cuscapi®

CREATING FUTURE POSSIBILITIES

ANNUAL REPORT 2013



CREATING FUTURE POSSIBILITIES

It has been a growth year for the Group, in terms of the expansion of our businesses and in experiencing organic growth. To accomplish this, we will continue to innovate and be driven by a deep sense of delivering excellence in the work that we do. We will continue to measure our initiatives and the effectiveness of our investments analytically, to discard those that do not provide acceptable returns, and to step up our investment in those that work best. We will continue to learn from both our successes and our failures and propel the Group to future possibilities.

ESTABLISHED IN NOVEMBER 1978,

WE HAVE GROWN TO BE A TRUSTED AND INNOVATIVE INDUSTRY SPECIALIST. TODAY, WE ARE A STRONGER ENGINE FOR EXPONENTIAL GROWTH AND PERFORMANCE. LED BY A VISIONARY TEAM OF LEADERS WITH EXTENSIVE EXPERIENCE IN GLOBAL CONSULTING, WE CONTINUE TO SHOWCASE NEW AND INNOVATIVE BUSINESS MANAGEMENT SOLUTIONS WORLDWIDE.

With over 50 years of combined, in-depth industry experience, and knowledge implementing world-class solutions, and certification as Microsoft Gold Partner and Capability Maturity Model® Integration (CMMI) Level 3 Award, we are committed to support our clients as they grow and expand their markets. Listed on the Main Market of Bursa Malaysia, we have established credentials in the food and beverage, retail, hospitality, automotive, telecommunication, financial services, and public service industries.

With 12 service centres nationwide and strong regional presence and support infrastructure in 29 other countries, through over 7,000 installed sites, we continue to create more value for our clients by enabling them to maximise their businesses' customer capital through excellent delivery.



cuscapi®



OUR VISION

TO ENABLE, TRANSFORM AND INSPIRE BUSINESSES TO DEVELOP DEEPER, MORE SUCCESSFUL AND MEANINGFUL RELATIONSHIPS WITH THEIR CUSTOMERS.

OUR MISSION

TO BE A CATALYST FOR OUR CLIENTS' SUCCESS BY BRINGING THEIR CUSTOMERS CLOSER THROUGH WORLD-CLASS SOLUTIONS AND SERVICES.

OUR VALUES

OUR VALUES ARE WHAT WE UPHOLD AS AN ORGANISATION. THIS GUIDES OUR DECISIONS, OUR ACTIONS AND OUR APPROACH TO THE CHALLENGES TO OUR ORGANISATION AND BUSINESS. THROUGH THESE VALUES, WE DEVELOP A CONSISTENT AND SINGLE-MINDED APPROACHI IN ALL THAT WE DO.

EXCELLENCE

We are always committed to delivering excellence and creating true business value to our clients.

CREATIVITY

We see innovation as a means to contribute to clients success. We thrive on creative thinking, constantly challenging the way we approach our business and serve our clients, including their customers.

TEAM SPIRIT

We are at our best when we work as a team, sharing our collective knowledge to help our clients to realise value from their customers.

ZEAL

We are passionate about making a difference to our clients and their customers through enthusiasm in everything we do.

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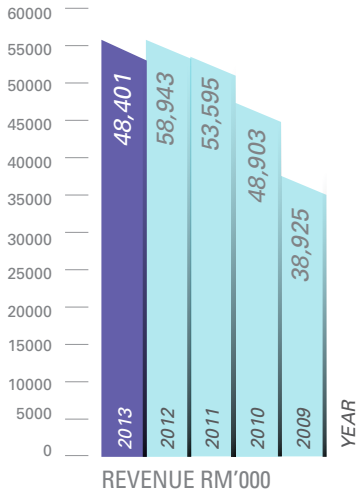
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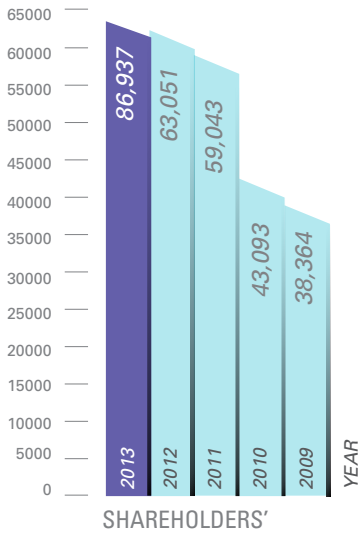
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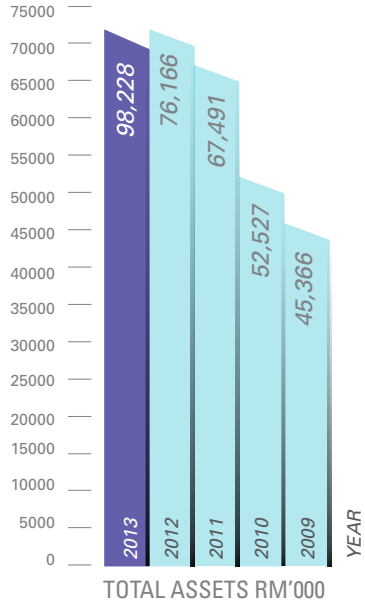
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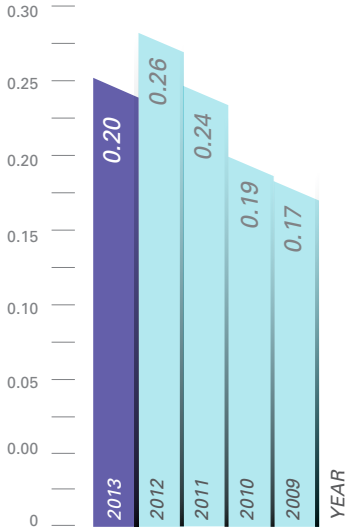
REVENUE RM'000



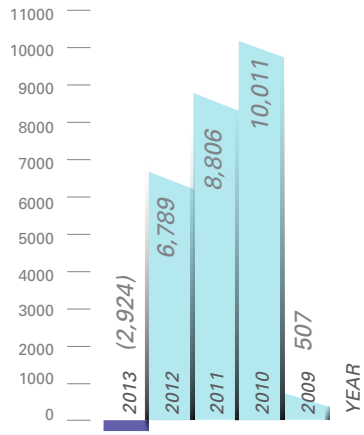
SHAREHOLDERS' EQUITY RM'000



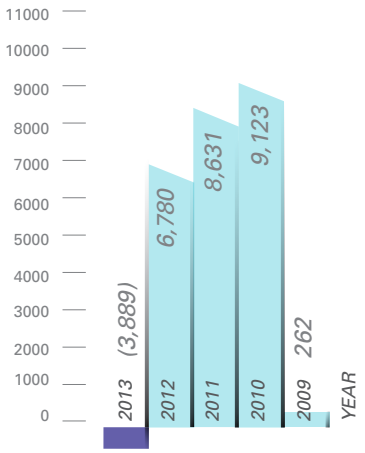
TOTAL ASSETS RM'000



NA/SHARE SEN



PROFIT BEFORE TAX RM'000



PROFIT AFTER TAX RM'000

FINANCIAL HIGHLIGHTS

The cornerstone of the Group's success lies in our ability to leverage on our core streams of business. Suffice to note, the year has been filled with exciting opportunities, meaningful developments and most importantly, significant results.


LEADING
TRANFORM



MATION

CUSCAPI IS ON A PATH TO SUSTAINABLE GROWTH. OUR CONSISTENT STRATEGY, HAS HELPED DELIVER A MORE BROADLY BASED, BALANCED AND RESILIENT PORTFOLIO OF PRODUCTS AND SERVICES. THIS COUPLED WITH OUR STRONG CUSTOMER RELATIONSHIPS HAS GIVEN US ACCESS TO A WIDE RANGE OF MARKETS BOTH LOCALLY AND INTERNATIONALLY.

CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholders,

Delivering, amidst a challenging global market, has been the essence of 2013 for Cuscapi Berhad. As a company, we have been growing steadily and expanding our vast portfolio of investments.

In accomplishing this, we are driven by a strong principle of integrity accompanied by a deep sense of delivering excellence in the work that we do. We remain true to our vision of achieving growth, enhancing shareholder value and striving for excellence.

As evidenced by our focused approach in capitalising on our strengths, seizing opportunities and driving our corporate exercises, I am pleased to present our annual report for the year ended 31 December 2013.

CHAIRMAN
DATO' LARRY GAN NYAP LIOU @ GAN NYAP LIOW

ONE OF THE PILLARS OF OUR SUCCESS HAS BEEN OUR STEADFAST FOCUS ON ENHANCING CUSTOMERS EXPERIENCE THROUGH INNOVATION.

We are committed to reinventing ourselves and our offerings in order to remain ahead of the curve, and emerge as a pioneer in the respective sectors that we operate in.

ECONOMIC OUTLOOK

While, the global economic landscape remains volatile, Asia's resilience in the face of uncertainties is clearly an indication of the region's emergence as an engine of global growth.

On the Malaysian front, domestic demand was a key driver during the year, along with robust private consumption and investment. Gross domestic product grew 4.7% in 2013, primarily due to heightened private sector demand and improved exports. With the positive outlook of our national economy, complemented by the Group's clear strategy and solid plans, we are confident of seizing opportunities and pursuing excellence in all segments of our businesses, with emphasis on the Asian countries that we have recently made a presence in.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2013, the Group achieved revenue of RM48.4 million compared to the previous year's revenue of RM58.9 million as the Group transforms its business into more recurring based solution model, focusing on securing more long term subscription based contract which had a short term impact on our revenue.

The year under review also saw us investing to establish the necessary infrastructure, delivery and support team to sustain the deployment of our new customer, self-service interactive ordering solutions as well as for other product development purposes. The Group will continue to invest and to grow its presence in the bigger markets in China, Thailand and Indonesia.

NEW MARKETS

Moving forward, we will continue to leverage and to capitalise on China's growing hospitality and retail businesses, the growth of the middle class segment and China's strong demand for dining out.

The Group is continuing to gain market share with our comprehensive suite of point-of-sale technologies. Among our products and services, REV, an interactive digital table, is the latest development in our food and beverage solutions and has raised standards with its ability to improve dining experiences for customers, by delivering informative and rich multimedia content.

With its complete hardware and software solution, REV has been well received with its promise to produce significant cost savings, increased revenue and enhanced customer experience for food and beverages establishments. We have commenced the pilot run of REV in a number of Asian markets, including Malaysia, Singapore and China, leaves us well-positioned this to better anticipate the needs of our customers in these areas.

DIVIDEND

During the year under review, the Company had on 18 April 2013 paid the first interim dividend of 1.5 sen per share less 25% income tax amounting to RM2,771,020.

HUMAN CAPITAL

The Group is conscious of the need to position Cuscapi as an employer of choice while enhancing workforce competitiveness. Our talent pool has grown to more than 350 personnel in 2013 – an increase of close to 14% from the previous year. Moreover, we are aware of the direct correlation between the quality of our talent pool and our productivity. We have implemented several strategic measures to ensure talent development to support the Group's growth. These initiatives have been built on the bedrock of our core values and competencies which I am glad to note have permeated almost all levels of the Group.

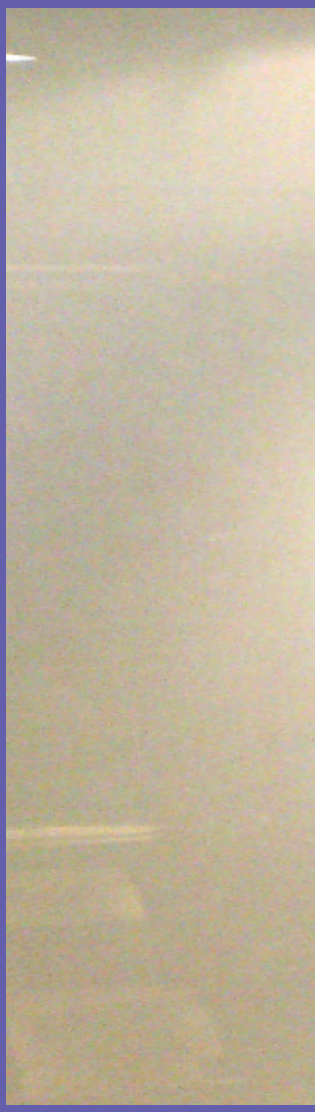
CORPORATE EXERCISE

A major corporate milestone achieved in the year under review was the transfer of our listing status from the ACE Market to the Main Market of Bursa Malaysia. In addition to that, we have successfully completed a rights issue of 123,156,433 new shares, bonus issues of 61,578,216 new shares and warrants issue of 123,156,433 new warrants, raising cash proceeds of approximately RM 29.8 million to fund our future business expansion and working capital plan.

FUTURE OUTLOOK

Despite a more challenging business environment for 2014, we remain positive on the prospects for the Group especially given our track record for tackling challenges head on during trying times. We are mindful that our core strength is undeniably tied back to the diversified nature of our business. As such, we are aware of the significance of a forward thinking mindset in our business units and our relentless drive to raise the bar for the hospitality and retail businesses.

We will continue to invest in our overseas offices as part of our long-term strategy to build capacity. We trust that with the quality and diversity of our investments, coupled with the calibre of our people, we will be able to optimise value and deliver a positive year ahead.



ACKNOWLEDGEMENTS

Our ability to consistently rise to the occasion, regardless of what challenges we may face, is what enables us to move forward and stay ahead. On that note, I would like to convey my gratitude to our Board members for their invaluable expertise and guidance in steering the Group in the right direction. My deepest appreciation to the management and staff for their hard work and determination.

On behalf of the Group, we are also grateful for the immense support and the trust accorded to us by our shareholders. We would also like to thank our customers, financiers, business associates, consultants and the regulatory authorities for their ongoing support.

Sincerely,

CHAIRMAN
DATO' LARRY GAN NYAP LIOU
@ GAN NYAP LIOW





SUSTAINA
GROWTH

INFORMATION TECHNOLOGY IS A KEY DRIVER FOR SUSTAINABLE DEVELOPMENT. OUR STRATEGY AIMS TO MAKE CUSCAPI A BUSINESS TRANSFORMATION PARTNER TO OUR CUSTOMERS AND WE WILL SUPPORT THEM WITH OUR INNOVATIVE SOLUTIONS AND SERVICES. AS PART OF OUR TECHNOLOGY STRATEGY WE ARE CONSTANTLY INNOVATING TO INCREASE OUR COMPETENCIES OFFERINGS. IN 2013, WE CONTINUED TO STRENGTHEN OUR MARKET SHARE IN ASIA AND WE INTEND TO GROW THIS FURTHER IN THE COMING FISCAL YEAR.


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cuscapi
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your custome

THE CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholder,

At Cuscapi, we believe in delivering long term shareholder value. This can be achieved through a clear vision of what is to become of Cuscapi in the future of a fast changing world. A world that straddles between the virtual and physical, the online and offline. Cuscapi will be an important fabric of that world in general and the F&B industry in particular. Only by reimagining the possibilities of Cuscapi's future can we deliver a transformation that will propel Cuscapi into an era of sustainable growth.



CHIEF EXECUTIVE OFFICER
HER CHOR SIONG

In the past year, our decisions have consistently reflected this approach. Investments into new markets and new solutions opened up new possibilities for Cuscapi to participate in a world that is consistently redefining how businesses are being conducted, both online and offline. The rise of internet companies, such as Google, Facebook, Alibaba, Tencent, etc has given us more than just a glimpse of what is to become of our future.

THE ACCELERATION OF MOBILE TECHNOLOGIES AND BANDWIDTH HAS CREATED AN ENTIRE NEW VIRTUAL WORLD, ONE THAT EMPHASIZES MOBILITY, SPEED AND AGILITY. IT IS IN THIS LIGHT THAT CUSCAPI SEES A NEED TO TRANSFORM ITSELF FOR A BETTER AND MORE SUSTAINABLE FUTURE.

FINANCIAL AND PERFORMANCE REVIEW

The financial year ending 31 December 2013 was an important one for Cuscapi as we set the cornerstones and laid the foundation to achieve our goal to emerge as the preferred business partner of food and beverages (F&B) based businesses in the global markets with emphasis on Asia.

We systematically identify market opportunities and draw on all our resources to create innovations that deliver quantifiable values to customers. Our solutions helped our customers set themselves apart from competitors and become first movers in promising new markets.

Overall, the Group revenue for 2013 stood at RM48.4 million compared to RM58.94 million in the previous financial year. The Group continues on its strategy to transform its business into a managed services model by investing in the necessary infrastructure, delivery, and support team to support the rapid deployment of its products, while focusing on securing more subscription-based, multi-year contract to build a sustainable, recurring revenue base. This will have a short term impact on the revenue but is a necessary evil to achieve sustainable growth.

LEADING TRANSFORMATIONS
WE ARE MINDFUL THAT GROWTH IS UNDERPINNED BY A CULTURE OF INNOVATION AND ONT THAT SCORE THE GROUP HAS UNDERTAKEN VARIOUS TRANSFORMATION INITIATIVES.

- The launch of REV, a customer self-service platform that would transform Cuscapi from a business-to-business (B2B) solutions provider into a platform provider for end-consumers, opens up possibilities for Cuscapi to participate in various new business opportunities, including customer loyalty management, social media, payments, online advertisement etc.

- We are also transforming our business model to create more 'sustainable' long term business where we break away from one time short term contracts to more long term subscription- based contracts.

- We are transforming ourselves from a solution provider to a managed services partner where we participate actively in the operations of our customers, such as processing orders for our customers' delivery businesses, powered by solutions proprietary to us.

- Across the board, the Group has also expanded its focus from just Malaysia to a more global perspective. This bodes well as our international businesses are expected to surpass more than 50% of our Group revenue in this financial year.

In 2013, we invested close to RM9 million in developments of new solutions. This further strengthens our ability to make an impact to our customers' business and lead the transformation of our customers' business processes.



A DAWN OF NEW POSSIBILITIES

Our planning for the current fiscal year is premised that demand in our sales market will surpass the levels seen in 2013. Assuming there is no major downturn in global economic growth, we expect to see revenue growth in the current fiscal year. The extent to which individual segments contribute to growth will depend primarily on our customers' investments in the industries concerned. The sales breakdown by industry is likely to continue shifting slightly in favour of the food and beverage industry. From a regional perspective, we believe that our market share which has been holding steady will grow in strength and importance.

WE WILL CONTINUE WITH OUR STRATEGY OF MAKING INROADS INTO NEW MARKETS AND SELECTIVELY EXPANDING OUR RANGE OF OFFERINGS IN EXISTING MARKETS. THIS WILL ENABLE US TO PROVIDE OUR CUSTOMERS WITH INTEGRATED SOLUTIONS FOR AN EVEN BROADER RANGE OF SERVICES.

On a closing note, our achievements would not have been possible without our large pool of dedicated and talented individuals. On behalf of the Group, I wish to express my deepest gratitude to the management team and our employees for their unwavering support and commitment.

I would also like to express my appreciation and gratitude to all our customers, shareholders, financiers, business partners and consultants and relevant approving authorities who have graciously co-operated with us to achieve our goals. I am certain that this review will provide you with a clearer understanding on the progress and achievements of the Group as a whole.

Thank you for remaining with us and we look forward to a better year ahead.

CHIEF EXECUTIVE OFFICER
HER CHOR SIONG

GROUP STRUCTURE

CUSCAPI BERHAD

- Cuscapi Malaysia Sdn. Bhd.
- Cuscapi International Sdn. Bhd.
- Cuscapi Innovation Lab Sdn. Bhd.
- Cuscapi Solutions Sdn. Bhd.
- Cuscapi Consulting Services Sdn. Bhd.
- Cuscapi Network Solutions Sdn. Bhd.
- Cuscapi Outsourcing Sdn. Bhd.
- Cuscapi Interactive Solutions Sdn. Bhd.
- Cuscapi International Pte. Ltd.
  - Cuscapi Singapore Pte. Ltd.
  - Cuscapi Beijing Co. Ltd.
  - Cuscapi Suzhou Co. Ltd.
  - Guangzhou Cuscapi Co. Ltd.
  - Shanghai Cuscapi Co. Ltd.
  - PT Cuscapi Indonesia
  - Cuscapi (Thailand) Company Ltd.
  - Cuscapi Hong Kong Ltd.
    - Cuscapi Philippines, Inc.
      - Tills N Labels System Marketing, Inc.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Gan Nyap Liou @
Gan Nyap Liow
Independent Non-Executive Chairman

Her Chor Siong
Chief Executive Officer

Lim Li Li
Non-Independent Non-Executive Director

Ang Chin Joo
Independent Non-Executive Director

Tai Keat Chai
Independent Non-Executive Director

Durrie Bin Hassan
Alternate Director to Lim Li Li

COMPANY SECRETARY

Datuk Tan Leh Kiah
(MAICSA No.:0719692)

Lim Chien Joo
(MAICSA No.:7063152)

AUDIT COMMITTEE

Tai Keat Chai
Chairman

Lim Li Li

Ang Chin Joo

NOMINATION COMMITTEE

Dato' Gan Nyap Liou @
Gan Nyap Liow
Chairman

Lim Li Li

Tai Keat Chai

REMUNERATION COMMITTEE

Dato' Gan Nyap Liou @
Gan Nyap Liow
Chairman

Lim Li Li

Her Chor Siong

REGISTERED OFFICE

Level 1, Block B,
Peremba Square
Saujana Resort, Seksyen U2
40150 Shah Alam
Selangor Darul Ehsan
Tel: 603 7623 7777
Fax: 603 7622 1999

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Bhd (BMSB)–
Main Market
BMSB Code : 0051
Reuters Code : CUSC.KL
Bloomberg Code : CUSC:MK

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: 603 2297 1000
Fax: 603 2282 9980

PRINCIPAL BANKER

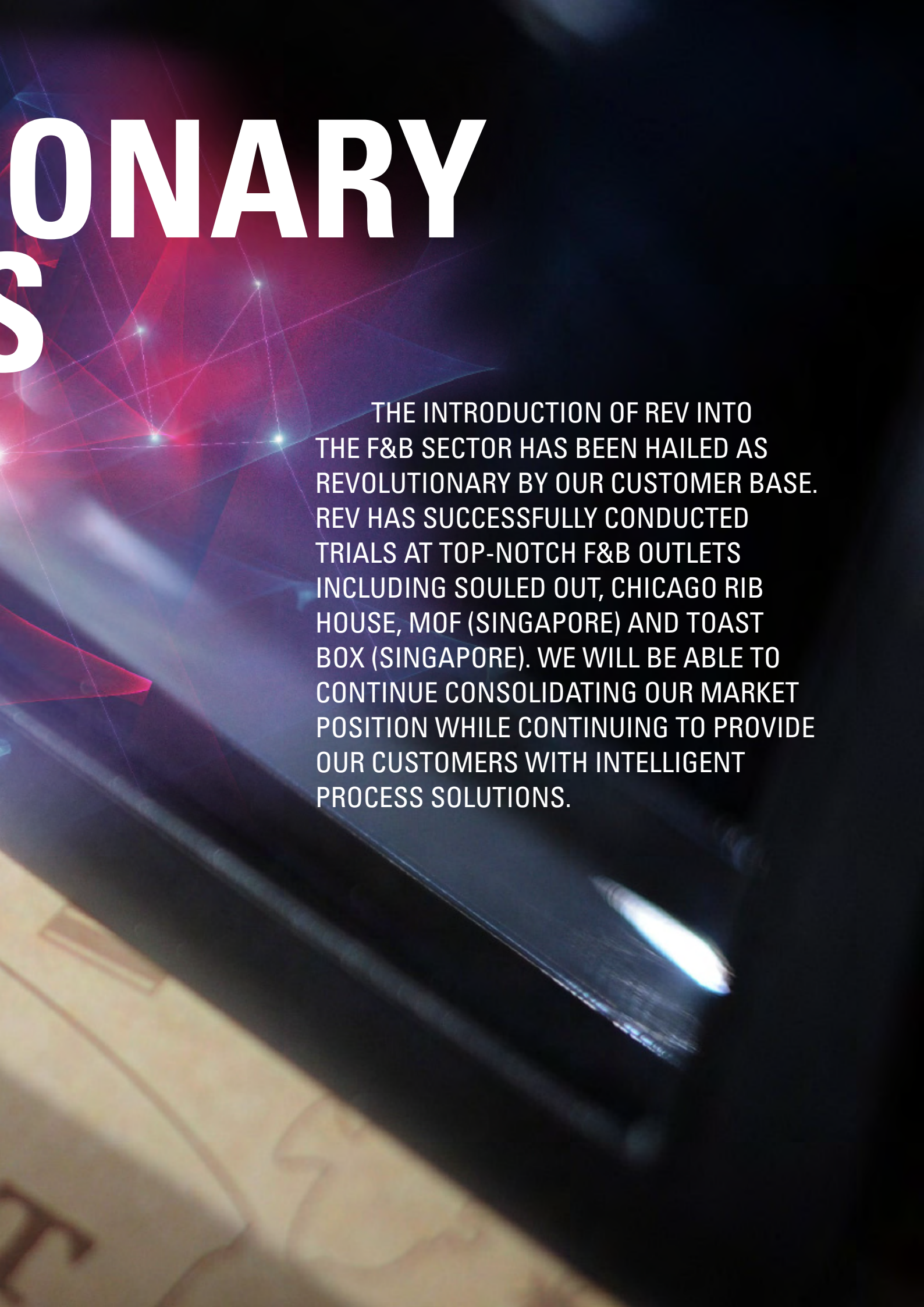
Standard Chartered Bank
Malaysia Berhad

HSBC Bank Malaysia
Berhad

REGISTRAR

Securities Services (Holding)
Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 603 2084 9000
Fax: 603 2094 9940


REV-OLUTI
SOLUTIONS
SOULed OUT



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THE INTRODUCTION OF REV INTO THE F&B SECTOR HAS BEEN HAILED AS REVOLUTIONARY BY OUR CUSTOMER BASE. REV HAS SUCCESSFULLY CONDUCTED TRIALS AT TOP-NOTCH F&B OUTLETS INCLUDING SOULED OUT, CHICAGO RIB HOUSE, MOF (SINGAPORE) AND TOAST BOX (SINGAPORE). WE WILL BE ABLE TO CONTINUE CONSOLIDATING OUR MARKET POSITION WHILE CONTINUING TO PROVIDE OUR CUSTOMERS WITH INTELLIGENT PROCESS SOLUTIONS.

DIRECTOR'S PROFILE



DATO' LARRY GAN NYAP LIOU

NON-EXECUTIVE CHAIRMAN
AGE 59, MALAYSIAN

Dato' Larry Gan Nyap Liou @ Gan Nyap Liow was appointed as an Independent Non-Executive Director of our Company on 23 June 2006. He spent 26 years with Accenture, the world's leading consulting firm, during which time he held many global leadership roles, consulted on strategic projects for multinational corporations, and worked with innovative technologies around the world. He was the Managing Partner for ASIA, and between 1999 to 2003 managed the firm's multibillion-dollar Venture Fund in Asia Pacific.

He was formerly Chairman of the Association of Computer Industry Malaysia (PIKOM), and a Member of the Ministry of Science & Technology Think Tank, Copyright Tribunal, Labuan International Financial Exchange Committee, MIMOS Berhad (Government Technology Research) and the Malaysia US Business Council.

Presently, he is Chairman of Catcha Media Berhad and Diversified Gateway Solutions Berhad, and a Board Member of Tanjong Plc, Ambank (M) Berhad, Amcorp Properties Berhad, Formis Resources Berhad and Saujana Resort (M) Berhad.

He has no family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years. Dato' Larry is a chartered accountant and a certified management consultant.



HER CHOR SIONG

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR AGE 42, MALAYSIAN

Her Chor Siong was appointed to the board of directors of cuscapi berhad on 17 August 2006 and served as executive director between 2006 and 2009, where he led the group's international expansion, which now has presence in china, india, south east asia and the middle east.

He was appointed Chief Executive Officer (CEO) of Cuscapi Berhad in 2010 to spearhead Cuscapi's strategy to become the preferred business solutions partner of F&B Enterprises in Asia and the Middle East.

As CEO of Cuscapi Berhad, Chor Siong was instrumental behind the delivery of Cuscapi Berhad's recent financial success. Under his stewardship, Cuscapi Berhad achieved record revenue and profit in 2010 through the introduction of innovative offerings and established direct market presence in Singapore, Beijing and Shanghai.

Prior to Cuscapi Berhad, Chor Siong held a senior position with Accenture, a global consulting company. During his tenure with Accenture, Chor Siong delivered a wide range of consulting services for Accenture's telecommunications clients across Malaysia, Singapore, Thailand and Korea.

He subsequently founded Adeptis Solutions in 2003 and was the CEO of Adeptis Solutions between 2003 and 2006. In Adeptis Solutions, Chor Siong developed a successful business providing dealer management and e-commerce solutions to an impressive list of automotive clients in Malaysia leading to the acquisition of Adeptis Solutions by Cuscapi Berhad in 2006.

Chor Siong is a graduate of the National University of Malaysia and holds a Bachelor of Arts (Honours) in Sociology.

He has no family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years.

DIRECTOR'S PROFILE



LIM LI LI

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 53, MALAYSIAN

She is a lawyer, graduated from University of Malaya and also possesses a Master's Degree in Business Administration from the same University. She was with the Hong Leong Group of Companies prior to joining the Peremba Group. She is currently the Director, Corporate Affairs of Peremba (Malaysia) Sdn Bhd and presently, sits on the boards of Saujana Resort (M) Berhad and various private limited companies.

She has no family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years.



DURRIE BIN HASSAN

NON-INDEPENDENT/ ALTERNATE DIRECTOR TO MS LIM LI LI
AGE 29, MALAYSIAN

He is an Alternate Director to Ms Lim Li Li. He holds a Bachelor of Science Degree in Business Management from the University of Surrey, England. He is currently an Executive Director of Carlton Mansfield Ltd, Hong Kong. Prior to that, he was a Project Manager with Peremba Development Sdn Bhd for three years and an Associate Consultant with EML BNB Executive Search for two years.

He does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years.

DIRECTOR'S PROFILE



ANG CHIN JOO

INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 61, MALAYSIAN

Ang Chin Joo (C J Ang) is an Independent Non-Executive Director of the company. As a former Executive Director and CEO, Ang was responsible for setting up the business directions and formulating the strategy for the company in its earlier years. Ang has been on the Board since 29 May 1998.

He began his career in the IT industry with Computer Systems Advisers Berhad (CSA) in 1976. Ang joined IBM Malaysia in 1981 where he spent 13 years in various sales, marketing, services, management and consulting positions covering various industries such as banking, telecommunications, airlines, utilities, as well as small and medium enterprises. His consulting stint in IBM in 1992 and 1993 included being the Principal of the IBM Consulting Group for the ASEAN region.

In 1994, Ang become the first Country Manager for Compaq Computer Malaysia. After spending three years in Compaq, he embarked on an entrepreneurial path that ended up with his involvement in Transight Systems and Datascan Sdn. Bhd., eventually listing Datascan on the MESDAQ market of Bursa Malaysia. Datascan is now Cuscapi Bhd.

Ang was President of PIKOM, the National ICT Association of Malaysia, from January 2008 till May 2010, after which he was appointed Advisor on the PIKOM Council. Ang is also currently an Independent Non-Executive Director of Milux Corporation Berhad. In May 2011, he was appointed a Director on the Board of MDeC, the Multimedia Development Corporation, an agency under the Ministry of Science, Technology and Innovation (MOSTI).

Ang is also a Committee Member of Outsourcing Malaysia, a chapter of PIKOM, and the Commercialisation and Investment Committee of Yayasan Inovasi Malaysia (YIM) under MOSTI.

Ang graduated with a Bachelor of Applied Science (Honours) from the University of Science Malaysia in 1976.

He has no family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years.



TAI KEAT CHAI

INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 59, MALAYSIAN

Tai Keat Chai was appointed to the Board on 28 May 2004. Tai brings with him many years of valuable experience and insight through his work in KPMG, London between 1977 and 1978, after which he returned to Malaysia and commenced working with PricewaterhouseCoopers in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad where he worked in corporate finance for seven years before he ventured into stock broking, during which he worked in SJ Securities Sdn Bhd, AA Anthony Securities Sdn Bhd and Kenanga Investment Bank Berhad.

Tai is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants. He is also a Director of Chuan Huat Resources Berhad, Formis Resources Berhad, Microlink Solutions Berhad, SILK Holdings Berhad and a few other unlisted companies.

He has no family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years.


FUTURE
REIMAGINE

ED

OUR BUSINESS TODAY IS THE CONSEQUENCE OF DECISIONS AND INVESTMENTS MADE OVER MANY YEARS. CUSCAPI IS NOW ABLE TO TRADE SUCCESSFULLY ON A GLOBAL BASIS AND WE ARE DEVELOPING OUR PRESENCE AROUND THE WORLD. OUR CUSTOMER INSIGHT, AND OUR ABILITY TO DEVELOP TECHNOLOGIES, AND INTEGRATE THEM INTO COMPLEX SYSTEMS GIVE US ACCESS TO MARKETS WHERE DEMAND REMAINS STRONG FOR THE PRODUCTS AND SERVICES THAT WE PROVIDE.

KEY HIGHLIGHTS

PRODUCTS AND SERVICES

Cuscapi is extending the focus of its product development beyond the mainstay of traditional restaurant operations to new touchpoints, namely the restaurant's customers and their business partners. REV, our tablet ordering solution enables restaurants to create a new dining experience for their customers. Meanwhile, new features in Transight enables seamless integration with the restaurants' and Cuscapi's business partners. This includes customer loyalty providers and payment providers, and will further enhance the restaurants' business operations.

REV – our Customer Self-Ordering Solution is a complete hardware and software solution that runs on a tablet device. It is now operational in locations within Malaysia, Singapore and China. This continues to be a main thrust for Cuscapi as we seek to add services and features such as customer loyalty and payment offerings; this solution will also be extended to other restaurant models including Quick Service restaurants.

We continue to modernise **TRANSIGHT** our flagship **RESTAURANT MANAGEMENT SOLUTION** by adding capabilities that allow Cuscapi to easily partner with and integrate best-of-breed offerings to cater for the ever growing needs of such restaurants. Cuscapi has, and continues to develop partnerships with complementary offerings such as customer loyalty and alternative payment channels.

Cuscapi's **CARINA SERVICES** is a service that offers Cuscapi monitors and manages mission critical IT assets such as POS terminals and peripherals within our customers' premises. Customers enjoy improved support and maintenance services such as store operations to continue uninterrupted while Cuscapi service agents proactively ensure smooth running of the IT systems.

OUR PARTNERS

We are constantly seeking new ways to bring comprehensive solutions for our customers through strategic partnerships with notable organisations. These include 3D System (Singapore), PT Ong Teknologi (Indonesia), Y-thoung Technologies Co. Ltd. (Vietnam), Storage Systems & Solutions Co. Ltd.(Thailand), Bismac and Abstrax (Philippines) and Myanmar Millenium Group MMG (Myanmar).

AWARDS AND ACCOLADES

Cuscapi participated in China Restaurant Expo 2013 and was awarded the Best Information Technology Solutions China's catering industry (software) vendors Diamond Award.

Cuscapi also participated in the King of Catering Award 2013 in China and was awarded as 2013 China Guangzhou King of Catering designated partner.

EVENTS

We actively participated and organised several events across the region to gain market awareness and increase our overseas market penetration: Some of the events include:

- Outsourcing Services Conference organised by MDEC in Malaysia.
- CCFA catering enterprises exchange visits in China
- 2013 Mall of Asia Food Industry Development Summit in China

CUSTOMERS

We continue to establish several new relationships across the region, and we are pleased to welcome on board notable customers and clients including YUM in Outer Mongolia, Babela (Call Order Delivery Solutions) and Yummie House (REV Pilot) in China. Meanwhile in Malaysia, we initiated relationships with prominent F&B brands including Tutti Frutti, Bubba Gump, Marini's and Starbucks Malaysia. We also continue to lend our support to Jollibee expansion in Vietnam and Singapore while in tandem our Thailand office supported the entry of ChokDee and major Korean brand, Kyochon's into the Thailand market.

Our Philippines office has also supported the expansion of new customers i.e. Wendys and JCO.

In addition, we have also marketed our various new offerings to our existing customer base. We are confident that these new customers will pave the way for exciting developments in the coming year.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Cuscapi Berhad believe strongly in the importance of embedding the highest standards of corporate governance best practices in the business and affairs of the Company and the Group. Corporate Governance principles are viewed as essential to business integrity, performance and maintaining investors' trust. The Board is committed to maintaining complete transparency and full accountability in its obligations to its stakeholders and in its corporate performance as the prerequisites of a responsible corporate citizen.

The Board is also fully committed to sustaining its high standards of corporate governance with the goal of ensuring that the Group is in the forefront of good governance by supporting and subscribing to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code"), issued by the Securities Commission on 29 March 2012 and the amendments to the Main Market Listing Requirements pursuant to the directive from Bursa Malaysia Securities Berhad dated 29 November 2012.

The Code has served as a fundamental guide to the Board in discharging its principal duty to act in the best interests of the Company as well as in managing the business and affairs of the Group efficiently. The Board is dedicated to continuously appraising the corporate governance culture of the Company and the Group towards achieving full compliance of the 26 recommendations of the Code.

In the attainment of this purpose, the Board is pleased to share the manner in which the Principles of the Code have been applied in the Group in respect of the financial year ended 31 December 2013 and the extent to which the Company has complied with the recommendations of the Code.

STATEMENT OF PRINCIPLES

The following sets out the manner in which the Principles of the Code have been applied by the Company. The principles and recommendations focus on, amongst others, laying a strong foundation for the Board and its committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasise the importance of Risk Management and internal controls and encourage shareholder participation in general meetings.

A. BOARD OF DIRECTORS

BOARD RESPONSIBILITIES

The Company is led and controlled by an effective Board comprised of members drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Group's business operations. The group recognises the pivotal role played by the Board of Directors in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value. The respective roles of the board and management are clearly set out to ensure accountability by the parties.

The Board remains resolute and upholds its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation aligned with shareholders' interests whilst taking into account the long term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Group conducts its business.

The Board reserves to itself responsibility for the following strategic matters:

- Reviewing and adopting corporate strategies, plans and direction for the Group.
- The approval of all investment and divestment proposals.
- The review and approval of all corporate plans, budgets and other significant matters of a financial nature.
- Human resource policies and processes involving the planning appointing, training including succession planning for top management.
- Developing and implementing an effective public and shareholder communications policy and program for the Group.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.
- Developing an effective framework for identifying and monitoring significant business risks.

BOARD COMMITTEES

The Board of Directors delegates certain responsibilities to Board Committees, namely the Audit Committee, Nomination Committee, and Remuneration Committee in order to enhance business and operational efficiencies as well as efficacies.

All Board Committees have written terms of reference and charters and the Board receives all minutes and reports of their proceedings and deliberations, where relevant. The Chairmen of the various Committees report to the Board on the outcome of Committee meetings. Such reports are usually incorporated in the minutes of the full Board meetings.

BOARD COMPOSITION AND BALANCE

The Board consists of a total of six (6) Directors as at 31 December 2013 and the status of their Directorships is as follows:

Director	Status
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow (Chairman of Board)	Independent Non-Executive
Mr. Her Chor Siong	Executive Director
Mr. Teoh Hoay Ming	Executive Director *(resigned on 24 September 2013)*
Dato' Rosman bin Abdullah	Non-Independent Non-Executive *(resigned on 24 September 2013)*
Mr. Ang Chin Joo	Independent Non-Executive
Mr. Tai Keat Chai	Independent Non-Executive
Ms. Lim Li Li	Non-Independent Non-Executive *(appointed on 24 September 2013)*
Encik Durrie bin Hassan (Alternate Director to Lim Li Li)	Non-Independent Non-Executive *(appointed on 24 September 2013)*

Cuscapi Berhad complies with the Bursa Malaysia Securities Berhad Main Market Listing Requirements with regard to board composition and the required ratio of independent Directors. In this respect, the Board is fully compliant with Recommendations 3.4 and 3.5 of the Code, whereby its Chairman is both an Independent and a Non-Executive member of the Board. None of the Independent Directors' tenure has exceeded a cumulative term of nine (9) years save for Mr. Tai Keat Chai. The profiles of the Directors are set out on pages 24 to 29 of this Annual Report.

The roles of the Chairman and the Chief Executive Officer are segregated and clearly defined by their individual position descriptions. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Chief Executive Officer is responsible for the day-to-day management of the business as well as the implementation of Board policies and decisions.

The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company.

Re-election of Directors

An election of Directors will take place at each Annual General Meeting whereby one-third of the Directors shall retire from office and being eligible offer themselves for re-election. This provides an opportunity for shareholders to renew their mandate. New Directors appointed by the Board are subject to election by the shareholders at the next Annual General Meeting following their appointments.

Meetings

During the financial year ended 31 December 2013, the Board met on six (6) occasions, deliberating upon and considering a variety of matters including the Group's financial results, major investments, strategic decisions and the overall direction of the Group.

Agenda and matters for discussion are prepared and circulated in advance of each meeting. All proceedings from Board meetings are recorded and the minutes maintained by the Company Secretary. During the financial year under review the Board meetings were held as follows:

Four (4) Board Meetings were held on 26 February, 29 May, 30 August and 21 November.

Two (2) Special Board Meetings were held on 21 January and 22 April.

Details of the Directors' attendance at Board and General Meetings during 2013 are summarised as follows:

	Number of Board meetings		General meetings**
Directors	**Held***	**Attended**	**Attended**
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow	6	5	2/2
Mr. Her Chor Siong	6	6	2/2
Mr. Teoh Hoay Ming *(resigned on 24 September 2013)*	5	5	2/2
Dato' Rosman bin Abdullah *(resigned on 24 September 2013)*	5	2	1/2
Mr. Ang Chin Joo	6	6	1/2
Mr. Tai Keat Chai	6	6	2/2
Ms. Lim Li Li *(appointed on 24 September 2013)*	1	1	-
Encik Durrie bin Hassan *(appointed as Alternate Director to Lim Li Li on 24 September 2013)*	1	-	-

** Number of meetings held during tenure as Director.*

*** There was an Extraordinary General Meeting and an Annual General Meeting held during 2013.*

Supply of Information

All members of the Board are supplied with information in a timely manner. Board reports and papers are circulated prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings. The Board is also unhindered, has direct access and entitled to request for the attendance and briefing at its meetings of independent advisors and consultants if such attendance is deemed necessary at the Company's expense.

Each Director also has unhindered access to all information pertaining to the Group's business and affairs to enable them to discharge their duties.

APPOINTMENTS TO THE BOARD

Nomination Committee

The Nomination Committee is responsible for identifying and recommending to the Board suitably qualified nominees for Board appointments. Besides determining the suitability of the nominees, the Committee also assists the Board in determining the appropriate Directors' remuneration commensurate with the experience and qualification of the nominee. Ultimate responsibility and final decisions on all matters in relation to any appointment to the Board remains with the Board.

The Nomination Committee comprised the following members in the financial year under review. There was one (1) meeting in the year held on 21 November 2013.

	Number of Board meetings	
Directors	**Held***	**Attended**
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow *(Chairman)*	1	1
Dato' Rosman bin Abdullah *(resigned on 24 September 2013)*	-	-
Mr. Tai Keat Chai	1	1
Ms. Lim Li Li *(appointed on 24 September 2013)*	1	1

* *Number of meetings held during tenure as Director.*

Ms. Lim Li Li, a Non-Independent and Non-Executive Director replaced Dato' Rosman bin Abdullah as a member of the Nomination Committee on 24 September, 2013.

Directors' Training

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge, and experience to appropriately perform the duties of Director. As at the end of the financial year under review, all Directors have successfully completed the Mandatory Accreditation Programme. In addition Directors undergo continuous training to equip themselves with the necessary knowledge and to keep abreast with developments to effectively discharge their duties as a Director.

B. DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee comprised the following members in the financial year under review. There was one (1) meeting in the year held on 26 February, 2013.

	Number of Board meetings	
Directors	**Held***	**Attended**
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow *(Chairman)*	1	1
Mr. Her Chor Siong	1	1
Dato' Rosman bin Abdullah *(resigned on 24 September 2013)*	1	0
Ms. Lim Li Li *(appointed on 24 September 2013)*	-	-

* *Number of meetings held during tenure as Director.*

Ms. Lim Li Li, a Non-Independent and Non-Executive Director replaced Dato' Rosman bin Abdullah as a member of the Remuneration Committee on 24 September 2013.

The Committee is responsible for recommending the appropriate remuneration framework for executive Directors and Senior Management staff. In formulating the recommended framework and levels of remuneration, it would be incumbent upon the Committee to consider all information and relevant data prepared by management, independent consultants engaged for the purposes of reviewing the company's remuneration strategies in comparison to industry standards and available survey data and practices of comparable companies.

The Board, as a whole, determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision as regards his remuneration. Taking into account the performance of the Group and the responsibilities and performance of the Directors, Directors' fees are set in accordance with a remuneration framework comprising responsibility fees and attendance fees. The Company pays its Directors an annual fee which is approved annually by shareholders.

Details of the nature and amount of each major element of the remuneration of Directors of the Company, during the financial year, are as follows:

	Group		Company	
Directors' Remuneration	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
Executive Directors:				
- Salaries and other emoluments	609,032	720,000	609,032	720,000
- Bonus	76,054	157,250	76,054	157,250
- Defined contribution plan	82,522	105,271	82,522	105,271
- Share options granted under ESOS	115,985	99,080	115,985	99,080
Total Executive Directors' remuneration	883,593	1,081,601	883,593	1,081,601
Non-Executive Directors:				
- Fees	156,000	192,000	192,000	192,000
- Other emoluments	24,000	14,000	24,000	14,000
- Share options granted under ESOS	62,102	43,869	62,102	43,869
Total Non-Executive Directors' remuneration	242,102	249,869	78,102	249,869
Total Directors' remuneration	1,125,695	1,331,470	1,161,695	1,331,470

The number of Directors of the Group and the Company whose remuneration during the financial year fell within the following bands is as follows:

	Number of Directors	
Remuneration Band	**2013**	**2012**
Executive Directors:		
RM150,001 - RM200,000	1	-
RM300,001 - RM350,000	-	1
RM600,001 - RM650,000	-	1
RM700,001 - RM750,000	1	-
Non-Executive Directors:		
Below RM50,000	1	-
RM50,001 - RM100,000	3	4

C. SHAREHOLDERS AND INVESTORS

COMMUNICATION

The Company recognises the importance of communicating with its shareholders and other stakeholders and does this through the Annual Reports, Annual General Meetings (AGM) and the various disclosures and announcements made to Bursa Malaysia Securities Berhad on a timely basis. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

In addition, the Company makes various announcements through Bursa Malaysia Securities Berhad, in particular, the timely release of the quarterly results within two (2) months from the close of a particular quarter. Summaries of the quarterly and full year results and copies of the full announcements are supplied to shareholders and members of the public upon request. Members of the public can also obtain the full financial results and Company announcements from the Bursa Malaysia Securities Berhad website.

INVESTOR RELATIONS

Along with good corporate governance practices, the Company has embarked on appropriate corporate policies to provide greater disclosure and transparency through all its communications with its shareholders, investors and the general public. The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensures timely dissemination of any information to investors, analysts and the general public.

The Group maintains the following website that allows all shareholders and investors access to information about the Group: www.cuscapi.com

Any further information regarding the Cuscapi group may also be obtained from the following persons:

Liew Kok Seong
Chief Financial Officer
Cuscapi Berhad
Telephone: 603 7623 7777
Facsimile: 603 7622 1999
Email: ir@cuscapi.com

Datuk Tan Leh Kiah & Lim Chien Joo
Company Secretaries
AD-Consult Sdn. Bhd.
Telephone: 603 2164 0206
Facsimile: 603 2164 0207
Email: general@adconsult.com.my

D. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board aims to provide a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders and the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a system of Risk Management and internal control that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement on Risk Management and Internal Control furnished on pages 42 to 44 of this Annual Report provides an overview of the internal control framework within the Group during the financial year under review.

RELATIONSHIP WITH THE AUDITORS

The Company has established a transparent arrangement with the Auditors to meet their professional requirement. Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee Report on pages 45 to 49 of this Annual Report.

A summary of the activities of the Audit Committee during the financial year under review, including an evaluation of the independent audit process is also set out in the Audit Committee Report.

INTERNAL AUDIT

In the interest of greater independence and objectivity in the internal audit function, the internal audit activity continued to be outsourced during the financial year under review to Messrs Stanco & Ruche Consulting, a company specialising in the provision of internal audit and Risk Management services to both private and public entities.

A summary of the activities of the Audit Committee and the internal auditors during the financial year under review is set out in the Audit Committee Report on pages 45 to 49 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had in the financial year under review granted the following share options under the Employee Share Option Scheme. Details of the options granted, accepted, exercised and/or lapsed are as follows:

			Number of share options				
Grant Date	Expiry Date	Exercis Price RM/Share (Adjusted)	At 1.1.2013	Granted/ Adjusted	Exercised	Lapsed	At 31.12.2013
7.2.2011	23.1.2017	0.21	6,822,200	1,576,985	(2,689,070)	(1,246,881)	4,463,234
30.6.2011	23.1.2017	0.32	718,500	327,478	(10,164)	(140,880)	894,934
28.2.2012	23.1.2017	0.30	8,385,900	2,511,397	(542,650)	(1,716,939)	8,637,708
26.2.2013	23.1.2017	0.23	-	9,299,818	(216,590)	(194,036)	8,889,192
			15,926,600	13,715,678	(3,458,474)	(3,298,736)	22,885,068

* *The Directors approved a recommendation by Management to extend the expiry date of the current ESOS by three (3) years, from 23 January 2014 to 23 January 2017.*

The Company established an ESOS Committee in the financial year ending 31 December 2010 to oversee the administration of the Company's Employees' Share Option Scheme. The ESOS Committee comprises three (3) members, one of whom is also a Director of the Company. The ESOS Committee met on two (2) occasions in the year on 27 February and 14 August 2012.

PRIVATE PLACEMENT OF SHARES

There was no private placement of shares issued in the financial year ending 31 December 2013.

NON AUDIT FEES

There was no non-audit fees paid to the external auditors by the Company for the financial year under review. (2012: RM Nil)

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The details of RRPT for the financial year under review are disclosed in Note 27 of the financial statements. The above related party transactions are of revenue or trading in nature and are entered into in the ordinary course of business.

REVALUATION OF LANDED PROPERTY

The Group has no property that falls within the definition of investment property.

SHARE BUY-BACKS

During the financial year under review, the Company did not enter into any share buy-back transactions.

SANCTIONS AND/OR PENALTIES

In the financial year ended 31 December 2013 the company was not subject to any sanctions or penalties.

PROFIT ESTIMATES, FORECASTS OR PROJECTIONS

There were no significant variances noted between the reported results and the unaudited results announced. The Company did not make any release on the profit estimates, forecasts or projections for the financial year.

PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving Directors and substantial shareholders since the end of the previous financial year (31 December 2012).

STATEMENT OF COMPLIANCE

The Group has complied throughout the financial year ended 31 December 2013 with all the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance 2007 and is in the process of implementing the recommendations of the 2012 Code.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Companies Act 1965 (the Act) requires the Directors to present financial statements of Cuscapi Berhad (the Company) and its subsidiaries (the Group) which give a true and fair view of the Group and the Company at the end of the financial year. The financial statements for the year ended 31 December 2013 include the statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows and have been drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year under review, the Directors have placed reliance on the system of internal control within the Company and the Group to form a basis of reasonable grounds that accounting systems and records maintained by the Company and the Group provide a true and fair view of the current state of affairs of the Company and the Group, a true and fair view of the financial year results and that it sufficiently explains the transactions and financial position of the Company and the Group. The Directors also have a general responsibility in taking steps to preserve the interests of stakeholders and to safeguard the assets of the Company and the Group.

The Directors have the further responsibility of ensuring that reasonably proper, accurate, timely and reliable accounting records are kept. The annual audited financial statements have been prepared on a going concern basis and are based on relevant and appropriate accounting policies and with usage of reasonable and prudent judgment and estimates.

The Directors have also a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 31 December 2013 as set out on pages 51 to 128 of this annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of Risk Management and internal controls to safeguard shareholders' investments and Group assets. The Listing Requirements of Bursa Malaysia Securities Berhad require Directors of listed companies to include a statement in the annual reports on the state of their Risk Management and internal controls on a group basis.

The Group, in discharging its stewardship responsibilities, has recognised and established procedures of Risk Management and internal control that are largely in accordance with the guidance provided in the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers". These procedures, which are subject to continuous review by the Board, provide a systematic and ongoing process for identifying, evaluating and managing the significant business risks faced by the Group that may affect the achievement of its business objectives.

The Board of Directors of Cuscapi Berhad, in recognition of this responsibility, hereby issues the following statement which is prepared in accordance with these requirements.

2. BOARD RESPONSIBILITY

The Board of Directors acknowledges that it is their overall responsibility to maintain a sound system of Risk Management and internal controls to cover all aspects of the Group's business and to safeguard the interests of its shareholders. This responsibility requires Directors to establish procedures, controls and policies and to seek continuous assurance that the system is operating satisfactorily in respect of the strategic direction, financial, operational, compliance and Risk Management policies and procedures.

The Directors are also aware that a sound Risk Management and internal control system provides reasonable and not absolute assurance that the company will not be hindered in achieving its business objectives in the ordinary course of business. It should also be appreciated that the whole system of internal control is designed to manage and control risks appropriately rather than a definitive system designed for the total avoidance of risks or for eliminating the risk of failure.

The Board maintains full control over strategic, financial, organisational and compliance issues and has put in place an organization with formal lines of responsibility, clear segregation of duties and appropriate delegation of authority. The Board has delegated to the executive management the implementation of the system of Risk Management and internal controls within an established framework throughout the Group.

The Board also acknowledges the need to establish an ongoing process for identifying, evaluating and managing significant risks faced by the Group and to regularly review this process in conjunction with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

Day to day operations is monitored by the Chief Executive Officer. This control is exercised through Executive Directors and Senior Management in respect of commercial, financial and operational aspects of the Company. The Chief Executive Officer, Executive Directors and Senior Management meet regularly in respect of such matters.

The Board fully supports the contents of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers and through the Audit Committee continually reviews the adequacy and effectiveness of the Risk Management processes in place within the various operating units with the aim of strengthening the Risk Management functions across the Group.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out. In this regards, at least annually, the board should receive assurance from the CEO and CFO on whether the company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the company. (Extracted from Guidance for Directors on SORMIC).

The Board of Directors and Management also recognise and acknowledge that the development of an effective Risk Management and internal control system is an ongoing process and to this end maintains a continuous commitment to strengthen the existing internal control environment of the Group.

4. INTERNAL AUDIT FUNCTION

In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the Company has appointed Messrs Stanco & Ruche Consulting to manage the Company's internal audit function on an outsourced basis.

Stanco & Ruche Consulting reports independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee together with Stanco & Ruche Consulting agrees on the scope and planned internal audit activity annually and all audit findings arising there from are reported to the Audit Committee on a quarterly basis.

Stanco & Ruche Consulting is allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and independently reviews the risk identification procedures and control processes implemented by Management. It also reviews the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition Stanco & Ruche Consulting carry out periodic assignments to ensure the policies and procedures established by the Board are complied with by Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, Stanco & Ruche Consulting also provide business improvement recommendations for the consideration of management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

Stanco & Ruche Consulting continued the review, mapping and implementation of the Group Standard Operating Procedures to document and record operational processes and control check points for management compliance. The one (1) Standard Operating Procedure documented and completed in the financial year under review is as follows:

- Human Resources and Payroll Management

The internal auditors undertook three (3) audit routines in the year as follows:

- Fixed Assets Management
- Credit Management and Accounts Receivable
- Cash and Treasury Management

5. OTHER KEY INTERNAL CONTROL ELEMENTS

The existence of clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Nomination Committee and Remuneration Committee.

A well-defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.

Budgets are prepared annually for the Business/Operating units and approved by the Board. The budgets include operational, financial and capital expenditure requirements and performance monitored on a monthly basis and the business objectives and plans are reviewed in the monthly management meetings attended by division and business unit heads. The Chief Executive Officer and Executive Directors meet regularly with Senior Management to consider the Group's financial performance, business initiatives and other management and corporate issues.

There are regular Board meetings and Board papers are distributed in advance to all Board members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group.

The Audit Committee reviews the effectiveness of the Group's system of Risk Management and internal control on behalf of the Board. The Audit Committee comprises of Non-Executive Members of the Board, the majority of who are independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the company and to all employees of the Group. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility.

Review by the Audit Committee of Risk Management and internal control issues identified by the external and internal auditors and action taken by management in respect of the findings arising there from. The internal audit function reports directly to the Audit Committee. Findings are communicated to management and the Audit Committee with recommendations for improvements and follow up to confirm all agreed recommendations are implemented. The internal audit plan is structured on a risk based approach and is reviewed and approved by the Audit Committee.

Review of all proposals for material capital and investment opportunities by the Management Committee and approval for the same by the Board prior to expenditure being committed.

- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financial and regulatory environment. Management Accounts are prepared timely and on a monthly basis and are reviewed by the Chief Executive Officer, Executive Directors and Senior Management.

- The professionalism and competency of staff are enhanced through a structured training and development program and potential candidates/entrants are subject to a stringent recruitment process. A performance management system is in place with established key performance indicators to measure and review staff performance on an annual basis.

- The decision of the Board of Directors to the appointment of Messrs Stanco & Ruche Consulting, a firm specialising in the provision of internal audit services, to manage the internal audit function of the company on an outsourced basis for greater independence and accountability in the internal audit function.

6. WEAKNESSES IN INTERNAL CONTROL

Management continues to take appropriate measures and maintains an ongoing commitment to continuously monitor the Group's control environment and processes with a view to both strengthening its internal control structure and the management of risks.

The Board of Directors is of the opinion that there is no significant weakness in the system of internal control, contingencies or uncertainties that could result in material loss and adversely affect the Group.

7. REVIEW BY EXTERNAL AUDITORS OF THIS STATEMENT

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the year ended 31 December 2013 and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of Risk Management and internal controls.

AUDIT COMMITTEE REPORT

The Board of Directors of Cuscapi Berhad is pleased to present the report of the Audit Committee of the Board for the year ended 31 December 2013.

OBJECTIVE

The Audit Committee was established to act as a Committee of the Board of Directors to fulfill its fiduciary responsibilities in accordance with the Audit Committee Charter of Cuscapi Berhad and to assist the Board review the adequacy and integrity of the Group's financial administration and reporting, internal control and Risk Management systems including the management information systems for compliance with applicable laws, regulations, rules, directives and guidelines.

TERMS OF REFERENCE

1.0 COMPOSITION

1.1 The Committee shall fulfill the following requirements:

a. Committee must be composed of no fewer than 3 members. If a member of the Committee ceases to be a member resulting in the number of members reducing to below 3, the vacancy must be filled within three (3) months.

b. All members of the Committee shall be Non-Executive Directors with a majority of them being Independent Directors to fully comply with paragraph 15.09 of the Listing Requirements.

c. At least one (1) member of the Committee:

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
- he must have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he must be a member of one of the Association of Accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- Fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad

iii. Be a holder of a degree/ masters/ doctorate in accounting or finance and has at least 3 years' post qualification experience in accounting or finance; or

iv. Have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

1.2 Members of the Committee shall elect from among them a Chairman who shall be an independent Non-Executive Director.

1.3 No alternate Director should be appointed as a member of the Committee.

1.4 The Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate as requested by members of the Committee Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

2.0 MEMBERSHIP

2.1 The present members of the Committee comprise the following Directors:

Mr. Tai Keat Chai (Chairman)
Mr. Ang Chin Joo
Ms. Lim Li Li (appointed 24 September 2013)

3.0 MEETINGS

3.1 Frequency

- Meeting shall be held at least four (4) times annually, or more frequently if circumstances so require the Committee to do so.
- Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

3.2 Quorum

- A quorum shall consist of a majority of independent Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

3.3 Secretary

- The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorized by the Chairman of the Committee. The Secretary in conjunction with the Chairman shall draw up an agenda which shall be circulated at least one (1) week before each meeting to members of the Committee.

3.4 Attendance

- The Committee may require the members of management, the internal auditors and representatives of the external auditors to attend any of its meetings as it determines.
- Other Directors, employees and a representative of the external and internal auditors may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

3.5 Reporting Procedure

- The Minutes of each meeting shall be circulated to all members of the Board.

3.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:

a. The calling of meetings;
b. The notice to be given of such meetings;
c. The voting and proceedings of such meetings;
d. The keeping of minutes; and
e. The custody, production and inspection of such minutes.

4.0 AUTHORITY

The Committee shall:

a. Have explicit authority to investigate any matter within its terms of reference;
b. Have the resources which it needs to perform its duties;
c. Have full access to any information pertaining to the Company and Group which it requires in the course of performing its duties;
d. Have unrestricted access to the Senior Management of the Company and Group;
e. Have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;

f. Be able to obtain independent professional or other advice in the performance of its duties;
g. Be able to convene meetings with External Auditors, excluding the attendance of the Executive Members of the committee, whenever deemed necessary; and
h. Be able to invite outsiders with relevant experience to attend its meeting, whenever deemed necessary.

5.0 DUTIES AND RESPONSIBILITIES

The Committee shall, amongst other, discharge the following functions:

5.1 To review
a. The quarterly results and year end financial statements, prior to approval by the Board of Directors, and focusing particularly on:
i. The going concern assumption;
ii. Changes in or implementation of major accounting policy changes;
iii. Significant and unusual events; and
iv. Compliance with accounting standards and other legal requirements.

b. Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

c. With the External Auditor:
i. The audit plan;
ii. His evaluation of the system of internal controls;
iii. His audit report;
iv. His management letter and management's response; and
v. The assistance given by the Company's employees to the External Auditor.

5.2 To review the effectiveness of the Risk Management, internal control, and management information system practices and procedures.

5.3 In respect of the appointment of External Auditors:
a. To review whether there is reason (supported by grounds) to believe that the External Auditor is not suitable for reappointment;
b. To consider the nomination of a person or persons as External Auditors and the audit fee; and
c. To consider any questions of resignation or dismissal of External Auditors.

5.4 In respect of the internal audit function:
a. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
b. To review the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
c. To review any appraisal or assessment of the performance of members of the internal audit function;
d. To approve any appointment or termination of the internal audit function staff members; and
e. To provide a resigning internal audit function staff member the opportunity to submit his reasons for resigning.

5.5 To promptly report such matters to Bursa Malaysia Securities Berhad if the Committee is of the view that any matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

5.6 To carry out such other function as may be agreed to by the Committee and the Board of Directors.

AUDIT COMMITTEE REPORT IN RESPECT OF THE YEAR UNDER REVIEW

1. MEMBERSHIP

The Directors who served as members of the Audit Committee during the financial year under review and as at the date of this report are:

Independent Non-Executive Directors
Mr. Tai Keat Chai (Chairman)
Mr. Ang Chin Joo

Non-Independent Non-Executive Director
Dato' Rosman bin Abdullah (resigned on 24 September 2013)
Ms. Lim Li Li (appointed on 24 September 2013)

2. MEETINGS

The Audit Committee convened a total of four (4) scheduled meetings and one (1) special meeting and recorded an attendance of its members during the financial year as follows:

	Number of meetings	
Members	**Held***	**Attended**
Mr. Tai Keat Chai (Chairman)	5	5
Mr. Ang Chin Joo	5	5
Dato' Rosman bin Abdullah *(resigned on 24* September *2013)*	4	1
Ms. Lim Li Li *(appointed on 24* September *2013)*	1	1

* *Number of meetings held during tenure as Director.*

The Audit Committee met on the following dates in the financial year under review:
Scheduled Meetings: 26 February, 29 May, 30 August and 21 November.
Special Meeting: 22 April

The Company Secretary was present at all meetings.

Also attended by invitation where required were the Chief Executive Officer, Executive Director, Senior Management and the Internal Auditors. Where appropriate, the External Auditors were invited to attend and brief the Audit Committee and to provide responses to queries raised by the Audit Committee in respect of the Company's Financial Statements and reporting requirements.

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

3.1 Reviewed the unaudited quarterly financial results of the Group before recommending to the Board of Directors for their approval and release of the Group's financial results to Bursa Malaysia.

3.2 Reviewed the Audit Planning Memorandum of the Group for the financial period ended 31 December 2013 with the External Auditors.

3.3 Reviewed the audited financial statements of the Group, the issues arising from the audit, their resolution and the audit report prior to recommending to the Board of Directors for approval.

3.4 Reviewed the role and management of the internal audit function and the continued option to outsource the internal audit function in the financial period ended 31 December 2013.

3.5 Reviewed with the Internal Auditors the internal audit findings and recommendations presented and the manner in which the issues raised by the internal auditor was subsequently resolved by management.

3.6 Reviewed other pertinent issues of the Group, which has significant impact on the results of the Group and the statutory audits.

4. INTERNAL AUDIT FUNCTION

It is the responsibility of the Internal Auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.

To this end the functions of the Internal Auditors are to:

- Perform audit work in accordance with the pre-approved internal audit plan
- Carry out reviews on the systems of internal control of the Group
- Review and comment on the effectiveness and adequacy of the existing control policies and procedures
- Provide recommendations, if any, for the improvement of the control policies and procedures.

The Audit Committee and Board of Directors are satisfied with the performance of the Internal Auditors and have in the interest of continuity and greater independence in the Internal Audit function, taken the decision to continue with the outsource of the Internal Audit function to Messrs Stanco & Ruche Consulting, a firm specialising in the provision of outsourced internal audit services.

In compliance with the decision of the Audit Committee in the financial year under review, Stanco & Ruche Consulting commenced the review, mapping and implementation of the Group Standard Operating Procedures to document and record operational processes and control check points for management compliance. The one (1) Standard Operating Procedure implemented in the financial year was as follows:

- Human Resources and Payroll Management

The internal auditors undertook three (3) audit routines in the year under review as follows:

- Fixed Assets Management
- Credit Management and Account Receivable
- Cash and Treasury Management

5. STATEMENT ON EMPLOYEE SHARE OPTION SCHEME BY THE COMMITTEE

The Board of Directors had resolved on 8 December 2010 that the Company implement an Employees' Share Option Scheme (ESOS) in accordance with recommendations of management and the establishment of an ESOS Committee comprising three (3) Directors of the Board. The ESOS Committee met on two (2) occasions in the year in respect of the rationale and granting of options under the scheme for the approval of the Board of Directors.

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DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of Cuscapi Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULT

	Group RM	Company RM
Net (loss)/profit for the financial year	(3,889,130)	734,002
Attributable to:		
Owners of the Company	(3,930,182)	734,002
Non-controlling interests	41,052	-
	(3,889,130)	734,002

DIVIDENDS

In respect of the financial year ended 31 December 2013, the Company declared a first interim dividend of 1.50 sen per share less tax at 25% totalling RM2,771,020/- on 28 February 2013 and paid on 18 April 2013.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2013.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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 to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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 to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its authorised shares capital from 600,000,000 ordinary shares to 1,200,000,000 ordinary shares by way of the creation of 600,000,000 ordinary shares of RM0.10 each.

During the financial year, the Company completed the following:

(i) Issuance of renounceable rights issue of 123,156,433 new ordinary shares of RM0.10 each together with 123,156,433 free detachable warrants;

ISSUE OF SHARES AND DEBENTURES (Continued)

(ii) Issuance of bonus issue of 61,578,216 new ordinary shares of RM0.10 each; and

(iii) Issuance of 3,458,474 new ordinary shares of RM0.10 each arising from the exercise of 3,458,474 Employees' Share Options.

The proceeds from the issuance of shares were utilised for business expansion and working capital purposes.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General meeting held on 18 January 2011, the Directors approved the ESOS for the granting of non-transferable options to eligible senior executives and employees.

The salient features of the ESOS are as follows:

(i) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed an amount equivalent to twenty percent (20%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time;

(ii) The new shares to be allotted upon the exercise of the options shall, upon issue and allotment, rank pari-passu in all respects with the existing issued and paid-up ordinary share capital of the Company;

(iii) An Eligible Person is any Executive Director or employee of the Company or the Group who at the date of offer:
   (a) has attained the age of eighteen (18) years;
   (b) in the case of an employee (including Executive Directors), is employed by and on the payroll of the Group and whose employment has been confirmed in writing or has been in employment of the Group for a period of at least twelve (12) full months of continuous service where the employee is employed by the Group on a contract basis; and
   (c) in the case of a Non-Executive Director, is duly elected as a member of the Board of Directors of the companies within the Group with a Director fee.

(iv) The persons to whom the options have been granted under the ESOS have no right to participate in any employee share option scheme of any other company within the Group;

(v) Not more than 50% of the shares issued pursuant to the ESOS shall be allocated, in aggregate, to the Directors and Senior Management of the Group. In addition, not more than 10% of the shares shall be allocated to any Eligible Person who, either singly or collectively, through persons connected to him/her, holds 20% or more in the issued and paid-up capital (excluding treasury shares) of the Company; and

(vi) The option price is the higher of:

   (i) the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give; or

   (ii) the par value of the shares.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (Continued)

On 7 February 2011, 30 June 2011, 28 February 2012 and 26 February 2013, the Company granted 9,790,200 share options, 1,576,500 share options, 9,967,500 and 7,056,600 share options respectively, under the ESOS. These options expire on 23 January 2014 and one-third of these options are exercisable on or after every anniversary from the date of the acceptance of the offer up to the date of the options expiry.

On 26 November 2013, pursuant to Clause 20.2 of the Bylaws of ESOS ("Bylaws"), the Board of Directors has approved the extension of the ESOS scheme for three (3) years to 23 January 2017. All existing outstanding options granted shall therefore be exercisable up to the extended period.

Pursuant to Clause 13.1 of the Bylaws in relation to any alteration in the capital structure of the Company during the option period, the following shall be adjusted in such a manner as the external auditors or adviser of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, confirm in writing to be in their opinion, fair and reasonable:

(a) the subscription price;
(b) the number of new shares which a grantee shall be entitled to subscribe for upon the exercise of each option (excluding options already exercised); and/or
(c) the number of new shares and/or subscription price comprised in an option which is open for acceptance (if such option is subsequently accepted in accordance with terms of the offer and the scheme).

As such, on completion of the rights and bonus issues, the ESOS options have been adjusted based on the provision of clause 13.2 (f) of the ByLaws in the following manner:

	Original Exercise Price RM	Adjusted Exercise Price RM	Original No. of ESOS Option Units	Adjusted No. of ESOS Option Units
7 February 2011	0.27	0.21	5,201,300	6,778,290
30 June 2011	0.42	0.32	1,050,000	1,368,351
28 February 2012	0.395	0.30	8,231,400	10,727,090
26 February 2013	0.295	0.23	7,056,600	9,196,101

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2013 are as follows:

			<——— Number of share options ———>				
Grant Date	Expiry Date	Exercise Price RM/Share (Adjusted)	At 1.1.2013	Granted/ Adjusted	Exercised	Lapsed	At 31.12.2013
7.2.2011	23.1.2017	0.21	6,822,200	1,576,985	(2,689,070)	(1,246,881)	4,463,234
30.6.2011	23.1.2017	0.32	718,500	327,478	(10,164)	(140,880)	894,934
28.2.2012	23.1.2017	0.30	8,385,900	2,511,397	(542,650)	(1,716,939)	8,637,708
26.2.2013	23.1.2017	0.23	-	9,299,818	(216,590)	(194,036)	8,889,192
			15,926,600	13,715,678	(3,458,474)	(3,298,736)	22,885,068

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (Continued)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 651,335 ordinary shares of RM0.10 each. The names of option holders granted options to subscribe for 651,335 or more ordinary shares of RM0.10 each during the financial year are as follows:

Name	Number of share options				
	At 1.1.2013	Granted/ Adjusted	Exercised	Lapsed	At 31.12.2013
John Andrew Wong Wai Tho	1,250,100	922,060	-	-	2,172,160
Eugene Ng	800,100	1,057,339	-	-	1,857,439
Hoh Yoon Pok	1,333,500	404,306	(320,700)	-	1,417,106
Cui Rui	416,700	941,095	-	-	1,357,795
Liew Kok Seong	-	1,042,684	-	-	1,042,684
Ng Li Lin	164,100	701,480	-	-	865,580
Francis Pathmanathan A/L R Megananthan	-	814,755	-	-	814,755
Jonah Lau Kung Hui	833,400	-	(555,600)	(277,800)	-
Teoh Hoay Ming	1,410,200	427,560	(820,000)	(1,017,760)	-
Yong You Choy @ Yang Kok Ming	1,458,600	329,751	(611,476)	(1,176,875)	-

Details of options granted to Directors are disclosed in the section on Directors' Interests in this report.

WARRANTS ("Warrants")

The Warrants issued on 25 April 2013 are constituted under a Deed Poll dated 20 March 2013 executed by the Company. The Warrants are listed on the Bursa Malaysia Securities Berhad.

The outstanding Warrants during the financial year ended 31 December 2013 are stated as below:

	Number of Warrants				
	At 1.1.2013	Issued	Exercised	Expired	At 31.12.2013
Warrants	-	123,156,433	-	-	123,156,433

The salient terms of the Warrants are as follows:

(i) Each Warrants entitles the registered holder/(s) at any time prior to 24 April 2018 to subscribe for one (1) new ordinary share of RM0.10 each. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose. The Warrants entitlement is subject to adjustments under the terms and conditions set out in the Deed Poll;

(ii) The exercise price for the Warrants is fixed at RM0.27 per new ordinary share of the Company, subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;

(iii) The exercise period is five (5) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iv) The holders of the Warrants are not entitled to vote in any general meeting or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company and/or offer of further securities in the Company unless and until the holders of the Warrants becomes a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Gan Nyap Liou @ Gan Nyap Liow	
Her Chor Siong	
Tai Keat Chai	
Ang Chin Joo	
Dato' Rosman bin Abdullah	(Resigned on 24 September 2013)
Teoh Hoay Ming	(Resigned on 24 September 2013)
Lim Li Li	(Appointed on 24 September 2013)
Durrie Bin Hassan (Alternate Director to Lim Li Li)	(Appointed on 24 September 2013)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those Directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2013 are as follows:

		Number of ordinary shares of RM0.10 each			
		At 1.1.2013	Bought	Sold	At 31.12.2013
The Company:					
Cuscapi Berhad					
Direct Interest					
Dato' Gan Nyap Liou @ Gan Nyap Liow		14,500,000	11,500,000	-	26,000,000
Her Chor Siong		15,166,667	11,374,999	-	26,541,666
Tai Keat Chai		30,000	24,750	-	54,750
Ang Chin Joo		12,342,000	10,390,300	-	22,732,300
Lim Li Li		452,500	339,375	-	791,875
Indirect interest					
Her Chor Siong	^	8,000,000	6,000,000	-	14,000,000
Durrie bin Hassan	*	1,500,000	1,125,000	-	2,625,000
Lim Li Li	#	363,300	272,475	-	635,775

DIRECTORS' INTERESTS (Continued)

		Number of warrants				
		At 1.1.2013	Issued	Exercised	Sold	At 31.12.2013
The Company:						
Cuscapi Berhad						
Direct Interest						
Dato' Gan Nyap Liou @ Gan Nyap Liow		-	7,250,000	-	(738,500)	6,511,500
Her Chor Siong		-	7,583,333	-	-	7,583,333
Tai Keat Chai		-	16,500	-	-	16,500
Ang Chin Joo		-	6,171,000	-	(1,800,000)	4,371,000
Lim Li Li		-	226,250	-	-	226,250
Indirect interest						
Her Chor Siong	^	-	4,000,000	-	-	4,000,000
Durrie bin Hassan	*	-	750,000	-	-	750,000
Lim Li Li	#	-	181,650	-	-	181,650

	Number of options over ordinary shares of RM0.10 each				
	At 1.1.2013	Granted/ Adjusted	Exercised	Lapsed	At 31.12.2013
Dato' Gan Nyap Liou @ Gan Nyap Liow	666,600	636,461	-	-	1,303,061
Her Chor Siong	2,333,400	2,227,510	-	-	4,560,910
Tai Keat Chai	333,600	317,734	-	-	651,334
Ang Chin Joo	333,600	317,735	(133,800)	-	517,535

^ *Deemed interested in the shares held by Aura Focus Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965 in Malaysia.*

* *Deemed interested in the shares held by Pinang Innovasi Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965 in Malaysia.*

\# *Deemed interested in the shares held by her spouse by virtue of Section 134(12)(c) of the Companies Act, 1965 in Malaysia*

By virtue of their interest in shares of the Company, Her Chor Siong, Durie bin Hassan and Lim Li Li are deemed to be interested in the shares of all subsidiaries to the extent that the Company has a substantial interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interests in shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in Note 21 to 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.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the ESOS of the company which entitles the holder the right to subscribe for new ordinary shares of RM0.10 each for each option at the respective exercise price.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

.....

DATO' GAN NYAP LIOU @ GAN NYAP LIOW
Director

.....

TAI KEAT CHAI
Director

Kuala Lumpur

Date: 23 April 2014

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' GAN NYAP LIOU @ GAN NYAP LIOW** and **TAI KEAT CHAI**, being two of the Directors of Cuscapi Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 63 to 127 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

The supplementary information set out on page 128 have been prepared in accordance with the 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,* issued by the Malaysian Institute of Accountants.

On behalf of the Board,

.....
DATO' GAN NYAP LIOU @ GAN NYAP LIOW
Director

.....
TAI KEAT CHAI
Director

Kuala Lumpur

Date: 23 April 2014

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **LIEW KOK SEONG**, being the officer primarily responsible for the financial management of Cuscapi Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 127 and the supplementary information set out on page 128 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
LIEW KOK SEONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 April 2014.

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUSCAPI BERHAD

(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Cuscapi Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 63 to 127.

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 the 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 controls as the Directors determine are 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 controls relevant to the Company'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 Company's internal controls. 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 at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 followings:

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in a 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.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 128 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the 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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lock Peng Kuan
No. 2819/10/14 (J)
Chartered Accountant

Kuala Lumpur
Date: 23 April 2013

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	6,882,108	7,057,039	708,574	658,802
Goodwill on consolidation	4	15,660,172	15,693,965	-	-
Development costs	5	19,764,879	12,587,682	-	-
Investment in subsidiaries	6	-	-	14,675,199	15,295,461
Other investment	7	-	70,000	-	70,000
Deferred tax assets	14	43,704	150,020	-	-
		42,350,863	35,558,706	15,383,773	16,024,263
Current assets					
Inventories	8	4,687,188	4,446,099	-	-
Trade and other receivables	9	27,635,230	22,550,641	56,445,176	24,760,071
Tax recoverable		921,240	1,609,389	-	22,806
Short term deposits with licensed banks	10	14,922,334	5,423,744	14,304,803	5,423,744
Cash and bank balances	11	7,710,981	6,577,196	988,985	97,230
		55,876,973	40,607,069	71,738,964	30,303,851
TOTAL ASSETS		98,227,836	76,165,775	87,122,737	46,328,114
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	43,352,819	24,533,507	43,352,819	24,533,507
Reserves	13	43,584,386	38,517,210	27,151,679	18,185,194
		86,937,205	63,050,717	70,504,498	42,718,701
Non-controlling interests		159,861	-	-	-
Total equity		87,097,066	63,050,717	70,504,498	42,718,701
Non-current liabilities					
Deferred tax liabilities	14	668,550	285,718	-	-
Borrowings	15	31,029	103,200	21,078	103,200
		699,579	388,918	21,078	103,200
Current liabilities					
Borrowings	15	1,710,059	78,418	82,122	78,418
Trade and other payables	16	8,626,616	12,501,656	16,420,987	3,427,795
Provision for taxation		94,516	146,066	94,052	-
		10,431,191	12,726,140	16,597,161	3,506,213
Total liabilities		11,130,770	13,115,058	16,618,239	3,609,413
TOTAL EQUITY AND LIABILITIES		98,227,836	76,165,775	87,122,737	46,328,114

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	17	48,401,469	58,942,809	5,460,000	8,600,040
Cost of sales	18	(22,464,286)	(25,021,276)	-	-
Gross profit		25,937,183	33,921,533	5,460,000	8,600,040
Other income		649,948	121,339	1,118,895	241
Administrative expenses		(29,976,837)	(27,460,540)	(6,137,887)	(5,053,526)
Results from operating activities		(3,389,706)	6,582,332	441,008	3,546,755
Finance income	19	485,083	226,030	449,169	148,978
Finance costs		(19,815)	(9,883)	(6,638)	(7,410)
Net finance income		465,268	216,147	442,531	141,568
(Loss)/profit before taxation	20	(2,924,438)	6,798,479	883,539	3,688,323
Taxation	22	(964,692)	(18,118)	(149,537)	(16,232)
(Loss)/profit for the financial year		(3,889,130)	6,780,361	734,002	3,672,091
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
- Foreign currency translation		389,435	(683,278)	-	-
Total comprehensive (loss)/income for the financial year		(3,499,695)	6,097,083	734,002	3,672,091
(Loss)/Profit attributable to:					
Owners of the Company		(3,930,182)	6,780,361	734,002	3,672,091
Non-controlling interests		41,052	-	-	-
		(3,889,130)	6,780,361	734,002	3,672,091
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(3,540,747)	6,097,083	734,002	3,672,091
Non-controlling interests		41,052	-	-	-
		(3,499,695)	6,097,083	734,002	3,672,091
(Loss)/Earnings per share attributable to owners of the Company					
- basic (sen)	23	(1.06)	2.77		
- diluted (sen)	23	(1.06)	2.59		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share Capital RM	Foreign Currency Translation Reserve RM	Employee Share Option Reserve RM	Statutory Reserve RM	Warrants Reserve RM	Share Premium RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total RM
Group										
At 1 January 2012, as restated	24,443,227	293,053	419,856	222,464	-	14,184,889	19,479,983	59,043,472	-	59,043,472
Total comprehensive income for the financial year	-	(683,278)	-	-	-	-	6,780,361	6,097,083	-	6,097,083
Transactions with owners:										
Issuance of share	90,280	-	(60,457)	-	-	213,933	-	243,756	-	243,756
Share issuance expenses	-	-	-	-	-	(43,909)	-	(43,909)	-	(43,909)
Share options granted under ESOS	-	-	466,946	-	-	-	-	466,946	-	466,946
ESOS lapsed	-	-	(108,041)	-	-	-	108,041	-	-	-
Dividends (Note 24)	-	-	-	-	-	-	(2,756,631)	(2,756,631)	-	(2,756,631)
Total transactions with owners	90,280	-	298,448	-	-	170,024	(2,648,590)	(2,089,838)	-	(2,089,838)
At 31 December 2012	24,533,507	(390,225)	718,304	222,464	-	14,354,913	23,611,754	63,050,717	-	63,050,717
At 1 January 2013	24,533,507	(390,225)	718,304	222,464	-	14,354,913	23,611,754	63,050,717	-	63,050,717
Total comprehensive loss for the financial year	-	389,435	-	-	-	-	(3,930,182)	(3,540,747)	41,052	(3,499,695)
Transactions with owners:					-					
Issuance of share	18,819,312	-	(173,556)	-	-	11,516,514	-	30,162,270	-	30,162,270
Share issuance expenses	-	-	-	-	-	(709,527)	-	(709,527)	-	(709,527)
Share options granted under ESOS	-	-	464,321	-	-	-	-	464,321	-	464,321
ESOS lapsed	-	-	(161,984)	-	-	-	161,984	-	-	-
Transfer to Warrants reserve	-	-	-	-	11,207,235	(11,207,235)	-	-	-	-
Dilution of shareholding	-	-	-	-	-	-	281,191	281,191	118,809	400,000
Dividends (Note 24)	-	-	-	-	-	-	(2,771,020)	(2,771,020)	-	(2,771,020)
Total transactions with owners	18,819,312	-	128,781	-	11,207,235	(400,248)	(2,327,845)	27,427,235	118,809	27,546,044
At 31 December 2013	43,352,819	(790)	847,085	222,464	11,207,235	13,954,665	17,353,727	86,937,205	159,861	87,097,066

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

	<— Non-distributable —>				Distributable	
	Share Capital	Employee Share Option Reserve	Warrants Reserve	Share Premium	Retained Earnings	Total
	RM	RM	RM	RM	RM	RM
Company						
At 1 January 2012	24,443,227	419,856	-	14,184,889	2,172,799	41,220,771
Total comprehensive income for the financial year	-	-	-	-	3,672,091	3,672,091
Transactions with owners:						
Issuance of share	90,280	(60,457)	-	213,933	-	243,756
Share issuance expenses	-	-	-	(43,909)	-	(43,909)
Share options granted under ESOS	-	466,946	-	-	-	466,946
ESOS lapsed	-	(108,041)	-	-	23,718	(84,323)
Dividends (Note 24)	-	-	-	-	(2,756,631)	(2,756,631)
Total transactions with owners	90,280	298,448	-	170,024	(2,732,913)	(2,174,161)
At 31 December 2012	24,533,507	718,304	-	14,354,913	3,111,977	42,718,701
At 1 January 2013	24,533,507	718,304	-	14,354,913	3,111,977	42,718,701
Total comprehensive income for the financial year	-	-	-	-	734,002	734,002
Transactions with owners:						
Issuance of share	18,819,312	(173,556)	-	11,516,514	-	30,162,270
Share issuance expenses	-	-	-	(709,527)	-	(709,527)
Share options granted under ESOS	-	464,321	-	-	-	464,321
Transfer to Warrants reserve	-	-	11,207,235	(11,207,235)	-	-
ESOS lapsed	-	(161,984)	-	-	67,735	(94,249)
Dividends (Note 24)	-	-	-	-	(2,771,020)	(2,771,020)
Total transactions with owners	18,819,312	128,781	11,207,235	(400,248)	(2,703,285)	27,051,795
At 31 December 2013	43,352,819	847,085	11,207,235	13,954,665	1,142,694	70,504,498

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation		(2,924,438)	6,798,479	883,539	3,688,323
Adjustments for:					
Amortisation of development costs		2,372,005	1,817,867	-	-
Depreciation for property, plant and equipment		1,785,049	1,753,637	197,517	205,023
ESOS granted to employees		464,321	414,863	227,191	172,727
Impairment loss on:					
- other investment		70,000	-	70,000	-
- investment in subsidiaries		-	-	465,463	-
- trade receivables		38,031	35,445	-	-
Interest expenses		19,815	9,883	6,638	7,410
Property, plant and equipment written off		26,141	76,653	19	-
Loss/(gain) on disposal of property, plant and equipment		90,163	(90)	(3,597)	-
Bad debts recovered		(20,907)	(86,310)	-	-
Gain on disposal of a subsidiary's shares without loss control		-	-	(200,000)	-
Interest income		(485,083)	(226,030)	(449,169)	(148,978)
Currency realignment		(206,199)	(534,772)	-	-
Unrealised (gain)/loss on foreign exchange		(245,130)	238,833	(915,186)	77,091
Operating cash flows before changes in working capital		983,768	10,298,458	282,415	4,001,596
Changes in working capital:					
Inventories		(241,089)	(404,520)	-	-
Trade and other receivables		(4,832,093)	7,465,432	(55,356)	659,338
Trade and other payables		(3,875,040)	1,056,775	130,254	26,018
Balances with subsidiaries		-	-	(5,021,523)	157,738
Net cash flows from operations		(7,964,454)	18,416,145	(4,664,210)	4,844,690
Interest paid		(19,815)	(9,883)	(6,638)	(7,410)
Net taxes refund/(paid)		165,363	(579,629)	(32,679)	8,118
Net cash (used in)/generated from operating activities		(7,818,906)	17,826,633	(4,703,527)	4,845,398

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Fixed deposit held as security value		(617,532)	(337,828)	-	(337,828)
Development costs paid		(9,047,013)	(5,944,648)	-	-
Purchase of property, plant and equipment	(a)	(1,672,562)	(3,637,200)	(249,656)	(268,089)
Proceeds from disposal of property, plant and equipment		113,070	20,000	5,945	-
Net cash outflow arising from the acquisition of a subsidiary		-	(8,350,676)	-	-
Net advances from subsidiaries		-	-	(12,732,716)	(3,934,138)
Proceeds from disposal of shares in subsidiary		400,000	-	400,000	-
Interest received		485,083	226,030	449,169	148,978
Net cash used in investing activities		(10,338,954)	(18,024,322)	(12,127,258)	(4,391,077)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(2,771,020)	(2,756,631)	(2,771,020)	(2,756,631)
Proceeds from issuance of share capital		29,452,743	199,847	29,452,743	199,847
Net repayment of finance lease liabilities		(95,409)	(56,382)	(78,418)	(56,382)
Drawdown of trade loan		1,610,879	-	-	-
Net cash generated from/(used in) financing activities		28,197,193	(2,613,166)	26,603,305	(2,613,166)
NET CHANGE IN CASH AND CASH EQUIVALENTS		10,039,333	(2,810,855)	9,772,520	(2,158,845)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		11,663,112	14,506,415	5,183,146	7,341,991
Effect of the exchange rate changes		(24,490)	(32,448)	294	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(b)	21,677,955	11,663,112	14,955,960	5,183,146

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Purchase of property, plant and equipment	1,716,562	3,875,200	249,656	506,089
Financed by finance lease agreement	(44,000)	(238,000)	-	(238,000)
Cash payments on purchase of property, plant and equipment	1,672,562	3,637,200	249,656	268,089

(b) Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term deposits with licensed banks	14,922,334	5,423,744	14,304,803	5,423,744
Cash and bank balances	7,710,981	6,577,196	988,985	97,230
	22,633,315	12,000,940	15,293,788	5,520,974
Less:				
Fixed deposit held as security value (Note 10)	(955,360)	(337,828)	(337,828)	(337,828)
	21,677,955	11,663,112	14,955,960	5,183,146

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are both located at Level 1, Block B, Peremba Square, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 NEW AND REVISED MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs, NEW IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int does not have any effect on the financial statements of the Group and of the Company except for those as discussed below:

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 NEW AND REVISED MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs, NEW IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (Continued)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Continued)

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised) (Continued)

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor 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". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

The Group adopted MFRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2.3(a) to the financial statements. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at a future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the differences between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012.

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 NEW AND REVISED MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs, NEW IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (Continued)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Asset	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 NEW AND REVISED MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs, NEW IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (Continued)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 NEW AND REVISED MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs, NEW IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (Continued)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (Continued)

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

Amendments to MFRS 116 and MFRS 138 clarify the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 do not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarify that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

IC Int 21 Levies

IC Int 21addresses the accounting for a liability to pay a government levy (other than income taxes and fines or other penalties that are imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and subsidiaries

(i) Subsidiaries

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

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has de factor power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

  The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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

(ii) Business Combinations

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

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

- the fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interests in the acquiree; plus

- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation and subsidiaries (Continued)

(ii) Business Combinations (Continued)

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

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

(iii) Acquisition of Non-controlling Interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of Control

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

(v) Non-controlling Interests

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

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

(vi) Transactions Eliminated on Consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Depreciation of property, plant and equipment is provided on the straight line basis to write off the cost of each asset to its residual value over their estimated useful lives, at the following annual rates:

Plant and equipment	10% - 20%
Furniture and fittings	15% - 20%
Motor vehicles	20%
Computers	20% - 40%
Renovation	2% - 10%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date. The effects of any revisions of the residual values, useful lives and depreciation method are included in the profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(c) Leases

(i) As lessee

Financial leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Leases (Continued)

(i) As lessee (Continued)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(d) Intangible assets

(i) Goodwill on consolidation

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

(ii) Research and development costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop, design and test new products is capitalised as intangible assets and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Other development expenditure which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight line basis over the commercial lives of the underlying products not exceeding five years. Impairment is assessed whenever there is an indication of impairment. The recoverable amount of development costs not yet available for use is measured annually, irrespective of whether there is any indication that it may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. The amortisation period and method are also reviewed at least at each reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investments

Investments in shares, bonds and debentures held as long term investment are stated at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is reviewed, and if found to be in excess of recoverable amount, is written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

(f) Inventories

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

Cost is determined using the weighted average method. The cost of inventories comprises cost of purchase and incidental costs in 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 necessary to make the sale.

(g) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, other short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(h) Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instruments.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Financial liabilities

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

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

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

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

(iii) Financial guarantee contracts

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

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(iv) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Taxation

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM") rounding to nearest RM, which is the Company's functional currency and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items are measured in terms of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign currencies (Continued)

(iii) Foreign operations

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each account balance are translated at the closing rate at the reporting date;
- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(k) Impairment of assets

(i) Impairment of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

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

Impairment losses recognised in profit or loss for an investment in an equity instrument are not reversed through the profit or loss.

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

(ii) Impairment of non-financial assets

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

For goodwill that has an indefinite useful life and is not available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of goods and services rendered

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities and is recognised in the profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the buyer and when the services are rendered.

(ii) Rental revenue

Rental revenue comprise of rental of Point of Sale ("POS") equipment recognised on an accrual basis.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such revenue will accrue to the Group.

(iv) Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

(v) Management fee

Management fee is recognised on an accrual basis.

(m) Borrowing costs

Borrowing costs are charged to the profit or loss as an expense in the period in which they are incurred.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences, sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits (Continued)

(iii) Employee share option scheme

The Group's and the Company's Employee Share Option Scheme, an equity-settled, share-based compensation plan, allows the Group's and the Company's employees to acquire ordinary shares of the holding company. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve within equity over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(o) Segmental reporting

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

(p) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that the fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:

(a) Key sources of estimation

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGUs") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used for the impairment assessment are stated in Note 4 to the financial statements.

(ii) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2.5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised.

(iii) Impairment of property, plant and equipment

The Group and the Company review the carrying amount of its property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the property, plant and equipment. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arises.

As at the end of the financial year under review, the Directors are of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Group during the financial year to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment are disclosed in Note 3 to the financial statements.

(iv) Taxation

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Key sources of estimation (Continued)

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amount of deferred tax assets not recognised are disclosed in Note 14 to the financial statements.

(vi) Impairment of development costs

The Group determines whether development costs, not yet available for use, are impaired, at least on an annual basis. Development costs have finite useful lives and are assessed for impairment whenever there is an indication of impairment.

This requires an estimation of the value-in-use of the assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of the cash flows. The carrying amount of development costs is disclosed in Note 5 to the financial statements.

(vii) Allowance for obsolescence in inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(viii) Impairment of receivables

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(ix) Impairment of investment in subsidiaries

The Group carries out the impairment test based on a variety of estimations including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Key sources of estimation (Continued)

(x) Employee share option schemes

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value for share-based payment reserves requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment reserves and the carrying amounts are disclosed in Note 25 to the financial statements.

(xi) Valuation of warrants

The Company measures the value of the warrants by reference to the fair value at the date which they are granted. The estimation of the fair value requires determining the most appropriate valuation model. The estimate also requires the determination of the most appropriate inputs to the valuation model such as volatility, risk free interest rate, warrant life and making assumptions about them as disclosed in Note 13 to the financial statements.

(xii) Useful life of development costs

The development costs are amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these intangible assets to be 5 years of their expected benefit. The amortisation period and amortisation method are reviewed at each reporting date.

(b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2.3 to the financial statements above, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for the matter discussed below:

(i) Capitalisation and amortisation of development expenditure

The Group follows the guidance of MFRS 138 Intangible Assets in determining the amount and nature of development expenditure to be capitalised and its subsequent amortisation. The assessment of the capitalisation criteria as disclosed in Note 2.3(d)(ii) to the financial statements requires ongoing estimates on the future outcome of the development projects. Any changes from the previous estimates will impact the initial and subsequent capitalisation of the development expenditure as well as its future amortisation charges.

3. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Computers RM	Renovation RM	Total RM
Group 2013						
Cost						
At 1 January 2013	1,994,201	1,164,606	657,738	8,418,967	2,566,190	14,801,702
Currency alignment	19,889	25,914	(278)	67,208	83,186	195,919
Additions	464,972	22,280	130,451	666,143	432,716	1,716,562
Disposals/Written-off	(32,177)	(74,079)	-	(645,126)	(248,019)	(999,401)
At 31 December 2013	2,446,885	1,138,721	787,911	8,507,192	2,834,073	15,714,782
Accumulated Depreciation						
At 1 January 2013	1,042,520	595,602	280,157	5,290,160	536,224	7,744,663
Currency alignment	9,994	7,828	(38)	34,841	20,364	72,989
Depreciation for the financial year	1,076,546	88,476	110,584	124,769	384,674	1,785,049
Disposals/Written-off	(18,925)	(73,539)	-	(564,429)	(113,134)	(770,027)
At 31 December 2013	2,110,135	618,367	390,703	4,885,341	828,128	8,832,674
Net carrying amount at 31 December 2013	336,750	520,354	397,208	3,621,851	2,005,945	6,882,108
Group 2012						
Cost						
At 1 January 2012	1,363,408	604,586	224,744	7,676,039	1,793,915	11,662,692
Acquisition of a subsidiary	1,270,789	3,052	30,591	47,008	17,419	1,368,859
Currency alignment	9,774	(2,490)	-	(9,631)	(8,362)	(10,709)
Additions	1,375,136	590,359	402,403	705,551	801,751	3,875,200
Transfer to inventories	(1,794,568)	-	-	-	-	(1,794,568)
Disposals/Written-off	(230,338)	(30,901)	-	-	(38,533)	(299,772)
At 31 December 2012	1,994,201	1,164,606	657,738	8,418,967	2,566,190	14,801,702
Accumulated Depreciation						
At 1 January 2012	611,065	484,269	183,492	4,733,358	316,014	6,328,198
Acquisition of a subsidiary	310,240	931	11,427	21,204	7,014	350,816
Currency alignment	4,272	(1,254)	-	(3,897)	(444)	(1,323)
Depreciation for the financial year	791,643	122,544	85,238	539,495	214,717	1,753,637
Transfer to inventories	(483,456)	-	-	-	-	(483,456)
Disposals/Written-off	(191,244)	(10,888)	-	-	(1,077)	(203,209)
At 31 December 2012	1,042,520	595,602	280,157	5,290,160	536,224	7,744,663
Net carrying amount at 31 December 2012	951,681	569,004	377,581	3,128,807	2,029,966	7,057,039

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Computers RM	Renovation RM	Total RM
Company 2013						
Cost						
At 1 January 2013	221,574	326,599	572,997	949,222	95,080	2,165,472
Additions	17,257	-	-	210,367	22,032	249,656
Disposals	(4,000)	(2,583)	-	(3,450)	-	(10,033)
Written-off	-	-	-	(61,409)	-	(61,409)
At 31 December 2013	234,831	324,016	572,997	1,094,730	117,112	2,343,686
Accumulated Depreciation						
At 1 January 2013	171,767	309,755	268,730	744,323	12,095	1,506,670
Depreciation for the financial year	15,138	5,237	77,902	97,200	2,040	197,517
Disposals	(3,999)	(2,582)	-	(1,104)	-	(7,685)
Written-off	-	-	-	(61,390)	-	(61,390)
At 31 December 2013	182,906	312,410	346,632	779,029	14,135	1,635,112
Net carrying amount at 31 December 2013	51,925	11,606	226,365	315,701	102,977	708,574
Company 2012						
Cost						
At 1 January 2012	218,148	340,080	224,744	809,889	96,350	1,689,211
Additions	3,426	-	348,253	154,410	-	506,089
Transfer to inventories	-	(13,481)	-	(15,077)	(1,270)	(29,828)
At 31 December 2012	221,574	326,599	572,997	949,222	95,080	2,165,472
Accumulated Depreciation						
At 1 January 2012	155,779	312,942	183,492	649,370	10,363	1,311,946
Depreciation for the financial year	15,988	6 ,923	85,238	94,953	1,921	205,023
Transfer to inventories	-	(10,110)	-	-	(189)	(10,299)
At 31 December 2012	171,767	309,755	268,730	744,323	12,095	1,506,670
Net carrying amount at 31 December 2012	49,807	16,844	304,267	204,899	82,985	658,802

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Included in property, plant and equipment of the Group and of the Company are assets acquired under finance lease instalment plans with net book values as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Motor Vehicles	280,453	304,266	226,364	296,015

4. GOODWILL ON CONSOLIDATION

	Group	
	2013 RM	2012 RM
At 1 January	15,693,965	10,271,640
Acquisition of a subsidiary	-	5,422,325
Currency alignment	(33,793)	-
At 31 December	15,660,172	15,693,965

The goodwill on consolidation arose from the acquisition of the following subsidiaries:

(i) Cuscapi Solutions Sdn. Bhd.;
(ii) Cuscapi Outsourcing Sdn. Bhd.;
(iii) Tills N Labels System Marketing, Inc.; and
(iv) Cuscapi Thailand Co. Ltd..

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. The carrying amount of the goodwill is allocated to each of those companies (collectively known as cash generating units ("CGU").

The recoverable amount of the goodwill have been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows within the five (5) years period are as follows:

	2013	2012
Pre-tax discount rates	11.7%	12.9%
Growth rates	22.3%	21.6%

4. GOODWILL ON CONSOLIDATION (Continued)

The calculations of the value in use for the CGUs are most sensitive to the following assumptions:

(i) Budgeted growth margin

The budgeted growth margin was projected based on past experience, actual operating results and the five (5) years business plan. These are increased over the budget period for anticipated efficiency improvements.

(ii) Growth rates

The forecasted growth rates are based on historical results and do not exceed the long-term average growth rate for the segment relevant to the CGUs.

(iii) Pre-tax discount rates

Discount rates were estimated based on the weighted average cost of capital.

(iv) Terminal value

Terminal value was imputed in the computation of the 5-years cash flow forecast. Growth rate was not included to derive the terminal value on a prudence basis whereby the growth rates of these companies are subjective after the 5th year.

(v) Market share assumptions

These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the market to be stable over the budgeted period.

(vi) Sensitivity to changes in assumption

The estimates on Cuscapi Solutions Sdn. Bhd. are particularly sensitive in the revenue, as a decrease in sales by 10% would results in an impairment loss of approximately RM4.7 million.

There are no reasonable possible changes in key assumptions which could cause the carrying value of goodwill on consolidation to exceed its recoverable amount for the remaining subsidiaries.

5. DEVELOPMENT COSTS

	Group	
	2013 RM	2012 RM
Development Cost - Completed		
At 1 January	22,322,275	16,464,664
Additions - internally developed	9,047,013	5,944,648
Currency alignment	622,687	(87,037)
At 31 December	31,991,975	22,322,275
Accumulated Amortisation		
At 1 January	9,734,593	7,916,726
Amortisation for the financial year	2,372,005	1,817,867
Currency alignment	120,498	-
At 31 December	12,227,096	9,734,593
Net Carrying Amount		
At 31 December	19,764,879	12,587,682

Included in development costs is an amount of RM10,183,000/- (2012: RM5,700,000/-) representing software under development and yet to be commercialised.

Development costs principally comprise internally generated expenditure on development on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities. The remaining amortisation periods at the year end range from 1 to 5 years (2012: 1 to 5 years).

Sensitivity to changes in assumptions

There are no reasonable possible changes in key assumptions which could cause the carrying value of development costs to exceed its recoverable amount.

Included in the additions of development costs during the financial year are as follows:

	Group	
	2013 RM	2012 RM
Staff costs:		
Salaries and allowances	7,321,894	5,264,961
ESOS	-	52,083

6. INVESTMENT IN SUBSIDIARIES

	Group	
	2013 RM	2012 RM
Unquoted shares, at cost	15,347,873	15,543,298
ESOS granted to employees of subsidiaries	493,566	452,940
	15,841,439	15,996,238
Less: Accumulated impairment loss	(1,166,240)	(700,777)
	14,675,199	15,295,461

Details of the subsidiaries are as follows:

Name of Companies	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest / Voting Rights		Principal Activities
		2013 %	2012 %	
Direct Subsidiaries				
Cuscapi Innovation Lab Sdn. Bhd.	Malaysia	100	100	Software development
Cuscapi Consulting Services Sdn. Bhd.	Malaysia	100	100	Provision of project management, business and IT related consultancy services
Cuscapi Network Solutions Sdn. Bhd.	Malaysia	80	100	Provision of network infrastructure and security solutions and services
Cuscapi International Sdn. Bhd.	Malaysia	100	100	Inactive
Cuscapi Malaysia Sdn. Bhd.	Malaysia	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services
Cuscapi Interactive Solutions Sdn. Bhd.	Malaysia	100	100	Provision of software development, interactive devices solutions, POS and business management solutions
BRG Asia Sdn. Bhd. #	Malaysia	51	51	Dormant
Cuscapi Solutions Sdn. Bhd.	Malaysia	100	100	Software development
Cuscapi Outsourcing Sdn. Bhd.	Malaysia	100	100	Provision of a contract centre for outsourcing services
Cuscapi International Pte. Ltd. +	Singapore	100	100	Investment holding

6. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Companies	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest / Voting Rights		Principal Activities
		2013 %	2012 %	
Held through Cuscapi International Pte. Ltd.				
北京客凯易科技有限公司 (Cuscapi Beijing Co. Ltd.) +	China	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services, project management, business and IT related consultancy services
苏州客凯易科技有限公司 (Cuscapi Suzhou Co. Ltd.) +	China	100	100	Software development
上海客凯易科技有限公司 (Cuscapi Shanghai Co. Ltd.) +	China	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services, project management, business and IT related consultancy services
PT Cuscapi Indonesia +	Indonesia	100	100	Inactive
Cuscapi Hong Kong Ltd. +	Hong Kong	100	100	Inactive
Cuscapi Singapore Pte. Ltd. +	Singapore	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services, project management, business and IT related consultancy services
Cuscapi Thailand Co. Ltd. +	Thailand	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services, project management, business and IT related consultancy services
广州客凯易信息科技有限公司 (Cuscapi Guangzhou Co. Ltd.) +	China	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services, project management, business and IT related consultancy services

6. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Companies	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest / Voting Rights 2013 %	2012 %	Principal Activities
Held through Cuscapi Hong Kong Ltd.				
Cuscapi Philippines, Inc +	Philippines	99.99	99.99	Investment holding
Held through Cuscapi Philippines, Inc				
Tills N Labels System Marketing, Inc +	Philippines	99.99	99.99	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services, project management, business and IT related consultancy services

+ These companies are not audited by Messrs. Baker Tilly Monteiro Heng.
 # Struck-off from Register of Companies.

Non-controlling interests in subsidiaries

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

7. OTHER INVESTMENT

	Group and Company 2013 RM	2012 RM
Transferable club membership, at cost	80,000	80,000
Less: Accumulated impairment loss	(80,000)	(10,000)
	-	70,000

8. INVENTORIES

	Group 2013 RM	2012 RM
At cost		
Point of sales related equipment, components and parts	4,687,188	4,446,099

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Trade receivables	20,555,800	20,050,597	7 ,940	26,417
Amount owing by subsidiaries	-	-	5,107,713	78,477
	20,555,800	20,050,597	5,115,653	104,894
Less: Allowance for impairment loss - Trade receivables	(667,858)	(650,734)	(7,940)	(7,940)
Trade receivables, net	19,887,942	19,399,863	5,107,713	96,954
Other receivables				
Other receivables	3,602,870	197,787	-	-
Amount owing by subsidiaries	-	-	50,527,726	23,923,167
Sundry advances	842,149	910,618	196,760	205,105
Deposits	2,444,966	1,330,104	492,280	493,480
Prepayment	857,303	712,269	124,743	45,411
	7,747,288	3,150,778	51,341,509	24,667,163
Less: Allowance for impairment loss - Amount owing by subsidiaries	-	-	(4,046)	(4,046)
Other receivables, net	7,747,288	3,150,778	51,337,463	24,663,117
Total trade and other receivables	27,635,230	22,550,641	56,445,176	24,760,071

Foreign currency exposure profile of trade and other receivables is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
United States Dollar	3,727,210	3,624,543	243,667	-

Trade receivables are non-interest bearing and are generally on 30 to 60 (2012: 30 to 60) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

9. TRADE AND OTHER RECEIVABLES (Continued)

Analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Neither past due nor impaired	10,713,185	10,145,298	5,047,713	18,477
1 - 30 days past due not impaired	1,872,313	4,059,717	-	-
31 - 120 days past due not impaired	3,178,718	1,973,847	-	-
More than 120 days past due not impaired	4,123,726	3,221,001	60,000	78,477
	9,174,757	9,254,565	60,000	78,477
Impaired	667,858	650,734	7,940	7,940
	20,555,800	20,050,597	5,115,653	104,894

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Most of the Group's trade receivables arise from long standing customers with the Group.

Receivables that are past due but not impaired

The management has a credit policy in place to monitor and minimise the exposure of default. The Group and the Company trade only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis. As at the balance sheet date, there were no significant concentrations of credit risk in the Group and the Company, and receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables - nominal amounts	667,858	650,734	7,940	7,940
Less: Allowance for impairment loss	(667,858)	(650,734)	(7,940)	(7,940)
	-	-	-	-

9. TRADE AND OTHER RECEIVABLES (Continued)

Movements in allowance accounts:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	650,734	701,599	7,940	7,940
Charge for the financial year	38,031	35,445	-	-
Bad debt recovered	(20,907)	(86,310)	-	-
At 31 December	667,858	650,734	7,940	7,940

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

Other receivables
Included in other receivables is an amount of RM3,151,000/- (2012: Nil) paid to a distributor for a project in China. The amount owing by distributor is unsecured, non-interest bearing and repayable on demand.

Amount owing by subsidiaries
Amount owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Deposits
Included in deposits is an amount of RM994,800/- (2012: Nil) paid for a proposed acquisition of a company.

10. SHORT TERM DEPOSITS WITH LICENSED BANKS

Group and Company
The short term deposits bear interest at the rates of 2.95% to 3.1% (2012: 3.1%) per annum.

The short term deposits of the Group and Company amounting to RM955,360/- and RM337,828/- (2012: RM337,828/- and RM337,828/-) are pledged as securities for borrowings as disclosed in Note 15 to the financial statements.

11. CASH AND BANK BALANCES

Foreign currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
United States Dollar	520,954	2,037,838	5,551	5,258

12. SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	Number of shares			
	Units	Units	RM	RM
Ordinary shares of RM0.10 each				
Authorised:				
At 1 January	600,000,000	600,000,000	60,000,000	60,000,000
Creation	600,000,000	-	60,000,000	-
At 31 December	1,200,000,000	600,000,000	120,000,000	60,000,000
Issued and fully paid:				
At 1 January	245,335,067	244,432,267	24,533,507	24,443,227
Issuance of ordinary shares pursuant to:				
- Rights issue	123,156,433	-	12,315,643	-
- Bonus issue	61,578,216	-	6,157,822	-
- Conversion of ESOS	3,458,474	902,800	345,847	90,280
At 31 December	433,528,190	245,335,067	43,352,819	24,533,507

During the financial year, the Company increased its authorised ordinary share capital from 600,000,000 ordinary shares to 1,200,000,000 ordinary shares by way of the creation of 600,000,000 ordinary shares of RM0.10 each.

During the financial year, the Company completed the following:

(i) Issuance of renounceable rights issue of 123,156,433 new ordinary shares of RM0.10 each together with 123,156,433 free detachable warrants;

(ii) Issuance of bonus issue of 61,578,216 new ordinary shares of RM0.10 each; and

(iii) Issuance of 3,458,474 new ordinary shares of RM0.10 each arising from the exercise of 3,458,474 Employees' Share Options.

The proceeds from the issuance of shares were utilised for business expansion and working capital purposes.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

13. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable				
Foreign currency translation reserve	(790)	(390,225)	-	-
Employee share option reserve	847,085	718,304	847,085	718,304
Statutory reserve	222,464	222,464	-	-
Warrants reserve	11,207,235	-	11,207,235	-
Share premium	13,954,665	14,354,913	13,954,665	14,354,913
	26,230,659	14,905,456	26,008,985	15,073,217
Distributable				
Retained earnings	17,353,727	23,611,754	1,142,694	3,111,977
	43,584,386	38,517,210	27,151,679	18,185,194

(i) Share premium

The share premium is arrived at after accounting for the premium received over the nominal value of the shares issued to the public, less subsequent capitalisation for bonus issue of the Company, if any, and share issuance expenses. The share premium is not distributable by way of cash dividends but may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(ii) Foreign currency translation reserve

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

(iii) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees as disclosed in Note 25 to the financial statements. The reserve is made up of the cumulative value of services received from employees recorded over the resting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(iv) Statutory reserve

In accordance with relevant laws and regulations of the People's Republic of China ("PRC"), the subsidiary company is required to transfer 10% of its net profit for the financial year prepared in accordance with the accounting regulation of the PRC to the statutory reserve. The transfer will continue until the reserve balance reaches 50% of its registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiary company, subject to the approval from the PRC authority, and is not available for dividend distribution to the shareholders.

(v) Retained earnings

The Company will be able to distribute dividends out of its entire retained earnings subsequent to financial year ended 31 December 2013 under the single tier system upon expiry of Section 108 on 31 December 2013.

13. RESERVES (Continued)

(vi) Warrant reserve

The Warrants issued on 25 April 2013 are constituted under a Deed Poll dated 20 March 2013 executed by the Company. The Warrants are listed on Bursa Malaysia Securities Berhad.

The outstanding Warrants during the financial year ended 31 December 2013 are stated as below:

	<---------- Number of Warrants ---------->			
	At 1.1.2013	Issued	Exercised	Expired	At 31.12.2013
Warrants	-	123,156,433	-	-	123,156,433

The salient terms of the Warrants are as follows:

(i) Each Warrants entitles the registered holder/(s) at any time prior to 24 April 2018 to subscribe for one (1) new ordinary share of RM0.10 each. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose. The Warrants entitlement is subject to adjustments under the terms and conditions set out in the Deed Poll;

(ii) The exercise price for the Warrants is fixed at RM0.27/- per new ordinary share of the Company, subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;

(iii) The exercise period is five (5) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iv) The holders of the Warrants are not entitled to vote in any general meeting or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company and/or offer of further securities in the Company unless and until the holders of the Warrants becomes a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting.

The valuation of warrant is based on the relative fair value of the ordinary shares by reference to the following assumptions comprising:

Valuation model:	Black Scholes
Fair value of warrant:	RM0.091
Share price:	RM0.26
Exercise price:	RM0.27
Expiry date:	24 April 2018
Volatility:	31.834%
Risk free interest rate:	3.193% per annum

14. DEFERRED TAX

	Group	
	2013 RM	2012 RM
At 1 January	135,698	572,273
Recognised in profit or loss (Note 22)	489,148	(436,575)
At 31 December	624,846	135,698

Presented after appropriate offsetting as follows:

	Group	
	2013 RM	2012 RM
Deferred tax assets	43,704	150,020
Deferred tax liabilities	(668,550)	(285,718)
	(624,846)	(135,698)
Temporary differences between net carrying amounts and the corresponding tax written down values	(624,846)	(135,698)

Deferred tax assets have not been recognised for the following items:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	4,029,029	5,157,753	58,804	64,750
(Taxable)/deductible temporary differences	(34,506)	326,892	13,711	420,211
	3,994,523	5,484,645	72,515	484,961
Potential deferred tax assets not recognised at 24% (2012: 25%)	958,686	1,371,161	17,404	121,240

15. BORROWINGS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current				
Trade loan	1,610,879	-	-	-
Finance lease liabilities	99,180	78,418	82,122	78,418
	1,710,059	78,418	82,122	78,418
Non-current				
Finance lease liabilities	31,029	103,200	21,078	103,200
Total borrowings	1,741,088	181,618	103,200	181,618

(a) Trade loan

Trade loan bears interest at 4.7% per annum and is secured over the following:

(i) fixed deposits as disclosed in Note 10 to the financial statements; and

(ii) corporate guarantee by the Company as disclosed in Note 26 to the financial statements.

(b) Finance lease liabilities

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Minimum lease payments				
- On demand and within one year	107,449	85,056	85,056	85,056
- Later than one year but not later than two years	34,295	85,056	21,232	85,056
- Later than two years but not later than five years	-	21,232	-	21,232
	141,744	191,344	106,288	191,344
Less: Amounts representing finance charges	(11,535)	(9,726)	(3,088)	(9,726)
Present value of minimum lease payments	130,209	181,618	103,200	181,618
Present value at payments:				
Current				
- On demand and within one year	99,180	78,418	82,122	78,418
Non-current				
- Later than one year but not later than two years	31,029	82,123	21,078	82,123
- Later than two years but not later than five years	-	21,077	-	21,077
	31,029	103,200	21,078	103,200
	130,209	181,618	103,200	181,618

The effective interest rate is 4.57% (2012: 4.57%) per annum. Interest rate is fixed at the inception of the finance lease arrangements. The finance lease liabilities are effectively secured on the rights of the asset under finance lease.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables				
Trade payables	3,424,682	3,783,237	-	-
Other payables				
Accrued operating expenses	1,722,077	3,355,623	301,328	276,708
Other payables	374,618	1,245,601	147,757	42,123
Refundable deposits	242,299	241,315	1,420	1,420
Advance receipts from customer for maintenance contract	2,862,940	3,875,880	-	-
Amount owing to subsidiaries	-	-	15,970,482	3,107,544
	5,201,934	8,718,419	16,420,987	3,427,795
Total trade and other payables	8,626,616	12,501,656	16,420,987	3,427,795

The trade and other payables are non-interest bearing and are normally settled on 30 to 120 (2012: 30 to 120) days terms.

The amount owing to subsidiaries is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Foreign currency exposure profile of trade and other payables is as follows:

	Group	
	2013 RM	2012 RM
United States Dollar	298,988	262,649

17. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sale of goods	27,595,923	36,474,225	-	-
Services	20,805,546	22,468,584	-	-
Dividend income from subsidiaries	-	-	-	4,000,000
Management fees	-	-	5,460,000	4,600,040
	48,401,469	58,942,809	5,460,000	8,600,040

18. COST OF SALES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cost of goods sold	19,012,963	22,735,337	-	-
Amortisation of development costs	2,372,005	1,817,867	-	-
Other direct costs	1,079,318	468,072	-	-
	22,464,286	25,021,276	-	-

19. FINANCE INCOME

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income				
- licensed banks	485,083	226,030	449,169	148,978

20. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/profit before taxation is arrived at after charging:				
Audit fee				
- current year	140,325	125,719	22,000	14,000
- under accrual in prior year	17,100	3,551	8,000	4,050
- non-statutory	72,000	66,000	72,000	66,000
Depreciation of property, plant and equipment	1,785,049	1,753,637	197,517	205,023
Interest expenses	19,815	9,883	6,638	7,410
Impairment loss on investment in subsidiaries	-	-	465,463	-
Impairment loss on other investment	70,000	-	70,000	-
Impairment loss on trade receivables	38,031	35,445	-	-
Loss on disposal of property, plant and equipment	90,163	-	-	-
Property, plant and equipment written off	26,141	76,653	19	-
Realised loss on foreign exchange	6,690	-	-	-
Rental of premises	2,710,930	2,663,759	193,509	295,466
Staff costs				
- salaries, allowances and bonuses	13,855,813	13,261,497	1,823,245	1,411,744
- Employees' Provident Fund	1,829,916	1,896,245	224,658	193,659
- other staff related costs	1,073,113	876,886	142,439	158,271
- Share options granted under ESOS	286,234	271,914	49,104	29,778
Unrealised loss on foreign exchange	-	238,833	-	77,091
And crediting:				
Bad debts recovered	20,907	86,310	-	-
Gain on disposal of property, plant and equipment	-	90	3,597	-
Gain on disposal of a subsidiary's share without loss control	-	-	200,000	-
Realised gain on foreign exchange	-	9,716	-	241
Unrealised gain on foreign exchange	245,130	-	915,186	-

21. DIRECTORS' REMUNERATION

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive:				
- Salaries and other emoluments	609,032	720,000	609,032	720,000
- Bonus	76,054	157,250	76,054	157,250
- Defined contribution plan	82,522	105,271	82,522	105,271
- Share options granted under ESOS	115,985	99,080	115,985	99,080
Total Executive Directors' remuneration	883,593	1,081,601	883,593	1,081,601
Non-Executive:				
- Fees	156,000	192,000	192,000	192,000
- Other emoluments	24,000	14,000	24,000	14,000
- Share options granted under ESOS	62,102	43,869	62,102	43,869
Total Non-Executive Directors' remuneration	242,102	249,869	278,102	249,869
Total Directors' remuneration	1,125,695	1,331,470	1,161,695	1,331,470

The number of Directors of the Group and the Company whose remuneration during the financial year fell within the following bands are:

	Number of Directors	
	2013	2012
Executive Directors:		
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	1
RM550,001 - RM600,000	-	-
RM600,001 - RM650,000	-	1
RM650,001 - RM700,000	-	-
RM700,001 - RM750,000	1	-
Executive Directors:		
Below RM50,000	1	-
RM50,001 - RM100,000	3	4

22. TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysian income tax expense:				
- current year	175,902	108,700	112,292	-
- under provision in prior years	60,700	34,985	37,245	16,232
	236,602	143,685	149,537	16,232
Foreign income tax expense:				
- current year	238,942	311,008	-	-
Deferred taxation (Note 14):				
- current year	510,137	(410,738)	-	-
- over provision in prior years	(20,989)	(25,837)	-	-
	489,148	(436,575)	-	-
	964,692	18,118	149,537	16,232

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the financial year.

In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rates applicable to the foreign subsidiaries are as follow:

Countries	2013 %	2012 %
a) China	25.00	25.00
b) Singapore	17.00	17.00
c) Indonesia	25.00	25.00
d) Hong Kong	16.50	16.50
e) Thailand	20.00	23.00
f) Philippines	30.00	30.00

22. TAXATION (Continued)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit before taxation	(2,924,438)	6,798,479	883,539	3,688,323
Tax at applicable tax rate of 25% (2012: 25%)	(731,110)	1,699,620	220,885	922,081
Different tax rates in other countries	104,794	58,981	-	-
Tax effects arising from:				
- non-deductible expenses	2,430,697	1,134,138	273,315	25,317
- non-taxable income	(62,876)	(16,042)	(278,797)	(1,000,000)
- tax incentives-pioneer status	(401,133)	(3,078,122)	-	-
- origination of deferred tax assets not recognised in the financial statements	7,643	247,532	-	52,602
- utilisation of unused tax losses in the financial statements	(420,118)	(37,137)	(103,836)	-
- under provision of income tax expense in prior years	60,700	34,985	37,245	16,232
- over provision of deferred tax expense in prior years	(20,989)	(25,837)	-	-
- Deferred tax recognised at different tax rate	(2,916)	-	725	-
Tax expense for the financial year	964,692	18,118	149,537	16,232

23. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/Earnings Per Share

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

	Group	
	2013 RM	2012 RM
(Loss)/profit attributable to owners of the Company (RM)	(3,930,182)	6,780,361
Weighted average number of ordinary shares in issue (units)	370,486,598	245,096,006
Basic (loss)/earnings per share (sen)	(1.06)	2.77

23. (LOSS)/EARNINGS PER SHARE (Continued)

Diluted (Loss)/Earnings Per Share

For the purpose of calculating diluted (loss)/earnings per share, the net (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares from share options granted pursuant to the Employees' Share Option Scheme.

	Group	
	2013 RM	2012 RM
(Loss)/profit attributable to owners of the Company (RM)	(3,930,182)	6,780,361
Weighted average number of ordinary shares in issue (units)	370,486,598	245,096,006
Effect of dilution: Warrants	82,329,232	-
Effect of dilution: ESOS	22,885,068	16,529,864
Weighted average number of ordinary shares for diluted earnings per share computation	475,700,898	261,625,870
Diluted (loss)/earning per share (sen)	(1.06)*	2.59

* The diluted loss per ordinary shares is equal to the basic loss per share because the diluted loss per share has anti-dilutive effect.

24. DIVIDENDS

	Group and Company	
	2013 RM	2012 RM
First interim, tax at 25%, for: 1.50 sen per share (2012: 1.50 sen per share)	2,771,020	2,756,631

25. EMPLOYEE BENEFITS

Employee Share Option Scheme ("ESOS")

Fair value of share options granted

The fair value of the share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the binomial option pricing model for the year ended 31 December 2013:

Parameter and assumptions	Grant date of 7 February 2011	Grant date of 30 June 2011	Grant date of 28 February 2012	Grant date of 26 February 2013
Valuation date (grant date)	7 February 2011	30 June 2011	28 February 2012	26 February 2013
Share price at valuation	RM0.29	RM0.46	RM0.385	RM0.32
Exercise price	RM0.27	RM0.42	RM0.395	RM0.295
Risk-free interest rate	3.169% per annum	3.199% per annum	3.199% per annum	3.199% per annum

25. EMPLOYEE BENEFITS (Continued)

Employee Share Option Scheme ("ESOS") (Continued)

Fair value of share options granted (Continued)

Parameter and assumptions	Grant date of 7 February 2011	Grant date of 30 June 2011	Grant date of 28 February 2012	Grant date of 26 February 2013
Volatility of Company share price	90.0% per annum	90.0% per annum	90.0% per annum	90.0% per annum
Expected dividend yield	5.0% per annum	5.0% per annum	5.0% per annum	5.0% per annum
Rate of leaving service	Prior to vesting date: 0.0 % per annum	Prior to vesting date: 0.0 % per annum	Prior to vesting date: 0.0 % per annum	Prior to vesting date: 0.0 % per annum
	After vesting date: 31.0% per annum	After vesting date: 31.0% per annum	After vesting date: 31.0% per annum	After vesting date: 31.0% per annum
Early exercise behaviour	Option holder exercise when the share price is at least 20% higher than the exercise price	Option holder exercise when the share price is at least 20% higher than the exercise price	Option holder exercise when the share price is at least 20% higher than the exercise price	Option holder exercise when the share price is at least 20% higher than the exercise price

The early exercise behaviour is based on historical data and is not necessarily indicative of exercise patterns that may occur. The volatility of company share price reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The exercise price of the options shall be the higher of:

- weighted average market price of shares for the five (5) market days immediately preceding the grant date, subject to a discount of not more than ten per cent (10%) which the Company may at its discretion decide to give; or

- the par value of the ordinary shares at RM0.10.

The options vest on or after every anniversary from the Grant Date (7 February 2011, 30 June 2011, 28 February 2012 and 26 February 2013) and the final vesting date is 23 October 2013 (Three (3) months before the expiry of the scheme on 23 January 2014). The contractual life of each option granted is three (3) years. Any balance of options not exercised within three (3) months preceding the date of expiry shall be capable of being exercised in full subject to the approval of the option committee. Any options which remain unexercised at the end of the option period shall be automatically null and void without any claim against the Company.

On 26 November 2013, pursuant to Clause 20.2 of the Bylaws of ESOS ("Bylaws"), the Board of Directors has approved the extension of the ESOS scheme for three (3) years to 23 January 2017. All existing outstanding options granted shall therefore be exercisable up to the extended period.

Employees holding the options must still be in service with the Group up to the end of the option period. If the employee leaves prior to the end of the option period, all unexercised options are forfeited. There are no cash settlement alternatives.

25. EMPLOYEE BENEFITS (Continued)

Employee Share Option Scheme ("ESOS") (Continued)

Fair value of share options granted (Continued)

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	Group			
	2013		2012	
	No.	WAEP RM	No.	WAEP RM
Balance as at 1 January	15,926,600	0.34	9,978,000	0.28
Granted/Adjusted	13,715,678	0.24	9,967,500	0.39
Lapsed	(3,298,736)	0.28	(3,116,100)	0.34
Exercised	(3,458,474)	0.24	(902,800)	0.27
Outstanding at 31 December	22,885,068	0.26	15,926,600	0.34
Exercisable at 31 December	22,885,068	0.26	1,911,700	0.30

- The weighted average fair value of options granted during the financial year was RM0.04 (2012: RM0.07).
- The weighted average remaining contractual life for these options is 3 years (2012: 4.5 years).

26. CORPORATE GUARANTEE

As at 31 December 2013, the Company has the following corporate guarantee:

	Company	
	2013 RM	2012 RM
Corporate guarantee given to a financial institution for credit facilities granted to a subsidiary	7,500,000	-

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and Company and related parties took place on terms agreed between the parties during the financial year:

Sale of goods and services	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Income:				
Management fees receivable from subsidiaries				
- Cuscapi Malaysia Sdn. Bhd.	-	-	2,400,000	1,989,000
- Cuscapi Network Solutions Sdn. Bhd.	-	-	420,000	812,000
- Cuscapi Consulting Services Sdn. Bhd.	-	-	-	1,494,000
- Cuscapi Innovation Lab Sdn. Bhd.	-	-	2,400,000	-
- Tills N Labels System Marketing, Inc	-	-	240,000	305,040
Dividends received from subsidiaries				
- Cuscapi Innovation Lab Sdn. Bhd.	-	-	-	4,000,000
Sale transactions with Ambank (M) Berhad +	361,140	424,936	-	-
Expenses				
Other expenses paid to				
- Cuscapi Outsourcing Sdn. Bhd.	-	-	-	70,000

\+ *Transactions with Ambank (M) Berhad, whereby Dato' Larry Gan Nyap Liou @ Gan Nyap Liow is a Director of Ambank (M) Berhad.*

28. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management of the Group and the Company during the financial year were as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive Directors' remuneration				
- salaries and other emoluments	685,086	877,250	685,086	877,250
Post-employment benefits:				
- Defined contribution plan	82,522	105,271	82,522	105,271
- Share options granted under ESOS	115,985	99,080	115,985	99,080
	883,593	1,081,601	883,593	1,081,601
Key Management Personnels' remuneration				
- salaries and other emoluments	1,456,429	1,198,870	398,027	320,520
Post-employment benefits:				
- Defined contribution plan	155,594	128,890	47,764	38,474
- Share options granted under ESOS	81,831	83,304	40,706	-
	1,693,854	1,411,064	486,497	358,994
	2,577,447	2,492,665	1,370,090	1,440,595

28. REMUNERATION OF KEY MANAGEMENT PERSONNEL (Continued)

Interests in employee share option scheme

During the financial year, 6,190,688 (2012: 3,383,700) share options were granted to the Company's key management at an exercise price of RM0.295 (2012: RM0.395) each. At the reporting date, the total number of outstanding share options granted by the Company to the key management amounted to 10,990,998 (2012: 6,210,500).

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loan and receivables			
	Group		Company	
Financial assets	2013 RM	2012 RM	2013 RM	2012 RM
Receivables and deposits	26,777,927	21,838,372	56,320,433	24,714,660
Cash and cash equivalents	7,710,981	6,577,196	988,985	97,230
	34,488,908	28,415,568	57,309,418	24,811,890

	Finance liabilties at amortised cost			
	Group		Company	
Financial liabilities	2013 RM	2012 RM	2013 RM	2012 RM
Payables and accruals	8,626,616	12,501,656	16,420,987	3,427,795
Borrowings	1,741,088	181,618	103,200	181,618
	10,367,704	12,683,274	16,524,187	3,609,413

(b) Fair value of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of their fair value:

	Note
Trade and other receivables (current)	9
Borrowings	15
Trade and other payables (current)	16

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

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

29. FINANCIAL INSTRUMENTS (Continued)

(b) Fair value of financial instruments (Continued)

Other than those carrying amounts with reasonable approximation of fair value, the fair value of other financial assets and liabilities together with the carrying amount shown in the statements of financial position are as follows:

Financial assets	2013		2012	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Group				
Finance lease liabilities	130,209	133,418	181,618	182,239
Company				
Finance lease liabilities	103,200	104,105	181,618	182,239

The fair values of finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, therefore fair value hierarchy analysis is not presented.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial Risk Management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company do not hold any collateral as security and other credit enhancements for the above financial assets.

The management has a credit policy in place to monitor and minimise the exposure of default. The Group trades only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis.

As at balance sheet date, there were no significant concentrations of credit risk in the Group. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial instrument.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Credit risk (Continued)

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 9 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 9 to the financial statements.

Financial guarantee

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to a subsidiary.

The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounted to RM1,610,879/- (2012: Nil) representing the outstanding credit facilities of the subsidiary guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayment.

(ii) Liquidity risk

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

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

Maturity analysis

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

	Carrying Amount	Contractual Interest Rate	Contractual Cash Flows	On demand or within 1 year	1 to 5 years	More than 5 years
	RM	%	RM	RM	RM	RM
Group 2013						
Financial Liabilities						
Trade payables	3,424,682	-	3,424,682	3,424,682	-	-
Other payables	3,479,857	-	3,479,857	3,479,857	-	-
Borrowings (secured)						
- Finance lease liabilities	130,209	4.57	141,744	107,449	34,295	-
- Trade loan	1,610,879	4.70	1,610,879	1,610,879	-	-
	8,645,627		8,657,162	8,622,867	34,295	-
Group 2012						
Financial Liabilities						
Trade payables	3,783,237	-	3,783,237	3,783,237	-	-
Other payables	5,362,796	-	5,362,796	5,362,796	-	-
Borrowings (secured)						
- Finance lease liabilities	181,618	4.57	191,344	85,056	106,288	-
	9,327,651		9,337,377	9,231,089	106,288	-

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

	Carrying Amount	Contractual Interest Rate	Contractual Cash Flows	On demand or within 1 year	1 to 5 years	More than 5 years
	RM	%	RM	RM	RM	RM
Company 2013						
Financial Liabilities						
Other payables	149,177	-	149,177	149,177	-	-
Borrowings (secured)						
- Finance lease liabilities	103,200	4.57	106,288	85,056	21,232	-
	252,377		255,465	234,233	21,232	-
Company 2012						
Financial Liabilities						
Other payables	43,543	-	43,543	43,543	-	-
Borrowings (secured)						
- Finance lease liabilities	181,618	4.57	191,344	85,056	106,288	-
	225,161		234,887	128,599	106,288	-

(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 and the Company's exposure to interest rate risk arise primarily from their loans and borrowings.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments
The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk (Continued)

Financial assets	Profit or loss/Equity			
	2013		2012	
	100bp Increase RM	100bp Decrease RM	100bp Increase RM	100bp Decrease RM
Group				
Variable rate instruments	(12,082)	12,082	-	-

(iv) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia ("RM"), China Renmimbi ("RMB"), Singapore Dollar ("SGD"), Thailand Baht ("THB"), Hong Kong Dollar ("HKD"), Philippines Peso ("PHP") and Indonesian Rupiah ("IDR"). The foreign currency in which these transactions are denominated is primarily US Dollar ("USD").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address shortterm imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The Group's exposure to foreign currency risks is on USD is disclosed in the respective notes.

Sensitivity analysis for foreign currency risk

A 3% strengthening of the USD against the RM at the end of the financial year would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group		Profit or loss and equity	
		2013 RM'000	2012 RM'000
USD/RM	- strengthened 3%	+ 90	+ 495
	- weakened 3%	- 90	- 495

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2013 and 31 December 2012 were as follows:

	Group	
	2013 RM	2012 RM
Total liabilities	11,130,770	13,115,058
Equity attributable to owners of the Company	86,937,205	63,050,717
Debt-to-equity ratio	13%	21%

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

32. SEGMENTAL REPORTING

Management determines the operating segments based on the reports reviewed and used by the Group's Executive Board for strategic decisions making and resources allocation. For management purposes, the Group is organised into strategic business units based on geography locations and business units.

The Group's reportable operating segments are as follows:

(a) Geography locations

(i) Malaysia

- Involves in software development, the provision of remedial services for Point Of Sales hardware and related software implementation and support services, the provision of Point Of Sales and business management solutions, the provision of project management, business and IT related consultancy services, the provision of network infrastructure and security solutions and services and system integration services, and the provision of contract centres for outsourcing services, in Malaysia.

(ii) South East Asia

- Involves in the provision of Point Of Sales and business management solutions, the provision of remedial services for Point Of Sales hardware and related software implementation and support services, the provision of project management, business and IT related consultancy services in the South East Asia region other than Malaysia.

(iii) People's Republic of China

- Involves in software development, the provision of Point Of Sales and business management solutions, remedial services for Point Of Sales hardware and related software implementation and support services, the provision of project management, business and IT related consultancy services, and the provision of contract centres for outsourcing services in People's Republic of China.

32. SEGMENTAL REPORTING (Continued)

(b) Business units

(i) Operational Cost Centre
- This segment provides the support services to all the customers for the Group.

(ii) Group Corporate
- This segment is involved in Group-level corporate services, and treasury functions.

Except as indicated above, no operating segments has been aggregated from the above reportable operating segments.

Management monitors the operating results of its units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit after tax ("PAT"). PAT is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments that operate within the Group. Inter-segment pricing is determined on negotiated basis.

Geographically, management reviews the performance of the businesses in Malaysia, South East Asia, and People's Republic of China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

32. SEGMENTAL REPORTING (Continued)

	<— Geographical Segment —>			<— Business Unit Segment —>				
	Malaysia	South East Asia	People's Republic of China	Operational Cost Centre	Group Corporate	Total	Eliminations and adjustments	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM
2013								
Revenue								
Sales to external customers	30,548,603	9,298,260	8,477,921	76,685	-	48,401,469	-	48,401,469
Intercompany sales	1,432,441	693,032	268,824	6,677,154	-	9,071,451	(9,071,451) [A]	-
	31,981,044	9,991,292	8,746,745	6,753,839	-	57,472,920		48,401,469
Results								
Operating profit/(loss)	225,958	(916,054)	(3,948,974)	1,072,192	642,440	(2,924,438)		(2,924,438)
Taxation	(29,074)	(291,456)	(20,391)	(474,234)	(149,537)	(964,692)		(964,692)
Profit/(loss) after tax	196,884	(1,207,510)	(3,969,365)	597,958	492,903	(3,889,130)		(3,889,130)
2012								
Revenue								
Sales to external customers	37,352,595	12,325,400	9,264,814	-	-	58,942,809	-	58,942,809
Intercompany sales	15,587,004	2,065,401	1,296,704	-	-	18,949,109	(18,949,109) [A]	-
	52,939,599	14,390,801	10,561,518	-	-	77,891,918		58,942,809
Results								
Operating profit/(loss)	14,296,244	5,959,807	(292,880)	(6,400,454)	(6,764,238)	6,798,479		6,798,479
Taxation	142,971	(161,089)	-	-	-	(18,118)		(18,118)
Profit/(loss) after tax	14,439,215	5,798,718	(292,880)	(6,400,454)	(6,764,238)	6,780,361		6,780,361

32. SEGMENTAL REPORTING (Continued)

	Geographical Segment					
	Malaysia	Southeast Asia	People's Republic of China	Total	Adjustments	Consolidated
	RM	RM	RM	RM	RM	RM
2013						
Assets						
Non-current assets	27,173,408	2,402,069	12,731,682	42,307,159	43,704 [B]	42,350,863
Segment assets	40,350,732	8,774,003	5,830,998	54,955,733	921,240 [B]	55,876,973
Liabilities						
Segment liabilities and total liabilities	7,266,124	2,145,920	955,660	10,367,704	763,066 [C]	11,130,770
Other information						
Capital expenditure	3,554,173	2,891,340	4,318,062	10,763,575	-	10,763,575 [D]
Depreciation of property, plant and equipment	970,260	296,211	518,578	1,785,049	-	1,785,049 [E]
Amortisation of development expenditure	1,101,623	-	1,270,382	2,372,005	-	2,372,005 [F]
Other non-cash expenditure	95,577	-	128,758	224,335	-	224,335
Other non-cash income	378,655	(64,390)	(69,135)	245,130	-	245,130
2012						
Assets						
Non-current assets	25,005,505	2,321,622	8,081,559	35,408,686	150,020 [B]	35,558,706
Segment assets	25,168,618	9,770,216	4,058,846	38,997,680	1,609,389 [B]	40,607,069
Liabilities						
Segment liabilities and total liabilities	7,996,257	2,926,191	1,760,826	12,683,274	431,784 [C]	13,115,058
Other information						
Capital expenditure	3,554,173	1,947,613	4,318,062	9,819,848	-	9,819,848 [D]
Depreciation of property, plant and equipment	1,173,328	177,369	402,940	1,753,637	-	1,753,637
Amortisation of development expenditure	1,163,900	-	653,967	1,817,867	-	1,817,867
Other non-cash expenditure	151,688	140,533	58,710	350,931	-	350,931 [E]
Other non-cash income	90	-	-	90	-	90 [F]

32. SEGMENTAL REPORTING (Continued)

Note *Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements*

A Inter-segment revenues are eliminated on consolidation

B The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2013 RM	2012 RM
Deferred tax assets	43,704	150,020
Tax recoverable	921,240	1,609,389
	964,944	1,759,409

C The following items are added into segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2013 RM	2012 RM
Provision for taxation	94,516	146,066
Deferred tax liabilities	668,550	285,718
	763,066	431,784

D Additions of capital expenditure consist of:

	2013 RM	2012 RM
Property, plant and equipment	1,716,562	3,875,200
Development expenditure	9,047,013	5,944,648
	10,763,575	9,819,848

E Other non-cash expenditure consist of:

	2013 RM	2012 RM
Impairment loss on trade receivables	38,031	35,445
Impairment loss on other investment	70,000	-
Loss on disposal of property, plant and equipment	90,163	-
Property, plant and equipment written off	26,141	76,653
Unrealised loss on foreign exchange	-	238,833
	224,335	350,931

32. SEGMENTAL REPORTING (Continued)

F Other non-cash income consist of:

	2013 RM	2012 RM
Unrealised gain on foreign exchange	245,130	-
Gain on disposal of property, plant and equipment	-	90
	245,130	90

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

33. SIGNIFICANT EVENTS

(a) Increase in issued and paid-up ordinary shares

On 29 January 2013, the Company increased its authorised ordinary shares capital from 600,000,000 ordinary shares to 1,200,000,000 ordinary shares by way of the creation of 600,000,000 ordinary shares of RM0.10/- each.

(b) Issuance of renounceable right issue with detachable warrants

On 3 May 2013, the Company issued the following:

(i) Additional 123,156,433 Rights Shares issued pursuant to the Rights Issue with Warrants granted listing on 3 May 2013;

(ii) Additional 61,578,216 Bonus Shares issued pursuant to the Bonus Issue granted listing on 3 May 2013; and

(iii) 123,156,433 Warrants issued pursuant to the Rights Issue with Warrants are admitted to the Official List of Bursa Securities on 3 May 2013, on a "Ready" basis pursuant to the Rules of Bursa Securities.

(c) Transfer listing to Main Market of Bursa Malaysia

On 4 September 2013, the listing of and quotation for the entire issued and paid-up share capital of the Company was transferred from ACE Market to the Main Market of Bursa Malaysia effective on 4 September 2013.

(d) Dilution of shareholding in Cuscapi Network Solutions Sdn. Bhd.

On 9th September 2013, I-Net Sdn. Bhd. has agreed to take up equity participation in Cuscapi Network Solutions Sdn. Bhd. by acquiring from Cuscapi Berhad 200,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of the Company ("Sales Shares") for an aggregate consideration of RM400,000/-. The amount transferred to retained earnings is RM281,191/-.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Realised	17,733,443	23,986,285	227,508	3,189,068
Unrealised	(379,716)	(374,531)	915,186	(77,091)
Total retained earnings	17,353,727	23,611,754	1,142,694	3,111,977

The determination of realised and unrealised profits or losses is compiled based on the 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, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

ANALYSIS BY SHAREHOLDINGS
AS AT 07 MAY 2014

		No. of Holders	%	No. of Holdings	%
1	- 99	50	1.46	2,243	0.00
100	- 1,000	316	9.21	274,992	0.06
1,001	- 10,000	1,320	38.46	9,168,276	2.11
10,001	- 100,000	1,521	44.32	54,745,748	12.62
100,001	- 21,696,679 (*)	221	6.44	216,323,997	49.85
21,696,680 and above (**)		4	0.12	153,418,361	35.36
Total		3,432	100.00	433,933,617	100.00

Remark :
** Less than 5% of issued holdings*
*** 5% and above of issued holdings*

HOLDERS WITH HOLDINGS OF 5% AND ABOVE AS AT 07 MAY 2014

No.	Holders Name	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares	%	No. of Shares	%
1	Transight Systems Sdn. Bhd.	66,710,000	15.37	14,000,000[*1]	3.23
2	HSBC Nominees (Asing) Sdn. Bhd.				
	KBL Euro PB for Halley Sicav - Halley Asian Prosperity	37,434,395	8.63	-	-
3	Her Chor Siong	26,541,666	6.12	-	-
4	Ang Chin Joo				
	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Chin Joo (Margin)	22,732,300	5.24	-	-
5	Dato' Gan Nyap Liou @ Gan Nyap Liow				
	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	20,000,000	4.61	-	-
	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Gan Nyap Liou @ Gan Nyap Liow (MY0747)	6,000,000	1.38	-	-
6	Sri Hanasia Sdn. Bhd.	-	-	80,710,000[*2]	18.60
7	Tan Sri Mohd Razali Bin Abdul Rahman	8,487,500	1.96	80,710,000[*3]	18.60
8	Datuk Hassan Bin Che Abas	6,125,000	1.41	80,710,000[*3]	18.60

Notes:
1 Deemed interested by virtue of interest in Aura Fokus Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965
2 Deemed interested by virtue of interest in Transight Systems Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965
3 Deemed interested by virtue of indirect interest in Transight Systems Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS
AS AT 07MAY 2014 (Continued)

LIST OF DIRECTORS' HOLDINGS AS AT 07 MAY 2014

No.	Name of Directors	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares	%	No. of Shares	%
1	Dato' Gan Nyap Liou @ Gan Nyap Liow	26,000,000	5.99	-	-
2	Her Chor Siong	26,541,666	6.12	-	-
3	Ang Chin Joo	22,732,300	5.24	-	-
4	Tai Keat Chai	54,750	0.01	-	-
5	Lim Li Li	791,875	0.18	635,775[*1]	0.15
6	Durrie Bin Hassan *(Alternate Director to Lim Li Li)*	-	-	2,625,000[*2]	0.60
	Total	76,120,591	17.54	3,260,775	0.75

Notes:

1 Deemed interested by virtue of the shareholdings of her spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

2 Deemed interested by virtue of interest in Pinang Inovasi Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

THE 30 LARGEST SHARE HOLDERS AS AT 07 MAY 2014

No.	Holder Name	No. of Holdings	%
1	Transight Systems Sdn. Bhd.	66,710,000	15.37
2	HSBC Nominees (Asing) Sdn. Bhd. KBL Euro PB for Halley Sicav - Halley Asian Prosperity	37,434,395	8.63
3	Her Chor Siong	26,541,666	6.12
4	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Chin Joo (Margin)	22,732,300	5.24
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	20,000,000	4.61
6	Cheong Siew Chyuan	14,700,000	3.39
7	Aura Fokus Sdn. Bhd.	14,000,000	3.23
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Koh Kin Lip (MY0502)	10,258,325	2.36
9	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chan Hiok Khiang (PB)	8,325,000	1.92
10	Koh Kin Lip	8,040,000	1.85
11	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yoke Yung (PNG)	7,900,000	1.82
12	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Chong Te (8088650)	7,709,850	1.78
13	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yoke Yung (03MG00018)	7,530,000	1.74

ANALYSIS OF SHAREHOLDINGS
AS AT 07 MAY 2014 (Continued)

THE 30 LARGEST SECURITIES HOLDERS AS AT 07 MAY 2014 (Continued)

No.	Holder Name	No. of Holdings	%
14	Hassan Bin Che Abas	6,125,000	1.41
15	Mohd Razali Bin Abdul Rahman	6,125,000	1.41
16	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Gan Nyap Liou @ Gan Nyap Liow (MY0747)	6,000,000	1.38
17	Goh Thong Beng	4,950,000	1.14
18	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mak Tian Meng	4,375,000	1.01
19	Tan Ah Loy @ Tan May Ling	3,200,000	0.74
20	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Wong Yoke Yung (MP0265)	3,004,900	0.69
21	Philippe Wong Lib-Chi	3,000,000	0.69
22	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Mak Tian Meng (MY0343)	2,941,575	0.68
23	Wong Yoke Fong @ Wong Nyok Fing	2,850,450	0.66
24	Pinang Inovasi Sdn. Bhd.	2,625,000	0.60
25	Rezal Zain Bin Abdul Rashid	2,500,000	0.58
26	San Meng Hao	2,450,000	0.56
27	Mohd Razali Bin Abdul Rahman	2,362,500	0.54
28	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Syed Hishamuddin Bin Syed Kamaruddin (472615)	1,637,900	0.38
29	Wong Yoke Choong	1,582,150	0.36
30	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for Caceis Bank Luxembourg (CLT ACCT - DTT)	1,396,200	0.32

ANALYSIS OF WARRANTS HOLDINGS
AS AT 07 MAY 2014

ANALYSIS BY SIZE OF HOLDINGS AS AT 07 MAY 2014

		No. of Holders	%	No. of Holdings	%
1	- 99	13	1.40	702	0.00
100	- 1,000	72	7.73	36,185	0.03
1,001	- 10,000	246	26.42	1,649,200	1.34
10,001	- 100,000	495	53.17	19,492,800	15.83
100,001	- 6,157,820 (*)	100	10.74	53,792,050	43.68
6,157,821	and above (**)	5	0.54	48,185,496	39.13
Total		931	100.00	123,156,433	100.00

Remark :
** - Less than 5% of issued holdings*
*** - 5% and above : of issued holdings*

HOLDERS WITH WARRANTS HOLDINGS OF 5% AND ABOVE AS AT 07 MAY 2014

		Direct Shareholdings		Indirect Shareholdings	
No.	Holders Name	No. of Shares	%	No. of Shares	%
1	Transight Systems Sdn. Bhd.	19,060,000	15.48	4,000,000[*1]	3.25
2	HSBC Nominees (Asing) Sdn. Bhd. KBL Euro PB for Halley Sicav - Halley Asian Prosperity	8,530,663	6.93	-	-
3	Her Chor Siong	7,583,333	6.16	-	-
4	Dato' Gan Nyap Liou @ Gan Nyap Liow RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	6,511,500	5.28	-	-
5	Wong Yoke Yung Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yoke Yung (03MG00018)	6,500,000	5.29	-	-
6	Sri Hanasia Sdn. Bhd.	-	-	23,060,000[*2]	18.73
7	Tan Sri Mohd Razali Bin Abdul Rahman	2,425,000	1.97	23,060,000[*3]	18.73
8	Datuk Hassan Bin Che Abas	1,750,000	1.42	23,060,000[*3]	18.73

Notes:
1 Deemed interested by virtue of interest in Aura Fokus Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965
2 Deemed interested by virtue of interest in Transight Systems Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965
3 Deemed interested by virtue of indirect interest in Transight Systems Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

ANALYSIS OF WARRANTS HOLDINGS
AS AT 07 MAY 2014

LIST OF DIRECTORS' WARRANTS HOLDINGS AS AT 07 MAY 2014

No.	Name of Directors	Direct Warrant Holdings		Indirect Warrant Holdings	
		No. of Warrants	%	No. of Warrants	%
1	Dato' Gan Nyap Liou @ Gan Nyap Liow	6,511,500	5.29	-	-
2	Her Chor Siong	7,583,333	6.16	-	-
3	Ang Chin Joo	4,371,000	3.55	-	-
4	Tai Keat Chai	16,500	0.01	-	-
5	Lim Li Li	226,250	0.18	181,650[*1]	0.15
6	Durrie Bin Hassan *(Alternate Director to Lim Li Li)*	-	-	750,000[*2]	0.61
	Total	18,708,583	15.19	931,650	0.76

Notes:

1 Deemed interested by virtue of the shareholdings of her spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

2 Deemed interested by virtue of interest in Pinang Inovasi Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

THE 30 LARGEST WARRANTS HOLDERS AS AT 07 MAY 2014

No.	Holders Name	No. of Holdings	%
1	Transight Systems Sdn. Bhd.	19,060,000	15.48
2	HSBC Nominees (Asing) Sdn. Bhd. KBL Euro PB for Halley Sicav - Halley Asian Prosperity	8,530,663	6.93
3	Her Chor Siong	7,583,333	6.16
4	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	6,511,500	5.29
5	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yoke Yung (03MG00018)	6,500,000	5.28
6	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Chin Joo (Margin)	4,371,000	3.55
7	Cheong Siew Chyuan	4,200,000	3.41
8	Aura Fokus Sdn. Bhd.	4,000,000	3.25
9	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Koh Kin Lip (MY0502)	3,031,750	2.46
10	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chan Hiok Khiang (PB)	2,750,000	2.23
11	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Chong Te (8088650)	2,481,100	2.01
12	Hassan Bin Che Abas	1,750,000	1.42
13	Mohd Razali Bin Abdul Rahman	1,750,000	1.42

ANALYSIS OF SHAREHOLDINGS
AS AT 07 MAY 2014

THE 30 LARGEST WARRANTS HOLDERS AS AT 07 MAY 2014 (Continued)

No.	Holders Name	No. of Holdings	%
14	Kenanga Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Ling Yoke Tek (10MG00001)	1,350,000	1.10
15	Kenanga Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Mak Tian Meng	1,250,000	1.01
16	San Meng Hao	1,001,000	0.81
17	Rezal Zain Bin Abdul Rashid	1,000,000	0.81
18	Wong Yoke Choong	994,900	0.81
19	CIMSEC Nominees (Tempatan) Sdn. Bhd.		
	CIMB Bank for Mak Tian Meng (MY0343)	840,450	0.68
20	Wong Yoke Fong @ Wong Nyok Fing	820,500	0.67
21	Citigroup Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Seow Hoon Hin (472187)	800,000	0.65
22	Pinang Inovasi Sdn. Bhd.	750,000	0.61
23	Mohd Razali Bin Abdul Rahman	675,000	0.55
24	Khoo Ming Fong	635,000	0.52
25	Kenanga Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for See Kok Guan (08S00009Q-008)	617,100	0.50
26	Ong Yok Eng	550,000	0.45
27	Chan Siew Kuen	511,000	0.41
28	Chua Kien Hua	500,000	0.41
29	Eugene Kang Hong Ngee	500,000	0.41
30	Kenanga Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Seow Hoon Hin	500,000	0.41

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the THIRTY-FIFTH ANNUAL GENERAL MEETING (AGM) of CUSCAPI BERHAD will be held at the Topas Room, The Saujana Hotel Kuala Lumpur, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Wednesday, 25 June 2014 at 11:00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Notes to the Agenda)

2. To approve the payment of Directors' fees of RM192,000 for the financial year ended 31 December 2013. Resolution 1

3. To re-elect Mr Tai Keat Chai who retires by rotation and being eligible, offer himself for re-election in accordance with Article 91 of the Company's Articles of Association. Resolution 2

4. To re-elect Ms Lim Li Li who retires by rotation and being eligible, offer herself for re-election in accordance with Article 96 of the Company's Articles of Association. Resolution 3

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company. Resolution 4

As Special Business

To consider and if thought fit, to pass, with or without any modifications, the following resolutions:

6. **Ordinary Resolution** Resolution 5
   Authority for Directors to issue and allot shares in the Company 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 government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, at their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."

7. **Ordinary Resolution** Resolution 6
   Approval to Continue in Office as Independent Non-Executive Director

   "THAT Mr Tai Keat Chai who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 28 May 2004 be and is hereby retained as the Independent Non-Executive Director of the Company."

8. **Ordinary Resolution** Resolution 7

Proposed Renewal of Authority for the Company to purchase up to 10% of its own shares in the issued and paid-up share capital ("Proposed Renewal of Share Buy-Back Authority")

"THAT, subject to the approval of the relevant authorities, approval be and is hereby given for the Company to acquire its own ordinary shares of RM0.10 each of up to 10% of its issued and paid up share capital ("Cuscapi Shares") from the market of Bursa Malaysia Securities Berhad ("Bursa Securities"), as may be determined by the Directors of the Company from time to time.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next AGM at which time the authority will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date.

THAT the Directors of the Company be and are hereby authorised to take all such steps and do all acts and deeds and to execute, sign and deliver on behalf of the Company, all necessary documents to give full effect to and for the purpose of completing or implementing the Proposed Renewal of Share Buy-Back Authority.

AND THAT following completion of the purchase(s) of the Cuscapi Shares by the Company, the Directors be and are empowered to cancel or retain as treasury shares, any or all of the Cuscapi Shares so purchased, resell on Bursa Securities or distribute as dividends to the Company's shareholders or subsequently cancel, any or all of the treasury shares, with full power to assent to any condition, revaluation, modification, variation and/or amendment in any manner as may be required by any relevant authority or otherwise as they deem fit in the best interests of the Company."

9. To transact any other ordinary business of which due notice shall have been given

By Order of the Board

DATUK TAN LEH KIAH
LIM CHIEN JOO
Company Secretaries

Kuala Lumpur
Date: 3 June 2014

Notes:

1. In regard of deposited securities, only members whose names appear in the Record of Depositors as at 18 June 2014 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any other person to be his proxy and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act 1991 of Malaysia, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or its attorney duly authorised.

6. The Form of Proxy must be deposited with the Company's Registered Office at Level 1, Block B, Peremba Square, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

7. Explanatory Notes to the Agenda:

   Item 1 of the Agenda

   This item of the Agenda is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

   Item 6 of the Agenda - Ordinary Resolution 5

   Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

   The proposed Ordinary Resolution 5, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

   The Company wishes to renew the mandate on the authority to issue shares in general pursuant to Section 132D of the Companies Act, 1965 granted to the Directors at the Thirty-Fourth AGM held on 26 June 2013 (hereinafter referred to as the "General Mandate").

   The purpose to seek the General Mandate is to enable the Directors to issue and allot shares at any time for possible fund raising activities, including but not limited to private placement to such persons in their absolute discretion so as to avoid delay and cost of convening further general meeting to approve the issuance of such shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Item 7 of the Agenda - Ordinary Resolution 6

Approval to Continue in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the Independence of Mr. Tai Keat Chai who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommend him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

(i) He fulfilled the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(ii) He was familiar with the Company's business operations as he has been with the Company for more than nine years;

(iii) He has devoted sufficient time and attention to his responsibility as an Independent Non-Executive Director of the Company; and

(iv) He has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Ordinary Resolution 6, if passed, will allow Mr Tai Keat Chai to be retained and continue to act as Independent Non-Executive Director of the Company.

Item 8 of the Agenda – Ordinary Resolution 7

Proposed Renewal of Share-Buy Back Authority

The proposed Resolution 7, if passed, will empower the Director to buy-back and/or hold up to a maximum of 10% of the Company's issue and paid-up share capital at any point of time, by utilising the funds allocated which shall not exceed the total retained profits and/or share premium of the Company as set out in the Statement to Shareholders of the Company dated 3 June 2014 circulated together with the Annual Report. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

FORM OF PROXY

No. of shares held _____

I/We, _____ CDS Account No. _____

of _____

being a *member/members of Cuscapi Berhad hereby appoint Mr/Mrs/Madam Miss _____ of _____ or failing him/her, _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held at the Topas Room, The Saujana Hotel Kuala Lumpur, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Wednesday, 25 June 2014 at 11:00 a.m. and at any adjournment thereof.

My/Our proxy(ies) is/are to vote as indicated below:

No.	Agenda			
1	To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon			
		Resolution	**For**	**Against**
2	To approve the payment of Directors' fees for the financial year ended 31 December 2013	1		
3	To re-elect Mr Tai Keat Chai as Director	2		
4	To re-elect Ms Lim Li Li as Director	3		
5	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company	4		
SPECIAL BUSINESS				
6.	**Ordinary Resolution** To authorise the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965	5		
7.	**Ordinary Resolution** To approve Mr Tai Keat Chai to continue to act as an Independent Non-Executive Director	6		
8.	**Ordinary Resolution** To approve the Proposed Renewal of Share Buy-Back Authority	7		

(Please indicate with an "X" in the space provided, how you wish your vote to be cast. In the absence of specific directions, the proxy may vote or abstain at his /her discretion)

(Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy. In case of a vote taken by show of hands, the First Named Proxy shall vote on your behalf)

First named proxy %

Second named proxy _____%

_____%

As witness my/our hand(s) this _____ day of _____, 2014 Signature of Member(s) _____

NOTES:

1. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at 18 June 2014 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any other person to be his proxy and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act 1991 of Malaysia, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or its attorney duly authorised.*
6. *The Form of Proxy must be deposited with the Company's Registered Office at Level 1, Block B, Peremba Square, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

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STAMP

The Company Secretary

Cuscapi Berhad (43190-H)
Level 1, Block B, Peremba Square
Saujana Resort, Seksyen U2
40150 Shah Alam
Selangor Darul Ehsan, Malaysia.

FOLD HERE

www.cuscapi.com

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