ExcelForce MSC Berhad
570777-X
www.excelforce.com.my

MSC MALAYSIA
Spearheading Transformation

2015 ANNUAL REPORT

TECHNOLOGY
that moves you

OUR MISSION

To optimise our resources to focus on expansion and growth

To be in the forefront of promoting the latest technology

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteeth Annual General Meeting of the Company will be held at the TA-13-1, Level 13, Tower A, Plaza 33, No. 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 24 May 2016 at 2:30 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Reports of the Directors and the Auditors thereon. **(Please refer to Note 1)**

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2015. **(ORDINARY RESOLUTION 1)**

3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

   a) Eng Shao Hon - Article 103 **(ORDINARY RESOLUTION 2)**

   b) Aaron Sim Kwee Lein - Article 103 **(ORDINARY RESOLUTION 3)**

4. To re-appoint Messrs BDO as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration. **(ORDINARY RESOLUTION 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company at the time of submission.

   AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.

   AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(ORDINARY RESOLUTION 5)**

6. **RETENTION OF MR. NG KIM HUAT AS INDEPENDENT DIRECTOR**

"THAT Mr. Ng Kim Huat be and is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance 2012." **(ORDINARY RESOLUTION 6)**

7. **RETENTION OF MR. AARON SIM KWEE LEIN AS INDEPENDENT DIRECTOR**

"THAT Mr. Aaron Sim Kwee Lein be and is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance 2012." **(ORDINARY RESOLUTION 7)**

8. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

LIM SECK WAH (MAICSA 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA 0781031)
Company Secretaries

Dated this 29 April 2016
Kuala Lumpur

Notes:

1. The Agenda No. 1 is meant for discussion only as the Company's Articles of Association provides that the Audited Financial Statements are to be laid in the general meeting and does not require a formal approval of shareholders. Hence, it is not put forward for voting.

2. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.

3. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the company.

4. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

5. (i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

   (ii) Where a member is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorised.

7. The Form of Proxy must be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

8. ***Explanatory note on Special Business***

8.1 The proposed Ordinary Resolution 5 is primarily to give flexibility to the Board of Directors to allot and issue shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issue capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority fromits shareholders at the last Annual General Meeting held on 26 May 2015.

8.2 The proposed Ordinary Resolution 6 and 7 if passed, will allow the Directors namely Mr. Ng Kim Huat and Mr Aaron Sim Kwee Lein who have served the Company for a cumulative period of more than 9 years, to continue to act as Independent Non-Executive Directors of the Company for:-

i) They fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, and thus, they are able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.

ii) They understand the business nature and office culture.

iii) They provide the Board valuable advice and insight.

iv) They actively participate in Board deliberations and decision making in an objective manner.

v) They uphold independent decision and challenge the management objectively.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	Year Ended 31 December				
	2011	2012	2013	2014	2015
FINANCIAL PERFORMANCE (RM'000)					
Turnover	16,052	18,361	20,626	21,874	25,280
Profit before Tax	6,444	5,927	9,289	10,325	9,653
Profit for the Year	6,024	5,190	6,957	8,844	7,568
PATANCI	6,017	5,260	7,001	8,628	7,552
KEY BALANCE SHEET DATA (RM'000)					
Cash and Cash Equivalent	25,332	26,331	24,044	20,547	19,702
Total Assets	45,862	47,455	43,567	54,533	55,008
Total Liabilities	6,577	7,117	4,423	11,452	10,561
Total Net Tangible Assets	33,467	33,990	31,708	34,007	33,882
Share Capital	20,677	20,677	20,677	20,677	20,677
Equity Attributable to owners of the Company	39,277	40,402	39,132	42,591	44,446
SHARE INFORMATION					
Basic Earnings Per Share (sen) [1]	2.91	2.54	3.39	4.17	3.65
Diluted Earnings Per Share (sen) [2]	-	-	3.39	4.17	3.65
Dividend Per Share (sen)	2.00	2.00	4.00	2.50	3.00
FINANCIAL RATIOS					
Current Ratio (times)	6.37	5.75	8.26	5.63	5.26
Net Assets Per Share (RM)	0.19	0.20	0.19	0.21	0.21
Return on Equity (ROE) [3]	15%	13%	18%	20%	17%
Dividend Payout Ratio	69%	79%	118%	60%	82%

Notes:

[1] *Earnings per share ("EPS") is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year.*

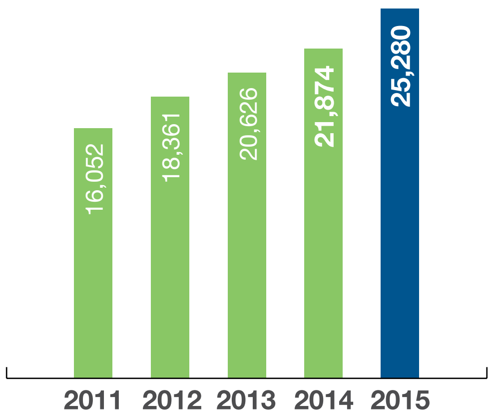
PATANCI represent Profit after Tax and Non-Controlling Interest, being profit attributable to shareholders or equity holders.

[2] *The diluted earnings per ordinary share is same as the basic earnings per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.*

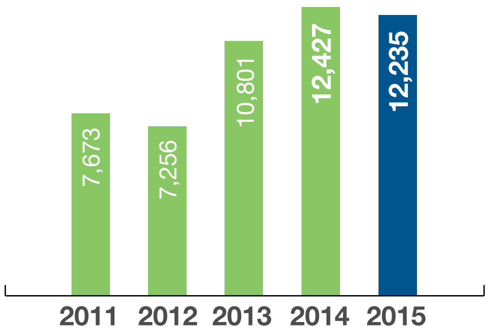
[3] *ROE is calculated by dividing the PATANCI by the equity attributable to equity holders of the Company.*

FINANCIAL HIGHLIGHTS (cont'd)

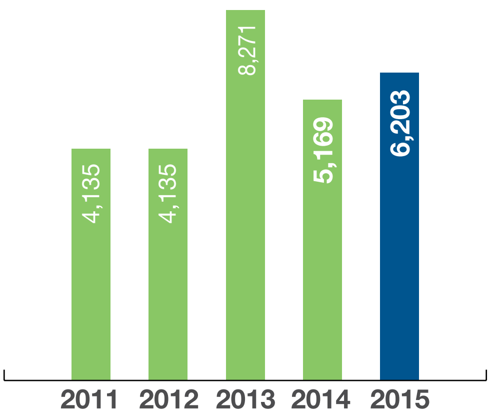
TURNOVER (RM'000)



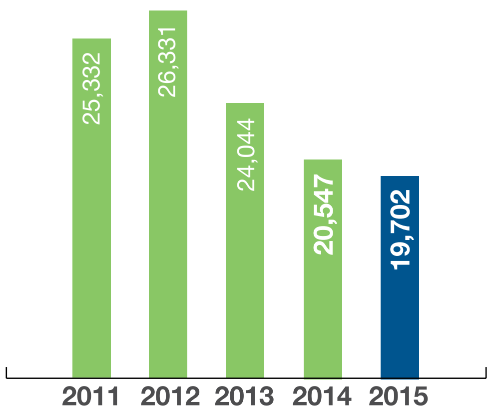
EBITDA (RM'000)



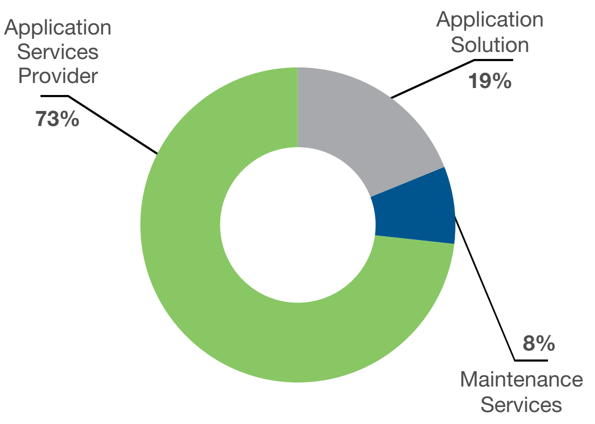
DIVIDENDS PAID & PROPOSED (RM'000)



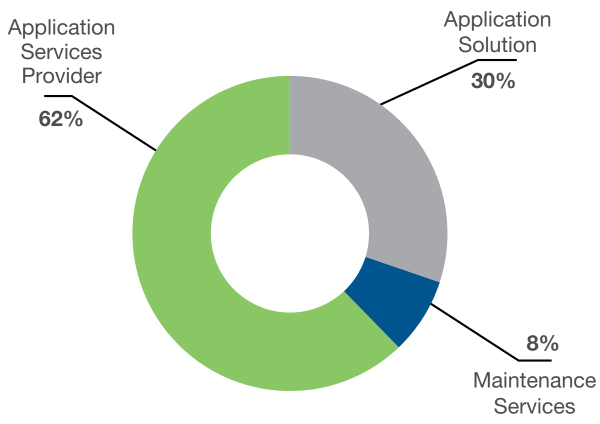
CASH & CASH EQUIVALENT (RM'000)



GROUP SEGMENTAL REVENUE 2014



GROUP SEGMENTAL REVENUE 2015



Notes:

- *Application Solutions ("AS") represent sales of software applications and product on an outright purchase basis.*
- *Application Services Provider ("ASP") represents income outsourcing service charge which is volume and transaction-based.*
- *Maintenance Services represent provision of maintenance services.*
- *EBITDA represent Earnings before Interest, Taxation, Depreciation and Amortisation.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Wang Kuen-Chung @ Jeff Wang
Chairman and Managing Director

Sun Chin-Chuan @ Sharon Sun
(resigned on 15 December 2015)
Executive Director

Gan Teck Ban
Executive Director

Eng Shao Hon
Executive Director

Ng Kim Huat
Independent Non-Executive Director

Aaron Sim Kwee Lein
Independent Non-Executive Director

Lok Choon Hong
Independent Non-Executive Director

AUDIT COMMITTEE

Aaron Sim Kwee Lein (Chairman)
Ng Kim Huat
Lok Choon Hong

NOMINATION COMMITTEE

Ng Kim Huat (Chairman)
Aaron Sim Kwee Lein
Lok Choon Hong

REMUNERATION COMMITTEE

Ng Kim Huat (Chairman)
Aaron Sim Kwee Lein
Wang Kuen-Chung @ Jeff Wang

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA 0799845)
M. Chandrasegaran a/l S. Murugasu
(MAICSA 0781031)

BUSINESS OFFICE

Unit TA-13-A, Level 13, Tower A
Plaza 33, No. 1, Jalan Kemajuan
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7941 2088 (Hunting line)
Fax : 03-7941 2089

REGISTERED OFFICE

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

SOLICITORS

Cheong Wai Meng & Van Buerle
No. 30, 2nd Floor, Jalan USJ 10/1
47620 Subang Jaya
Selangor Darul Ehsan
Tel: 03-5638 7621
Fax: 03-5638 2313

PRINCIPAL BANKER

Hong Leong Bank Berhad
26, Lorong Rahim Kajai 14
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: 03-7729 3716
Fax: 03-7728 6312

AUDITORS

BDO (AF 0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel: 03-2616 2888
Fax: 03-2616 2970

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7840 8000
Fax: 03-7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: EFORCE
Stock Code : 0065
Sector: Technology

WEBSITE

www.excelforce.com.my

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of ExcelForce, I am delighted to present the Annual Report and the Audited Financial Statements of Excel Force Group (the "Group") for the financial year ended 31 December 2015.

While we are focusing on our existing product development and enhancement which contribute the bulk of revenue for the Group currently, we also embark on development of an integrated advance solution which come with the combination of front, mid and back office with multiple platform. We expect the development to be completed this year.

PERFORMANCE REVIEW

For the financial year ended 31 December 2015, the Group registered a turnover of RM25.28 million, increased by 16% or RM3.4 million compared to the same corresponding period last year. The increase in revenue is mainly contributed from Application Solution (AS) segment, where RM1.5 million is due to consolidation of subsidiaries accounts.

Profit before tax (PBT) for the period under review stood at RM9.65 million, lowered by RM672K or 6.5% as compared to the same period last year. The increase in revenue has been offset by higher operating expenditures mainly due to consolidation of the subsidiaries accounts, the other factor is that the previous year's other income includes the one-off gain on disposal of office premise at Jaya One. Excluding the one-off gain, the PBT for the period will be higher by 8% compared to the same period last year.

The profit after tax (PAT) recorded at RM7.57 million, a decrease of RM1.28 million or 14% compared to corresponding period last year. This is mainly due to higher tax expenses for current year and write-back of deferred taxation compared to previous year. Excluding the one-off gain, the PAT will be higher by 2%.

INDUSTRY TREND AND DEVELOPMENT

With the current challenging economic conditions, we foresee that clients will allocate lower budget on capital expenditure, particularly on the enhancement portion. In addressing the issues, the Group is focusing on development of advance technology solutions that can assist clients to minimize their operating costs, increase efficiency and productivity. The newly-enhance version of mobile application solution will provide more features compared to its older version, hence will boost the marketability of the product. This in turn will convert into higher contribution to the Group. The new version is expected to be launched by mid 2016.

Internally, we embarked on enhancing the processes and procedures with an aim to increase efficiency and productivity. We also strengthening the monitoring on the progress of the ongoing project implementation.

We would welcome any expansion opportunity including but not limited to merger, acquisition and business alliances that will promote synergy with our existing business activity.

Human resource development is also an important aspect of the Group, where adequate training or exposure will be provided to employees for them to carry out task in a more efficient manner.

PROSPECT AND OUTLOOK

The Group, with its extensive experience gained throughout the past 20 years involvement in stock-broking industry, is optimistic to achieve its targeted growth and able to penetrate into new business segment that will eventually generate higher revenue for the Group.

The Group is looking forward to the realization of synergistic effect from the investment in subsidiary where sharing of client database and expertise from the respective business unit to develop a more comprehensive product.

The Group will continue to allocate adequate Research and Development (R&D) expenditure in the coming years, which we view it as long term investment and for the enhancement of existing product range as well as development of innovative product that differentiate it from our competitor. This is important so as to maintain our product ranking and maintain the market leader position.

APPRECIATION

On behalf of the Board, I would like to extend our heartfelt thanks to all our employees for their splendid efforts throughout the year.

I wish to express our sincere appreciation to our valued shareholders for continuing to entrust us, and also welcome all the new shareholders and stakeholders to this thoroughly sound and interesting growing Group.

Last but not least, I would like to take this opportunity to thank our business partners and cherished clients for their unwavering trust, confidence and cordial support over the years.

Wang Kuen-Chung @ Jeff Wang
CHAIRMAN
Excel Force MSC Berhad
22 March 2016

DIRECTORS' PROFILE

Wang Kuen-Chung @ Jeff Wang
Founder, Chairman and Managing Director
Aged 59

Wang Kuen-Chung @ Jeff Wang is a Taiwanese national. He graduated from Dan Jiang University, Taiwan, with a Bachelor of Commerce Degree majoring in International Trade.

In 1980, he started his career as a Marketing Engineer in a manufacturing firm in Taiwan. In 1984, he joined Acer Computer Group of Taiwan and managed the distributorship of computer products of AT & T. In 1987, he invested and co-founded a software business that developed and marketed manufacturing resource planning solutions. In 1989, he became a Director cum Personal Assistant to the Chairman of Telework Corporation. He was responsible for the management of the overseas operations of Telework Corporation in China, Hong Kong, Malaysia and Thailand.

In 1994, he and his wife, Sharon Sun founded Excel Force Sdn. Bhd., a company incorporated in Malaysia to venture into the development and marketing of stock market information systems and application software. In December 2004, Jeff Wang restructured the business and assets of Excel Force Sdn Bhd into Excel Force MSC Bhd ("EForce") and successfully listed the latter on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Presently, Jeff Wang is responsible for the overall planning and management of the business and operations of the Company. He is a member of the Remuneration Committee.

Gan Teck Ban
Executive Director
Aged 50

Gan Teck Ban is a Malaysian. He was appointed to the Board on 2 January 2013. He graduated with a Diploma in Computer Studies from Informatics Computer Centre in 1990. He obtained the MCSD certification from Microsoft Corporation in 2003.

He began his career with Wise Industries Sdn. Bhd., a rubber glove manufacturer as an IT Supervisor where he was responsible for the maintenance of the office computer hardware.

Thereafter, he joined Rapid Computer Centre Sdn. Bhd., a company involved in development of educational software, as Software Specialist, and was later promoted as Technical Specialist. His responsibilities entailed software team management and project planning and management.

In 1997, he joined Excel Force Sdn. Bhd. as Senior Programmer where he was involved in a number of software and system developments. Thereafter, he was transferred to EForce.

In 2005, he was promoted as Customer Service Manager, supervised a team of support personnel, liaised with various departments for resource planning and project implementation in EForce.

Currently, he is a director of Customer Service, responsible for support functionalities and service level commitments arising from the ASP model. He also educates and leads the Customer Service team to have enough skills with technicality and leadership mannerism.

Eng Shao Hon
Executive Director
Aged 41

Eng Shao Hon is a Malaysian. He was appointed to the Board on 2 January 2013. He graduated with a Bachelor Degree in Electrical and Electronic Engineering from University of Technology, Malaysia in 1999. He is a Microsoft Certified Solutions Developer, holding a MCSD certification from Microsoft Corporation in 2003.

In 1999, his career commenced with Motorola Malaysia as a R&D Software Engineer. He was responsible for the design and development of software for new telecommunication products.

Two years later, he joined Excel Force Sdn. Bhd. as a Senior Software Engineer and subsequently, he was transferred to EForce where he assisted in the development of the CyberBroker suite of solutions.

In 2005, he has been actively involved in project management and the area of works for the StockBanking System where his knowledge and expertise in Share Margin Financing System are applied.

Presently, he is responsible for project management in EForce.

Ng Kim Huat
Independent Non-Executive Director
Aged 58

Ng Kim Huat is a Malaysian. He was appointed to the Board on 1 September 2004. He has years of working experience in the Information Technology (IT) industry. He obtained a Bachelor of Science (Honours) degree majoring in Computer Science from University of Science Malaysia and subsequently obtained a Master of Business Administration degree from University of Bath (UK).

He started his career in IT sector in 1983 and has assumed various positions in banking, stock-broking and the insurance industry. He was involved in many application system development, maintenance and support projects, which include the retail banking system, corporate banking system, shared ATM network under the Malaysia Electronic Payment System (MEPS), Credit Card Administration System, Stock Broking Back Office System, Share Margin Financing System, Online Stock Trading System, General Insurance and Life Insurance Systems.

He has no family relationship with any Directors or major shareholders of the Company. Presently, he is the Chairman of the Remuneration Committee, Nomination Committee and a member of the Audit Committee.

Aaron Sim Kwee Lein
Independent Non-Executive Director
Aged 50

Aaron Sim Kwee Lein is a Malaysian. He was appointed to the Board on 22 November 2006. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a member of Certified Practicing Accountants (CPA) Australia, a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia.

He started his career with an international accounting firm and had gained professional exposure over the years in stock-broking, trading, manufacturing and construction companies. Thereafter, he joined a company, which is listed on the Main Board (now known as Main Market) of Bursa Securities, as an Internal Auditor where he was engaged in the audit of stock-broking, manufacturing, retail and distribution companies. In addition, he was also involved in due diligence, operational rationalisation and strategic planning for corporate acquisition exercises. Before he became the Deputy General Manager of Corporate Strategies of a glove manufacturing company, he was the Finance & Administrative Manager in a food retail franchise chain company. He is currently involved in offering business and financial advisory services. He is also an Independent Non-Executive Director of Freight Management Holdings Bhd and Frontken Corporation Berhad.

Presently, he is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. He has no family relationship with any Directors or major shareholders of the Company.

DIRECTORS' PROFILE (cont'd)

Lok Choon Hong
Independent Non-Executive Director
Aged 46

Lok Choon Hong is a Malaysian. He was appointed to the Board on 2 June 2014.

He holds a Bachelor of Law Degree from University of Malaya and Master of Laws Degree from University of Cambridge, United Kingdom specializing in intellectual property law. He also holds an executive MBA (EMBA) degree from INSEAD, France/Singapore and EMBA from Tsinghua University, Beijing, China. He is a qualified lawyer (non- practicing) for Malaysia and Singapore and registered patent, trademark and industrial design agents. He specializes in all aspects of intellectual property registration, transfer, licensing, commercialization, enforcement and advisory work and has been actively involved in intellectual property (IP) consultancy for clients in the Asean and China regions for the past twelve (12) years. He is the founder director of Pintas IP Group, an IP rights consultancy firm with offices based in Malaysia, Singapore, Philippines, Brunei, China and USA. Apart from IP consultancy works, he is also actively involved in venture capital investment in IP based companies. Currently, he is also the Chairman of Association of Intellectual Property Entrepreneurs and Organisations (AIPO) and the Treasurer of Malaysia Business Angels Network (MBAN).

Presently, he is a member of Audit Committee and Nomination Committee. He has no family relationship with any Directors or major shareholders of the Company.

Conflict of Interest
None of the Directors have any conflict of interest with the Company.

Convictions of Offences
None of the Directors have been convicted for any offence (other than ordinary traffic offences, if any) within the past ten (10) years.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Director's ("Board") affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practiced throughout the Group with the objective of protecting and enhancing shareholders' value, and the financial position of the Group.

The Board recognizes the importance of good corporate governance and strives to adopt the principles and recommendations of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance 2012 ("Code" or "MCCG 2012") and Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR").

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Company is led and controlled by an effective Board. All Board members participate on the key issues involving the Group and give independent judgment in the interest of the Company. The Managing Director has primary responsibilities for managing the Group's day to day operations and together with the Non-Executives Directors to ensure that the strategies proposed by the management are fully discussed and critically examined, taking into account the long term interests of the various stakeholders including shareholders, employees, clients, suppliers and various communities in which the Group conducts its business.

The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from management. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

In addition to the role and function of Non-Executive Directors as stated above each Director exercises independent judgment on decision making and issues of strategy, performance, resources and standard of conduct.

The Board has assumed the following to ensure the effectiveness of the Board and to discharge its duties and responsibilities:-

- Direction of the operational strategies of the Group;
- Overseeing and evaluating the conduct of the succession planning for the Group;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Stewardship and directions on management and business development of the Group;
- Monitoring the performance of the management;
- Ensuring a prudent and effective internal control system; and
- Review of the financial performance and results of the Company.

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The following matters (including changes to any such matters) require approval from the Board of Directors, except where they are expressly delegated to a Committee of the Board.

(A) Strategy and Management

- Responsibility for the overall strategic direction and strategic plans for, and the overall management of, EForce and its subsidiaries (the "Group").
- Approval of the Group's long term objectives and sustainability strategy.
- Approval of the annual operating and capital expenditure budgets and any material changes thereto.
- Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Oversight of the Group's operations ensuring:
  (a) competent and prudent management
  (b) sound planning
  (c) adequate system of internal control
  (d) adequate accounting and other records
  (e) compliance with statutory and regulatory obligations

- Expansion of the Group's activities into new business or geographic areas.
- Decision to cease to operate all or any material part of the Group's business or to cease to operate in any country that would result in the Group no longer having a presence in that country.
- Any matters materially affecting the Group's overall reputation, including its brand and values.

(B) Structure and Capital

- Changes relating to Group's capital structure including:
  (a) reduction of share capital
  (b) new share issues (except pursuant to approved option scheme)
  (c) share buy-back (including the disposal/use of treasury shares)
  (d) establishment of employees' share and/or performance option scheme(s)
- Changes to the Group's corporate structure or creation or liquidation of subsidiary/business unit/joint venture.
- Any changes to EForce's listing status or matters affecting EForce's listing status.

(C) Financial Reporting and Controls

- Approval of the announcements of the interim and final results.
- Approval of EForce's audited financial statement and annual report.
- Approval of any significant changes in accounting policies or practices.
- Approval of significant treasury policies, including foreign currency exposure and use of financial derivatives.
- Approval of dividend policy, declaration of interim dividend and recommendation of final dividend.

(D) Contracts

- Approval of investment proposal.
- Approval of projects (not in the ordinary course of business), acquisitions, disposals, capital expenditure and other contractual commitments entered into by the Group.
- Approval of expenditure and commitment that is anticipated to exceed or has exceeded its authorised amount by 10% or RM1 million (or its equivalent in other currencies), whichever is lower.
- Approval of bank borrowings and pledging of any asset in excess of the thresholds, and corporate guarantees of any amount granted by EForce in favour of financial institutions or third parties.

(E) Communication

- Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- Approval of all circulars, prospectuses and listing particulars.
- Approval of announcements before release to the public.

(F) Board Membership and Other Appointments

- Following recommendations from the Nomination Committee, changes to the structure, size and composition of the Board (including appointment, re-designation, resignation and removal).
- Establishment of Board Committees and its terms of reference.
- Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the Annual General Meeting ("AGM") and otherwise as appropriate on recommendation of Nomination Committee.
- Appointment or removal of EForce's Company Secretary.
- Appointment, reappointment or removal of EForce's external auditors and determination of their remuneration, following the recommendation of the Audit Committee.

(G) Remuneration

- Approval of the remuneration policy for the Chairman, Group Executive Directors and Senior Management, following recommendations from the Remuneration Committee.
- Approval of the Directors fee of the Non-Executive Directors, subject to shareholders' approval.

(H) Internal Controls and Governance

- Review of the Group's internal controls and risk management, including the effectiveness of the system of internal controls, and consider significant risk issues referred to it.
- Review of the Group's compliance with the Code on Corporate Governance.
- Approve prosecution, defence and settlement of major litigation involving more than 10% of the Group's latest audited net profit or otherwise material to the interests of the Group.
- Review of the performance of the Board, its Committees and individual Directors.
- Development of sustainability terms of reference for the Board.

Board Charter

The Board has established a Board Charter to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company. The Board Charter is reviewed periodically to ensure its relevance and compliance.

The Board Charter addresses, among others, the following matters:-

- Objective
- The Board
- Executive Chairman and Managing Director
- Board Committees
- General Meetings
- Investors Relations and Shareholder Communication
- Relationship with other Stakeholders
- Company Secretary

The Board charter can be viewed at the Company's website: www.excelforce.com.my

Code of Conduct

The Board recognizes the importance of formalizing a Code of Conduct, setting out the standards of conduct expected from Directors and employees, to engender good corporate behaviour. The Board will formalize its Code of Conduct in due course.

Supply of, and Access to, Information

Information supplied to the Board is relevant and timely. This information not only of historical, bottom line and financial oriented in nature, but is also broader in nature and with intrinsic value to enable the Board to review matters, deliberate and to participate in the discussions during meetings.

Information is provided to the Board in the form of quarterly financial results, progress reports of core business, products developments, regulatory updates, business development, audit report as well as risk management reports.

The Board convenes scheduled meeting quarterly to deliberate and approve the release of the Group's quarterly results. Additional meetings will be convened as and when needed. The agenda and Board papers for each item as well as minutes of previous meetings are circulated prior to the Board meetings to give Directors sufficient time to deliberate on the issues to be raised at the Board meetings.

Upon recommendation by the management or committee members, the Board will deliberate and discuss on all matters before any decision to be made. All proceedings of the Board meetings are properly minuted and signed by the Chairman of the meeting.

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries who are qualified and competent. This will ensure that they have unrestricted access of information within the Group. The Directors are also able to receive advice and services from the external auditors and other independent professionals upon their request.

The Board is kept updated on the Company's activities and its operations on a regular basis. The Directors also have access to all reports on the Company's activities, both financial and operational.

Company Secretary

The Board is regularly updated and apprised by the Company Secretary on new regulation or change in the Act, issued by the regulatory authorities. The Company Secretaries are MAICSA members, experienced and competent on statutory and regulatory requirements.

The Company Secretary attends all Board and Board Committee meetings and ensures that all meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretary works closely with management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

Board Balance

Currently, the Company is led by an experienced Board, which is made-up of six (6) members; comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The current composition of the Board complies with the MMLR.

The Executive Directors oversee the management of the business and affairs of the Group. They are responsible for evaluating business opportunities and carrying through approved strategic business proposals, implementing appropriate systems of internal accounting and other controls, adopting suitably competitive human resources practices and compensation policies and ensuring the Group operates within the approved budgets and business direction.

The Independent Non-Executive Directors are independent of management and are free from any businesses or other relationships that could materially interfere with the exercise of independent judgement. They scrutinize the decision taken by the Board and provide objective challenge to the management.

The Board is made up of Directors with a wide range of skills, experience and qualifications and they contribute their expertise and knowledge in areas such as accounting, finance, business management, specific industry knowledge which are relevant to the Group's business.

In the opinion of the Board, the appointment of a Senior Independent Non-Executive Director to whom any concerns should be conveyed is not necessary. The Board operates in an open environment in which opinions and information are freely exchanged. Hence, any concerns need not be focused on a single Director as all members of the Board fulfill this role individually and collectively.

The Board collectively views that its current size complies with the Code and is effective. The Board will review, from time to time, the need to revise its size and composition of the Group's business and determine the impact of the effectiveness of any proposed change of its current size.

Board Committees

The Board has established the following committees:-

The Audit Committee

The Audit Committee's principal duties include the supervision of the truthfulness and completeness of the Company's financial statements, the effectiveness and completeness of the Company's internal control as well as risk management system.

The terms of reference and other information on the Audit Committee are set out in the Audit Committee Report in this Annual Report.

The Nomination Committee

The Company has established the Nomination Committee on 27 February 2007 comprises three (3) Independent Non-Executive Directors.

The Nomination Committee shall meet at least once a year to carry out the activities as enshrined in its terms of reference, or more frequently as the need arises, at the discretion of the Chairman of the Nomination Committee.

The Nomination Committee has access to any form of independent professional advice, information and the advice and services of the Company Secretary, if and when required, in carrying out its functions.

The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Nomination Committee and ensure that the minutes are properly kept and produced for inspection if required.

The Nomination Committee is authorised by the Board to act as follow:

- To review nominations of new Directors based on selection criteria such as the incumbent's credentials and their skills and contributions required by the Company.
- To ensure that the Board of Directors has an appropriate balance of skills, expertise, attributes and core competencies from its member.
- To recommend to the Board of Directors the potential directors to fill the seats of the Board of Directors Committee.
- To assess annually the effectiveness of the Board, its Committees and the contribution of each Director.
- To review succession plans for members of the Board.

The Nomination Committee will evaluate the effectiveness of the Board as a whole, including Board Committees and the contribution of each Director annually and properly documented. The performance evaluation process established shall include clear evaluation criteria and communicated to each individual Director. All report shall be gathered and assessed by the Nomination Committee for the Board's review and approval. The evaluation will be done at least once a year to gauge the effectiveness of the Board's performance, the adequacy of the blend of skill sets and experience of the Board. During the year, the performance evaluation indicated that the Board continues to function effectively.

Criteria for assessments:-

a) Contribution to Interaction, Quality of Input, Understanding of Role, Board Chairman's Role (for individual director assessment)
b) Board Structure, Board Operations, Board Roles and Responsibilities, Board Chairman's Role and Responsibilities (for Board assessment)
c) Is the committee providing useful recommendations? Do the members have sufficient and relevant expertise in fulfiling their roles? Are committee chairs properly and providing appropriate reporting and recommendations to the Board (for Board Committee assessment)?

Appointments to the Board and Re-election

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to the mix of expertise and experience required for an effective Board.

The Nomination Committee reviews and assesses the Board composition yearly to ensure that it has balance mixed skills and business experience to contribute to the success of the Group. The assessment is on merit based. Currently, the Company does not have a policy on gender diversity but believes in providing equal opportunity to all candidates.

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election. At the forthcoming AGM, Mr. Eng Shao Hon and Mr. Aaron Sim Kwee Lein are standing for re-election pursuant to Article 103. Their profiles are set out in the section on Directors' Profile of this Annual Report.

The Remuneration Committee

The Company has established the Remuneration Committee on 27 February 2007, consisting of two (2) Independent Non-Executive Directors and the Managing Director.

The Remuneration Committee's primary responsibility is to review and recommend the remuneration of Directors to the Board. The Board, as a whole, determines the remuneration of the Directors and the individual Director is required to abstain from discussing his own remuneration. The Remuneration Committee meets as and when necessary.

In the case of Executive Directors, the remuneration scheme is structured based on corporate and individual performance. On the other hand, Non-Executive Directors are remunerated based on their experiences and the level of responsibilities undertaken by the respective Non-Executive Directors concerned.

The Remuneration Committee will make its recommendations to the Board on the remuneration of senior management by taking into consideration the salary and employment conditions within the industry and benchmarks from comparable companies. The Remuneration Committee strives to be competitive, linking staff rewards with their performance and responsibilities.

The Remuneration Committee aims to directly align the interests of Directors and senior management with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst its senior management.

Directors' Remuneration

The Company's remuneration policy for Directors is tailored to provide a remuneration package to recruit, retain and motivate individuals of the necessary caliber and quality that are required to manage the business of the Group.

The Remuneration Committee carries out the annual review of the overall remuneration package for Directors by taking into account their contributions and respective responsibilities. Such fees were benchmarked against the amount paid by other listed companies.

The Remuneration Committee reviews and recommends to the Board the remuneration of the Executive Directors. For the year under review, the aggregate remuneration of Directors paid is categorised into the following table:

	Fees (RM)	Salary and Bonus (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	240,000	887,175	-	1,127,175
Non-executive Directors	108,000	-	-	108,000
Total	348,000	887,175	-	1,235,175

Range of Remuneration	No. of Directors Executive	Non-Executive
Below RM50,000	-	3
RM200,000 – RM249,999	1	-
RM250,000 – RM299,999	2	-
RM300,000 – RM349,999	1	-

The fees payable to the Directors for their services on Board are recommended by the Board subject to approval by shareholders of the Company at the AGM.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The Independent Non-Executive Directors play a leading role in the Board Committees. The management and third parties are co-opted to the Committees as and when required.

The Company's Executive Chairman and the Managing Director is held by same Director. This departs from the Code that the positions of Chairman and the Chief Executive Officer should be held by different individuals, and the Chairman must be a non-executive member of the Board, or the Board must comprise a majority of independent directors.

The Board believes that the interests of shareholders are best served by the Executive Chairman who is also the major shareholder and will act in the best interests of the Company as a whole. As the Executive Chairman represents shareholder with a substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests.

The Executive Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Managing Director, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

In accordance with Recommendation 3.3 of MCCG 2012, the Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than nine (9) years.

The Board holds the view that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualifications, experience and personal qualities.

At the forthcoming AGM of the Company, the Board with the recommendation of the Nomination Committee will seek shareholders' approval to retain the designation of Mr. Ng Kim Huat and Mr. Aaron Sim Kwee Lein as the Independent Non-Executive Directors of the Company who have served the Company for more than 9 years.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

Time Commitment

The Directors observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

To ensure that the Directors are committed and fulfill their roles and responsibilities effectively, they must not hold directorships of more than five (5) public listed companies and must be able to commit sufficient time to the Company. The Company has a schedule date of meeting for the financial year to ensure that all Directors will plan in advance to ensure they are available for the meeting.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

During the financial year ended 31 December 2015, four (4) Board Meetings were held. The summary of attendance at the Board meetings held in the financial year ended 31 December 2015 is as follows:

	Board of Directors
No. of meetings held	4
Name of Director	**Member Attendance**
Executive Directors	
Wang Kuen-Chung @ Jeff Wang	4/4
Sun Chin-Chuan @ Sharon Sun (resigned on 15 December 2015)	3/4
Gan Teck Ban	4/4
Eng Shao Hon	4/4
Independent Non-Executive Directors	
Ng Kim Huat	4/4
Aaron Sim Kwee Lein	4/4
Lok Choon Hong	4/4

Directors' Training and Continuing Education Programme

All the Directors of the Company are encouraged to continuously attending relevant training programmes to enhance their knowledge in line with the ever-changing corporate laws, rules and regulations, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

All the Directors have attended the Mandatory Accreditation Training Programme (MAP).

In addition to the MAP prescribed by Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and businesses.

Pursuant to Paragraph 15.08(2) and Appendix 9C (Part A, Paragraph 28) of the MMLR, the Directors have attended training programme in areas of financial risk management, corporate governance, corporate taxation and Goods and Service Tax (GST).

The summary of trainings attended by all the Directors for the financial year ended 31 December 2015 is as follows:

Name of Director	Training Programme
Wang Kuen-Chung @ Jeff Wang	Corporate governance balancing rules and practice.
Sun Chin-Chuan @ Sharon Sun	Corporate governance balancing rules and practice.
Gan Teck Ban	BDO tax forum series – Adapting to Change.
Eng Shao Hon	BDO tax forum series – Adapting to Change.
Aaron Sim Kwee Lein	GST Conference 2015 – Navigating the road ahead.
Ng Kim Huat	Risk management and internal control workshop : Is our defence adequate and effective?
Lok Choon Hong	The TIEMBA Alumni conference

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

Financial Reporting

The Board endeavours to present a set of balanced financial statements that provides a true and fair view of the financial position and performance of the Company and of the Group at the end of each financial year. Before presenting the financial statements, the Directors have taken necessary steps to ensure that the Company and the Group apply accounting policies consistently, and that the policies are supported by reasonable and prudent judgment and estimates.

Directors' Responsibilities in Financial Reporting

The Board is required under Paragraph 15.26(a) of the MMLR to issue a statement explaining their responsibilities in the preparation of the annual financial statements.

The Board is responsible to prepare financial statements which reflect a true and fair view of the state of affairs of the Company and the Group and the financial results of the Company and the Group for each financial year. The financial statements are prepared in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Malaysian Companies Act, 1965.

In preparing the financial statements, the Board is required to:

- Adopt suitable accounting policies consistently;
- Make judgments and estimates that are prudent and reasonable;
- Comply with applicable accounting standards;
- Prepare financial statements on a going concern basis unless otherwise stated; and
- Ensure proper keeping of accounting records with reasonable accuracy.

The Board is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group, and to ensure that the financial statements comply with the Companies Act, 1965.

The Board is satisfied that in preparing the financial statements of the Company and the Group for the financial year ended 31December 2015, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently. The Board is of the opinion that the financial statements are prepared in accordance with all relevant approved accounting standards and have been prepared on a going concern basis.

Relationship with Auditors

The appointment of the auditors is subject to approval at general meetings. In making its recommendations to the shareholders on the appointment and re-appointment of auditors, the Board relies on the review and recommendation of the Audit Committee.

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The Audit Committee meets with the external auditors to review the rationale of significant judgement, accounting principles and the operating effectiveness of internal controls and business risk management. The auditors have continued to highlight to the Audit Committee and the Board matters that require the Board's attention.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP

The Group has an Internal Audit Function that is independent of its activities and operations. Further details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Board emphasizes on the adequate internal control system, and take effective approaches to supervise the implementation of related control measures, whilst enhancing operation efficiency and effectiveness, and improving corporate governance, risk assessment, risk management and internal control so as to protect the shareholders' investment and the safety of the Company's assets.

While continuing to improve the internal control related policies, the Company has also been strengthening its IT internal control capabilities, which has improved the efficiency and effectiveness of internal control, enhancing the safety of the Company's information system so that the integrity, timeliness and reliability of data and information are maintained.

Our internal auditors, reporting to the Audit Committee are responsible for assessing the Group's risk management and internal control systems, formulating an impartial opinion on the effectiveness and efficiency of the systems, and reporting their finding to the Audit Committee. Follow-up audit will be conducted in due course to ensure that the audit recommendations are being properly implemented.

The internal audit function covers all material controls including financial, operational and risk management functions.

The internal audit findings are reported to the Audit Committee every quarter and the corrective actions are taken by the relevant departments.

Based on the assessment for the financial year ended 31 December 2015, the Board and the Audit Committee believe that the system of internal control provide reasonable assurance that the Group's assets are safeguarded and there is no significant area of concerns that may affect the shareholders.

Besides, in order to further establish and continue development of key policies and procedures pertaining to the system of internal control, the Board and Audit Committee work closely with the internal and external auditors to review and improve the system of internal control from time to time with the objective to safeguard the assets of the Company and the Group, and to ensure proper accountability at all levels of operations. The Statement on Risk Management and Internal Control furnished on pages 28 to page 30 of this Annual Report provides an overview on the state of internal controls within the Company.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company is aware that the key element of good corporate governance is the effective communication and dissemination of clear, relevant and comprehensive information which is timely and readily accessible by the Company's stakeholders.

EForce recognises the importance of timely dissemination of relevant corporate and other information to its shareholders and investors. Therefore, the Company complies strictly with the disclosure requirements of Bursa Securities for the Main Market and the Malaysian Accounting Standards Board in order to maintain the transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including the minority shareholders are protected.

Besides, the Company acknowledges that all shareholders should be promptly informed of all major developments impacting the Group. The Company engages in communication with shareholders through its Investor Relations link on official corporate website. Updates on information about the Company and all announcements made via the Bursa Securities website are also posted on its official website.

The Board is committed to provide and present a true and fair view of the Group's financial position and prospects by ensuring quality financial reporting to its stakeholders, in particular, shareholders, investors and the regulatory authorities. The Board is guided by the principles set out in MMLR. The terms of reference on the financial report are set out in the Statement of Directors' Responsibilities.

In order to maintain proactive communications with shareholders, the Company has provided the Annual Report, quarterly financial results, information on its business, financials and key activities to the public on a timely basis.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Group believes the importance of maintaining transparency and accountability to its shareholders.

The AGM remains the principal forum for dialogue with shareholders where they are encouraged to meet the Board to have greater insight into the Groups' operations. The shareholders can participate and raise questions regarding the business operations and financial performance and position of the Company. The Board, together with the external auditors and the Company Secretary, will provide feedback and responses to the shareholders' queries.

The Company sends out the Notice of the AGM and Annual Report to shareholders at least twenty-one (21) days before the meeting as required under the MMLR in order to facilitate full understanding and evaluation of the issues involved. As for special business items appearing in the Notice of the AGM, a full explanation is provided to the shareholders on the effect of the proposed resolution emanating from the special business item.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group views CSR as a continuing diligent commitment for businesses to act ethically and contribute to economic, and social development while improving the quality of the workforce, stakeholders' value and the local community at large.

WORKPLACE

The workplace is undeniably a major focus for most of our working lives. Therefore, the Group continuously endeavors to provide a healthy, safe, secure and environment friendly workplace for every employee. In addition, the Group acknowledges that human capital is the most valuable asset.

We continue to focus on recruiting and developing our talent pool to support the growth of our business. We are continuously upgrading our employees' competency, skills and knowledge by conducting proper training sessions, both internally and externally. The training programmes aim to equip our employees with key skills to support their career goals.

Besides training, the Group believes that equal employment opportunities will create a conducive working environment. EForce will continue to appraise and reward its employees with their contribution.

In fulfilling our corporate responsibilities to employees, the Group ensures that all employees are covered with insurance on life and medical as well as hospitalisation benefits.

COMMUNITY

As part of our commitment towards corporate social responsibilities, the Group had enlarged the contributions and supports to various non-profitable and charitable institutions. The number of organization/institution benefited from CSR programme has been increased from 26 to 28.

On 4 December 2015, a group of EForce staff has paid a visit to Shelter Home, a centre which provides protection, guidance, healing to the needy children, the purpose is to understand the daily operation and constraints faced by the center. We contributed cash, basic foods, groceries, shopping vouchers for them to purchase shoes for the children.

List of various non-profitable and charitable institutions that EForce had supported are as follows:

Organization	Core Activities
The Salvation Army	Maintain social assistance programmes and provide support for families, children, elderly folks and refugees.
National Stroke Association of Malaysia (NASAM)	To make stroke rehab accessible to stroke survivors especially to the poor and those living in the rural areas.
Lovely Disable Home	To provide training and create job opportunities for the children to help them to be independent and self reliance.
Shelter Home	Giving children at risk a childhood and future by protecting, guiding, healing them and by building loving families and strong communities.
Grace Community Services	Provide assistance to people with special needs (homeless and destitute, abused and abandoned, lonely and rejected).
Pertubuhan Jagaan Kanak-Kanak Cacat Setia	Provide assistance to children (5 to 42 years old) that have been abused, neglected, abandoned, orphaned and at risk.
Persatuan Kebajikan Insan Istimewa Melaka	Provide assistance to people with disabilities.
Lung Foundation of Malaysia	Provide assistance to lung diseases patients.
Malaysian Medical Relief Society (Mercy)	Mercy is a non-profit organization focusing on providing medical relief, sustainable health related development and risk reduction activities for vulnerable communities in both crisis and non-crisis situation.

CORPORATE SOCIAL RESPONSIBILITY (CSR)(cont'd)

Organization	Core Activities
Dignity For Children Foundation	Provide assistance to urban poor children in Malaysia.
HOSPIS Malaysia	Provide assistance to patients suffering from life-limiting illness in Klang Valley.
Yayasan Orang Kurang Upaya Kelantan	Provide assistance to disabled children and adults in Kelantan.
Malaysian Association for the Blind	Provide assistance to visually impaired community.
Yayasan Sin Chew	Provide assistance to disabled, less fortunate, poor student and victims of natural disaster.
United Voice	Provide assistance to person with learning disabilities (down syndrome, autism, attention deficit disorder, global development delay and cerebral palsy).
Malaysian Parkinson's Disease Association	Provide assistance to Parkinson's patient.
Buddhist Tzu-Chi Merits Society Malaysia	Welfare and education funds.
Yayasan Kebajikan SSL Haemodialysis	Dialysis and stroke rehabilitation centre.
Kiwanis Down Syndrome Foundation	Down syndrome centre.
Persatuan Cerebral Palsy Johor	Provide assistance to mentally handicapped children.
PT Foundation/Malaysia Aid Foundation	Provide assistance to drug users, sex workers, transgenders, men-who-have-sex-with men (MSM).
Pertubuhan Pengurusan Rumah Kebajikan Warga Emas Sang Riang	Provide assistance to senior citizens.
National Kidney Foundation of Malaysia	Provide assistance to kidney dialysis patients.
Women's Aid Organisation	Provide assistance to abused women and their children.
Persatuan Kebajikan Hope Worldwide Kuala Lumpur	Provide assistance to under privileged family and children.
Selangor and Federal Territory Association For the Mentally Handicapped (SAMH)	Provide assistance to mentally handicapped children.
ST. Nicholas Home, Penang	Provide shelter, care, rehabilitation and vocational training.
Persatuan Pendidikan Anak-Anak Yatim Lipis	Provide assistance to orphans in Kuala Lipis.
Pusat Harian Kanak-Kanak Spastik	Provide assistance to spastic children (down syndrome, slow leaner and monggolic).

AUDIT COMMITTEE REPORT

The principal objective of the Audit Committee is to assist the Board to discharge its statutory duties and responsibilities in relation to financial, accounting and reporting responsibilities and to ensure proper disclosure to the shareholders of the Company.

The Audit Committee will ensure that the management establishes and maintains an effective internal control system including adequacy of resources, qualifications and experience of staff fulfilling the accounting and financial reporting function of the Company.

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2015.

COMPOSITION AND MEETINGS

The Audit Committee held four (4) meetings during the year. The members of the Audit Committee and details of their attendance of the meetings during the financial year ended 31 December 2015 are as follows:

Name of Director	Designation / Directorship	Number of meetings attended
Aaron Sim Kwee Lein	Chairman of Committee / Independent Non-Executive Director	4/4
Ng Kim Huat	Member of Committee / Independent Non-Executive Director	4/4
Lok Choon Hong	Member of Committee / Independent Non-Executive Director	4/4

THE AUDIT COMMITTEE IS GOVERNED BY THE FOLLOWING TERMS OF REFERENCE:

1. Membership

   The Board from among its members shall appoint the Audit Committee that fulfils the following requirements:

   a) The Audit Committee must be composed of no fewer than three (3) members.

   b) All the Audit Committee members must be Non-Executive Directors, of which a majority of them must be Independent Directors.

   c) All members of the Audit Committee should be able to read, analyse and interpret financial statements. At least one (1) of them:

      (i) must be a member of the Malaysian Institute of Accountants; or

      (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and

         (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or

         (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

      (iii) fulfils such other requirements as prescribed or approved by the Exchange.

   d) The members of the Audit Committee shall elect a Chairman among their members whom shall be an Independent Director.

   e) No Alternate Director is appointed as a member of the Audit Committee.

   f) If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new member as may be required to make up the minimum number of three (3) members.

g) The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference. However, the appointment terminates when a member ceases to be a Director.

The Company had complied with Paragraph 15.09(1)(b) of the MMLR that the Audit Committee comprises exclusively of Non-Executive Directors.

2. Notice of Meeting and Attendance

The Audit Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.

The agenda for Audit Committee meetings shall be circulated before each meeting to members of the Committee. The Audit Committee may require the external auditors and any official of the Company to attend any of its meetings as determined. The external auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.

The Company Secretary shall be the secretary of the Committee. The Company Secretary shall attend all the Audit Committee meetings. Minutes of each meeting are to be prepared and sent to the Audit Committee members inclusive of the Company's Directors who are not members of the Audit Committee.

3. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

a) Have authority to investigate any matter within its terms of reference;

b) Have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Company in performing its duties;

c) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

d) Be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and

e) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. Key Functions and Responsibilities

The Audit Committee has the following key functions and responsibilities, namely:

a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;

b) To review the audit plan and audit report with the external auditors;

c) To review with the external auditor, his evaluation of the system of internal controls;

d) To review the assistance given by the Company to the external auditor;

e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

f) To review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

g) To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

   (i) changes in or implementation of major accounting policy changes;
   (ii) significant and unusual events; and
   (iii) compliance with accounting standards and other legal requirements.

h) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

i) To review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;

j) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year, if any; and

k) To review the adequancy of the Risk Management framework, policy, process and procedures undertaken and whether or not appropriate Risk Management Control actions are taken on to safeguard the interest of the respective stakeholders.

5. Summary of Audit Committee Activities

During the financial year, the Audit Committee has carried out its duties as set out in the terms of reference detailed below:

a) Reviewed the scope of work of the external auditors and audit plans for the year;
b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
c) Reviewed the internal auditors' scope of work;
d) Checked with the internal auditors on any findings which require the Committee's attention;
e) Reviewed the internal control policy and internal control system;
f) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval; and
g) Reviewed the annual financial statements before recommending for approval by the Board.

INTERNAL AUDIT FUNCTIONS

The Company has outsourced its internal audit division to an independent professional consulting firm to assist the Audit Committee in discharging their responsibilities and duties. The role of the internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such system continue to operate satisfactory and effectively.

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements. The details of internal audit functions, are noted in the Statement on Risk Management and Internal Control in this Annual Report.

During the financial year under review, the internal auditors reviewed and audited the following areas :-
(a) Internal control environment of Project Management;
(b) Internal control environment of Quality Assurance;
(c) Internal control environment of Finance and Account, Human Resources Management and Administration;
(d) Internal control environment of Risk Management framework.

The fee (inclusive of service tax/goods and services tax) paid to the professional firm in respect of internal audit function for the financial year ended 31 December 2015 was RM30,072.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("the Board") of Excel Force MSC Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of Excel Force MSC Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2015 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and "Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers".

Board Responsibility

The Board affirms its overall responsibility for maintaining the Group's systems of internal controls and risk management to safeguard investment, the interest of customers, regulators, employees, and the Group's assets. The Board further recognizes its responsibility in reviewing the adequacy and integrity of these systems. The Audit Committee is entrusted by the Board to ensure effectiveness of the Group's internal control and risk management system.

Due to the limitations that are inherent in any system of internal control, the systems of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss as it is designated to manage rather than eliminate the risk of failure to achieve the Group's business objectives.

Risk Management

The Board confirms that there is an on-going process of identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process was in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the Risk Management process, a Registry of Risk and the Risk Management Handbook were adopted. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The Registry of Risk and Risk Matrix are maintained to identify principal business risk and updated for on-going changes in the risk profile.

Internal Audit Functions

In accordance with the Malaysian Code on Corporate Governance, the Group in its efforts to provide adequate and effective internal control system had appointed Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent consulting firm to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditor reports directly to the Audit Committee on quarterly basis.

The internal auditor reviews and addresses critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. Quarterly audit reports and status report on follow up actions were tabled to the Audit Committee and Board during quarterly Audit Committee Meetings.

For the financial year ended 31 December 2015, the following subsidiaries of the Group were audited by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
Jan – Mar 2015	May 2015	Insage (MSC) Sdn Bhd and Winvest Global Sdn Bhd	Project Management
Apr – Jun 2015	August 2015	Excel Force MSC Berhad	Quality Assurance
Jul – Sep 2015	November 2015	Winvest Global Sdn Bhd	Finance & Account Human Resources Management and Administration
Oct – Dec 2015	February 2016	Excel Force MSC Berhad	Risk Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

During the financial year under review, Sterling has presented their status report: follow-up actions on previously reported audited findings in respect of the following subsidiaries of the Group:-

Name of Entities audited by Sterling	**Date of Follow up Status Report**
Excel Force MSC Berhad on Finance and Accounts functions for audit conducted for quarter July - September 2014	26 May 2015
Excel Force MSC Berhad on Customer Service functions for audit conducted for quarter April - June 2014	26 May 2015
Insage (MSC) Sdn Bhd and Winvest Global Sdn Bhd on Project Management functions for audit conducted for quarter January – March 2015	20 August 2015
Excel Force MSC Berhad on Finance and Accounts functions for audit conducted for quarter July - September 2014	20 August 2015
Excel Force MSC Berhad on Customer Service functions for audit conducted for quarter April - June 2014	20 August 2015
Excel Force MSC Berhad on Quality Assurance functions for audit conducted for quarter April – June 2015	20 November 2015
Insage (MSC) Sdn Bhd and Winvest Global Sdn Bhd on Project Management functions for audit conducted for quarter January – March 2015	20 November 2015
Insage (MSC) Sdn Bhd and Winvest Global Sdn Bhd on Project Management functions for audit conducted for quarter January – March 2015	23 February 2016
Winvest Global Sdn Bhd on Finance & Accounts, Human Resources and Administration functions for audit conducted for quarter July – September 2015	23 February 2016

The Key Elements of The Group's Internal Control System Include:

1. Organisation structure with defined lines of responsibility, authority and accountability;
2. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements;
3. Quarterly Board meetings and monthly management meetings are held where information is provided to the Board and management covering financial performances and operations;
4. Training and development is provided as and when required by employees with the objective of enhancing their knowledge and competency; and
5. Management accounts and reports are prepared regularly for monitoring of actual performance.

Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. To this end, the Board has formalised a Risk Management Framework by implementing an on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and has taken into account the guidance of the Malaysian Code on Corporate Governance.

The management of risks in the daily business operation is assigned to management team and significant risks are identified and related mitigating responses as well as the corresponding internal control measures were deliberated at the Audit Committee and Board meeting.

Assurance from Management

The Board has received assurance from the Executive Director and Group Finance Manager that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice Guide 5 (Revised) issued by Malaysian Institute of Accountants. Based on their procedures performed, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

Conclusion

For the financial year 31 December 2015 and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. The Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary. This statement is made in accordance with the resolution passed by the Board dated 22 March 2016.

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS

There was no material contract between the Company and its subsidiaries involving the Directors and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

NON-AUDIT FEES

The amount on non-audit fees incurred for services rendered to the Group for the financial year by the Group's external auditors was RM4,500.00.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

There was no RRPT in the Company during the financial year under review.

SHARE BUYBACK

There were no share buyback, share cancellation, shares held as treasury shares and resale of treasury shares during the financial year under review.

OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

On 18 July 2014, the Company issued 103,384,031 2014/2019 free Warrants ("the Warrants 2014/2019") on the basis of one (1) free warrant for every two (2) existing ordinary shares held of RM0.10 each. The Warrants are constituted under a Deed Poll dated 1 July 2014 ("Deed Poll"). The Warrants 2014/2019 were listed on Main Market of Bursa Malaysia Securities Berhad on 24 July 2014.

No Warrants were converted during the financial year under review.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2015.

OTHER INFORMATION

During the financial year ended 31 December 2015, the Company:

- Has not undertaken sponsorship of any American Depository or Global Depository Receipt programmes;
- Has not been involved in any sanctions and / or penalties imposed on the Company, Directors or management staff by the relevant regulatory bodies;
- Has not issued or announced any profit estimate, forecast or projection; and
- Did not receive any profit guarantee.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the development, provision and maintenance of computer software application solutions for the financial services industry. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	7,567,805	7,527,088
Attributable to:		
Owners of the parent	7,552,104	7,527,088
Non-controlling interests	15,701	-
	7,567,805	7,527,088

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of the financial year ended 31 December 2015:	
First interim tax exempt dividend of 1.0 sen per ordinary share, paid on 31 March 2015	2,067,681
Second interim single-tier dividend of 1.0 sen per ordinary share, paid on 30 June 2015	2,067,681
Third interim single-tier dividend of 1.0 sen per ordinary share, paid on 23 December 2015	2,067,681
	6,203,043

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

On 25 February 2016, the Directors declared a first interim single-tier dividend of 1.0 sen per ordinary share of RM0.10 each in respect of the financial year ending 31 December 2016.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

WARRANTS

In the previous financial year, on 18 July 2014, the Company issued 103,384,031 2014/2019 free Warrants ('the Warrants 2014/2019') on the basis of one (1) free warrant for every two (2) existing ordinary shares held of RM0.10 each. The Warrants are constituted under a Deed Poll dated 1 July 2014 ('Deed Poll'). The Warrants 2014/2019 were listed on Main Market of Bursa Malaysia Securities Berhad on 24 July 2014.

The salient features of the Warrants 2014/2019 are as follows:

(i) the Warrants 2014/2019 entitle its registered holders to subscribe for one (1) new ordinary share of the Company of RM0.10 each at the exercise price during the exercise period;

(ii) the exercise price of each Warrant has been fixed at RM0.68 per Warrant;

(iii) the Warrants 2014/2019 may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants dated 18 July 2014 and ending on the expiry date to be dated 17 July 2019 ('exercise period'). Any Warrants which have not been exercised by the expiry of the exercise period will lapse and therefore cease to be valid for any purpose; and

(iv) the new shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing shares save and except that they will not be entitled to any dividends, rights, allotment or other forms of distributions for which the relevant entitlement precedes the date of allotment and issuance of the new shares arising from the exercise of the Warrants.

As at 31 December 2015, unexercised warrants of the Company are as follows:

Date granted	Exercise price	No. of warrants over ordinary shares	Warrant expiry date
18 July 2014	RM 0.68	103,384,031	17 July 2019

No warrants were exercised into ordinary shares during the financial year ended 31 December 2015.

DIRECTORS

The Directors who held for office since the date of the last report are:

Wang Kuen-Chung @ Jeff Wang
Ng Kim Huat
Aaron Sim Kwee Lein
Gan Teck Ban
Eng Shao Hon
Lok Choon Hong
Sun Chin-Chuan @ Sharon Sun (resigned on 15 December 2015)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.1.2015	**Addition**	**Sold**	**Balance as at 31.12.2015**
Shares in the Company				
Direct interests:				
Wang Kuen-Chung @ Jeff Wang	10,741,502	-	-	10,741,502
Gan Teck Ban	675,000	-	-	675,000
Lok Choon Hong	-	20,000	-	20,000
Sun Chin-Chuan @ Sharon Sun (resigned on 15 December 2015)**	40,997,400	-	-	40,997,400
Indirect interests:				
Wang Kuen-Chung @ Jeff Wang*	26,675,000	-	-	26,675,000

	Number of Warrants of RM0.10 each			
	Balance as at 1.1.2015	**Bought**	**Sold**	**Balance as at 31.12.2015**
Warrants in the Company				
Direct interests:				
Wang Kuen-Chung @ Jeff Wang	51	-	-	51
Gan Teck Ban	247,500	-	(247,500)	-
Sun Chin-Chuan @ Sharon Sun (resigned on 15 December 2015)**	11,219,700	-	(7,744,700)	3,475,000

* By virtue of his interests in the shares in the substantial shareholder of the Company, Exacta Co. Ltd. ('Exacta'), a company incorporated in British Virgin Islands, Wang Kuen-Chung @ Jeff Wang is deemed to have interests in the Company to the extent of Exacta's interest therein, in accordance with Section 6A of the Companies Act, 1965 in Malaysia.

Wang Kuen-Chung @ Jeff Wang is the spouse of Sun Chin-Chuan @ Sharon Sun. By virtue of their relationship, they are also deemed to have interests in the shares held by each other, both direct and indirect.

** Disclosure of interests held by his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965 in Malaysia.

By virtue of his interests in the ordinary shares of the Company, Wang Kuen-Chung @ Jeff Wang is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

DIRECTORS' INTERESTS (continued)

The deemed interests in the ordinary shares of the non-wholly owned subsidiaries, held by Wang Kuen-Chung @ Jeff Wang at year end were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.1.2015	**Addition**	**Sold**	**Balance as at 31.12.2015**
Subsidiary, Insage (MSC) Sdn. Bhd.				
Indirect interests:				
Wang Kuen-Chung @ Jeff Wang	120,000	-	-	120,000
Subsidiary, Capital Market Risk Advisor Sdn. Bhd.				
Indirect interests:				
Wang Kuen-Chung @ Jeff Wang	130,000	-	-	130,000
Subsidiary, Winvest Global Sdn. Bhd.				
Indirect interests:				
Wang Kuen-Chung @ Jeff Wang	306,000	-	-	306,000

The other Directors holding office at the end of the financial year did not have any beneficial interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions as disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued as disclosed in Note 15 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other 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 provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the revision in the estimated useful lives of product developments costs, which resulted in a decrease in the Group's and Company's profit for the financial year by RM549,990 and RM393,617 respectively as disclosed in Note 6.1 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

(iii) 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) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 26 March 2015, the 52% owned subsidiary of the Group, Capital Market Risk Advisor Sdn. Bhd. ('CMRA') was served with a Writ of Summon and Statement of Claim ('SOC') issued by the Kuala Lumpur High Court Guaman No. 22IP-5-03/2015 by Risk-X Sdn. Bhd. ('RX') ('the Plaintiff') to restrain the selling and distribution of their software product known as ORMS V6 without permission.

In the SOC, the Plaintiff is claiming to restrain CMRA from using, selling or trading computer program software similar to computer program identified as ORMS V6 and to restrain CMRA from using ORMS V6 and declare the 'pass off' of the said program as that of CMRA. The Plaintiff has claimed for general damages to be assessed and specific and exemplary damages without any quantification in their prayer and no interest was claimed.

Pending the full hearing of the Plaintiff's claim, on 3 April 2015, a Notice of Application for interlocutory injunction was served by the Plaintiff to restrain CMRA from using, selling and dealing with ORMS V6 and to restrain three (3) ex-employees ('Defendants') of CMRA from continuing their employment with CMRA.

On 26 June 2015, the Kuala Lumpur High Court dismissed the Plaintiff's application for interlocutory injunction.

The Plaintiff's claim was heard on 10 September 2015, 30 September 2015, 21 October 2015, 26 October 2015 and 22 January 2016 whereby witnesses were called and evidence adduced in Court. On 24 February 2016, the Kuala Lumpur High Court dismissed the Plaintiff's claim with costs of RM80,000 awarded to the Defendants.

On 2 March 2016, CMRA was served with a Notice of Appeal by the Plaintiff to the Court of Appeal against the Kuala Lumpur High Court's decision dismissing the Plaintiff's claim with costs. The Court of Appeal will fixed a hearing date after the filing of the Record of Appeal which is to be filed within eight (8) weeks from 2 March 2016. The Court of Appeal has also fixed on 28 April 2016 for case management.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

Wang Kuen-Chung @ Jeff Wang	**Eng Shao Hon**
Director	Director

Petaling Jaya, Selangor
22 March 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 41 to 110 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 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 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 to the financial statements on page 111 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Wang Kuen-Chung @ Jeff Wang	**Eng Shao Hon**
Director	Director

Petaling Jaya, Selangor
22 March 2016

STATUTORY DECLARATION

I, Liew Kean Fatt, being the officer primarily responsible for the financial management of Excel Force MSC Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
22 March 2016)

Liew Kean Fatt

Before me:

INDEPENDENT AUDITORS' REPORT

to the Members of Excel Force MSC Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Excel Force MSC Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 110.

Directors' Responsibility for the Financial Statements

The Directors of the Company 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 Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the Members of Excel Force MSC Berhad
(cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securitites Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, 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.

BDO
AF: 0206
Chartered Accountants

Chan Wai Leng
2893/08/17 (J)
Chartered Accountant

Kuala Lumpur
22 March 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	17,256,525	18,356,658	17,029,506	18,070,397
Product development costs	8	10,025,948	8,551,844	7,250,479	6,111,563
Goodwill on consolidation	9	32,528	32,528	-	-
Investments in subsidiaries	11	-	-	436,000	436,000
Trade and other receivables	13	-	-	1,798,436	2,089,254
Total non-current assets		27,315,001	26,941,030	26,514,421	26,707,214
Current assets					
Inventories	12	79,497	64,587	79,497	64,587
Trade and other receivables	13	7,911,580	6,980,502	8,053,756	6,950,566
Cash and bank balances and short term funds	14	19,701,826	20,547,111	18,583,193	19,555,739
Total current assets		27,692,903	27,592,200	26,716,446	26,570,892
TOTAL ASSETS		55,007,904	54,533,230	53,230,867	53,278,106
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	20,676,810	20,676,810	20,676,810	20,676,810
Reserves	16	23,263,333	21,914,272	23,356,211	22,032,166
		43,940,143	42,591,082	44,033,021	42,708,976
Non-controlling interests		506,347	490,646	-	-
TOTAL EQUITY		44,446,490	43,081,728	44,033,021	42,708,976
Non-current liabilities					
Borrowings	17	5,221,110	6,202,218	5,221,110	6,202,218
Deferred tax liabilities	21	76,671	346,047	76,671	305,009
Total non-current liabilities		5,297,781	6,548,265	5,297,781	6,507,227
Current liabilities					
Trade and other payables	20	3,577,383	3,402,578	2,213,815	2,581,140
Borrowings	17	981,108	1,032,470	981,108	1,032,470
Current tax liabilities		705,142	468,189	705,142	448,293
Total current liabilities		5,263,633	4,903,237	3,900,065	4,061,903
TOTAL LIABILITIES		10,561,414	11,451,502	9,197,846	10,569,130
TOTAL EQUITY AND LIABILITIES		55,007,904	54,533,230	53,230,867	53,278,106

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	22	25,279,995	21,874,061	21,790,623	20,455,978
Cost of sales	23	(8,431,429)	(6,498,010)	(6,683,051)	(6,299,714)
Gross profit		16,848,566	15,376,051	15,107,572	14,156,264
Other income		541,273	1,964,602	698,505	2,063,520
Other operating expenses		(2,013,058)	(2,578,274)	(1,825,015)	(2,498,556)
Marketing expenses		(130,282)	(63,299)	(41,997)	(18,418)
Administrative expenses		(5,592,977)	(4,363,878)	(4,287,917)	(3,879,716)
Finance costs	24	(597)	(9,792)	(597)	(9,792)
Profit before tax	25	9,652,925	10,325,410	9,650,551	9,813,302
Tax expense	26	(2,085,120)	(1,481,398)	(2,123,463)	(1,433,264)
Profit for the financial year		7,567,805	8,844,012	7,527,088	8,380,038
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		7,567,805	8,844,012	7,527,088	8,380,038
Profit attributable to:					
Owners of the parent		7,552,104	8,628,159	7,527,088	8,380,038
Non-controlling interests		15,701	215,853	-	-
		7,567,805	8,844,012	7,527,088	8,380,038
Total comprehensive income attributable to:					
Owners of the parent		7,552,104	8,628,159	7,527,088	8,380,038
Non-controlling interests		15,701	215,853	-	-
		7,567,805	8,844,012	7,527,088	8,380,038
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic (sen)	27	3.65	4.17		
Diluted (sen)	27	3.65	4.17		
Dividend per ordinary share in respect of the financial year (sen)	28				
- first interim		1.00	1.50	1.00	1.50
- second interim		1.00	1.00	1.00	1.00
- third interim		1.00	-	1.00	-

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2015

Group	Note	Share capital RM	Distributable Retained earnings RM	Total attributable to the owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2014		20,676,810	18,455,315	39,132,125	12,045	39,144,170
Profit for the financial year		-	8,628,159	8,628,159	215,853	8,844,012
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	8,628,159	8,628,159	215,853	8,844,012
Transactions with owners						
Dividends paid	28	-	(5,169,202)	(5,169,202)	-	(5,169,202)
Effects arising from acquisition of a subsidiary	34	-	-	-	262,748	262,748
Total transactions with owners		-	(5,169,202)	(5,169,202)	262,748	(4,906,454)
Balance as at 31 December 2014		20,676,810	21,914,272	42,591,082	490,646	43,081,728
Profit for the financial year		-	7,552,104	7,552,104	15,701	7,567,805
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	7,552,104	7,552,104	15,701	7,567,805
Transactions with owners						
Dividends paid	28	-	(6,203,043)	(6,203,043)	-	(6,203,043)
Total transactions with owners		-	(6,203,043)	(6,203,043)	-	(6,203,043)
Balance as at 31 December 2015		20,676,810	23,263,333	43,940,143	506,347	44,446,490

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2015
(cont'd)

Company	**Note**	**Share capital RM**	**Distributable Retained earnings RM**	**Total equity RM**
Balance as at 1 January 2014		20,676,810	18,821,330	39,498,140
Profit for the financial year		-	8,380,038	8,380,038
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	8,380,038	8,380,038
Transactions with owners				
Dividends paid	28	-	(5,169,202)	(5,169,202)
Balance as at 31 December 2014		20,676,810	22,032,166	42,708,976
Profit for the financial year		-	7,527,088	7,527,088
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	7,527,088	7,527,088
Transactions with owners				
Dividends paid	28	-	(6,203,043)	(6,203,043)
Balance as at 31 December 2015		20,676,810	23,356,211	44,033,021

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		9,652,925	10,325,410	9,650,551	9,813,302
Adjustments for:					
Amortisation of product development costs	8	1,429,000	996,119	1,055,332	778,826
Depreciation of property, plant and equipment	7	1,503,938	1,414,768	1,414,515	1,373,330
Interest expense on:					
- hire purchase and finance lease liabilities	24	597	8,876	597	8,876
- term loan	24	-	916	-	916
Interest income from:					
- deposits with licensed banks		(4,156)	(1,901)	(1,036)	(1,196)
- short term funds		(347,427)	(317,521)	(338,794)	(317,521)
- amount owing by a subsidiary		-	-	(105,744)	(105,743)
Net gain on disposal of property, plant and equipment		(21,676)	(1,382,650)	(22,098)	(1,382,650)
Product development costs written off	8	-	451,304	-	451,304
Property, plant and equipment written off	7	1,468	1,622	70	1,449
Unrealised gain on foreign exchange		(64,783)	(28,668)	(64,783)	(28,668)
Operating profit before changes in working capital		12,149,886	11,468,275	11,588,610	10,592,225
Increase in inventories		(14,910)	(13,415)	(14,910)	(13,415)
Increase in trade and other receivables		(968,078)	(2,302,187)	(943,628)	(2,181,424)
Increase/(Decrease) in trade and other payables		174,799	(92,026)	(367,331)	360,907
Increase in product development costs	8	(2,903,104)	(2,574,798)	(2,194,248)	(1,792,927)
Cash generated from operations		8,438,593	6,485,849	8,068,493	6,965,366
Tax paid		(2,117,543)	(1,998,687)	(2,094,952)	(1,998,687)
Net cash from operating activities		6,321,050	4,487,162	5,973,541	4,966,679

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2015
(cont'd)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary for cash, net of cash acquired	34	-	721,363	-	(306,000)
Repayment from subsidiary		-	-	200,000	-
Interest received from:					
- deposits with licensed banks		4,156	1,901	1,036	1,196
- short term funds		347,427	317,521	338,794	317,521
Purchase of property, plant and equipment	7	(431,952)	(8,260,024)	(399,478)	(8,232,812)
Proceeds from disposal of property, plant and equipment		48,355	5,349,757	47,882	5,349,757
Net cash (used in)/from investing activities		(32,014)	(1,869,482)	188,234	(2,870,338)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	28	(6,203,043)	(5,169,202)	(6,203,043)	(5,169,202)
Interest paid		(418)	(9,792)	(418)	(9,792)
Repayments of					
- hire purchase and finance lease liabilities		(25,562)	(435,601)	(25,562)	(435,601)
- term loan		(981,108)	(816,674)	(981,108)	(816,674)
Ordinary share capital subscribed by non-controlling interests of a subsidiary		-	294,000	-	-
Net cash used in financing activities		(7,210,131)	(6,137,269)	(7,210,131)	(6,431,269)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(921,095)	(3,519,589)	(1,048,356)	(4,334,928)
EFFECTS OF EXCHANGE RATE CHANGES		75,810	22,861	75,810	22,861
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		20,547,111	24,043,839	19,555,739	23,867,806
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	14	19,701,826	20,547,111	18,583,193	19,555,739

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

1. CORPORATE INFORMATION

Excel Force MSC Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at Unit TA-13-1, Level 13, Tower A, Plaza 33, No. 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2015 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 22 March 2016.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are the development, provision and maintenance of computer software application solutions for the financial services industry. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 41 to 110 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 36 to the financial statements set out on page 111 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all 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:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If 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:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Long term leasehold land	56 years/99 years
Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Computers and software	20%
Office equipment	15%
Renovation	20%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, 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, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on 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 carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight- line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments in subsidiaries (continued)

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.7 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criterias are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets (continued)

(b) Other intangible assets (continued)

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the cost of sales line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

Research and development

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the products or processes to generate future economic benefits.

Capitalised product development costs are amortised on a straight line basis over a period of three (3) to ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development assets are tested for impairment annually.

Trademarks and copyrights

Acquired trademarks and copyrights have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the accumulated straight line method to allocate the cost of trademarks and copyrights over their estimated useful lives of ten (10) years.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of replacement parts comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries) and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible assets might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of the CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments.*

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their shot term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary share capital and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act, 1965 in Malaysia.

No gain or loss is required in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Held-to-maturity and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets (continued)

(a) Held-to-maturity and loans and receivables (continued)

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factor such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profits or loss, is transferred from equity to profit or loss.

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

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised to profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profit and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

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 the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.16 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Earnings per share (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and services, and acceptance by customers.

(b) Services

Revenue from rendering of services is recognised upon performance of services.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(e) Management fees

Management fees are recognised when services are rendered.

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) Engage in business activities from which it could earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Operating segments (continued)

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five (75) percent of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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 fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014

There is no material impact upon the adoption of these Amendments during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018

The Group is in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company revised the estimated useful life of product development costs from five (5) to ten (10) years to three (3) to ten (10) years with effect from 1 January 2015. The revision was accounted for prospectively as a change in accounting estimate and as a result, the amortisation charge of the Group and of the Company for the current financial year has been increased by RM549,990 and RM393,617 respectively.

There are no other significant changes in estimates since the end of the reporting period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified leasehold land of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for leasehold land as a finance lease in accordance with MFRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of the financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their rights to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(c) Contingent liabilities

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

(b) Impairment of product development costs

The Group reviews the carrying amounts of product development costs as at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of product development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(b) Impairment of product development costs (continued)

Significant judgement is made in the estimation of the present value of future cash flows generated by product development costs, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of product development costs.

Further details on assessment for impairment of product development costs are disclosed in Notes 8 to the financial statements.

(c) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of goodwill. The assumptions used are disclosed in Note 9 to the financial statements.

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of these effects of interest rate risk has been disclosed in Note 33 to the financial statements.

(f) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on interpretation of the tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(g) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(h) Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Directors review the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amount of the investments in subsidiaries and the amounts owing by subsidiaries are assessed by reference to the value in use of the subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement has also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(i) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures its financial instruments at fair value as disclosed in Note 32 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

2015 Group	Balance as at 1.1.2015 RM	Additions RM	Written off RM	Disposals RM	Balance as at 31.12.2015 RM
Cost					
Buildings	12,805,605	-	-	-	12,805,605
Freehold land	382,284	-	-	-	382,284
Long term leasehold land	2,030,000	-	-	-	2,030,000
Furniture and fittings	354,097	2,688	(756)	(1,278)	354,751
Motor vehicles	1,015,641	57,637	-	(78,330)	994,948
Computers and software	5,630,622	368,296	(290,615)	(3,156)	5,705,147
Office equipment	259,040	3,331	(1,199)	-	261,172
Renovation	921,487	-	-	(1,700)	919,787
	23,398,776	431,952	(292,570)	(84,464)	23,453,694

	Balance as at 1.1.2015 RM	Depreciation charge for the financial year RM	Written off RM	Disposals RM	Balance as at 31.12.2015 RM
Accumulated depreciation					
Buildings	321,361	255,611	-	-	576,972
Long term leasehold land	33,229	36,250	-	-	69,479
Furniture and fittings	65,033	34,430	(227)	(383)	98,853
Motor vehicles	604,054	200,369	-	(54,831)	749,592
Computers and software	3,714,483	783,932	(290,545)	(2,316)	4,205,554
Office equipment	111,761	31,539	(330)	-	142,970
Renovation	192,197	161,807	-	(255)	353,749
	5,042,118	1,503,938	(291,102)	(57,785)	6,197,169

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2014 Group	Balance as at 1.1.2014 RM	Additions RM	Acquisition of subsidiary (Note 34) RM	Written off RM	Disposals RM	Balance as at 31.12.2014 RM
Cost						
Buildings	3,707,457	12,470,000	-	-	(3,371,852)	12,805,605
Freehold land	382,284	-	-	-	-	382,284
Long term leasehold land	592,728	2,030,000	-	-	(592,728)	2,030,000
Furniture and fittings	252,384	270,140	10,911	(12,138)	(167,200)	354,097
Motor vehicles	1,015,945	90,678	-	-	(90,982)	1,015,641
Computers and software	5,444,582	466,487	165,667	(39,507)	(406,607)	5,630,622
Office equipment	212,381	122,406	9,955	(26,499)	(59,203)	259,040
Renovation	751,957	810,313	-	-	(640,783)	921,487
	12,359,718	16,260,024	186,533	(78,144)	(5,329,355)	23,398,776

	Balance as at 1.1.2014 RM	Depreciation charge for the financial year RM	Written off RM	Disposals RM	Balance as at 31.12.2014 RM
Accumulated depreciation					
Buildings	375,552	269,276	-	(323,467)	321,361
Long term leasehold land	30,703	36,308	-	(33,782)	33,229
Furniture and fittings	141,786	31,200	(10,706)	(97,247)	65,033
Motor vehicles	485,786	203,184	-	(84,916)	604,054
Computers and software	3,178,417	753,668	(39,495)	(178,107)	3,714,483
Office equipment	157,050	26,425	(26,321)	(45,393)	111,761
Renovation	696,826	94,707	-	(599,336)	192,197
	5,066,120	1,414,768	(76,522)	(1,362,248)	5,042,118

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2015 Company	Balance as at 1.1.2015 RM	Additions RM	Written off RM	Disposals RM	Balance as at 31.12.2015 RM
Cost					
Buildings	12,805,605	-	-	-	12,805,605
Freehold land	382,284	-	-	-	382,284
Long term leasehold land	2,030,000	-	-	-	2,030,000
Furniture and fittings	335,274	2,688	-	-	337,962
Motor vehicles	1,015,641	57,637	-	(78,330)	994,948
Computers and software	5,281,288	335,822	(290,615)	(3,156)	5,323,339
Office equipment	235,941	3,331	-	-	239,272
Renovation	921,487	-	-	(1,700)	919,787
	23,007,520	399,478	(290,615)	(83,186)	23,033,197

	Balance as at 1.1.2015 RM	Depreciation charge for the financial year RM	Written off RM	Disposals RM	Balance as at 31.12.2015 RM
Accumulated depreciation					
Buildings	321,361	255,611	-	-	576,972
Long term leasehold land	33,229	36,250	-	-	69,479
Furniture and fittings	57,424	32,621	-	-	90,045
Motor vehicles	604,054	200,369	-	(54,831)	749,592
Computers and software	3,627,110	699,286	(290,545)	(2,316)	4,033,535
Office equipment	101,748	28,571	-	-	130,319
Renovation	192,197	161,807	-	(255)	353,749
	4,937,123	1,414,515	(290,545)	(57,402)	6,003,691

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2014 Company	Balance as at 1.1.2014 RM	Additions RM	Written off RM	Disposals RM	Balance as at 31.12.2014 RM
Cost					
Buildings	3,707,457	12,470,000	-	(3,371,852)	12,805,605
Freehold land	382,284	-	-	-	382,284
Long term leasehold land	592,728	2,030,000	-	(592,728)	2,030,000
Furniture and fittings	243,675	270,140	(11,341)	(167,200)	335,274
Motor vehicles	1,015,945	90,678	-	(90,982)	1,015,641
Computers and software	5,275,840	439,275	(27,220)	(406,607)	5,281,288
Office equipment	198,877	122,406	(26,139)	(59,203)	235,941
Renovation	751,957	810,313	-	(640,783)	921,487
	12,168,763	16,232,812	(64,700)	(5,329,355)	23,007,520

	Balance as at 1.1.2014 RM	Depreciation charge for the financial year RM	Written off RM	Disposals RM	Balance as at 31.12.2014 RM
Accumulated depreciation					
Buildings	375,552	269,276	-	(323,467)	321,361
Long term leasehold land	30,703	36,308	-	(33,782)	33,229
Furniture and fittings	134,950	29,634	(9,913)	(97,247)	57,424
Motor vehicles	485,786	203,184	-	(84,916)	604,054
Computers and software	3,116,771	715,660	(27,214)	(178,107)	3,627,110
Office equipment	148,704	24,561	(26,124)	(45,393)	101,748
Renovation	696,826	94,707	-	(599,336)	192,197
	4,989,292	1,373,330	(63,251)	(1,362,248)	4,937,123

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group		Company	
	2015	2014	2015	2014
Carrying amount	RM	RM	RM	RM
Buildings	12,228,633	12,484,244	12,228,633	12,484,244
Freehold land	382,284	382,284	382,284	382,284
Long term leasehold land	1,960,521	1,996,771	1,960,521	1,996,771
Furniture and fittings	255,898	289,064	247,917	277,850
Motor vehicles	245,356	411,587	245,356	411,587
Computers and software	1,499,593	1,916,139	1,289,804	1,654,178
Office equipment	118,202	147,279	108,953	134,193
Renovation	566,038	729,290	566,038	729,290
	17,256,525	18,356,658	17,029,506	18,070,397

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Purchase of property, plant and equipment	431,952	16,260,024	399,478	16,232,812
Financed by term loan	-	(8,000,000)	-	(8,000,000)
Cash payments on purchase of property, plant and equipment	431,952	8,260,024	399,478	8,232,812

(b) As of 31 December 2015, the carrying amount of property, plant and equipment of the Group and of the Company under hire purchase and finance leases are as follows:

	Group and Company	
	2015	2014
	RM	RM
Computer and software	114,090	199,649

Details on the hire purchase and finance leases of the Group and of the Company are disclosed in Note 19 to the financial statements.

(c) As at 31 December 2015, the long term leasehold land and a building of the Group and of the Company with a total carrying amount of RM13,952,504 (2014: RM14,238,154) have been charged to a financial institution for credit facilities granted to the Group and Company as disclosed in Note 18 to the financial statements.

8. PRODUCT DEVELOPMENT COSTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cost				
At beginning of financial year	17,021,650	14,898,156	14,066,843	12,725,220
Additions during the financial year	2,903,104	2,574,798	2,194,248	1,792,927
Written off during the financial year	-	(451,304)	-	(451,304)
At end of financial year	19,924,754	17,021,650	16,261,091	14,066,843
Accumulated amortisation				
At beginning of financial year	(8,469,806)	(7,473,687)	(7,955,280)	(7,176,454)
Charge for the financial year	(1,429,000)	(996,119)	(1,055,332)	(778,826)
At end of financial year	(9,898,806)	(8,469,806)	(9,010,612)	(7,955,280)
Carrying amount	10,025,948	8,551,844	7,250,479	6,111,563

(a) Product development costs comprise salaries of personnel involved in the development and design of products prior to the commencement of commercial production.

(b) For the purpose of impairment testing, the recoverable amount in the Cash Generating Units ('CGUs') is determined based on their value in use. The value in use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on financial budgets prepared by management covering a five (5) year period.

The key assumptions used in the value in use calculations are as follows:

(i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGUs ranged from 2% to 75% (2014: 10% to 57%) per annum for years 2016 to 2020.

(ii) Profit margins are projected based on the historical profit margin achieved or predetermined profit margin for the products.

(iii) A pre-tax discount rate of 8.40% (2014: 9.70%) per annum has been applied in determining the recoverable amount of the CGUs.

Based on these assumptions, the Directors are of the view that no impairment loss is required as the recoverable amount determined is higher than the carrying amount of the CGUs.

(c) Sensitivity to changes in assumptions

The management believes that a reasonable possible change in the key assumptions on which management has based its determination of the CGUs' recoverable amount would not cause the CGUs' carrying amount to exceed its recoverable amount.

(d) Included in the product development costs of the Group are Executive Directors' remuneration of RM87,135 (2014: RM143,413).

9. GOODWILL ON CONSOLIDATION

Group 2015	Balance as at 1.1.2015 RM	Impairment loss for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount			
Goodwill	32,528	-	32,528
	32,528	-	32,528

	As at 31.12.2015		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	32,528	-	32,528
	32,528	-	32,528

Group 2014	Balance as at 1.1.2014 RM	Acquisition of a subsidiary (Note 34) RM	Impairment loss for the financial year RM	Balance as at 31.12.2014 RM
Carrying amount				
Goodwill	-	32,528	-	32,528
	-	32,528	-	32,528

	As at 31.12.2014		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	32,528	-	32,528
	32,528	-	32,528

9. GOODWILL ON CONSOLIDATION (continued)

(a) For the purpose of impairment testing of goodwill on consolidation, the recoverable amount in the Cash Generating Unit ('CGU') is determined based on its value in use. The value in use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on financial budgets prepared by management covering a five (5) year period.

The key assumptions used in the value in use calculations are as follows:

(i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGU ranged from 5% to 47% (2014: 8% to 64%) per annum for years 2016 to 2020.

(ii) Profit margins are projected based on the historical profit margin achieved or predetermined profit margin for the products.

(iii) A pre-tax discount rate of 8.40% (2014: 9.70%) per annum has been applied in determining the recoverable amount of the CGU.

Based on these assumptions, the Directors are of the view that no impairment loss is required as the recoverable amount determined is higher than the carrying amount of the CGU.

(b) Sensitivity to changes in assumptions

The management believes that a reasonable possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

10. INTANGIBLE ASSETS

	Group and Company	
	2015	**2014**
	RM	**RM**
Cost	1,010,000	1,010,000
Accumulated amortisation		
At beginning of financial year	(1,010,000)	(1,010,000)
Charge for the financial year	-	-
At end of financial year	(1,010,000)	(1,010,000)
Carrying amount	-	-

Intangible assets consist of trademarks and copyrights which had been fully amortised in financial year ended 2013.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM	Company 2014 RM
Unquoted shares - At cost	556,000	556,000
Less: Accumulated impairment losses	(120,000)	(120,000)
	436,000	436,000

(a) The details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest in equity held by Company 2015	2014	Principal activities
Insage (MSC) Sdn. Bhd.*	Malaysia	60%	60%	Provision of software solutions.
Capital Market Risk Advisor Sdn. Bhd.*	Malaysia	52%	52%	Development and provision of software application.
Winvest Global Sdn. Bhd. *	Malaysia	51%	51%	Provision of share investment solutions.

* Subsidiary audited by BDO

(b) In the previous financial year, on 3 November 2014, the Company acquired fifty one percent (51%) equity interest comprising 306,000 ordinary shares of RM1.00 each of the issued and paid up ordinary share capital of Winvest Global Sdn. Bhd. ('Winvest') for a cash consideration of RM306,000. Winvest is a company incorporated in Malaysia which is engaged in research, development and commercialisation of share investment solution and provision of investment education and training services to investors.

(c) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Insage (MSC) Sdn. Bhd.	Capital Market Risk Advisor Sdn. Bhd.	Winvest Global Sdn. Bhd.	Total
2015				
NCI percentage of ownership interest and voting interest	40%	48%	49%	
Carrying amount of NCI (RM)	(82,375)	340,780	247,942	506,347
Profit/(Loss) allocated to NCI (RM)	9,422	102,266	(95,987)	15,701
2014				
NCI percentage of ownership interest and voting interest	40%	48%	49%	
Carrying amount of NCI (RM)	(91,797)	238,514	343,929	490,646
Profit allocated to NCI (RM)	42,557	92,115	81,181	215,853

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

11. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2015	Insage (MSC) Sdn. Bhd. RM	Capital Market Risk Advisor Sdn. Bhd. RM	Winvest Global Sdn. Bhd. RM
Assets and liabilities			
Non-current assets	2,018,145	847,080	137,263
Current assets	345,107	392,464	830,868
Non-current liabilities	(1,798,436)	-	-
Current liabilities	(963,839)	(529,583)	(462,128)
Net (liabilities)/assets	(399,023)	709,961	506,003
Results			
Revenue	1,066,947	864,557	2,222,749
Profit/(loss) for the financial year	23,554	213,055	(195,892)
Total comprehensive income/(loss)	23,554	213,055	(195,892)
Cash flows from/(used in) operating activities	39,481	195,980	(87,952)
Cash flows used in investing activities	(5,061)	(8,965)	(6,222)
Net increase/(decrease) in cash and cash equivalents	34,420	187,015	(94,174)
2014			
Assets and liabilities			
Non-current assets	1,941,032	606,790	178,720
Current assets	284,158	117,298	1,032,460
Non-current liabilities	(2,089,254)	-	(41,038)
Current liabilities	(558,513)	(227,182)	(468,247)
Net (liabilities)/assets	(422,577)	496,906	701,895
Results			
Revenue	962,067	449,839	624,200
Profit for the financial year	106,392	191,907	165,675
Total comprehensive income	106,392	191,907	165,675
Cash flows from operating activities	48,213	40,177	91,271
Cash flows used in investing activities	(2,457)	(23,555)	(40,889)
Cash flows (used in)/from financing activities	(105,744)	-	599,998
Net (decrease)/increase in cash and cash equivalents	(59,988)	16,622	650,380

12. INVENTORIES

	Group and Company 2015 RM	2014 RM
Replacement parts - At cost	79,497	64,587

During the financial year, inventories of the Group and the Company recognised as cost of sales amounted to RM689,939 (2014: RM365,308).

13. TRADE AND OTHER RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-current				
Amount owing by a subsidiary	-	-	1,798,436	2,089,254
Current				
Trade receivables				
Third parties	7,263,263	5,908,450	6,895,976	5,809,860
Less: Impairment loss on trade receivables	(49,600)	(49,600)	(49,600)	(49,600)
	7,213,663	5,858,850	6,846,376	5,760,260
Other receivables				
Amounts owing by subsidiaries	-	-	591,982	333,498
Other receivables	71,615	255,692	53,677	39,774
Deposits	275,677	276,017	253,302	253,302
	347,292	531,709	898,961	626,574
Loans and receivables	7,560,955	6,390,559	7,745,337	6,386,834
Prepayments	350,625	589,943	308,419	563,732
	7,911,580	6,980,502	8,053,756	6,950,566
	7,911,580	6,980,502	9,852,192	9,039,820

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 60 to 90 days (2014: 60 to 90 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The non-current amount owing by a subsidiary of RM1,798,436 (2014: RM2,089,254) represents loans which are unsecured, interest-free and have fixed repayment terms ranging from five (5) to nine (9) years and, are payable in cash and cash equivalents.

Included in amounts owing by subsidiaries in other receivables is the current portion of RM393,120 (2014: RM196,560) of the above mentioned loan which is unsecured, interest-free and is payable in cash and cash equivalents within one (1) year. The remaining amounts owing by subsidiaries represent expenses paid on behalf which are unsecured, interest-free and payable in cash and cash equivalents.

13. TRADE AND OTHER RECEIVABLES (continued)

(c) The currency exposure profile of trade and other receivables (exclude prepayments) is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	7,016,702	6,196,344	8,999,520	8,281,873
Singapore Dollar	544,253	194,215	544,253	194,215
	7,560,955	6,390,559	9,543,773	8,476,088

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	4,190,554	4,075,982	3,880,615	3,990,542
Past due, not impaired				
91 to 120 days	720,102	453,840	713,742	444,750
121 to 150 days	203,112	546,817	203,112	542,757
151 to 180 days	202,664	-	202,664	-
181 to 210 days	106,738	499,990	74,938	499,990
More than 211 days	1,790,493	282,221	1,771,305	282,221
	3,023,109	1,782,868	2,965,761	1,769,718
Past due and impaired	49,600	49,600	49,600	49,600
	7,263,263	5,908,450	6,895,976	5,809,860

Receivables that are neither past due nor impaired

Trade receivables of the Group and of the Company that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Trade receivables of the Group of 58% (2014: 69%) and of the Company of 56% (2014: 69%) have never defaulted. These customers maintain a long working relationship with the Group.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,023,109 (2014: RM1,782,868) and RM2,965,761 (2014: RM1,769,718) respectively that are past due at the end of the reporting period but not impaired. Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

13. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows (continued):

Receivables that are past due and impaired

Trade receivables of the Group and the Company that are past due and impaired at the end of the reporting period are as follows:

	Group and Company Individually impaired	
	2015 RM	2014 RM
Trade receivables, gross	49,600	49,600
Less: Impairment loss	(49,600)	(49,600)
	-	-

(e) The reconciliation of movement in the impairment loss are as follows:

	Group and Company	
	2015 RM	2014 RM
Trade receivables		
At 1 January/31 December	49,600	49,600

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(f) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

14. CASH AND BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash in hand	21,240	28,320	20,240	27,320
Cash at banks	9,201,064	8,852,478	8,739,534	7,862,106
Deposits with licensed banks	216,149	175,284	216,149	175,284
	9,438,453	9,056,082	8,975,923	8,064,710
Short term funds				
At fair value through profit or loss				
- Investments in fixed income trust funds in Malaysia	10,263,373	11,491,029	9,607,270	11,491,029
	19,701,826	20,547,111	18,583,193	19,555,739

14. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(a) Investment in fixed income trust funds in Malaysia represents investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(b) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.

(c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Ringgit Malaysia	19,273,956	20,230,248	18,155,323	19,238,876
Singapore Dollar	8,328	14,606	8,328	14,606
New Taiwan Dollar	-	2,549	-	2,549
United States Dollar	419,542	299,708	419,542	299,708
	19,701,826	20,547,111	18,583,193	19,555,739

(d) The annual interest rates for short term funds and deposits with licensed banks of the Group and the Company that were effective at the end of the reporting period were 0.22% to 3.53% (2014: 0.45% to 3.88%).

(e) Deposits of the Group and the Company have an average maturity period of 30 days (2014: 30 days). Bank balances are deposits held at call with banks.

15. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.10 each				
Authorised:				
Balance as at 1 January	500,000,000	50,000,000	250,000,000	25,000,000
Created during the year	-	-	250,000,000	25,000,000
Balance as at 31 December	500,000,000	50,000,000	500,000,000	50,000,000
Issued and fully paid:				
Balance as at 1 January/31 December	206,768,100	20,676,810	206,768,100	20,676,810

(a) During the previous financial year, the Company increased its authorised share capital from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each by the creation of an additional 250,000,000 ordinary shares of RM0.10 each.

The owners of the parent are entitled to receive dividend as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

15. SHARE CAPITAL (continued)

(b) Warrants

In the previous financial year, on 18 July 2014, the Company issued 103,384,031 2014/2019 free Warrants ('the Warrants 2014/2019') on the basis of one (1) free warrant for every two (2) existing ordinary shares held of RM0.10 each. The Warrants are constituted under a Deed Poll dated 1 July 2014 ('Deed Poll'). The Warrants 2014/2019 were listed on Main Market of Bursa Malaysia Securities Berhad on 24 July 2014.

The salient features of the Warrants 2014/2019 are as follows:

(i) the Warrants 2014/2019 entitle its registered holders to subscribe for one (1) new ordinary share of the Company of RM0.10 each at the exercise price during the exercise period;

(ii) the exercise price of each Warrant has been fixed at RM0.68 per Warrant;

(iii) the Warrants 2014/2019 may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants dated 18 July 2014 and ending on the expiry date to be dated 17 July 2019 ('exercise period'). Any Warrants which have not been exercised by the expiry of the exercise period will lapse and therefore cease to be valid for any purpose; and

(iv) the new shares will, upon allotment and issue, rank pari passu in all respects with the then existing shares save and except that they will not be entitled to any dividends, rights, allotment or other forms of distributions for which the relevant entitlement precedes the date of allotment and issuance of the new shares arising from the exercise of the Warrants.

As at 31 December 2015, unexercised warrants of the Company are as follows:

Date granted	Exercise price	No. of warrants over ordinary shares	Warrant expiry date
18 July 2014	RM 0.68	103,384,031	17 July 2019

No warrants were exercised into ordinary shares during the financial year ended 31 December 2015.

16. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Distributable:				
Retained earnings	23,263,333	21,914,272	23,356,211	22,032,166

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

17. BORROWINGS

	Note	Group and Company 2015 RM	Group and Company 2014 RM
Current liabilities			
Term loan (secured)	18	981,108	981,108
Hire purchase and finance lease liabilities	19	-	51,362
		981,108	1,032,470
Non-current liabilities			
Term loan (secured)	18	5,221,110	6,202,218
		6,202,218	7,234,688
Total borrowings			
Term loan (secured)		6,202,218	7,183,326
Hire purchase and finance lease liabilities		-	51,362
		6,202,218	7,234,688

(a) The borrowings are repayable over the following periods:

Group and Company	Carrying amount RM	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
2015							
Term loan	6,202,218	981,108	981,108	981,108	981,108	981,108	1,296,678

Group and Company	Carrying amount RM	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
2014							
Term loan	7,183,326	981,108	981,108	981,108	981,108	981,108	2,277,786
Hire purchase and finance lease liabilities	51,362	51,362	-	-	-	-	-

(b) The borrowings are denominated in Ringgit Malaysia ('RM').

(c) Information on financial risks of borrowings is disclosed in Note 33 to the financial statements.

18. TERM LOAN (SECURED)

	Group and Company 2015 RM	Group and Company 2014 RM
Repayable as follows:		
Current liabilities		
- not later than one (1) year	981,108	981,108
Non-current liabilities		
- later than one (1) year but not later than five (5) years	3,924,432	3,924,432
- more than five (5) years	1,296,678	2,277,786
	5,221,110	6,202,218
	6,202,218	7,183,326

The term loan of the Group and of the Company is secured by a first party charge over the long term leasehold land and a building of the Group and of the Company as disclosed in Note 7 to the financial statements.

The term loan is repayable by 120 monthly instalments with the fixed amount of RM81,759 with effect from one month after the date of full release of the loan.

The term loan of the Group and of the Company bears interest at BLR-2.40% based on the outstanding amount of the term loan after setting off against the available balance in the current account of the Group and of the Company maintained in the same financial institution where the term loan was drawndown.

Information on financial risks of term loan is disclosed in Note 33 to the financial statements.

19. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group and Company 2015 RM	Group and Company 2014 RM
Minimum hire purchase and finance lease payments:		
- not later than one (1) year	-	51,960
Total minimum hire purchase and finance lease payments	-	51,960
Less: Future interest charges	-	(598)
Present value of hire purchase and finance lease payments	-	51,362
Repayable as follows:		
Current liabilities		
- not later than one (1) year	-	51,362

The hire purchase and finance lease liabilities of the Group and of the Company bear interest at 3% (2014: 3%) per annum.

Information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 33 to the financial statements.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade payables				
Third parties	245,340	680,907	201,053	657,698
Other payables				
Other payables	402,137	194,080	295,302	140,920
Accruals	1,426,024	1,312,962	1,135,805	1,052,369
Advance billings	1,503,882	1,214,629	581,655	651,043
Amount owing to a subsidiary	-	-	-	79,110
	3,332,043	2,721,671	2,012,762	1,923,442
	3,577,383	3,402,578	2,213,815	2,581,140

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company is 60 days (2014: 60 days) from the date of invoice.

(b) Included in other payables are advance billings in relation to services not rendered during the financial year amounting to RM1,503,882 and RM581,655 (2014: RM1,214,629 and RM651,043) of the Group and of the Company respectively.

(c) Included in accruals of the Group and the Company are payroll related accruals amounting to RM960,232 and RM732,602 respectively (2014: RM955,201 and RM730,869 respectively).

(d) In the previous financial year, the amount owing to a subsidiary was unsecured, interest-free and payable upon demand in cash and cash equivalents.

(e) The trade and other payables are denominated in Ringgit Malaysia ('RM').

(f) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

21. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The following amounts are shown in the statements of financial position:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax liabilities	76,671	346,047	76,671	305,009

21. DEFERRED TAX LIABILITIES (continued)

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Balance as at 1 January	346,047	880,128	305,009	880,128
Acquisition of a subsidiary (Note 34)	-	12,800	-	-
Recognised in profit or loss (Note 26)	(269,376)	(546,881)	(228,338)	(575,119)
Balance as at 31 December	76,671	346,047	76,671	305,009

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

	Property, plant and equipment	
Deferred tax liabilities of the Group	2015 RM	2014 RM
Balance as at 1 January	346,047	880,128
Acquisition of a subsidiary (Note 34)	-	12,800
Recognised in profit or loss	(269,376)	(546,881)
Balance as at 31 December	76,671	346,047

	Property, plant and equipment	
Deferred tax liabilities of the Company	2015 RM	2014 RM
Balance as at 1 January	305,009	880,128
Recognised in profit or loss	(228,338)	(575,119)
Balance as at 31 December	76,671	305,009

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2015 RM	2014 RM
Other temporary differences	(196,433)	(101,489)
Unused tax losses	3,525,814	3,383,415
Unabsorbed capital allowances	178,836	201,078
	3,508,217	3,483,004

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

22. REVENUE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Application solutions:				
- Software	6,914,293	3,835,044	4,751,942	3,170,524
- Hardware	716,195	409,160	716,195	409,160
Maintenance services	1,968,149	1,702,896	1,924,834	1,681,154
Application service provider	15,681,358	15,926,961	14,397,652	15,195,140
	25,279,995	21,874,061	21,790,623	20,455,978

23. COST OF SALES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Hardware sold	704,849	378,723	704,849	378,723
Amortisation of product development costs (Note 8)	1,429,000	996,119	1,055,332	778,826
Project costs	1,229,064	359,318	1,819,327	960,099
Data centre and line expenses	1,243,387	1,276,691	1,231,964	1,271,205
Direct technical staff costs	2,634,900	3,036,615	1,601,119	2,641,004
License fees	306,458	230,517	155,226	170,961
Other expenses	883,771	220,027	115,234	98,896
	8,431,429	6,498,010	6,683,051	6,299,714

24. FINANCE COSTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Hire purchase liabilities	597	7,528	597	7,528
Finance lease liabilities	-	1,348	-	1,348
Term loan	-	916	-	916
	597	9,792	597	9,792

25. PROFIT BEFORE TAX

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Profit before tax is arrived at after charging:					
Amortisation of product development costs	8	1,429,000	996,119	1,055,332	778,826
Auditors' remuneration					
Statutory:					
- current year		57,500	54,500	47,000	46,000
- under-provision in prior year		1,000	-	-	-
Other services:					
- current year		4,500	7,100	4,500	4,500
- under-provision in prior year		600	-	-	-
Depreciation of property, plant and equipment	7	1,503,938	1,414,768	1,414,515	1,373,330
Directors' remuneration					
- fees		421,000	321,900	348,000	321,900
- other emoluments		1,490,986	1,247,914	1,013,327	996,172
Rental of premises		-	5,880	-	-
Interest expense on:					
- hire purchase and finance lease liabilities	24	597	8,876	597	8,876
- term loan	24	-	916	-	916
Loss on disposal of property, plant and equipment		422	10,018	-	10,018
Product development costs written off	8	-	451,304	-	451,304
Property, plant and equipment written off	7	1,468	1,622	70	1,449
Realised loss on foreign exchange		-	6,528	-	6,528
And crediting:					
Gain on disposal of property, plant and equipment		(22,098)	(1,392,668)	(22,098)	(1,392,668)
Interest income from:					
- deposits with licensed banks		(4,156)	(1,901)	(1,036)	(1,196)
- short term funds		(347,427)	(317,521)	(338,794)	(317,521)
- amount owing by a subsidiary		-	-	(105,744)	(105,743)
Gain on foreign exchange:					
- realised		(27,894)	(1,187)	(27,894)	(1,187)
- unrealised		(64,783)	(28,668)	(64,783)	(28,668)
Management fee received/ receivable from subsidiary companies		-	-	(89,680)	-
Rental income from building		(40,000)	-	(40,000)	-

26. TAX EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current year tax expense based on profit for the financial year	2,305,142	2,098,189	2,305,142	2,078,293
- Over-provision in prior year	(60,460)	(69,910)	(63,155)	(69,910)
	2,244,682	2,028,279	2,241,987	2,008,383
Real property gains tax	109,814	-	109,814	-
Deferred tax (Note 21)				
- Relating to origination and reversal of temporary differences	(143,962)	(446,190)	(104,423)	(470,689)
- Effect of changes in tax rate	(3,195)	-	(3,195)	-
- Over-provision in prior year	(122,219)	(100,691)	(120,720)	(104,430)
	(269,376)	(546,881)	(228,338)	(575,119)
	2,085,120	1,481,398	2,123,463	1,433,264

The subsidiaries, Insage (MSC) Sdn. Bhd. ('Insage'), Capital Market Risk Advisor Sdn. Bhd. ('CMRA') and Winvest Global Sdn. Bhd. ('Winvest') have been awarded Multimedia Super Corridor status by the Government of Malaysia. Accordingly, there is no tax charge on the business income of the subsidiaries as the subsidiaries have been granted Pioneer Status under the Promotion of Investments Act, 1986. The Pioneer Status was for the period from 23 March 2014 to 22 March 2019, 26 November 2013 to 25 November 2018 and 16 October 2014 to 15 October 2019 for Insage, CMRA and Winvest respectively.

The salient terms of the Pioneer Status are as follows:

(i) 100% tax exemption on business income;

(ii) unabsorbed pioneer capital allowances can be carried forward to the post pioneer period and deducted against the post-pioneer income of a business relating to the same promoted activity or promoted product; and

(iii) unabsorbed pioneer losses can be carried forward to the post pioneer period and deducted against the post-pioneer income of a business relating to the same promoted activity or promoted product.

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate will be reduced to twenty-four percent (24%) for the fiscal year of assessment 2016 onwards.

26. TAX EXPENSE (continued)

The numerical reconciliations between tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	9,652,925	10,325,410	9,650,551	9,813,302
Taxation at statutory tax rate of 25% (2014: 25%)	2,413,232	2,581,353	2,412,638	2,453,326
Tax effects in respect of:				
Non-allowable expenses	598,498	292,185	467,720	192,775
Non-taxable income	(679,096)	(595,060)	(679,096)	(567,808)
Tax exempt income under pioneer status	(177,214)	(195,469)	-	-
Real property gains tax	109,814	-	109,814	-
Reversal of temporary differences on disposal of long term leasehold land and building	(543)	(470,689)	(543)	(470,689)
Effect of changes in tax rate	(3,195)	-	(3,195)	-
Deferred tax assets not recognised	19,613	39,679	-	-
Utilisation of previously unrecognised deferred tax assets	(13,310)	-	-	-
	2,267,799	1,651,999	2,307,338	1,607,604
Over-provision of income tax in prior year	(60,460)	(69,910)	(63,155)	(69,910)
Over-provision of deferred tax in prior year	(122,219)	(100,691)	(120,720)	(104,430)
	2,085,120	1,481,398	2,123,463	1,433,264

Tax savings of the Group arises from the utilisation of previously unrecognised deferred tax assets and amounted to RM13,310 (2014: RM NIL).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

27. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
Profit attributable to equity holders of the parent (RM)	7,552,104	8,628,159
Weighted average number of ordinary shares in issue	206,768,100	206,768,100
Basic earnings per share (sen)	3.65	4.17

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share is same as the basic earnings per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.

28. DIVIDENDS

	Group and Company	
	2015 RM	2014 RM
In respect of the financial year ended 31 December 2015:		
- First interim tax exempt dividend of 1.0 sen per ordinary share, paid on 31 March 2015	2,067,681	-
- Second interim single-tier dividend of 1.0 sen per ordinary share, paid on 30 June 2015	2,067,681	-
- Third interim single-tier dividend of 1.0 sen per ordinary share, paid on 23 December 2015	2,067,681	-
In respect of the financial year ended 31 December 2014:		
- First interim tax exempt dividend of 1.5 sen per ordinary share, paid on 28 March 2014	-	3,101,521
- Second interim tax exempt dividend of 1.0 sen per ordinary share, paid on 22 December 2014	-	2,067,681
	6,203,043	5,169,202

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

On 25 February 2016, the Directors declared a first interim single-tier dividend of 1.0 sen per ordinary share of RM0.10 each in respect of the financial year ending 31 December 2016.

29. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages, salaries and bonuses	8,675,677	7,846,109	6,407,604	6,465,180
Contributions to defined contribution plan	988,011	895,313	745,040	744,528
Social security contributions	60,789	58,012	42,997	46,966
Other employee benefits	320,912	225,278	256,559	188,480
	10,045,389	9,024,712	7,452,200	7,445,154

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,490,986 (2014: RM1,247,914) and RM1,013,327 (2014: RM996,172) respectively.

30. RELATED PARTY DISCLOSURE

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct subsidiaries.

Related parties of the Group include:

(i) Direct subsidiaries as disclosed in Note 11 to the financial statements; and

(ii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2015 RM	2014 RM
Subsidiary, Insage (MSC) Sdn. Bhd.:		
Cost of services received	321,523	330,120
Subsidiary, Capital Market Risk Advisor Sdn. Bhd.:		
Cost of services received	343,358	287,903

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 is disclosed in Notes 13 and 20 to the financial statements.

30. RELATED PARTY DISCLOSURE (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of the Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	2,192,144	2,173,865	1,495,936	1,411,757
Contributions to defined contribution plan	286,751	427,360	211,683	357,359
	2,478,895	2,601,225	1,707,619	1,769,116

31. OPERATING SEGMENTS

Excel Force and its subsidiaries are principally engaged in the development, provision and maintenance of computer software application solutions for the financial services industry.

Excel Force has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a) Application solutions division
- Sales of software application and product on an outright purchase basis

(b) Maintenance services division
- Provision of maintenance services

(c) Application services provider division
- Income from outsourcing services charge which is volume and transaction based

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax. Group income taxes are managed on a group basis and are not allocated to operating segments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities. Details are provided in the reconciliations of segment assets and liabilities to the Group position.

31. OPERATING SEGMENTS (continued)

2015	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
Revenue				
Total revenue	7,630,488	1,968,149	16,346,239	25,944,876
Inter-segment revenue	-	-	(664,881)	(664,881)
Revenue from external customers	7,630,488	1,968,149	15,681,358	25,279,995
Results				
Segment results	2,478,826	1,168,602	5,654,511	9,301,939
Finance costs	-	-	(597)	(597)
Interest income	106,122	27,372	218,089	351,583
Profit before tax				9,652,925
Income tax expense				(2,085,120)
Profit for the financial year				7,567,805

2015	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
Segment assets	**16,603,530**	**4,282,586**	**34,121,788**	**55,007,904**
Segment liabilities	**2,951,865**	**761,381**	**6,066,355**	**9,779,601**
Other segment information:				
Capital expenditure	130,380	33,629	267,943	431,952
Depreciation of property, plant and equipment	453,947	117,088	932,903	1,503,938
Amortisation of product development costs	431,328	111,253	886,419	1,429,000
Gain on disposal of property, plant and equipment	(6,543)	(1,687)	(13,446)	(21,676)

31. OPERATING SEGMENTS (continued)

2014	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
Revenue				
Total revenue	4,244,204	1,702,896	16,544,984	22,492,084
Inter-segment revenue	-	-	(618,023)	(618,023)
Revenue from external customers	4,244,204	1,702,896	15,926,961	21,874,061
Results				
Segment results	2,197,636	1,024,440	6,793,704	10,015,780
Finance costs	-	-	(9,792)	(9,792)
Interest income	61,977	24,867	232,578	319,422
Profit before tax				10,325,410
Income tax expense				(1,481,398)
Profit for the financial year				8,844,012

2014	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
Segment assets	**10,581,033**	**4,245,413**	**39,706,784**	**54,533,230**
Segment liabilities	**2,063,939**	**828,111**	**7,745,216**	**10,637,266**
Other segment information:				
Capital expenditure	3,154,918	1,265,843	11,839,263	16,260,024
Depreciation of property, plant and equipment	274,506	110,140	1,030,122	1,414,768
Amortisation of product development costs	193,276	77,548	725,295	996,119
Product development costs written off	87,566	35,134	328,604	451,304
Gain on disposal of property, plant and equipment	(268,275)	(107,639)	(1,006,736)	(1,382,650)

31. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenue and liabilities to the Group's corresponding amounts are as follows:

Revenue	2015 RM	2014 RM
Total revenue for reportable segments	25,944,876	22,492,084
Elimination of inter-segmental revenue	(664,881)	(618,023)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	25,279,995	21,874,061

Liabilities	2015 RM	2014 RM
Total liabilities for reportable segments	9,779,601	10,637,266
Tax liabilities	781,813	814,236
Liabilities of the Group per consolidated statement of financial position	10,561,414	11,451,502

Geographical information

The Group operates predominantly in Malaysia.

Major customers

The following are major customers with revenue equal or more than ten (10) percent of Group revenue:

	2015 RM	2014 RM	Segment
Customer A	3,649,484	4,308,175	Application services provider division
Customer B	2,277,298	2,529,283	Application services provider division
Customer C	2,202,972	2,840,600	Application services provider division
Customer D	2,099,018	2,174,829	Application services provider division
	10,228,772	11,852,887	

32. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015
(cont'd)

32. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Borrowings	6,202,218	7,234,688	6,202,218	7,234,688
Trade and other payables	3,577,383	3,402,578	2,213,815	2,581,140
Total liabilities	9,779,601	10,637,266	8,416,033	9,815,828
Less: Cash and bank balances (Note 14)	(19,701,826)	(20,547,111)	(18,583,193)	(19,555,739)
Net asset	(9,922,225)	(9,909,845)	(10,167,160)	(9,739,911)
Total equity	44,446,490	43,081,728	44,033,021	42,708,976
Gearing ratio	*	*	*	*

* It is not applicable due to net asset position.

The Company has complied with Practice Note No. 17/2005 of the Bursa Malaysia Securities for the financial year ended 31 December 2015.

(b) Categories of financial instruments

Group 2015	**Loans and receivables RM**	**Fair value through profit or loss RM**	**Total RM**
Financial assets			
Trade and other receivables, net of prepayments	7,560,955	-	7,560,955
Cash and bank balances	9,438,453	-	9,438,453
Short term funds	-	10,263,373	10,263,373
	16,999,408	10,263,373	27,262,781

	Other financial liabilities RM	**Total RM**
Financial liabilities		
Borrowings	6,202,218	6,202,218
Trade and other payables	3,577,383	3,577,383
	9,779,601	9,779,601

32. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Company 2015	Loans and receivables RM	Fair value through profit or loss RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	9,543,773	-	9,543,773
Cash and bank balances	8,975,923	-	8,975,923
Short term funds	-	9,607,270	9,607,270
	18,519,696	9,607,270	28,126,966

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	6,202,218	6,202,218
Trade and other payables	2,213,815	2,213,815
	8,416,033	8,416,033

Group 2014	Loans and receivables RM	Fair value through profit or loss RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	6,390,559	-	6,390,559
Cash and bank balances	9,056,082	-	9,056,082
Short term funds	-	11,491,029	11,491,029
	15,446,641	11,491,029	26,937,670

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	7,234,688	7,234,688
Trade and other payables	3,402,578	3,402,578
	10,637,266	10,637,266

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015
(cont'd)

32. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Company **2014**	**Loans and receivables** **RM**	**Fair value through profit or loss** **RM**	**Total** **RM**
Financial assets			
Trade and other receivables, net of prepayments	8,476,088	-	8,476,088
Cash and bank balances	8,064,710	-	8,064,710
Short term funds	-	11,491,029	11,491,029
	16,540,798	11,491,029	28,031,827

	Other financial liabilities **RM**	**Total** **RM**
Financial liabilities		
Borrowings	7,234,688	7,234,688
Trade and other payables	2,581,140	2,581,140
	9,815,828	9,815,828

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair value

The carrying amounts of certain financial assets and liabilities, such as trade and other receivables, trade and other payables and current amounts owing by subsidiaries are reasonable approximation of fair value due to their short-term nature.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Hire purchase and finance lease liabilities

The fair value of these financial instruments is estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(iii) Other receivables (amount owing by a subsidiary) and long-term borrowings

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts are approximate to their fair values.

(iv) Short term funds

The fair values of short term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

32. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instruments	**Valuation technique used**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
Financial assets			
Amount owing by a subsidiary	Discounted cash flows method	Discount rate (1.75% to 6.60%)	The higher the discount rate, the lower the fair value of the financial assets would be.

32. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2015										
Financial assets										
Fair value through profit or loss										
- Short term funds	10,263,373	-	-	10,263,373	-	-	-	-	10,263,373	10,263,373
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	-	-	-	-	-

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2014										
Financial assets										
Fair value through profit or loss										
- Short term funds	11,491,029	-	-	11,491,029	-	-	-	-	11,491,029	11,491,029
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	50,981	-	50,981	50,981	51,362

32. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2015										
Financial assets										
Fair value through profit or loss										
- Short term funds	9,607,270	-	-	9,607,270	-	-	-	-	9,607,270	9,607,270
Loans and receivables										
- Amount owing by a subsidiary	-	-	-	-	-	-	2,600,000	2,600,000	2,600,000	2,191,556

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2014										
Financial assets										
Fair value through profit or loss										
- Short term funds	11,491,029	-	-	11,491,029	-	-	-	-	11,491,029	11,491,029
Loans and receivables										
- Amount owing by a subsidiary	-	-	-	-	-	-	2,800,000	2,800,000	2,800,000	2,285,813

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major financial institutions and reputable stockbroking companies. It is the Group's policy to monitor the financial standing of counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables while the Company's primary exposure is through the amounts owing by subsidiaries. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of two (2) months, extending up to three (3) months for major customers. The Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

As at 31 December 2015, other than the amounts owing by five (5) major receivables of the Group and of the Company constituting 55% (2014: 59%) and 44% (2014: 46%) respectively of the total receivables of the Group and the amounts owing by subsidiaries constituting 24% (2014: 27%) of the total receivables of the Company, there was no significant concentrations of credit risk.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

The Group is actively managing its operating cash flows to ensure that all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2015				
Group				
Financial liabilities				
Trade and other payables	3,577,383	-	-	3,577,383
Borrowings	981,108	3,924,432	1,296,678	6,202,218
Total undiscounted financial liabilities	4,558,491	3,924,432	1,296,678	9,779,601
Company				
Financial liabilities				
Trade and other payables	2,213,815	-	-	2,213,815
Borrowings	981,108	3,924,432	1,296,678	6,202,218
Total undiscounted financial liabilities	3,194,923	3,924,432	1,296,678	8,416,033

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2014				
Group				
Financial liabilities				
Trade and other payables	3,402,578	-	-	3,402,578
Borrowings	1,033,068	3,924,432	2,277,786	7,235,286
Total undiscounted financial liabilities	4,435,646	3,924,432	2,277,786	10,637,864
Company				
Financial liabilities				
Trade and other payables	2,581,140	-	-	2,581,140
Borrowings	1,033,068	3,924,432	2,277,786	7,235,286
Total undiscounted financial liabilities	3,614,208	3,924,432	2,277,786	9,816,426

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

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

The Group's exposure to changes in interest rates relates primarily to the Group's deposits with banks and interest bearing debt obligations. The Group does not use derivative financial instruments to hedge its risk but regularly reviews its debt portfolio to enable it to source low interest funding. The Group's deposits are placed at fixed rates and management endeavours to obtain the best rate available in the market.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group and the Company if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

		Group Profit after tax		Company Profit after tax	
		2015	**2014**	**2015**	**2014**
		RM	**RM**	**RM**	**RM**
Deposits with licensed banks and short term funds	- 50 basis points higher	+41,523	+64,834	+40,293	+64,834
	- 50 basis points lower	-41,523	-64,834	-40,293	-64,834
Hire purchase and finance lease liabilities	- 50 basis points higher	-96	-1,009	-96	-1,009
	- 50 basis points lower	+96	+1,009	+96	+1,009
Term loan	- 50 basis points higher	-25,098	-13,469	-25,098	-13,469
	- 50 basis points lower	+25,098	+13,469	+25,098	+13,469

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2015									
Fixed rates									
Deposits with licensed banks	14	0.22	216,149	-	-	-	-	-	216,149
Short term funds	14	2.87	10,263,373	-	-	-	-	-	10,263,373
Floating rate									
Term loan	18	4.20	(981,108)	(981,108)	(981,108)	(981,108)	(981,108)	(1,296,678)	(6,202,218)
At 31 December 2014									
Fixed rates									
Deposits with licensed banks	14	0.45	175,284	-	-	-	-	-	175,284
Short term funds	14	3.48	11,491,029	-	-	-	-	-	11,491,029
Hire purchase and finance lease liabilities	19	3.00	(51,362)	-	-	-	-	-	(51,362)
Floating rate									
Term loan	18	4.20	(981,108)	(981,108)	(981,108)	(981,108)	(981,108)	(2,277,786)	(7,183,326)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk (continued):

Company	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2015									
Fixed rates									
Deposits with licensed banks	14	0.22	216,149	-	-	-	-	-	216,149
Short term funds	14	2.81	9,607,270	-	-	-	-	-	9,607,270
Floating rate									
Term loan	18	4.20	(981,108)	(981,108)	(981,108)	(981,108)	(981,108)	(1,296,678)	(6,202,218)
At 31 December 2014									
Fixed rates									
Deposits with licensed banks	14	0.45	175,284	-	-	-	-	-	175,284
Short term funds	14	3.48	11,491,029	-	-	-	-	-	11,491,029
Hire purchase and finance lease liabilities	19	3.00	(51,362)	-	-	-	-	-	(51,362)
Floating rate									
Term loan	18	4.20	(981,108)	(981,108)	(981,108)	(981,108)	(981,108)	(2,277,786)	(7,183,326)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk

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

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances in United States Dollar amounted to RM419,542 (2014: RM299,708), in Singapore Dollar amounted to RM8,328 (2014: RM14,606) and in New Taiwan Dollar amounted to RM NIL (2014: RM2,549) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the United States Dollar ('USD'), Singapore Dollar ('SGD') and New Taiwan Dollar ('TWD') exchange rates against the functional currency of the Group's entities, with all other variables held constant.

		Group and Company	
		2015	2014
		RM	RM
Profit after tax			
USD/RM	- strengthen by 2% (2014: 2%)	6,293	4,496
	- weaken by 2% (2014: 2%)	(6,293)	(4,496)
SGD/RM	- strengthen by 2% (2014: 2%)	8,289	3,132
	- weaken by 2% (2014: 2%)	(8,289)	(3,132)
TWD/RM	- strengthen by 2%	-	40
	- weaken by 2%	-	(40)

34. ACQUISITIONS OF SUBSIDIARIES

In the previous financial year, on 3 November 2014, the Company acquired fifty one percent (51%) equity interest comprising 306,000 ordinary shares of RM1.00 each of the issued and paid up ordinary share capital of Winvest Global Sdn. Bhd. ('Winvest') for a cash consideration of RM306,000. Winvest is a company incorporated in Malaysia which is engaged in research, development and commercialisation of share investment solution and provision of investment education and training services to investors.

34. ACQUISITIONS OF SUBSIDIARIES (continued)

The fair value of the identifiable assets and liabilities of Winvest as at the date of acquisition is as follows:

	2014 RM
Property, plant and equipment (Note 7)	186,533
Trade and other receivables	212,129
Cash and bank balances	1,027,363
Trade and other payables	(877,005)
Deferred tax liabilities (Note 21)	(12,800)
Total identifiable assets	536,220
Less: Non-controlling interests	(262,748)
Group's share of net assets (at 51%)	273,472
Add: Goodwill (Note 9)	32,528
Total cost of acquisition	306,000
Less: Cash and bank balances of subsidiary acquired	(1,027,363)
Net cash inflow of the Group on acquisition	721,363

The acquisition had no material impact to the Group's financial statements.

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 26 March 2015, the 52% owned subsidiary of the Group, Capital Market Risk Advisor Sdn. Bhd. ('CMRA') was served with a Writ of Summon and Statement of Claim ('SOC') issued by the Kuala Lumpur High Court Guaman No. 22IP-5-03/2015 by Risk-X Sdn. Bhd. ('RX') ('the Plaintiff') to restrain the selling and distribution of their software product known as ORMS V6 without permission.

In the SOC, the Plaintiff is claiming to restrain CMRA from using, selling or trading computer program software similar to computer program identified as ORMS V6 and to restrain CMRA from using ORMS V6 and declare the 'pass off' of the said program as that of CMRA. The Plaintiff has claimed for general damages to be assessed and specific and exemplary damages without any quantification in their prayer and no interest was claimed.

Pending the full hearing of the Plaintiff's claim, on 3 April 2015, a Notice of Application for interlocutory injunction was served by the Plaintiff to restrain CMRA from using, selling and dealing with ORMS V6 and to restrain three (3) ex-employees ('Defendants') of CMRA from continuing their employment with CMRA.

On 26 June 2015, the Kuala Lumpur High Court dismissed the Plaintiff's application for interlocutory injunction.

The Plaintiff's claim was heard on 10 September 2015, 30 September 2015, 21 October 2015, 26 October 2015 and 22 January 2016 whereby witnesses were called and evidence adduced in Court. On 24 February 2016, the Kuala Lumpur High Court dismissed the Plaintiff's claim with costs of RM80,000 awarded to the Defendants.

On 2 March 2016, CMRA was served with a Notice of Appeal by the Plaintiff to the Court of Appeal against the Kuala Lumpur High Court's decision dismissing the Plaintiff's claim with costs. The Court of Appeal will fixed a hearing date after the filing of the Record of Appeal which is to be filed within eight (8) weeks from 2 March 2016. The Court of Appeal has also fixed on 28 April 2016 for case management.

36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of Excel Force MSC Berhad and its subsidiaries:				
- Realised	23,097,808	22,254,391	23,368,099	22,308,507
- Unrealised	(11,888)	(317,379)	(11,888)	(276,341)
	23,085,920	21,937,012	23,356,211	22,032,166
Less: Consolidation adjustments	177,413	(22,740)	-	-
Total retained earnings	23,263,333	21,914,272	23,356,211	22,032,166

EXCEL FORCE GROUP PROPERTY LIST

A summary of the Group's properties as at 31 December 2015 is as follows:

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Current Use	Tenure / Date of Expiry of Leasehold Land	Date of Acquisition / Revaluation	Audited Net Book Value as at 31.12.15	Age of Building (years)
Pusat Dagangan, Phileo Damansara II, 611, Block B, No. 15, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.	2,583	Office Unit	Business	Freehold	9 February 2004 / 2011	618,933	15
Unit TA-13-1, Level 13, Tower A, Plaza 33, No 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.	18,988	Office Unit	Business	Leasehold 99 years expiring on 13 Jan 2070	11 February 2014	13,952,505	3

ANALYSIS OF SHAREHOLDINGS

as at 21 March 2016

Authorised Capital	RM50,000,000
Issued and Fully Paid Up Capital	RM20,676,810 comprising 206,768,100 ordinary shares of RM0.10 each
Class of Shares	Ordinary share of RM0.10 each fully paid
Voting Rights	One vote per RM0.10 share

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders		Number of Shares Held	
Size of Holdings	**No.**	**%**	**No.**	**%**
Less than 100 shares	64	4.15	3,085	0.00
100 - 1,000 shares	370	23.96	93,188	0.05
1,001 - 10,000 shares	506	32.77	3,052,450	1.48
10,001 - 100,000 shares	452	29.28	15,995,600	7.73
100,001 – 10,338,404 shares*	147	9.52	77,377,875	37.42
10,338,405 and above**	5	0.32	110,245,902	53.32
Total	1,544	100.00	206,768,100	100.00

Notes:-

* Less than 5% of issued and paid-up shares.

** 5% and above of issued and paid-up shares.

SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2016

	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Sun Chin-Chuan @ Sharon Sun	40,997,400	19.83	37,416,502^	18.10
Exacta Co., Ltd	26,675,000	12.90	-	-
Mohamed Nizam Bin Abdul Razak	18,167,700	8.79	-	-
Jayakumar A/L Panneer Selvam	13,664,300	6.61	-	-
Wang Kuen-Chung @ Jeff Wang	10,741,502	5.19	67,672,400*	32.73

Notes:

* Deemed interest by virtue of his shareholding in Exacta Co., Ltd and the shareholding of Sun Chin- Chuan @ Sharon Sun, his spouse, pursuant to Section 6A of the Companies Act, 1965.

^ Deemed interest by virtue of the shareholding of Wang Kuen-Chung @ Jeff Wang, her spouse, and his shareholding in Exacta Co., Ltd pursuant to Section 6A of the Companies Act, 1965.

Wang Kuen-Chung @ Jeff Wang is the spouse of Sun Chin-Chuan @ Sharon Sun. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

ANALYSIS OF SHAREHOLDINGS
as at 21 March 2016
(cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 21 MARCH 2016

	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Wang Kuen-Chung @ Jeff Wang	10,741,502	5.19	67,672,400*	32.73
Ng Kim Huat	-	-	-	-
Gan Teck Ban	675,000	0.33	-	-
Eng Shao Hon	-	-	-	-
Aaron Sim Kwee Lein	-	-	-	-
Lok Choon Hong	20,000	0.01	-	-

Notes:-
* Deemed interest by virtue of his shareholding in Exacta Co., Ltd and the shareholding of Sun Chin- Chuan @ Sharon Sun, his spouse, pursuant to Section 6A of the Companies Act, 1965.

Wang Kuen-Chung @ Jeff Wang is the spouse of Sun Chin-Chuan @ Sharon Sun. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

By virtue of his interests in the ordinary shares of the Company, Wang Kuen-Chung @ Jeff Wang is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

Other than as disclosed above, the other Directors do not have any interest in the shares of the Company or its subsidiaries.

THIRTY (30) LARGEST SHAREHOLDERS

as at 21 March 2016

(Without aggregating securities from different securities accounts belonging to the same person)

NO.	NAME	NO. OF SHARES	%
1	SUN CHIN-CHUAN @ SHARON SUN	40,997,400	19.83
2	EXACTA CO., LTD	26,675,000	12.90
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHAMED NIZAM BIN ABDUL RAZAK (MY 0888)	18,167,700	8.79
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	13,664,300	6.61
5	WANG, KUEN-CHUNG @ JEFF WANG	10,741,502	5.19
6	EDISI FIRMA SDN BHD	5,106,300	2.47
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YOKE FONG	3,802,250	1.84
8	HLIB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUNG, CHUNG-CHE (CCTS)	3,140,050	1.52
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEOH CHIU ENG (MY 1675)	3,000,000	1.45
10	KOH THUAN TECK	2,997,000	1.45
11	LEE YOKE FONG	2,901,750	1.40
12	CHIA KEE SIONG	2,441,625	1.18
13	HLIB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WANG, CHI-CHAO (CCTS)	2,000,000	0.97
14	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	1,982,500	0.96
15	MOHD RADZUAN BIN AB HALIM	1,609,375	0.78
16	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDISI FIRMA SDN BHD (MG0065-195)	1,552,800	0.75
17	WONG II LE	1,360,725	0.66
18	WON SIU FAH	1,321,800	0.64
19	TAN KIAT	1,283,100	0.62
20	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WAI CHEW (MARGIN)	1,221,900	0.59
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	1,200,000	0.58
22	TAN SOO SIE	951,200	0.46
23	TEOH CHU CHUN	880,000	0.43
24	LEE KOK PING	872,000	0.42
25	KEK CHIN WU	864,000	0.42
26	CHIA KUO FUNG	806,900	0.39
27	VINCENT NG CHUN WEI	806,000	0.39
28	QUEK TEE KIAM	801,000	0.39
29	CHIA KUO WUI	771,250	0.37
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIANG KAI LOON (010)	768,000	0.37

ANALYSIS OF WARRANT HOLDINGS
as at 21 March 2016

Type of securities	:	Warrants
Total warrants issued but not exercise	:	103,384,031
Tenure of warrants	:	5 years (2014/2019)

DISTRIBUTION OF WARRANT HOLDINGS

	Warrant Holders		Number of Warrants	
Size of Holdings	**No.**	**%**	**No.**	**%**
Less than 100 issued warrants	402	38.18	25,247	0.02
100 - 1,000 issued warrants	76	7.22	30,973	0.03
1,001 - 10,000 issued warrants	275	26.11	1,417,312	1.37
10,001 - 100,000 issued warrants	228	21.65	8,472,250	8.20
100,001 – 5,169,200 issued warrants*	70	6.65	34,240,399	33.12
5,169,201 and above**	2	0.19	59,197,850	57.26
Total	1,053	100.00	103,384,031	100.00

Notes:-
* Less than 5% of issued warrants.
** 5% and above of issued warrants.

SUBSTANTIAL WARRANT HOLDERS AS AT 21 MARCH 2016

	Direct		Indirect	
Name	**No. of Warrants**	**%**	**No. of Warrants**	**%**
Jayakumar A/L Panneer Selvam	50,114,000	48.47	-	-
Mohamed Nizam Bin Abdul Razak	9,083,850	8.79	-	-

DIRECTORS' WARRANT HOLDINGS AS AT 21 March 2016

	Direct		Indirect	
Name	**No. of Warrants**	**%**	**No. of Warrants**	**%**
Wang Kuen-Chung @ Jeff Wang	51	0.00	-	-
Ng Kim Huat	-	-	-	-
Gan Teck Ban	-	-	-	-
Eng Shao Hon	-	-	-	-
Aaron Sim Kwee Lein	-	-	-	-
Lok Choon Hong	-	-	-	-

THIRTY (30) LARGEST WARRANT HOLDERS

as at 21 March 2016

(Without aggregating securities from different securities accounts belonging to the same person)

NO.	NAME	NO. OF WARRANTS	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	50,114,000	48.47
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHAMED NIZAM BIN ABDUL RAZAK (MY 0888)	9,083,850	8.79
3	MOHD ASWADI BIN MAT ZAIN	4,082,900	3.95
4	GAN HUAT CHENG	2,346,600	2.27
5	AZAM BIN BAKI	2,156,000	2.09
6	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDISI FIRMA SDN BHD (MG0065-195)	1,922,000	1.86
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU/BFT)	1,910,500	1.85
8	KOH THUAN TECK	1,498,500	1.45
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA MUI TIAN	1,474,000	1.43
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEU ING DEE (E-KKU/BFT)	1,223,400	1.18
11	EDISI FIRMA SDN BHD	1,021,000	0.99
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA MUI TIAN	986,000	0.95
13	YONG FOOK YOONG	900,000	0.87
14	LIM EK MENG	865,000	0.84
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ELBERT NG HIN WAH (E-BPJ/BPI)	619,900	0.60
16	MOHD RADZUAN BIN AB HALIM	555,087	0.54
17	TAM SU LEE	525,600	0.51
18	KUTTIMANI A/L RAMASAMY	517,000	0.50
19	LEE CHENG YENG	500,000	0.48
20	KEK CHIN WU	432,000	0.42
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG VOON FUI (MI 2032)	400,000	0.39
22	LIM HUNG THIAM	396,000	0.38
23	WONG II LE	391,862	0.38
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OON GUEK KUANG (M03)	377,500	0.37
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LUK LI HUNG (E-LBG)	371,000	0.36
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOW SHIH YUN (PB)	370,425	0.36
27	LING SU YOU	360,000	0.35
28	DATO' LIM KOK HAN	328,000	0.32
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PEE MUI LING (1011081)	290,000	0.28
30	LEE SIM NEE	275,000	0.27

This page has been left blank intentionally

Form of Proxy

(Before completing this form please refer to the notes below)

ExcelFORCE MSC Berhad
(Company No. 570777 X)
Incorporated in Malaysia

I/WE ______________________________ NRIC No./Passport No./ Company No. ______________________
(Full name in block letters)

CDS. A/C No. ____________________ of ____

____
(Full address)

being a member/members of EXCEL FORCE MSC BERHAD hereby appoint the following person(s) or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Unit TA-13-1, Level 13, Tower A, Plaza 33, No. 1, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 24 May 2016 at 2.30 p.m. and at every adjournment thereof to vote as indicated below:-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy
1. ______________________________	____________________
2. ______________________________	____________________

In case of a vote taken by a show of hands, the first-named proxy shall vote on *my/our behalf. In the event of a poll being demanded, *my/our proxy/proxies shall vote as indicated below:-

	FOR	AGAINST
Resolution 1 - To approve Directors' Fees		
Resolution 2 - To re-elect the Director, Eng Shao Hon		
Resolution 3 - To re-elect the Director, Aaron Sim Kwee Lein		
Resolution 4 - To re-appoint the retiring auditors, Messrs BDO		
Resolution 5 - Authority to issue shares		
Resolution 6 - Retention of independent director, Ng Kim Huat		
Resolution 7 – Retention of independent director, Aaron Sim Kwee Lein		

(Please indicate with "x" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

As witness my hand this ____________ day of ____________ 2016

No. of ordinary shares held	

____
Signature/Common Seal

** Strike out whichever is not desired.*

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the company.*
3. *Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *(i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account*
   (ii) Where a member is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorised.*
6. *The Form of Proxy must be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

1st fold here

AFFIX
STAMP
HERE

THE SHARE REGISTRAR
EXCEL FORCE MSC BERHAD
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor
Malaysia

2nd fold here

ExcelFORCE MSC Berhad (570777-X)
www.excelforce.com.my

Unit TA-13-1, Level 13,
Tower A, Plaza 33,
No. 1, Jalan Kemajuan,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

P : +603 7941 2088
F : +603 7941 2089
E : info@excelforce.com.my