: Legal Issues And Professional Conduct (with Case Studies) Seminar at the Everly Hotel, Putrajaya on 28 February 2017. The event was a success and reiterated the need for a professional body for the field of ICT. We now have closer ties with MAMPU and plans to organize more similar events that can elevate ICT Practitioners.

As you know, although having a company status, MNCC is still a volunteer organization and the Council members are not paid but actually contribute their time, effort and resources to sustain MNCC activities with the help of a skeletal staff led by our Executive Director. I am grateful to all Council members for their contribution and sacrifices. We still need more volunteers. Recently SIRIM has requested MNCC to join many standards committees. I hope our members can support these national initiatives by representing MNCC at the various working committees. We still need all the help we can get and you can certainly help. So please continue to step forward and join our ranks to contribute to the nation.

Thank you.

FINANCIAL RESULTS

The income for the year ending December 31, 2016 was RM 16,003 a decrease of RM 66,034 over the previous year. 2016 recorded an operating deficit of RM 84,825 due to the absence of fund raising activities.

MEMBERSHIP

There were 5 new admissions and 2 resignations and 49 members deleted for non-paying subscriptions during the year. As at 31st December 2016 the Gabungan has a total number of 199 members.

| Grade | 2016 | 2015 |
|-----------------------|------|------|
| Fellow | 1 | 2 |
| Member | 114 | 147 |
| Life Member | 48 | 45 |
| Associate | 26 | 35 |
| Provisional Associate | 4 | 8 |
| Affiliate | 3 | 3 |
| Student | 3 | 4 |
| | 199 | 244 |

MEMBERSHIP PROMOTION

MNCC membership has been on a steady decline over the recent past. Among the main reasons are lack of interest among ICT practitioners, failure to pay up annual subscription for more than two consecutive years and the disruptive impact of technology whereby large organisations nowadays do not need to have a big pool of in-house ICT professional. In the past most of MNCC members had come from this category.

Several steps have been initiated to increase membership. These include offering free membership in a promotion period to those who are still interested to remain as members but are hesitant to pay the subscription arrears. Here, the registration fee and subscription for first year will be waived. MNCC is also working on a mechanism to promote the establishment of MNCC Student Chapters in local universities. The plan to offer free Student Membership to members of Student Chapters.

MNCC will assist students in organizing ICT events including talks on technology trends and careers. Another approach under consideration is to explore the feasibility of automatic Provisional Membership for academics and new graduates from local universities. MNCC realises it is high time to review its activities and make them relevant to today's situation. Many ICT practitioners nowadays work for vendor organisations of various kinds and a new approach is needed to get them interested to join MNCC.

ICT EXCELLENCE AWARDS

We are still committed to hold this activity. The main hurdle is getting sponsorship from suitable organisations. We have not been successful in getting one this year.

WEBSITE DEVELOPMENT

The proposed new website has been circulated to the Council members for comments. It has been accepted and the implementation strategy is being worked out.

CLOUD COMPUTING SIG

The Cloud Computing Special interest Group mooted earlier has not been formed. MNCC observed and followed the development of Cloud Computing in Malaysia and for now decided not to proceed establishing the SIG.

INFORMATION SECURITY SIG

The SIG group of information security did not organise any activities due to the unavailability of qualified speakers from the industry as well as academic world. On top of that we also failed to get the sufficient number of participants for the activities.

CONFERENCES, SEMINARS AND EXHIBITIONS

IT GOVERNANCE CONFERENCE 2016

2016 saw a departure from the normal practice. ISACA has decided to end the partnership where the working capital and income are shared on a 50/50 basis and went on their own. Instead they offered MNCC a marketing plan offering us a 30% income from every registrant we brought in. The Council has decided not to accept the offer after careful consideration as the number of registrants who normally are made up of government's staff will be affected due to the government's austerity drive.

WORKSHOPS

We managed to organized three workshop in the last session on our own and as co-organisers with others. They are as follow:

ADAPTIVE PROJECT DELIVERY MASTERCLASS

This workshop was held from 19-20 April 2016 at Menara PKNS, Petaling Jaya together with MSCPMP Circle. The facilitator was our own Councilor Mr. Lee Nan Phin.

Due to the government's austerity drive we managed only to get 3 participants bringing in an income of RM 1,725 after sharing with our partner.

ADAPTIVE PROJECT DELIVERY STRATEGY 2.0

This is a follow up of the earlier workshop in April. It is a more intensive workshop covering 3 days. It was held from 24-26 October in Holiday Villa Subang Jaya. Mr. Lee Nan Phin facilitated the workshop. We did not manage to get any participant hence based on the agreement we did not get any income. However we incurred no losses as our partner covered the workshop costs.

ICT PRACTITIONER – LEGAL ISSUES AND PROFESSIONAL CONDUCT SEMINAR

The seminar was coorganised with UniMy. It was held on 28th February 2017 at The Everly Hotel Putrajaya. We had 80 participants with about half of them invited guests. We did not get any income nor incur any losses. We hope the seminar would be a precursor to a periodic workshop on professional conduct which should be an income generating activity.

EVENING TALKS

We have not managed to have evening talks. Some ideas were mooted during the Council Meetings but we fall short in implementing it due to business commitments of those entrusted to carry it out.

REGIONAL CENTRES PENANG REGIONAL CENTRE

PERC-MNCC Committee Meetings and Attendance

A total of 6 meetings have been held thus far during the period June 2016 to May 2017. Another committee meeting has been scheduled for 3rd June 2017 making it a total of 7 meetings. Meetings are usually held on Saturday afternoons (from 2.15 pm) at the Kompleks Masyarakat Penyayang (KMP), Jalan Utama since March 2011. However, of late some committee meetings/discussions are held in other locations as well for cost saving measures.

State Relations - Penang Human Resource Development Council

PERC Chairman continues to be represented in the Penang State Human Resources Development Council (Majlis Pembangunan Sumber Manusia). PERC has been represented since 1991/1992. Chairman attended the meetings of the Penang State Human Resource Development Council on 10th December 2015 (Meeting No. 3 of 2015); 29th February 2016 (Meeting No. 1 of 2016); 29th March 2016 (Meeting No. 2 of 2016). Chairman and Hon. Secretary attended a HR Forum in November 2015.

PERC-MNCC ACTIVITIES FOR JUNE 2016 – JUNE 2017

Between the period June 2016 to June 2017, PERC implemented the following activities in line with objectives set out in the MNCC Regional Centre By Laws:

27th AGM of PERC-MNCC

The 27th AGM was held on 11th June, 2016 with 12 members attending, 2 more than the required quorum. Mr Krishnan a/l Somasundram, chaired the meeting which began at 1515 hrs as provided in Clause 22 of the Regional Centre By Laws. PERC is unclear about subscription payment status of members in view of uncertainty in the list received from MNCC HQ and all members present were advised to ensure that their subscriptions are not in arrears.

Workshop on R Programming For Data Science With UUM Cooperation

PERC-MNCC with the cooperation of UUM lecturers successfully organised a 2-day workshop entitled, “R PROGRAMMING FOR DATA SCIENCE” on 2nd & 3rd May 2017 at the G Hotel Kelawai, Pesiaran Gurney, Penang. PERC-MNCC had the pleasure of the cooperation from Prof Dr Zulkhairi Md Dahalin and Dr Azman Ta’a of UUM to conduct the workshop. A total of 19 participants from Government agencies, MNCs and companies signed up for the event. Certificates of Attendance were handed out to participants at the end of the workshop. PERC-MNCC records its appreciation to Prof Dr Zulkhairi Md Dahalin and Dr Azman Ta’a and committee members for their services.

Proposed Seminars

There are 2 proposed seminars in the works that may be implemented in the latter part of the year:

- (i) Proposed joint seminar with Sangfor Technologies, an innovative vendor for application security, optimisation, internet access management solutions in Asia. A Proposal Paper has been submitted. Incoming committee will follow up.
- (ii) Proposed joint seminar with MIMOS Berhad on its innovations, applications & services for MNCC members and IT professionals in the northern region. Initial discussions with MIMOS’s HR Director in Kulim have been held. The event was supposed to have been held earlier but was postponed because of the workshop.

Professional Visit to MNCs

The Penang Regional Centre Of The Malaysian National Computer Confederation (PERC-MNCC) organizes professional visits to MNCs and other institutions of IT interest from time to time. Since the professional visits to Silterra Malaysia Sdn Bhd in Kulim Hi-Tech Park on 21st April 2016 and to Robert Bosch Malaysia Sdn Bhd in Bayan Lepas FIZ on 5th May 2016, there has been no recent visits due to several reasons. The following MNCs have been approached for professional visits, however, they have not materialized yet:

- (i) Intel Data Centre
- (ii) National Instruments
- (iii) Motorola
- (iv) OE Design (OE)
- (v) Seagate
- (vi) Panasonic
- (vii) First Solar

The incoming committee will pursue with the relevant MNCs to renegotiate new dates for the visits.

State Relations - Penang Human Resource Development Council

PERC Chairman continues to be represented in the MMK Penang State Human Resources Development Council. PERC has been represented since 1991/1992. Chairman attended the meetings of the Penang State Human Resource Development Council on 29th February 2016 (Meeting No. 1 of 2016); 29th June 2016 (Meeting No. 2 of 2016); 13th December 2016 (Meeting No. 3 of 2016). In 2017, Chairman attended Meeting No. 1 of 2017 in March 2017.

PERC Bits

PERC Bits is an online newsletter of PERC-MNCC sent to members to keep them updated of forthcoming events and reports of activities implemented and a forum for member interaction.

PERC Website Design for PERC-MNCC

This project had been outstanding since Inti University College did not honour its promise of handing over the work that was done by its students 2-3 years ago.

A request was received from Mr Khor Ee Keat, a lecturer from Disted College Penang in early August 2016 to work with PERC-MNCC on student project. The project involved two Creative Multimedia Production Diploma students tasked to design and produce a multimedia website. They were invited to PERC's Meeting No. 1 of 2016-2017 on 27th August 2016 to discuss their proposal in brief. It was agreed that PERC will provide the opportunity to the students to work on a website for PERC-MNCC. Chairman supplied the students with the background information and activities of PERC-MNCC.

The students submitted an initial proposal of the webpage design on 6th September 2016 and the outline and format were presented to committee members during PERC Committee Meeting No. 2 of 2016-2017 on 10th September 2016 and it was accepted.

The students handed over the soft copy in a CD of the completed design to PERC-MNCC on 21st December 2016 at the Disted College premises in the lecturer's presence. A final presentation was given by the students on 14th January 2017 before PERC Committee Meeting No. 5 of 2016-2017. Certificates of Appreciation and mementos were handed out to the students and Disted College Penang through its lecturer Mr Khor Ee Keat. PERC-MNCC records its appreciation to Disted College, the students, Mr Luke Rohan and Mr Kenny Lau, their lecturer Mr Khor Ee Keat and PERC website team members for the successful completion of the project. Details of how to maintain the website are still in discussion.

PERC Blog

PERC continues to maintain its own Blog at this link: <http://perc-mncc.blogspot.com/>. This is a useful means of communication between members and others in IT fraternity.

JOHORE/MELAKA REGIONAL CENTER (JOMERC)

JOMERC managed to organise the following activities for the 2016 session:

Big Data/NAS Seminar

JOMERC organized a Big Data + NAS seminar in May 2016. Invited speakers from Seagate and Synology was sharing the future outlook of storage demand in the market

Talk/Demonstration on Internet of Things

JOMERC invited the Corporate advisor of ABS International Group, Datuk Dr Jimmy Lim, in August 2016 to share with the members about the concept of Internet Of Things (IoT) and the application of IoT in Smart-home, industrial, poultry and agricultural automation. Datuk Dr Jimmy Lim's technical team members was also demonstrating the Z-Wave technology to connect different objects (such as light switches, door sensors and etc) with a Smartec Z-Wave Controller and managed those devices with a Mobile Application to achieve the purpose of smart-home.

Hand-out of IoT can be obtained from cmlim@absintgroup.com

Talk on Tencent Enterprise Cloud Mail/Wechat

Ms YY Chen of 8487 Shenzhen gave a talk about Tencent Enterprise Cloud Mail and using Wechat as a development platform for mobile business applications.in October 2016

NATIONAL RELATIONS

The Gabungan continues to maintain close liaison with the Government and participated actively in the dialogues and meetings held by Government departments and agencies on matters related to Information Technology.

Gabungan representatives served in the following committees:

- Jawatankuasa Pengiktirafan Kepakaran ICT Sektor Awam (JPA)
- Panel Mengenai Industri Perisian Komputer, Kementerian Perdagangan Antarabangsa dan Industri (MITI)
- Technical Working Group on ICT R & D and Human Resource for the 11th Malaysia Plan.
- NPC Consultative Panel on Information Technology
- Training Committee for Industry and Service Sector – Information Communication Technology Cluster (ICT) under Pembangunan Sumber Manusia Berhad (PSMB) of the Ministry of Human Resource
- Jawatankuasa Standards Industri bagi Teknologi Maklumat Telekomunikasi dan Multimedia - SIRIM
- SIRIM Standards Technical Committee in Identification Cards and Related Devices – TC6
- SIRIM's Standard Technical Committee on Software Engineering

- SIRIM's Technical Committee 'Information Security Standards'

INTERNATIONAL RELATIONS

INTERNATIONAL FEDERATION FOR INFORMATION PROCESSING (IFIP)

Our affiliation with IFIP will be done through SEARCC thus we still can participate in its activities as SEARCC is a member of IFIP as we are no longer a direct member.

SOUTH EAST ASIA REGIONAL COMPUTER CONFEDERATION (SEARCC)

We remained active in SEARCC by attending all the Exco Meetings as follows:

- 24 April 2016 in Hong Kong
- 30th November 2016 in Sydney together with SEARCC Conference.
- 14th May 2017 in Beijing

It is noteworthy that all expenses were borne by Prof. Zaki himself as our financial standing is really weak.

The ICT Awards was also held in conjunction with SEARCC Conference in Sydney. Prof. Datuk Khairuddin/Prof Naomi were shortlisted finalists in their respective field of IT Educator/IT Researcher

AUSTRALIAN COMPUTER SOCIETY (ACS)

The Gabungan continues to maintain reciprocal relations with the Australian Computer Society.

SINGAPORE COMPUTER SOCIETY

The Gabungan continues to maintain reciprocal relations with the Singapore Computer Society.

ACKNOWLEDGEMENT

On behalf of the Council, let me express my gratitude to the various government agencies, especially KKMM, MOSTI, MAMPU, MIMOS, EPU and other organizations for their continued support and cooperation. Our heartfelt appreciation are also due to members of the various committees for their numerous contributions and last but not least to the Gabungan's Secretariat that functions as the nerve center for MNCC to continue to be relevant and being able to contribute in IT development for the benefit of its members in particular and to the country in general.

Prof. Dr. Ahmad Zaki A Bakar
President

GABUNGAN KOMPUTER NASIONAL MALAYSIA (175039-M)
(A Company Limited by Guarantee)
(Incorporated in Malaysia)

REPORT OF THE COUNCIL FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

The Council hereby submits their Annual Report and the Audited Financial Statements of the Gabungan for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Gabungan is to promote the interests of the Information Technology profession.

There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

| | RM |
|---|----------|
| Operating deficit for the financial year | (84,825) |
| Add : Accumulated fund brought forward from the previous year | 115,098 |
| | ----- |
| Accumulated fund carried forward to next financial year | 30,273 |
| | ===== |

DIVIDENDS

In accordance with the Memorandum of Association of the Gabungan, no dividends are payable to members of the Gabungan.

RESERVES AND PROVISIONS

The Gabungan does not have any reserve account.

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

BAD AND DOUBTFUL DEBTS

Before the statement of income and expenditure and the statement of financial position of the Gabungan were made out, the Council took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and had satisfied themselves that all known bad debts had been written off.

At the date of this report, the Council is not aware of any circumstances which would render the amount written off for bad debts inadequate to any substantial extent.

CURRENT ASSETS

Before the statement of income and expenditure and the statement of financial position of the Gabungan were made out, the Council took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of activities including their value as shown in the accounting records of the Gabungan have been written down to an amount which they might be expected so to realise.

At the date of this report, the Council is not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Gabungan misleading.

VALUATION METHODS

At the date of this report, the Council is not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Gabungan misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Gabungan that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Gabungan which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Council is not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Gabungan, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operation of the Gabungan for the financial year were not, in the opinion of the Council substantially affected by any item, transaction or event of a material and unusual nature. In the interval between the end of the financial year and the date of this report there has not arisen any transaction or event of a material and unusual nature likely, in the opinion of the Council members, to affect substantially the results of the operations of the Gabungan for the financial year in which this report is made.

COUNCIL

The members who served in the Council since the date of the last report are :-

| | |
|---------------------------------------|---|
| Prof. Dr. Ahmad Zaki bin A Bakar | (Retired and Re-appointed on 2 June 2016) |
| Hasannudin Saidin | (Retired and Re-appointed on 2 June 2016) |
| Lee Nan Phin | (Retired and Re-appointed on 2 June 2016) |
| Kunaseelan a/l Rajaretnam | |
| Charles Franklin Moreira | |
| Yap Yoke Wan | |
| Dr Teh Ying Wah | |
| Dr. Wong Kim Hoe | (Appointed on 2 June 2016) |
| Prof. Datuk Dr. Khairuddin Ab Hamid | (Appointed on 2 June 2016) |
| Dato' Dr. Raja Malik Bin Raja Mohamed | (Retired on 2 June 2016) |

In accordance with the Articles of Association of the Gabungan, the following Council members retire at the Annual General Meeting and they are eligible for re-election.

Kunaseelan a/l Rajaretnam
Charles Franklin Moreira
Yap Yoke Wan
Dr Teh Ying Wah

MANAGEMENT COMMITTEE

The members of the Council who served in the Management Committee since the date of the last report are :

| | |
|-------------------------------------|---------------------------------|
| Prof. Dr. Ahmad Zaki bin A Bakar | |
| Hasannudin Saidin | (Retired 19 December 2016) |
| Prof. Datuk Dr. Khairuddin Ab Hamid | (Appointed on 25 February 2017) |
| Kunaseelan a/l Rajaretnam | |
| Lee Nan Phin | |
| Yap Yoke Wan | |

COUNCIL MEMBERS' INTERESTS AND BENEFITS

The Gabungan is a company limited by guarantee and has no shares in which Council members could have an interest. Similarly, the Gabungan has not issued any debentures.

Since the end of the previous financial year, no member of the Council had been given any remuneration or other benefit in money or money's worth except for reimbursements of travelling and subsistence allowances incurred when acting in his official capacity for and on behalf of the Gabungan.

No member of the Council of the Gabungan has received or become entitled to receive any benefit by reason of a contract made by the Gabungan with the Council member or with a firm of which the Council member is a member, or with a company in which the Council member has a substantial financial interest.

Neither during nor at the end of the financial year, the Gabungan was not a party to any arrangements whose object is to enable the Council members to acquire benefits by means of the acquisition of shares or the debentures of any body corporate.

AUDITORS

The retiring auditors, Messrs RSM Malaysia have expressed their willingness to accept re-appointment.

On behalf of the Council

PROF. DR AHMAD ZAKI BIN A BAKAR

President

PROF. DATUK DR. KHAIRUDDIN AB HAMID

Vice President

Kuala Lumpur

24 May, 2017

GABUNGAN KOMPUTER NASIONAL MALAYSIA
(A Company Limited by Guarantee)
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31ST DECEMBER 2016

| | Note | 2016 RM | 2015 RM |
|---|------|---------------|----------------|
| PROPERTY, PLANT AND EQUIPMENT | 6 | 896 | 1,604 |
| CURRENT ASSETS | | | |
| Subscription in arrears | | 6,114 | 10,852 |
| Other receivables, deposits and prepayments | 7 | 4,405 | 5,133 |
| Fixed deposits with a licensed bank | | - | 38,751 |
| Cash and bank balances | | 24,628 | 63,081 |
| | | 35,147 | 117,817 |
| TOTAL ASSETS | | <u>36,043</u> | <u>119,421</u> |
| EQUITY | | | |
| Accumulated Fund | 8 | 30,273 | 115,098 |
| TOTAL EQUITY | | 30,273 | 115,098 |
| CURRENT LIABILITIES | | | |
| Subscription in advance | | 70 | 60 |
| Accruals | | 5,700 | 4,263 |
| TOTAL LIABILITIES | | <u>5,770</u> | <u>4,323</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>36,043</u> | <u>119,421</u> |

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

GABUNGAN KOMPUTER NASIONAL MALAYSIA
(A Company Limited by Guarantee)
(Incorporated in Malaysia)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2016

| | Note | 2016 RM | 2015 RM |
|---|------|------------|------------|
| INCOME | | | |
| Conference and seminars | 9 | 2,210 | 68,096 |
| Entrance fees | | 250 | 100 |
| Interest on Fixed deposits | | 979 | 2,077 |
| Life members | | 1,500 | 1,000 |
| Subscriptions | | 11,064 | 10,764 |
| | | 16,003 | 82,037 |
| EXPENDITURE | | | |
| Administration expenses | 10 | 85,516 | 117,687 |
| Audit fee | | 3,000 | 3,000 |
| Depreciation of property, plant and equipment | | 708 | 1,472 |
| International relations | 11 | - | 3,745 |
| Meeting Expenses | | 1,686 | 2,460 |
| Subscription written off | | 9,918 | 160 |
| | | 100,827 | 128,524 |
| OPERATING DEFICIT BEFORE TAXATION | 12 | (84,825) | (46,847) |
| TAXATION | 13 | - | - |
| OPERATING DEFICIT FOR THE FINANCIAL YEAR | | (84,825) | (46,487) |

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

| | 2016 | 2015 |
|---|-----------------|-----------------|
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating deficit before taxation | (84,825) | (46,487) |
| Adjustments for :- | | |
| Depreciation of property, plant and equipment | 708 | 1,472 |
| Subscription written off | 9,918 | 160 |
| Interest income | (979) | (2,077) |
| | (75,178) | (46,932) |
| Operating deficit before working capital changes | (75,178) | (46,932) |
| Increase in subscriptions in arrears | (5,180) | (4,974) |
| Decrease in deposits | 728 | 130 |
| Increase/(Decrease) in subscriptions in advance | 10 | (352) |
| Increase/(Decrease) in accruals | 1,437 | (1,024) |
| Net cash used in operating activities | (78,183) | (53,152) |
| CASH FLOWS FROM INVESTING ACTIVITY | | |
| Interest received | 979 | 2,077 |
| | (77,204) | (51,075) |
| NET DECREASE IN CASH AND CASH EQUIVALENT | (77,204) | (51,075) |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 101,832 | 152,907 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 24,628 | 101,832 |
| NOTES TO THE STATEMENT OF CASH FLOWS | | |
| Cash and cash equivalent at the end of the financial year comprise: | | |
| Fixed deposits with a licensed bank | - | 38,751 |
| Cash and bank balances | 24,628 | 63,081 |
| | 24,628 | 101,832 |

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER, 2016**1. GENERAL INFORMATION**

- (a) The Gabungan is a company limited by guarantee, incorporated and domiciled in Malaysia.
- (b) The registered office and principal place of activity are situated at Unit 916, 9th Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor.
- (c) The financial statements are expressed in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2. PRINCIPAL ACTIVITY

The principal activity of the Gabungan is to promote the interests of the Information Technology profession.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statement of the Gabungan have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards (“MFRSs”) issued by the Malaysian Accounting Standards Boards (“MASB”), International Financial Reporting Standards and the requirements of the Company Act, 1965 in Malaysia.

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 Basis of accounting**

The financial statements of the Gabungan have been prepared under the historical cost convention unless otherwise stated in the financial statements.

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.3.

Depreciation of property, plant and equipment is calculated on the straight line method to write off the cost of the assets over their estimated useful lives.

The annual rates used are as follows:-

| | |
|------------------------|-----|
| Furniture and fittings | 10% |
| Office equipment | 20% |

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Gain or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the statement of Income and Expenditure.

4.3 Impairment of assets

The carrying amounts of the Gabungan's non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of income and expenditure.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amounts. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised in the statement of income and expenditure.

4.4 Financial assets

(A) Initial recognition and measurement

A financial asset is recognised on the statement of financial position when, and only when, the Gabungan becomes a party to the contractual provisions of the financial instrument. When the financial asset is recognised initially, it is measured at fair value which is normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs incurred on the acquisition of financial assets classified at fair value through profit or loss are expensed immediately. The transaction are recorded at the trade date.

(B) Subsequent measurement

Subsequent measurement of financial assets depends on the classification of the financial assets on initial recognition and the purpose for which the financial assets were acquired. The Gabungan classifies the financial assets in one of the following four categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through

profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

As at reporting date, there were no financial assets classified in this category.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets that are for sale immediately or in the near term are not classified in this category.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method except that short term duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant minus any reduction for impairment or uncollectibility. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current. Typically, trade and other receivables (except prepayments and non-refundable deposits) and cash and cash equivalents are classified in this category).

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Gabungan has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains

or losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

As at reporting date, there were no financial assets classified in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale on initial recognition or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are included in equity through the statement of changes in equity except that impairment losses and foreign exchange gains and losses are recognized in profit or loss. The cumulative gain or loss previously recognized in equity is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized. Interest income calculated using the effective interest method is recognized in profit or loss. Dividends on an available-for – sale equity instrument are recognized in profit or loss when the Gabungan’s right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss, if any.

Available-for –sale financial assets are classified as non-current assets unless they are expected to be realizable within 12 months after the reporting date.

As at reporting date, there were no financial assets classified in this category.

(C) Impairment of financial assets

The Gabungan assesses at each reporting date whether there is any objective evidence that a financial assets or a group of financial assets (other than those at fair value through profit or loss) is impaired.

(i) Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost are considerations to determine whether there is objective evidence that the securities are impaired. The determination of what is significant or prolonged involves the exercise of significant judgement.

Where such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in profit or loss for an investment in an equity instrument classifies as available-for-sale shall be not reversed through profit or loss.

(ii) Trade and other receivables and other financial assets carried at amortised cost

An impairment loss is established when there is objective evidence that the Gabungan will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, a breach of contract or adverse changes in the payment status of the debtor are considerations to determine whether there is any objective evidence that the trade receivable is impaired. To the extent possible, impairment is determined individually for each item. In cases where that process is not possible, a collective evaluation of impairment is performed. As a consequence, the way individual and collective evaluation is carried out and the timing relating to the identification of objective evidence of impairment require significant judgement and may materially affect the carrying amount of receivables at the reporting date.

The amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit or loss within "selling and distribution costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognized in profit or loss.

(iii) Unquoted equity securities carried at cost

If there is objective evidence (Such as significant adverse changes in the business environment where the issuer operates, probability of insolvency of significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial assets such impairment losses are not reversed in subsequent periods.

(D) Derecognition of financial assets

A financial asset is derecognized when the contractual right to received cash flows from the asset has expired. On derecognition of a financial asset in its

entirely, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in equity is recognized in profit or loss.

4.5 Financial liabilities

(A) Initial recognition and measurement

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. On initial recognition the financial liability is recognised at fair value. The fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the issue of the financial liability. Transaction costs incurred on the issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(B) Subsequent measurement

Financial liabilities falling within the scope of FRS 139 are classified according to the substance of the contractual arrangements entered into.

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories is as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Gabungan that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Gabungan has not designated any financial liabilities at fair value through profit or loss.

(ii) Other financial liabilities

The Gabungan's other financial liabilities include payables.

Payables are recognised initially at fair value plus directly attributable transactions costs, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

4.6 Income recognition

Income is recognised on the accrual basis.

4.7 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Gabungan.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the statement of income and expenditure as incurred.

4.8 Income tax

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognized in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized only to the extent that the Gabungan considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilized within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Gabungan’s intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except if it arises from transactions or events that are recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity, respectively.

4.9 Cash flow statement

The Gabungan adopts the indirect method in the preparation of the cash flow statement.

Cash and cash equivalents includes cash and bank balances and deposits which have a short maturity (three months or lesser) that are readily convertible to cash and are subject to insignificant risk of changes in value.

5. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

5.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2016:

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Changes in Method of Disposal (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7 *Financial Instruments : Disclosures – Servicing Contrats and Applicability of the Amendments to MFRS 7 to Condensed Interim Financial Statements (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10 *Consolidated Financial Statements*, MFRS 12 *Disclosure of Interests in Other Entities* and MFRS 128 *Investment in Associates and Joint Venture – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interest in Joint Operations*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 138 *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119 *Employee Benefits – Discount Rates: Regional Market Issue (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127 *Separate Financial Statements – Equity Method in Separate Financial Statement*
- Amendments to MFRS 134 *Interim Financial Reporting – Disclosure of Information ‘Elsewhere in the Interim Financial Report’ (Annual Improvements 2012-2014 Cycle)*

The adoption of the above mentioned accounting standards, amendments and interpretations are not expected to have any significant impact on the financial statements of the Gabungan.

5.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Gabungan:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 July 2017

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

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

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

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

- MFRS 16 *Leases*

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

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

The directors anticipate that the above mentioned accounting standards, interpretations and amendments will be adopted by the Gabungan when they become effective.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* has not been taken into consideration because it is not applicable to the Company.

The Gabungan has assessed, where practicable, the potential impact of all these accounting standards, amendments and interpretations that will be effective in future period, as below:

MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Gabungan is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replace the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue- Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Gabungan is currently assessing the financial impact of adopting MFRS 15.

MFRS 16 *Leases*

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the company is required to account for major part of its operating leases in the statement of financial position by recognising the 'right –of –use' assets and the lease liability, thus increasing the assets and liabilities of the Company.

The financial effects arising from the adoption of this standard are still being assessed by the company.

6. PROPERTY, PLANT AND EQUIPMENT

| | Furniture and fittings RM | Office equipment RM | Total RM |
|------------------------------------|---------------------------------|---------------------------|-------------|
| Cost | | | |
| As at 1.1.2015/31.12.2015/1.1.2016 | | | |
| 31/12.2016 | 45,292 | 16,208 | 61,498 |
| Accumulated depreciation | | | |
| As at 1.1.2015 | 44,412 | 14,010 | 58,422 |
| Depreciation charge | 150 | 1,322 | 1,472 |
| As at 31.12.2015/1.1.2016 | 44,562 | 15,332 | 59,894 |
| Depreciation charge | 136 | 572 | 708 |
| As at 31.12.2016 | 44,698 | 15,904 | 60,602 |
| Net book value | | | |
| 31.12.2015 | 728 | 876 | 1,604 |
| 31.12.2016 | 592 | 304 | 896 |

7. FIXED DEPOSITS WITH A LICENSED BANK

The interest rate per annum on fixed deposits as at the reporting date is 3.20 % (2015: 3.20%). per annum

The fixed deposits have maturity periods of NIL (2015: 3 months)

8. ACCUMULATED FUND

| | 2016 RM | 2015 RM |
|--|--------------------------|--------------------------|
| Balance as at 1 st January | 115,098 | 161,585 |
| Operating deficit for the financial year | (84,825) | (46,487) |
| Balance as at 31 st December | 30,273 | 115,098 |

9. CONFERENCES AND SEMINARS

| | 2016 RM | 2015 RM |
|-----------------------------|--------------------------|--------------------------|
| Conferences and exhibitions | - | 63,919 |
| Seminars and workshops | 2,210 | 4,177 |
| | 2,210 | 68,096 |

10. ADMINISTRATION EXPENSES

| | 2016 | 2015 |
|-----------------------------|---------------|----------------|
| | RM | RM |
| Bank Charges | 43 | 210 |
| Computer expenses | 1,502 | 1,385 |
| Electricity and water | 3,653 | 4,297 |
| EPF Contribution | 371 | 5,844 |
| Filing and attestation fees | 300 | 174 |
| Indah Water | 369 | 363 |
| Insurance | 344 | 344 |
| Medical Expenses | - | 566 |
| Office maintenance | 2,115 | 1,991 |
| Office Rental | 11,932 | 12,264 |
| Postage and courier service | 1,190 | 1,006 |
| Printing and stationery | 1,162 | 1,431 |
| Professional Services | 14,870 | 2,184 |
| Salaries and allowances | 42,840 | 77,466 |
| GST charge | - | - |
| SOCSO contribution | 50 | 818 |
| Staff amenities | 21 | 24 |
| Taxation services | 1,200 | 1,100 |
| Telecommunication | 1,379 | 1,917 |
| Travelling expenses | 1,871 | 4,303 |
| | <u>85,516</u> | <u>117,687</u> |

11. INTERNATIONAL RELATIONS

| | 2016 | 2015 |
|-------------------------------|-------------|--------------|
| | RM | RM |
| Annual subscription to SEARCC | - | 3,745 |
| Annual subscription to IFIP | - | - |
| | <u>-</u> | <u>3,745</u> |

12. OPERATING DEFICIT BEFORE TAXATION

Operating deficit before taxation is arrived at after charging/(crediting):-

| | 2016 | 2015 |
|---|--------------|----------------|
| | RM | RM |
| Auditors' remuneration | | |
| - current year | 3,000 | 3,000 |
| Depreciation of property, plant and equipment | 708 | 1,472 |
| Office Rental | 11,932 | 12,264 |
| Staff costs (Note 14) | 84,717 | 84,717 |
| Subscription written off | 9,918 | 160 |
| Interest income | <u>(979)</u> | <u>(2,077)</u> |

13. TAXATION

A reconciliation of income tax expenses on operating deficit before taxation with the applicable statutory income tax rate is as follows:

| | 2016 | 2015 |
|---|-------------|-------------|
| | RM | RM |
| Operating deficit before taxation | (84,825) | (46,487) |
| Income tax for: | | |
| First RM 70,000 (2015: RM 35,000) | (5,600) | (900) |
| Next RM14,825 (2015: RM 11,487) | (3,113) | (1,149) |
| | (5,883) | (2,049) |
| Tax effects of: | | |
| Non allowable expenses | 1,379 | 448 |
| Temporary differences on property, plant and equipment not recognized | 118 | 133 |
| Deferred tax assets not recognized | 16,316 | 4,068 |
| Effect of the income taxed at different statutory tax rates | (9,100) | (2,600) |
| Tax expense for the financial year | - | - |

As at 31st December 2016, the Gabungan has the following temporary differences which are not recognized in the financial statements because it is not probable that future taxable income will be available to allow the temporary differences to be utilized:

| | 2016 | 2015 |
|---|-------------|-------------|
| | RM | RM |
| Excess of net book value over tax written down value of property, plant and equipment | (274) | (982) |
| Unutilised capital allowance | 15,885 | 15,745 |
| Unabsorbed tax losses | 571,752 | 495,042 |
| | 587,363 | 509,805 |

14. STAFF COSTS

| | 2016 | 2015 |
|------------------------------|-------------|-------------|
| | RM | RM |
| EPF Contributions | 371 | 5,844 |
| Salaries and allowance | 4,840 | 77,466 |
| Employee termination benefit | 38,000 | - |
| SOCSO contributions | 50 | 818 |
| Others | 21 | 589 |
| | 84,717 | 84,717 |

15. FINANCIAL INSTRUMENTS

(a) Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the reporting date by MFRS 139 categories:

| | 2016 RM | 2015 RM |
|------------------------------------|---------------|----------------|
| Financial assets | | |
| Subscription in arrears | 6,114 | 10,852 |
| Deposits | 4,405 | 5,133 |
| Fixed Deposit with a licensed bank | - | 38,751 |
| Cash and bank balances | 24,628 | 63,081 |
| At the end of the financial year | <u>35,147</u> | <u>117,817</u> |
| Financial liabilities | | |
| Subscription in advance | 70 | 60 |
| Accruals | 5,700 | 4,263 |
| At the end of the financial year | <u>5,770</u> | <u>4,323</u> |

Further quantitative disclosures are included throughout these financial statements.

(b) Financial Risk Management Objectives and Policies

The Gabungan's financial risk management policy seeks to ensure that adequate financial resources are appropriately used for development of the Gabungan's activities whilst managing its interest rate, liquidity and credit risks. The Gabungan operates within clearly defined guidelines that are approved by the Council. The Gabungan is not exposed to foreign currency risk as the majority of the Gabungan's transactions, assets and liabilities are denominated in Ringgit Malaysia

(c) Interest Rate Risk

The Gabungan had no substantial long term interest bearing assets as at 31 December, 2015. The investment in financial assets are mainly short term in nature and they are not held for speculative purpose but have been mostly placed in fixed deposits which yields better returns than cash.

(d) Credit Risk

The Gabungan does not have any significant exposure or any major concentration of credit risk related to any financial instruments.

(e) Liquidity Risk

In the management of liquidity risk, the Gabungan monitors and maintains a level of cash and bank balances deemed adequate by the management to

finance the Gabungan's operations and mitigate the effects of fluctuation in cash flow.

(f) Fair values of Financial Instruments

The carrying values of the financial assets and liabilities of the Gabungan as at the balance sheet date approximately their fair values.

16. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorized for issue by the Council in accordance with a resolution by the Council Members on 24 May 2017 .

STATEMENT BY COUNCIL MEMBERS

We, the undersigned, being two of the Council Members of **GABUNGAN KOMPUTER NASIONAL MALAYSIA (175039-M)** do hereby state that, in the opinion of the Council Members, the financial statements set out on pages 18 to 35 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of Gabungan Komputer Nasional Malaysia as at 31 December, 2015 and of the financial results and the cash flows of the Gabungan for the financial year ended on that date.

On behalf of the Council

PROF. DR. AHMAD ZAKI BIN A BAKAR

PROF. DATUK DR. KHAIRUDDIN AB HAMID

Petaling Jaya,
24 May 2017

STATUTORY DECLARATION

I, **SYED MOHAMED SYED HUSSIN**, being the officer primarily responsible for the financial management of **GABUNGAN KOMPUTER NASIONAL MALAYSIA (175039-M)** do solemnly and sincerely declare that the financial statements set out on pages 18 to 35 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

SYED MOHAMED SYED HUSSIN

Subscribed and solemnly declared by
the abovenamed at Petaling Jaya
in the State of Selangor Darul Ehsan
on 24 May 2017

Before me :

WONG CHOY YIN

Commissioner of Oaths

No. 34A (Tkt 1)

Jalan SS 2/67

47400 Petaling Jaya, Selangor Darul Ehsan

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GABUNGAN KOMPUTER NASIONAL MALAYSIA (175039-M)
(A Company Limited by Guarantee)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gabungan Komputer Nasional Malaysia which comprise the statement of financial position as at 31 December 2016, and the statement of income and expenditure and statement of cash flows for the financial year then ended, and notes to the financial statements including a summary of significant accounting policies, as set out on pages 18 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31st December 2016, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

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

Independence and other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Council Members of the Gabungan are responsible for the other Information. The other information comprises the Report of the Council, but does include the financial statements of the Gabungan and our auditors' report thereon.

Our opinion on the financial statements of the Gabungan does not cover the Report of the Council and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**GABUNGAN KOMPUTER NASIONAL MALAYSIA (175039-M) (CONTINUED)
(A Company Limited by Guarantee)
(Incorporated in Malaysia)***Responsibilities of the Council Members for the Financial Statements*

The Council Members' of the Gabungan are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Gabungan, the Council Members are responsible for assessing the Gabungan'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 Council Members either intend to liquidate the Gabungan 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 Gabungan as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Gabungan, 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 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 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 Council Members's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Gabungan'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 Gabungan 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 Gabungan to cease to continue as a going concern.

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

We communicate with the Council Members 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 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Gabungan Komputer Nasional Malaysia have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Gabungan Komputer Nasional Malaysia, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Malaysia
Firm number: AF: 0768
Chartered Accountants

Kuala Lumpur
24 May 2017

YONG KAM FEI
2562/07/16(J)
Chartered Accountant

GABUNGAN KOMPUTER NASIONAL MALAYSIA (175039-M)
(Incorporated in Malaysia)
Company Limited By Guarantee

FORM OF PROXY

I, (Membership No :)
(Full Name in Block Capitals)

of

being a member of the Gabungan Komputer Nasional Malaysia hereby appoint

..... (NRIC :)

.....
as my proxy to attend on my behalf the Twenty ninth Annual General Meeting of the Gabungan Komputer Nasional Malaysia to be held on Thursday 29 June, 2017 at 6.30 p.m. at the MNCC Office, Unit 916, 9th Floor, Block A, Damansara Intan, No. 1 Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan and at any adjournment thereof.

Signature of member :

Dated this day of 2017

NOTES :

- 1 Appointment of a proxy must comply with Section 149(1) of the Companies Act 1965.
- 2 The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing.
- 3 The instrument appointing the proxy must be deposited at the Registered Office of the Gabungan at Unit 916, 9th Floor, Block A Damansara Intan, No. 1 Jalan SS 20/27, 47400 Petaling Jaya not less than 24 hours before the time set for holding the meeting.