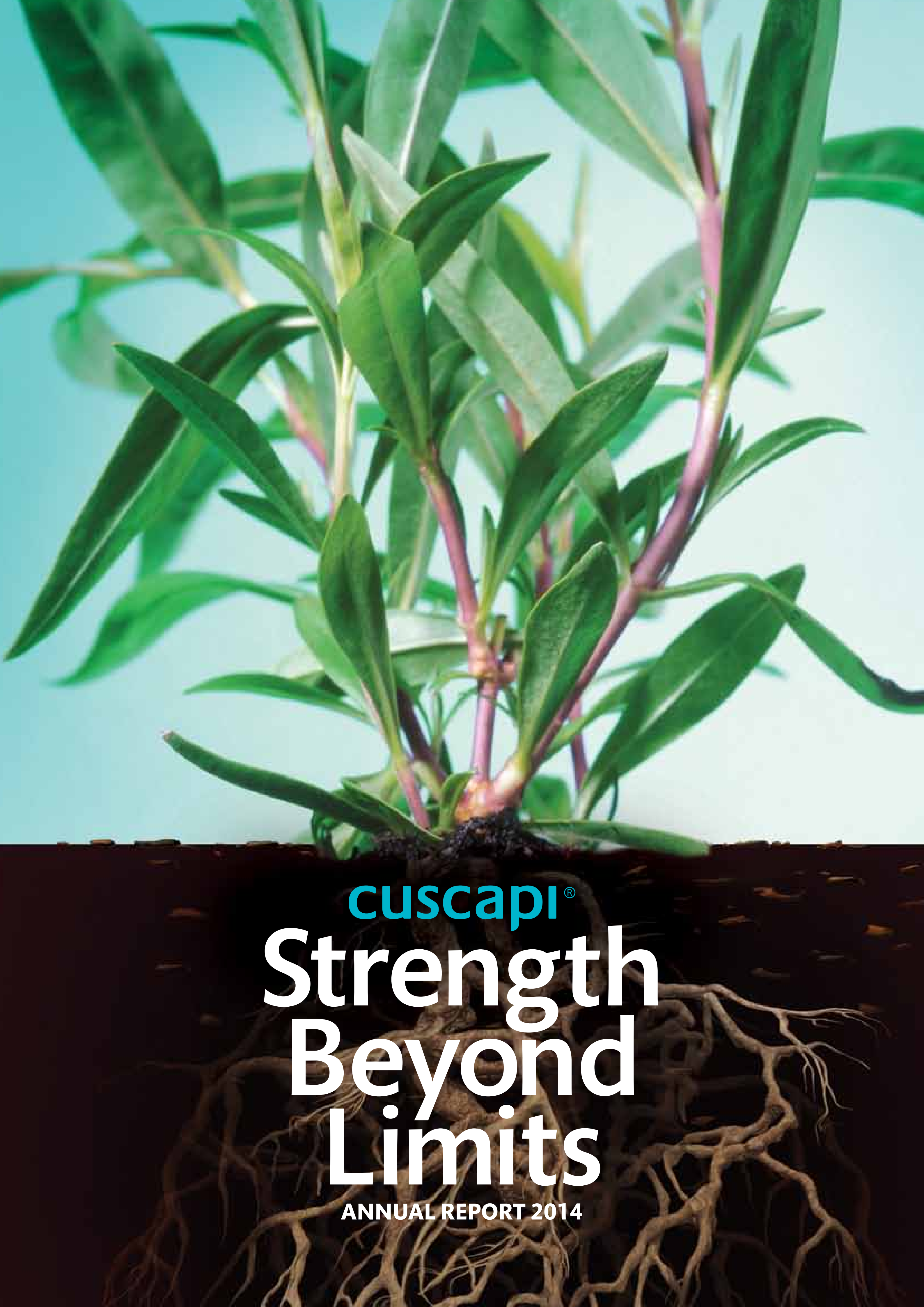

cuscapi®

Strength Beyond Limits

ANNUAL REPORT 2014

STRENGTH BEYOND LIMITS

In the face of a recovering economic landscape that only served to reinforce our strength as a diversified Group, it continues to be a growth year for Cuscapi. We remain focused on several areas of importance, namely:

- To raise the bar in delivering products and services that are of international standards.
- To always keep a keen focus on strengthening shareholder value, as demonstrated by our commitment of consistent dividends.
- To maximise our earnings track record be it organically or inorganically.
- To grow our talent pool and improve our organisational structure.

With these strategies in place, we are confident that the Group will be a key contributor to the Malaysian economy via its varied businesses.

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.

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.

cuscapi®

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 approach in all that we do.

EXCELLENCE

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

CREATIVITY

We see innovation as a means to contribute to client 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 with enthusiasm in everything we do.

PERFORMANCE REVIEW

CORPORATE INFORMATION

CORPORATE GOVERNANCE

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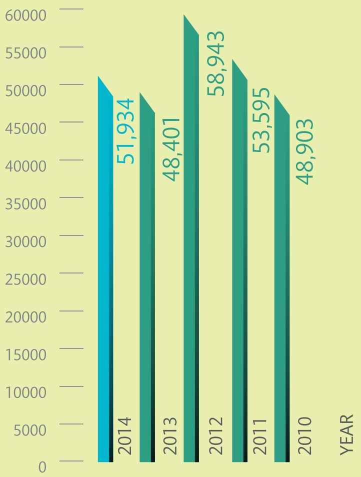
FINANCIAL STATEMENTS

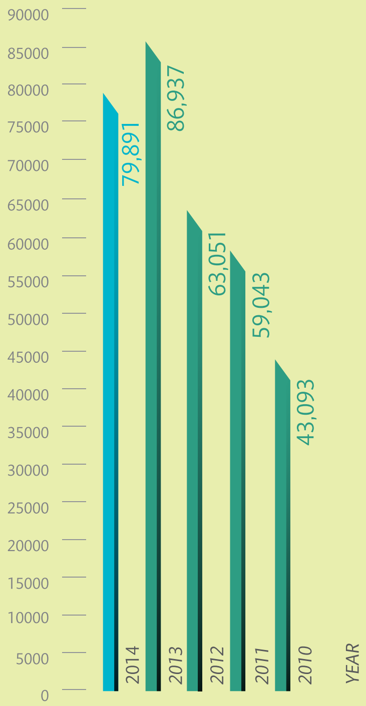
OTHER INFORMATION

FINANCIAL HIGHLIGHTS

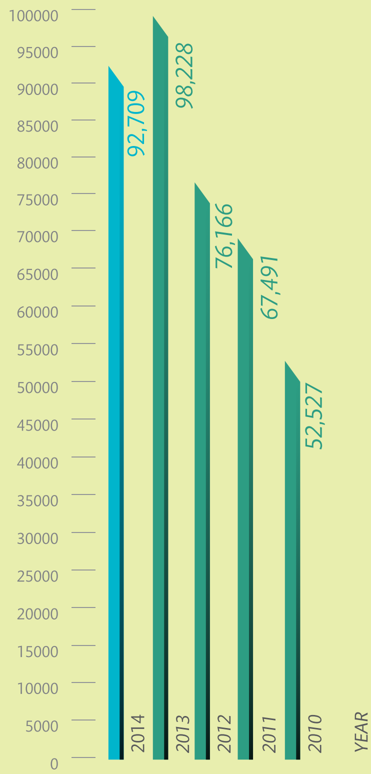
The cornerstone of the Group's success lies in our ability to leverage on our core streams of business. Suffice to note, the year has been filled with exciting opportunities, meaningful developments and most importantly, significant results.



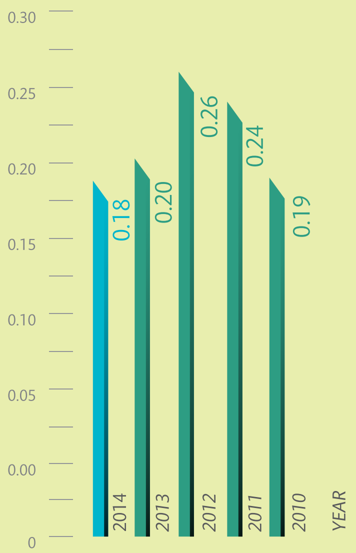
REVENUE RM'000



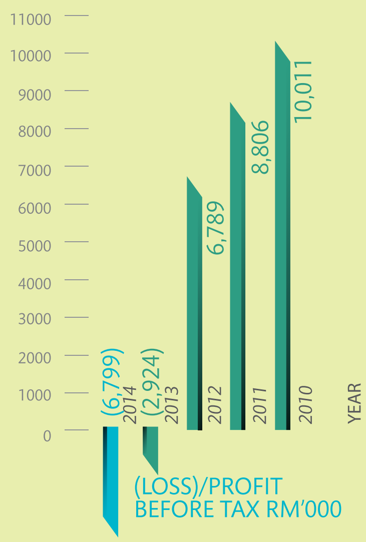
SHAREHOLDERS' EQUITY RM'000



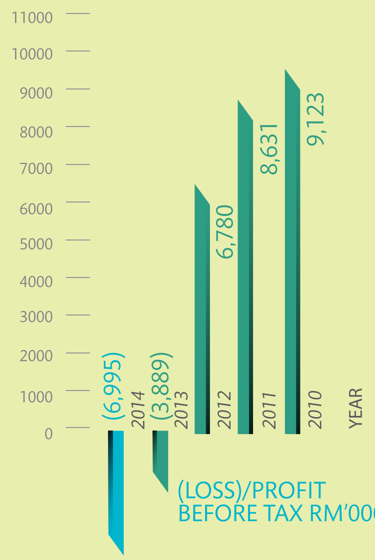
TOTAL ASSETS RM'000



NA/SHARE SEN



(LOSS)/PROFIT BEFORE TAX RM'000



(LOSS)/PROFIT BEFORE TAX RM'000

CUSCAPI POSTS STRONG REVENUE GROWTH

IN OVERSEAS BUSINESS

"Our investment in China provided us with an opportunity for inorganic growth. Through our investment in China, we are now providing solutions to more than 4,000 restaurants representing 4% of total chained restaurants in China. This puts us in a favourable position in the industry."

- Her Chor Siong, CEO

CHAIRMAN
**DATO' LARRY
GAN NYAP LIOU
@ GAN NYAP LIOW**

DEAR SHAREHOLDERS,

Our strategy in 2014 was to continue to invest in markets and products that would yield us sustainable revenues and drive our future growth. In the previous financial year, we raised RM29.8 million through a rights issue thereby ensuring that we were sufficiently funded to expand our business in South East Asia and China. I am pleased to inform our shareholders that we have completed making the necessary investments to date and are now fully focused on generating the desired yields from our investments.

On this positive sentiment, I present to you our annual report for the year ended 31 December 2014.

CHAIRMAN'S
LETTER TO SHAREHOLDERS

ECONOMIC OUTLOOK

The slowdown in the global economy was expected to have impacted growth in Asia but this was met by resilient emerging economies that were able to withstand economic pressure and still achieve a healthy level of growth against the odds. Fortunately in Asia, the effects were buffered by strong domestic demand that eventually led to our key sectors in the region performing well.

While the USA market is expected to continue on its path to recovery, growth in the European and Asian sectors moved forward at a slower pace. Malaysia showed signs of resilience and domestic demand is expected to strengthen the nation's economy in 2015. The outlook is positive for the year ahead despite the challenges of global economic conditions. This puts us in good stead to continue to seize opportunities and pursue excellence in all segments of our businesses, with emphasis on the Asian countries where we have already established a presence.


cuscapi

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, the Group achieved revenue of RM51.93 million compared to the previous year's revenue of RM48.40 million. The modest revenue growth rate of 7.3% is supported by a higher ratio of recurring revenue compared to previous years. A strong backlog of RM57.63 million as of 31 December 2014 puts us in a far better position than what we have ever achieved in terms of revenue visibility.

Our financial health is strong and is poised to grow even further, as we anticipate new products and services such as REV (self-service tablets) and CODS (Delivery Call Centres) to contribute even more significantly to our recurring revenue in the years to come.

Our investment in product innovations although not without its fair share of challenges and delays, has seen us commercialise our first live REV site in Singapore, generating much higher revenue per customer than with traditional products and services.

Our investment in building sustainable relationships with our customers has seen us expanding our customer base by more than 3500 stores both in China and South East Asia. New names such as Starbucks (Malaysia), Old Town White Coffee (Malaysia), Ganso (China), Huang-Tai-Ji (China) and Dicos (China) have been added to our list of reputable customers, further demonstrating our strengths in the F&B industry in Asia.

HUMAN CAPITAL

As we grow, we are aware of the importance of strengthening our existing workforce in order to propel the Group forward. In doing so, we continue to position Cuscapi as an employer of choice while enhancing workforce competitiveness. We have gone to great lengths to implement comprehensive human capital development initiatives on a holistic scale, balancing skills and capabilities with our core values and competencies.

We remain dedicated to developing our talent pool, ensuring that we are well prepared for the opportunities that lie ahead as we move up the value chain.

CORPORATE EXERCISE

Our appetite for inorganic growth remains strong as we continue to seek for the right opportunities to unlock the value of our assets in China through new mergers and acquisitions (M&A). Our strong customer base in China and the potential value of our new products and services have put us in a very favourable position for growth beyond organic means. As we transform to suit the M&A market conditions in China, we will continue to weave ourselves into the fabric of the digital revolution that is rapidly taking place in the F&B industry in China.

FUTURE OUTLOOK

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. We are confident that our investments will begin to bring tangible value to our shareholders in the near future and we are committed to bringing about a transformation that will be exciting and sustainable.

ACKNOWLEDGEMENTS

I would like to convey my deepest appreciation to the management and staff for their hard work and determination. In addition, I extend a note of personal thanks to my esteemed colleagues on the Board for their support and contributions to the company.

I am also pleased to express heartfelt appreciation to our valued shareholders for continuing to stand behind Cuscapi Berhad as Asia's leading food and beverage business management solutions provider, offering a comprehensive range of integrated solutions for the industry. We look forward to sharing the fruits of our labour with you in the near future.

SINCERE APPRECIATION IS ALSO EXTENDED TO OUR CUSTOMERS, FINANCIERS, BUSINESS ASSOCIATES, CONSULTANTS AND THE REGULATORY AUTHORITIES FOR THEIR ONGOING SUPPORT.

Sincerely,
CHAIRMAN
DATO' LARRY GAN NYAP LIOU @ GAN NYAP LIOW


W
X
W
X
X1
X2
X3
X4
X5
PREMIUM
PREMIUM
BAGGAGE
DROP

NEW CORPORATE MILESTONE

IN PROVIDING POS SOLUTIONS TO KLIA AND KLIA2

"Last year, we successfully secured a project valued in excess of RM21 million with KLIA and KLIA2. It is our ability to seek business opportunities and strengthen profitability that sets us apart from other industry players. We continue to put into place strategies which are designed to build value for our shareholders and stakeholders, in the long run."

CHIEF EXECUTIVE OFFICER

HER CHOR SIONG

DEAR SHAREHOLDERS,

It has been another year of persistent building and continuing our investment in infrastructure and new markets. While our drive to future-proof the company has had its fair share of successes and challenges, we succeeded in rolling out new innovative products such as our customer self-service platform REV, an interactive digital tablet that enabled us to transition to a new business model, while simultaneously providing visibility into future revenues. The year also saw us progress from pilot REV deployments with multiple customers, this enabled us to among others learn about the strengths and

THE CHIEF EXECUTIVE OFFICER'S REPORT

weaknesses of REV in real-live restaurant environments, successful commercial deployment, generating proof with actual billings, and tangible take-out that our existing customers are seeing the value and reaping the benefits of REV for their businesses. In doing so they are also rewarding us with revenues which are multiples of that which we used to generate from traditional products and services on a per store basis.

However, we faced challenges in scaling up our REV business as rapidly as we had planned. While some of our major customers saw REV's immediate value as an alternative way of running their restaurants today, they have not fully grasped its potential as a critical enabler for the successful running of their future restaurants; restaurants that meet the expectations of a new generation of consumers.

We realised that this limited perception caused a lack of urgency on their part to deploy REV. While our initial prediction was that of rapid acceptance of REV amongst our customers based on the provable values and immediate benefits that REV created for those who deployed it, we now understand that a strong belief and commitment from senior management is required for any new technologies and best practices to be adopted swiftly.

We remain confident that REV will be widely adopted eventually as we see a growing need for our customers to appeal to the millennials generation and beyond. Our major customers understand the consequences of not being part of the larger digital revolution that is brought about by the millennial generation. Some customers who have experienced a decline in sales attribute this to their diminishing appeal to the millennials generation, who expect empowerment and flexibility in their interaction with them. On the other hand, some of our customers have had a taste of success through the digitisation of their restaurants by rolling out mobile applications and adopting online marketing strategies that drove sales and customer experience up a few notches.

The larger environment undoubtedly is closing in on a need for restaurants to adopt a digitisation process. Restaurants who fail to do so risk being left behind with a shrinking Generation X and baby boomers market segment, while being unable to tap into the increasingly relevant and growing millennials market segment. In this regard, REV is still very relevant and has a key role to play in the digital revolution in restaurants.

FINANCIAL AND PERFORMANCE REVIEW

The financial year ended 31 December 2014 recorded a revenue of RM51.93 million compared to RM48.40 million in the previous financial year, a growth of 7.3%.

Domestic revenue accounted for RM27.36 million or 52.7% of total revenue, compared to RM30.63 million in the previous financial year, a decline of 10.7%, resulting in a loss of RM1.93 million for the financial year ended 31 December 2014.

The decline in domestic revenue was cushioned by a strong growth in international revenue, which accounted for RM24.57 million or 47.3% of total revenue compared to RM17.78 million or 36.7% of total revenue in the previous financial year. This represents a growth of 38.2% in international revenue compared to the previous financial year. The Group recorded a loss after tax of RM6.99 million for the financial year ended 31 December 2014, mainly due to the losses incurred in the 2nd and 3rd quarter of the financial year. Proactive measures taken to manage costs have resulted in a profitable 4th quarter, indicating a positive trend going into financial year 2015.

INFINITE POSSIBILITIES AWAIT

We expect our new products and services to contribute more significantly to the Group's revenue in 2015 as we move into a phase of REV deployment in both our domestic and international markets.

Our investment in China (since 2008) has also provided us with an opportunity for inorganic growth in an IT market thriving with mergers and acquisitions. The growing demand for Online to Offline (O2O) strategies has presented us with unique opportunities to redefine Cuscapi's role in the F&B industry in China. Through our investment in China, we are now providing solutions to more than 4,000 restaurants representing 4% of total chained restaurants in China. This puts us in a favourable position with enterprises aspiring to penetrate a widening customer base with complementary products and services. Our strategy in 2015 is to capitalise on this unique position to create additional value for our shareholders.

Moving forward, in order to continue to maximise our growth trajectory, the Group remains focused on several areas of importance, namely:

- To raise the bar in delivering products and services of global standard
- To not waiver from our focus on strengthening shareholder value
- To maximise our earnings potential be it organically or inorganically
- To grow our talent pool and improve our organisational structure

With these strategies in place, we are confident that the Group will be a key contributor to the Malaysian economy via its comprehensive solutions and offerings.

MY APPRECIATION TO OUR SHAREHOLDERS, FINANCIERS, BUSINESS PARTNERS, CONSULTANTS AND EMPLOYEES WHO HAVE WORKED HAND-IN-HAND 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 YOUR CONTINUED SUPPORT AND WE LOOK FORWARD TO AN EXCITING 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 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

COMPANY SECRETARIES

Datuk Tan Leh Kiah
(MAICSA No.:0719692)

Lim Chien Joo
(MAICSA No.:7063152)

AUDIT COMMITTEE

Dato' Gan Nyap Liou @
Gan Nyap Liow
Chairman

Lim Li Li

Ang Chin Joo

NOMINATION COMMITTEE

Dato' Gan Nyap Liou @
Gan Nyap Liow
Chairman

Lim Li Li

Ang Chin Joo

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

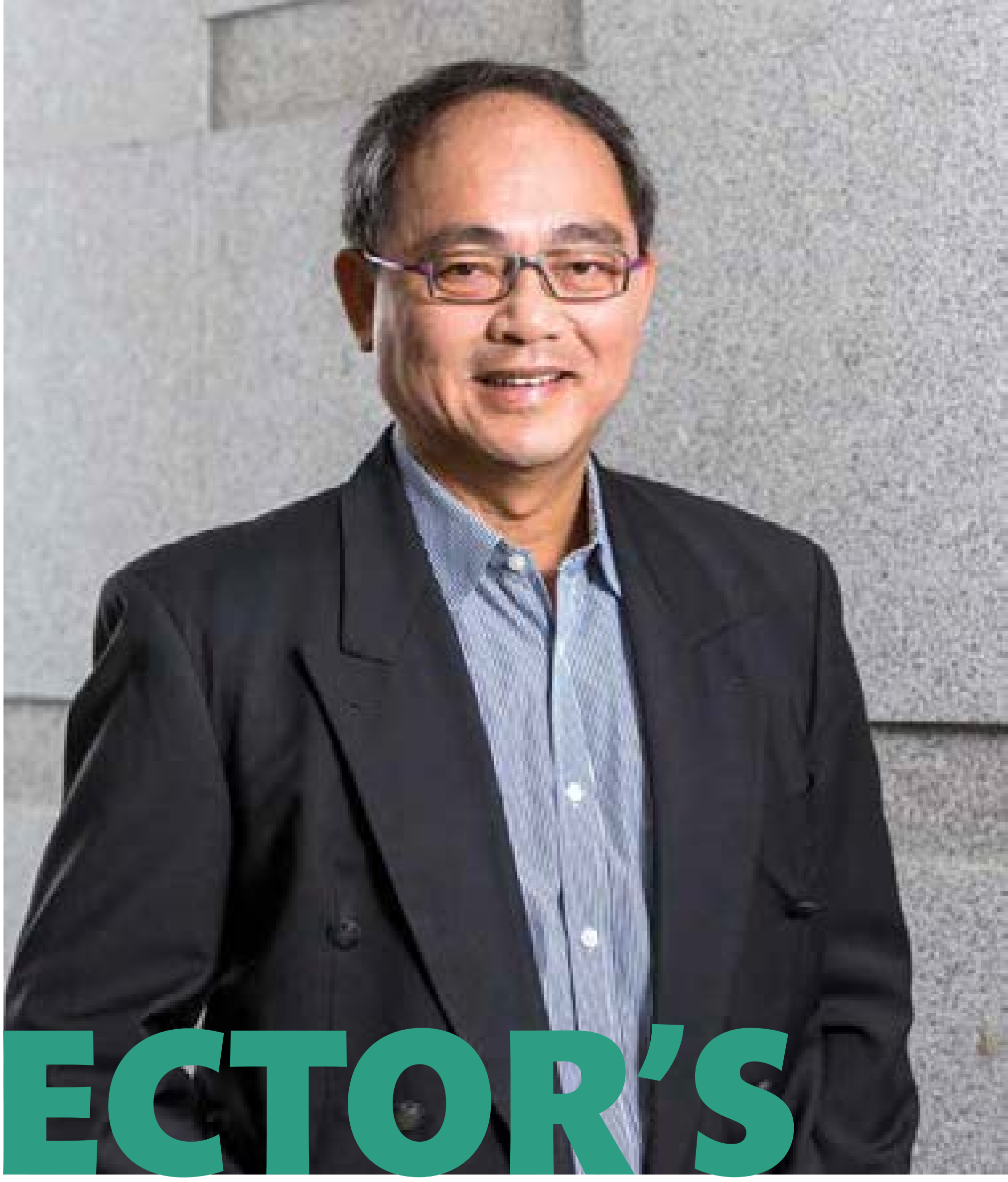
Securities Services (Holding)
Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 603 2084 9000
Fax: 603 2094 9940

OUR MARKET PRESENCE SPANS

ACROSS SOUTH EAST ASIA

"While we are a proud Malaysian-based entity, our global aspirations have lead us to make planned and systematic forays into various countries. Through aggressive expansions we now have 9 direct offices across South East Asia and established China as our centre for Sales and Technical support hub, while simultaneously working with 24 partners in 11 countries around the world."

Dato' Gan Nyap Liou @ Gan Nyap Liow was appointed as an Independent Non-Executive Director of our Company on 23 June 2006.



DIRECTOR'S

DATO' LARRY GAN NYAP LIOU

NON-EXECUTIVE CHAIRMAN
AGE 60, MALAYSIAN

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, Chairman of the CEO Advisory Council and a member of the Global Management Council. Between 1999 to 2003 he 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 Group CEO/Managing Director of Omesti Berhad, and Board Member of Rev Asia Berhad (Chairman), Tanjong Public Limited Plc, Saujana Resort (M) Berhad and Tropicana Corporation Berhad. He is Board Member of Graphene Nanochem Plc (UK), 8Common Ltd. (Aust) and Fatfish Internet Group Ltd. (Aust, Chairman).

He is associated with the Minority Shareholders Watchdog Group (Director), British Malaysian Chamber of Commerce (Chairman) and J C Jacobsen Foundation (Trustee).

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, other than traffic offences, if any.

Dato' Gan is a chartered accountant and a certified management consultant.

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 into South East Asia, China and the Middle East.

He was appointed Chief Executive Officer (CEO) of Cuscapi Berhad in 2010 to spearhead Cuscapi's international strategy. As CEO of Cuscapi Berhad, Chor Siong was instrumental behind the transformation of Cuscapi's end-to-end offerings for the F&B market and is responsible for the establishment of Cuscapi's direct market presence in South East Asia and China.

Prior to him joining Cuscapi Berhad, Chor Siong spent 9 years with Accenture, the world's leading consulting firm, during which time he consulted on various telecommunications and media clients in Malaysia, Singapore, Thailand and Korea and was involved in the delivery of many innovative solutions of the time.

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 electronic commerce solutions to 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) majoring in Sociology and Political Science.

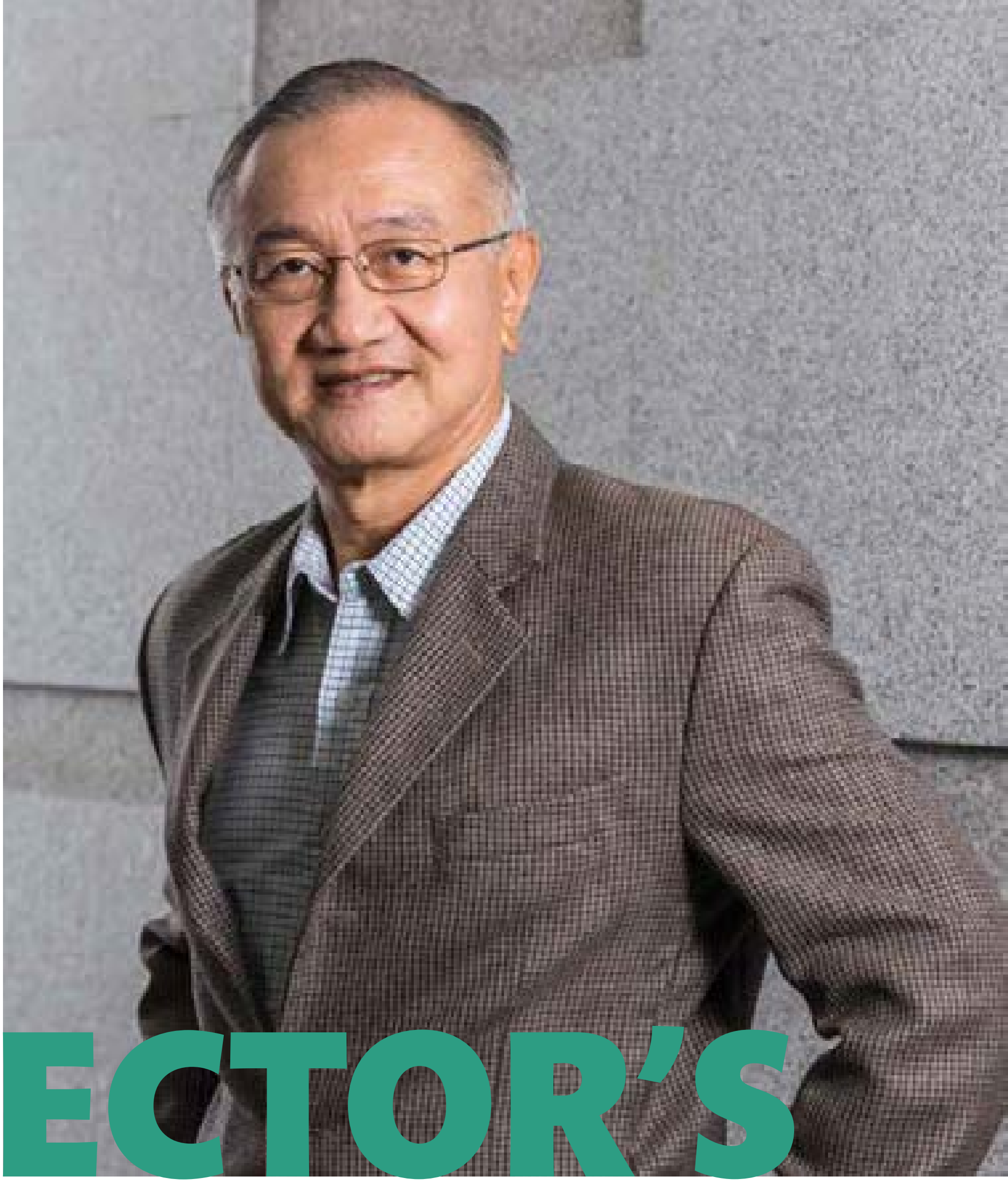
He has no family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offences within the past 10 years, other than traffic offences, if any.

PROFILE

HER CHOR SIONG

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR
AGE 43, 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.



DIRECTOR'S

ANG CHIN JOO

INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 62, MALAYSIAN

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 Berhad.

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. In May 2011, he was appointed as a Director on the Board of MDeC, the Multimedia Development Corporation, an agency under the Ministry of Communications and Multimedia (KKMM). Ang is also an Advisor to Outsourcing Malaysia, a chapter of PIKOM.

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, other than traffic offences, if any.

LIM LI LI

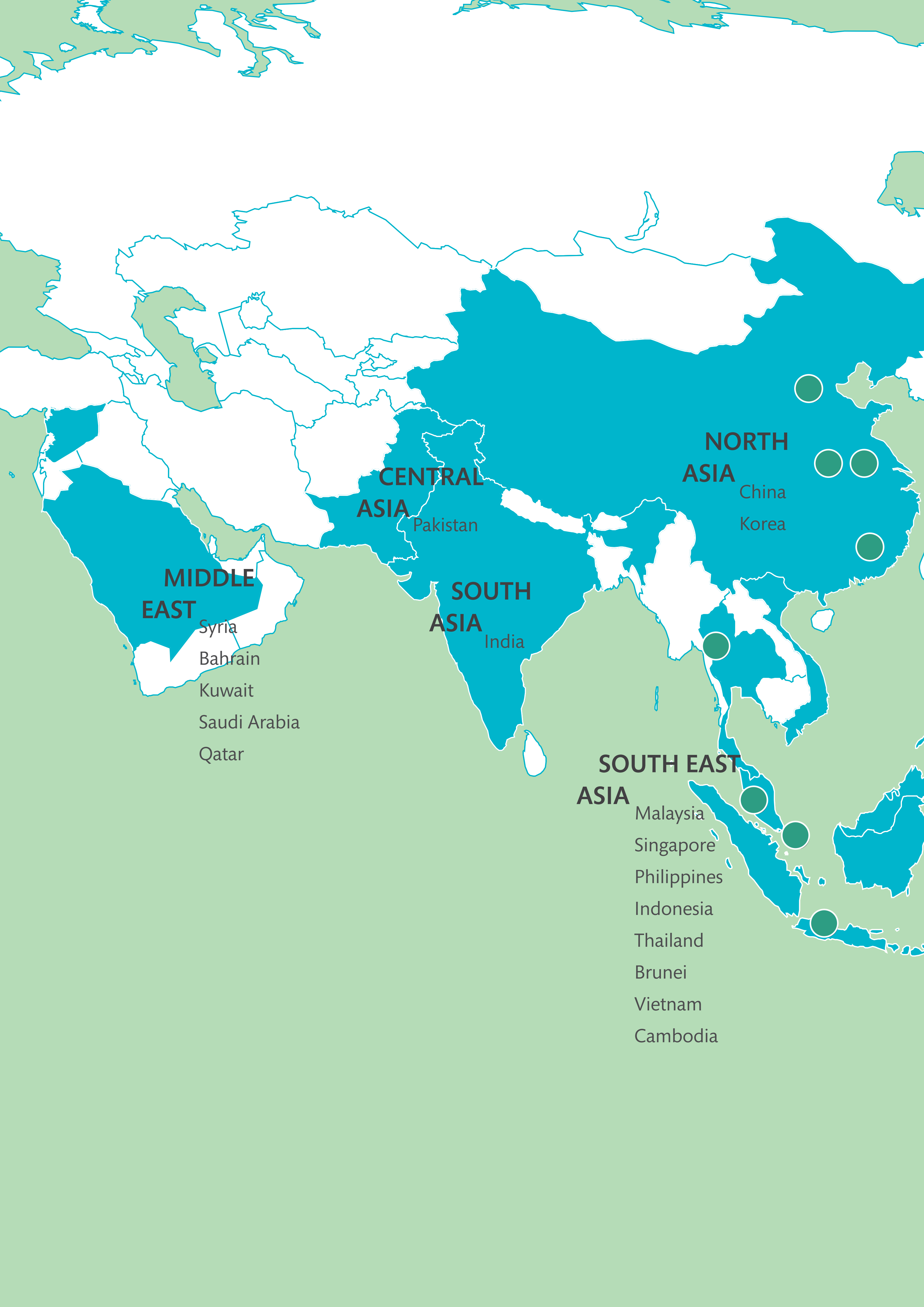
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 54, MALAYSIAN

Ms Lim Li Li was appointed as an Non-Independent Non-Executive Director of our Company on 24 September 2013.

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, other than traffic offences, if any.

PROFILE



NORTH ASIA
China
Korea
CENTRAL ASIA
Pakistan
MIDDLE EAST
Syria
Bahrain
Kuwait
Saudi Arabia
Qatar
SOUTH ASIA
India
SOUTH EAST ASIA
Malaysia
Singapore
Philippines
Indonesia
Thailand
Brunei
Vietnam
Cambodia

INFINITE POSSIBILITIES AWAIT

"Our efforts to rise above global challenges while at the same time maintain our competitive streak has brought growth results. This has renewed our vigour to create more than what is deemed as normal value for clients and shareholder returns."

DIRECT OFFICES

Kuala Lumpur (HQ)
Singapore
Beijing
SuZhou (R&D)
Shanghai
GuangZhou
Bangkok
Jakarta
Manila

PARTNER NETWORK

KEY HIGHLIGHTS

PRODUCTS & SERVICES

We have made further enhancements to our ecosystem of Restaurant Management Solutions – our flagship solution, Transight Solution Suite, has been further enhanced with capabilities to allow for real-time data transfer from restaurants to take place instantly rather than by batches daily. In doing so, data transfer from thousands of stores is now a possibility.

Our Customer Self-Ordering Solution, REV, has been enhanced to cater for more advanced usage, including for multi-tablets and multi-tables. REV has now been extended to cover Quick Service Restaurants as well. A new product, QuickREV, has been created to cater for this by reusing and adapting the same base technologies.

We have also enhanced our Carina Services (Carina), which provides active service agents to proactively monitor our customers' mission critical terminals and peripherals. Carina now has the added ability to monitor store level infrastructure.

Customer Call Centre (CCC), loyalty and payment solutions continue to be further enhanced with new functionalities. We have also embarked on incorporating new web technologies for new solutions, such as web ordering and mobile ordering, further expanding our solution ecosystem.

PARTNERS

Cuscapi is constantly seeking to bring our comprehensive solutions and services to new markets.

We have maintained and expanded our partner network throughout Asia and the Middle-East with notable companies such as 3D-Systems (Saudi Arabia), Al-Sayer Franchising (Kuwait), Y-Thoung Technologies (Vietnam), Storage Systems & Solutions (Thailand), Myanmar Millenium Group MMG (Myanmar), Bictools (Cambodia), Bismac and Abstrax (the Philippines), Sealine (Dubai), and Insource Pakistan (Pakistan).

EVENTS

Throughout the year, we have also actively participated in various events to further enhance our market presence.

We were one of the 50 companies selected and invited by MATRADE, the Government's national trade promotion agency, to participate in the Mid-Tier Company Development Programme (MTCDP). Our participation in the MTCDP has not only helped Cuscapi to explore new business horizons on an international level, but also enabled us to share experiences with leaders of other local Mid-Tier Companies (MTCs).

Cuscapi continues to be an active member in PIKOM (Malaysian National Computer Association) and MDeC (Multimedia Development Corporation)'s events.

Some of the events that we have participated in include:

- The MSC Malaysia Score+ Acceleration events
- PIKOM Leadership Summit
- MATRADE MTCDP Innovation Workshops

CUSTOMERS

Cuscapi continues to expand its market penetration and business relationship across Asia with well known F&B brands.

Among our notable new clients are Sodexo (China-Shanghai), Huang Tai Ji (China-Beijing), Tony's Pizza (Singapore), Texas Chicken (Singapore), Tim Ho Wan (Singapore and Malaysia), Jollibean (Singapore), Jollibee (Singapore), Hanssik (Singapore) and Old Town White Coffee (Malaysia).

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Cuscapi Berhad believe strongly in continuously ensuring the importance of embedding the highest standards of corporate governance best practices in the business and affairs of the Group and of the Company. 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 prerequisites of a responsible corporate citizen.

The Board is highly 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 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 2014 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 2014 and the status of their Directorships is as follows:

NAME OF DIRECTOR	STATUS
Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman of Board)	Independent Non-Executive
Mr. Her Chor Siong	Executive Director
Mr. Ang Chin Joo	Independent Non-Executive
Mr. Tai Keat Chai	Independent Non-Executive (resigned on 6 March 2015)
Ms. Lim Li Li	Non-Independent Non-Executive
Encik Durrie bin Hassan (Alternate Director to Ms. Lim Li Li)	Non-Independent Non-Executive (resigned on 26 May 2015)

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. Mr. Tai Keat Chai had completed his year tenure and was renominated and appointed during the 2014 Annual General Meeting convened on 21 June 2014. The remaining Independent Directors' tenure has not exceeded a cumulative term of nine (9) years. The profiles of the Directors are set out on pages 24 to 27 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 2014, the Board met on eight (8) 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:

Five (5) Board Meetings were held on 27 February, 21 May, 29 May, 27 August and 26 November.

Three (3) Special Board Meetings were held on 24 January, 23 April and 22 December.

Details of the Directors' attendance at Board and General Meetings during 2014 are summarised as follows:

	NUMBER OF BOARD MEETINGS		GENERAL MEETINGS**
DIRECTORS	**HELD***	**ATTENDED**	**ATTENDED**
Dato' Gan Nyap Liou @ Gan Nyap Liow	8	8	1/1
Mr. Her Chor Siong	8	8	1/1
Mr. Ang Chin Joo	8	8	1/1
Mr. Tai Keat Chai (resigned on 6 March 2015)	8	8	1/1
Ms. Lim Li Li	8	7	1/1
Encik Durrie bin Hassan (Alternate Director to Ms. Lim Li Li) (resigned on 26 May 2015)	8	-	-

* *Number of meetings held during tenure as Director.*
** *There was an Annual General Meeting held during 2014.*

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 24 January 2014.

	NUMBER OF MEETINGS	
DIRECTORS	**HELD***	**ATTENDED**
Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman)	1	1
Ms. Lim Li Li	1	1
Mr. Tai Keat Chai (resigned on 6 March 2015)	1	1

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

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. During the financial year of 2014, the following Directors had attended trainings as per Bursa requirements:

DIRECTOR'S NAME	COURSE DATE	COURSE DETAIL
Dato' Gan Nyap Liou @ Gan Nyap Liow	February 2014	Bursa Training - Corporate Governance
	May 2014	FIDE Forum - BNM Engagement with Nominating Committee
Ms. Lim Li Li	April 2014	Mandatory Accreditation Programme (MAP) For Directors of Public Listed Companies
Encik Durrie bin Hassan (Alternate Director to Ms. Lim Li Li) (resigned on 26 May 2015)	March 2014	Mandatory Accreditation Programme (MAP) For Directors of Public Listed Companies

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 27 February 2014.

	NUMBER OF MEETINGS	
DIRECTORS	**HELD***	**ATTENDED**
Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman)	1	1
Mr. Her Chor Siong	1	1
Ms. Lim Li Li	1	0

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

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	
	2014	**2013**	**2014**	**2013**
DIRECTORS' REMUNERATION	**RM**	**RM**	**RM**	**RM**
Executive Directors:				
- Salaries and other emoluments	723,614	609,032	723,614	609,032
- Bonus	-	76,054	-	76,054
- Defined contribution plan	86,400	82,522	86,400	82,522
- Share options granted under ESOS	-	115,985	-	115,985
Total Executive Directors' remuneration	810,014	883,593	810,014	883,593
Non-Executive Directors:				
- Fees	348,000	156,000	348,000	192,000
- Other emoluments	45,000	24,000	45,000	24,000
- Share options granted under ESOS	-	62,102	-	62,102
Total Non-Executive Directors' remuneration	393,000	242,102	393,000	278,102
Total Directors' remuneration	1,203,014	1,125,695	1,203,014	1,161,695

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	**2014**	**2013**
Executive Directors:		
RM150,001 - RM200,000	-	1
RM700,001 - RM750,000	-	1
RM800,001 - RM850,000	1	-
Non-Executive Directors:		
Below RM50,000	-	1
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	1	-

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:

David Ting Kiun Hua
Finance Director
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 41 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 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, granted, accepted and/or lapsed are as follows:

			NUMBER OF SHARE OPTIONS				
GRANT DATE	EXPIRY DATE*	EXERCISE PRICE RM/ SHARE	AT 1.1.2014	GRANTED	EXERCISED	LAPSED	AT 31.12.2014
7.2.2011	23.1.2017	0.21	4,125,734	-	(734,316)	(270,719)	3,120,699
30.6.2011	23.1.2017	0.32	1,232,434	-	-	(1,086,080)	146,354
28.2.2012	23.1.2017	0.30	8,637,708	-	(253,747)	(1,360,283)	7,023,678
26.2.2013	23.1.2017	0.23	8,889,192	-	(1,017,124)	(2,330,222)	5,541,846
Total			22,885,068	-	(2,005,187)	(5,047,304)	15,832,577

* *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 22 January 2017.*

The Company established an ESOS Committee in the financial year ended 31 December 2010 to oversee the administration of the Company's Employees' Share Option Scheme.

Private Placement of Shares

There was no private placement of shares issued in the financial year ended 31 December 2014.

Non-audit Fees

There was no non-audit fees paid to the external auditors by the Group for the financial year under review. (2013: RM13,000)

Recurrent Related Party Transactions ("RRPT") of Revenue Nature

The details of RRPT for the financial year under review are disclosed in Note 27 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.

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 2014 the Company was not subject to any sanctions or penalties.

Variation in Results

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

The Company and its subsidiaries 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 2013).

Utilisation of Proceeds

No fund raising corporate proposal was carried out by the Company during the financial year ended 31 December 2014.

Depository Receipt Programme

The Company did not sponsor any depository receipts programme during the financial year ended 31 December 2014.

STATEMENT OF COMPLIANCE

The Group has complied throughout the financial year ended 31 December 2014 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 enhancing its processes in completely implementing the recommendations of the 2012 Code.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The financial statements of Cuscapi Berhad (the Company) and its subsidiaries (the Group) are presented by the Directors in compliance to the Companies Act 1965 (the Act) which requires the Directors to present a true and fair view of the Group and of the Company performance at the end of the financial year. The financial statements for the year ended 31 December 2014 include the consolidated balance sheet, cash flows and income statements. These are prepared 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 Group and the Company to form a basis of reasonable grounds that accounting systems and records maintained by the Group and the Company provide a true and fair view of the current state of affairs of the Group and of the Company, a true and fair view of the financial year results and that it sufficiently explains the transactions and financial position of the Group and of the Company. The Directors also have a general responsibility in taking steps to preserve the interests of stakeholders and to safeguard the assets of the Group and of the Company.

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 Group and of the Company for the financial year ended 31 December 2014 as set out on pages 51 to 139 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 Risk Management system and Internal Control 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 Control 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 Control to cover all aspects of the Group's business and to safeguard the interests of its shareholders. This responsibility requires Directors to establish procedures, control 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.

Reviewing the effectiveness of Risk Management and Internal Control is an essential part of the board's responsibilities. 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 organisation 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 Control 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

The Chief Executive Officer is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The Chief Executive Officer sets the framework of the internal control environment by providing leadership and direction to senior managers and reviewing the way they are controlling the business. 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 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.

Risks may include financial, operational, reputational, behavioural, organisational, third party, or external risks, such as country, market or regulatory risk.

Management also acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating units within the Group. Acknowledging the need for an effective and independent Internal Audit function as an integral part of the control structure and risk management framework of the Group, the decision was taken to outsource the Internal Audit activity to a third party service provider.

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

The Internal audit function assesses the efficiency and appropriateness of operations and examines the functioning of internal control. Internal audit seeks to ensure the reliability of financial and operational reporting, compliance with applicable laws and regulations, and proper management of the Company's assets.

Internal audit is independent from the operational management and is performed by an external service provider. 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.

Messrs Stanco & Ruche Consulting reports independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee together with Messrs 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.

Messrs 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 control in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition, Messrs 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 and at no extra cost to the Group, Messrs 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 and business environment.

Messrs 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 Internal Auditors undertook two (2) audit routines in the year as follows:

- Corporate Governance Review & Audit
- Development Cost Review & Audit

The Internal Audit fees for the financial year ended 31 December 2014 was RM30,000.

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 Group 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, 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 financial year ended 31 December 2014 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 Control.

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 financial year ended 31 December 2014.

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 1 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:

Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman) (appointed on 11 March 2015*)
Mr. Ang Chin Joo
Ms. Lim Li Li

* *To replace Mr. Tai Keat Chai who resigned on 6 March 2015*

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 Group and to the Company which it requires in the course of performing its duties;

d. Have unrestricted access to the Senior Management of the Group and of the Company;
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 Group or the Company or 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 process, 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
Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman) (appointed on 11 March 2015*)
Mr. Ang Chin Joo

* *To replace Mr. Tai Keat Chai who resigned on 6 March 2015*

Non-Independent Non-Executive Director
Ms. Lim Li Li

2. MEETINGS

The Audit Committee convened a total of five (5) scheduled meetings and recorded an attendance of its members during the financial year as follows:

	NUMBER OF MEETINGS	
MEMBERS	**HELD***	**ATTENDED**
Mr. Tai Keat Chai (Chairman) (resigned on 6 March 2015)	5	5
Mr. Ang Chin Joo	5	5
Ms. Lim Li Li	5	4
Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman) (appointed on 11 March 2015)	-	-

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

The Audit Committee met on the following dates in the financial year under review:
Scheduled Meetings: 27 February, 21 May, 29 May, 27 August and 26 November.

The Company Secretary was present at all meetings.

Also attended by invitation where required were the Chief Executive Officer, 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 year ended 31 December 2014 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 year ended 31 December 2014.

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.

The Internal Auditors undertook two (2) audit routines in the year under review as follows:

- Corporate Governance Review & Audit
- Development Cost Review & Audit

The total cost incurred for internal audit function for the financial year ended 31 December 2014 was RM30,000.

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.

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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 2014.

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.

RESULTS

	GROUP RM	COMPANY RM
Net (loss)/profit for the financial year	(6,994,959)	3,000,507
Attributable to:-		
Owners of the Company	(6,956,569)	3,000,507
Non-controlling interests	(38,390)	-
	(6,994,959)	3,000,507

DIVIDENDS

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

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2014.

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 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 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 issued 2,005,187 new ordinary shares of RM0.10 each arising from the exercise of 2,005,187 Employees' Share Options.

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:-
  (a) 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

  (b) the par value of the shares.

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.

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

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 2014 are as follows:-

			NUMBER OF SHARE OPTIONS			
GRANT DATE	EXPIRY DATE	EXERCISE PRICE RM/SHARE (ADJUSTED)	AT 1.1.2014	EXERCISED	LAPSED	AT 31.12.2014
7.2.2011	23.1.2017	0.21	4,125,734	(734,316)	(270,719)	3,120,699
30.6.2011	23.1.2017	0.32	1,232,434	-	(1,086,080)	146,354
28.2.2012	23.1.2017	0.30	8,637,708	(253,747)	(1,360,283)	7,023,678
26.2.2013	23.1.2017	0.23	8,889,192	(1,017,124)	(2,330,222)	5,541,846
			22,885,068	(2,005,187)	(5,047,304)	15,832,577

Details of the 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 2014 are stated as below:-

	NUMBER OF WARRANTS			
	AT 1.1.2014	EXERCISED	EXPIRED	AT 31.12.2014
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 (Resigned on 6 March 2015)
Ang Chin Joo
Lim Li Li
Durrie Bin Hassan
(Alternate Director to Lim Li Li)

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 2014 are as follows:-

		NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
		AT 1.1.2014	**BOUGHT**	**SOLD**	**AT 31.12.2014**
The Company:-					
Cuscapi Berhad					
Direct Interest					
Dato' Gan Nyap Liou @ Gan Nyap Liow		26,000,000	100,000	-	26,100,000
Her Chor Siong		26,541,666	-	-	26,541,666
Tai Keat Chai		54,750	-	-	54,750
Ang Chin Joo		22,732,300	100,000	(700,000)	22,132,300
Lim Li Li		791,875	-	-	791,875
Indirect Interest					
Her Chor Siong	^	14,000,000	-	(14,000,000)	-
Durrie bin Hassan	*	2,625,000	-	-	2,625,000
Lim Li Li	#	635,775	-	-	635,775

		NUMBER OF WARRANTS				
		AT 1.1.2014	**ISSUED**	**EXERCISED**	**SOLD**	**AT 31.12.2014**
The Company:-						
Cuscapi Berhad						
Direct Interests						
Dato' Gan Nyap Liou @ Gan Nyap Liow		6,511,500	-	-	-	6,511,500
Her Chor Siong		7,583,333	-	-	-	7,583,333
Tai Keat Chai		16,500	-	-	-	16,500
Ang Chin Joo		4,371,000	-	-	(400,000)	3,971,000
Lim Li Li		226,250	-	-	-	226,250
Indirect Interests						
Her Chor Siong	^	4,000,000	-	-	(4,000,000)	-
Durrie bin Hassan	*	750,000	-	-	-	750,000
Lim Li Li	#	181,650	-	-	-	181,650

DIRECTORS' INTERESTS (CONTINUED)

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH				
	AT 1.1.2014	GRANTED/ ADJUSTED	EXERCISED	LAPSED	AT 31.12.2014
Dato' Gan Nyap Liou @ Gan Nyap Liow	1,303,061	-	-	-	1,303,061
Her Chor Siong	4,560,910	-	-	-	4,560,910
Tai Keat Chai	651,334	-	-	-	651,334
Ang Chin Joo	517,535	-	-	-	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.*

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 34 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

....

ANG CHIN JOO
Director

Kuala Lumpur

Date: 27 April 2015

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' GAN NYAP LIOU @ GAN NYAP LIOW** and **ANG CHIN JOO**, 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 139 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 2014 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 140 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

....
ANG CHIN JOO
Director

Kuala Lumpur

Date: 27 April 2015

CUSCAPI BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **WAN SIOK THENG**, 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 139 and the supplementary information set out on page 140 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.

....

WAN SIOK THENG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 April 2015.

Before me,

....

ZULKIFLA MOHD DAHLIM W541
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 2014 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 139.

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 2014 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 140 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

Ong Teng Yan
No. 3076/07/15 (J)
Chartered Accountants

Kuala Lumpur
Date: 27 April 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	NOTE	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	6,090,665	6,882,108	540,786	708,574
Goodwill on consolidation	4	15,727,015	15,660,172	-	-
Development costs	5	23,947,656	19,764,879	-	-
Investment in subsidiaries	6	-	-	13,394,969	14,675,199
Other investment	7	-	-	-	-
Deferred tax assets	14	51,492	43,704	-	-
		45,816,828	42,350,863	13,935,755	15,383,773
Current assets					
Inventories	8	4,217,222	4,687,188	-	-
Trade and other receivables	9	31,783,268	26,777,927	74,905,188	56,320,433
Prepayments		980,501	857,303	109,848	124,743
Tax recoverable		1,154,337	921,240	-	-
Short term deposits with licensed banks	10	1,495,331	14,922,334	359,399	14,304,803
Cash and bank balances	11	7,261,421	7,710,981	396,567	988,985
		46,892,080	55,876,973	75,771,002	71,738,964
TOTAL ASSETS		92,708,908	98,227,836	89,706,757	87,122,737
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	43,553,338	43,352,819	43,553,338	43,352,819
Reserves	13	36,337,479	43,584,386	30,247,312	27,151,679
		79,890,817	86,937,205	73,800,650	70,504,498
Non-controlling interests		-	159,861	-	-
Total equity		79,890,817	87,097,066	73,800,650	70,504,498
Non-current liabilities					
Deferred tax liabilities	14	300,929	668,550	62,100	-
Loans and borrowings	15	-	31,029	-	21,078
		300,929	699,579	62,100	21,078
Current liabilities					
Loans and borrowings	15	191,617	1,710,059	21,078	82,122
Trade and other payables	16	12,249,269	8,626,616	15,818,006	16,420,987
Provision for taxation		76,276	94,516	4,923	94,052
		12,517,162	10,431,191	15,844,007	16,597,161
Total liabilities		12,818,091	11,130,770	15,906,107	16,618,239
TOTAL EQUITY AND LIABILITIES		92,708,908	98,227,836	89,706,757	87,122,737

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 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	NOTE	RM	RM	RM	RM
			(RESTATED)		
Revenue	17	51,934,141	48,401,469	4,690,000	5,460,000
Cost of sales	18	(40,221,609)	(30,986,678)	-	-
Gross profit		11,712,532	17,414,791	4,690,000	5,460,000
Other income		4,226,849	649,948	4,571,827	1,118,895
Administrative expenses		(22,951,288)	(21,454,445)	(6,400,604)	(6,137,887)
Results from operating activities		(7,011,907)	(3,389,706)	2,861,223	441,008
Finance income	19	275,118	485,083	233,517	449,169
Finance costs		(61,974)	(19,815)	(8,970)	(6,638)
Net finance income		213,144	465,268	224,547	442,531
(Loss)/profit before taxation	20	(6,798,763)	(2,924,438)	3,085,770	883,539
Taxation	22	(196,196)	(964,692)	(85,263)	(149,537)
(Loss)/profit for the financial year		(6,994,959)	(3,889,130)	3,000,507	734,002
Other comprehensive (loss)/ income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(554,088)	389,435	-	-
Total comprehensive (loss)/income for the financial year		(7,549,047)	(3,499,695)	3,000,507	734,002
(Loss)/Profit attributable to:					
Owners of the Company		(6,956,569)	(3,930,182)	3,000,507	734,002
Non-controlling interests		(38,390)	41,052	-	-
		(6,994,959)	(3,889,130)	3,000,507	734,002
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(7,510,657)	(3,540,747)	3,000,507	734,002
Non-controlling interests		(38,390)	41,052	-	-
		(7,549,047)	(3,499,695)	3,000,507	734,002
Loss per share attributable to owners of the Company					
- basic (sen)	23	(1.60)	(1.06)		
- diluted (sen)	23	(1.60)	(1.06)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	NON-DISTRIBUTABLE						DISTRIBUTABLE	TOTAL	NON-CONTROLLING INTERESTS	TOTAL
	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE OPTION RESERVE	STATUTORY RESERVE	WARRANTS RESERVE	SHARE PREMIUM	RETAINED EARNINGS			
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
At 1 January 2014	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
Foreign currency translation differences for foreign operations	-	(554,088)	-	-	-	-	-	(554,088)	-	(554,088)
Other comprehensive loss, net of tax	-	(554,088)	-	-	-	-	-	(554,088)	-	(554,088)
Loss for the financial year	-	-	-	-	-	-	(6,956,569)	(6,956,569)	(38,390)	(6,994,959)
Total comprehensive loss for the financial year	-	(554,088)	-	-	-	-	(6,956,569)	(7,510,657)	(38,390)	(7,549,047)
Contributions by and distributions to owners of the Company										
ESOS excercised	200,519	-	(86,851)	-	-	350,601	-	464,269	-	464,269
ESOS lapsed	-	-	(219,505)	-	-	-	219,505	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	18,980	18,980
Dividends received by non-controlling interests	-	-	-	-	-	-	-	-	(140,451)	(140,451)
Total transactions with owners of the Company	200,519	-	(306,356)	-	-	350,601	219,505	464,269	(121,471)	342,798
At 31 December 2014	43,553,338	(554,878)	540,729	222,464	11,207,235	14,305,266	10,616,663	79,890,817	-	79,890,817

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE OPTION RESERVE	STATUTORY RESERVE	WARRANTS RESERVE	SHARE PREMIUM	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
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
Foreign currency translation differences for foreign operations	-	389,435	-	-	-	-	-	389,435	-	389,435
Other comprehensive income, net of tax	-	389,435	-	-	-	-	-	389,435	-	389,435
Loss for the financial year	-	-	-	-	-	-	(3,930,182)	(3,930,182)	41,052	(3,889,130)
Total comprehensive loss for the financial year	-	389,435	-	-	-	-	(3,930,182)	(3,540,747)	41,052	(3,499,695)
Contributions by and distributions to owners of the Company										
Issuance of shares	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 of the Company	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 2014 (CONTINUED)

	NON-DISTRIBUTABLE				DISTRIBUTABLE	TOTAL
	SHARE CAPITAL	EMPLOYEE SHARE OPTION RESERVE	WARRANTS RESERVE	SHARE PREMIUM	RETAINED EARNINGS	
	RM	RM	RM	RM	RM	RM
Company						
At 1 January 2014	43,352,819	847,085	11,207,235	13,954,665	1,142,694	70,504,498
Total comprehensive income for the financial year	-	-	-	-	3,000,507	3,000,507
Contributions by and distributions to owners of the Company						
ESOS excercised	200,519	(86,851)	-	350,601	-	464,269
ESOS lapsed	-	(219,505)	-	-	50,881	(168,624)
Total transactions with owners of the Company	200,519	(306,356)	-	350,601	50,881	295,645
At 31 December 2014	43,553,338	540,729	11,207,235	14,305,266	4,194,082	73,800,650
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
Contributions by and distributions to owners of the Company						
Issuance of shares	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 of the Company	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 2014

	NOTE	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation		(6,798,763)	(2,924,438)	3,085,770	883,539
Adjustments for:-					
Amortisation of development costs		4,350,241	2,372,005	-	-
Depreciation of property,plant and equipment		2,137,909	2,095,675	202,241	197,517
ESOS granted to employees		-	464,321	-	227,191
Impairment loss on:-					
- other investment		-	70,000	-	70,000
- investment in subsidiaries		-	-	234,819	465,463
- trade receivables		371,586	38,031	-	-
- amount owing by a subsidiary		-	-	3,775	-
Property, plant and equipment written off		334,749	26,141	5,759	19
Net loss/(gain) on disposal of property, plant and equipment		216,726	90,163	(39)	(3,597)
Bad debts recovered		(55,816)	(20,907)	-	-
Impairment on receivables no longer required		(204,066)	-	-	-
Gain on disposal of a subsidiary's shares without loss control		-	-	-	(200,000)
Gain on disposal of a subsidiary		(3,514,114)	-	(2,628,870)	-
Interest income		(275,118)	(485,083)	(233,517)	(449,169)
Interest expenses		61,974	19,815	8,970	6,638
Dividend received from a subsidiary		-	-	(561,816)	-
Currency realignment		(873,759)	(254,226)	-	-
Unrealised loss/(gain) on foreign exchange differences		138,761	(245,130)	(1,293,474)	(915,186)
Operating cash flows before changes in working capital		(4,109,690)	1,246,367	(1,176,382)	282,415
Changes in working capital:-					
Inventories		469,966	(241,089)	-	-
Trade and other receivables		(6,716,157)	(4,832,093)	53,238	(55,356)
Trade and other payables		6,931,781	(3,875,040)	(614,014)	130,254
Balances with subsidiaries		-	-	(2,246,392)	(5,021,523)
Net cash flows from operations		(3,424,100)	(7,701,855)	(3,983,550)	(4,664,210)
Interest paid		(61,974)	(19,815)	(8,970)	(6,638)
Net taxes refund/(paid)		(949,592)	165,363	(112,292)	(32,679)
Net cash used in operating activities		(4,435,666)	(7,556,307)	(4,104,812)	(4,703,527)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	NOTE	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Fixed deposit held as security value		(539,971)	(617,532)	(21,570)	-
Development costs paid		(8,268,470)	(9,047,013)	-	-
Purchase of property, plant and equipment	(a)	(1,962,689)	(2,095,699)	(40,216)	(249,656)
Proceeds from disposal of property, plant and equipment		2,133	273,608	43	5,945
Net cash inflow arising from the disposal of a subsidiary	6(ii)	1,601,639	-	3,438,182	-
Net advances from subsidiaries		-	-	(15,008,500)	(12,732,716)
Proceeds from disposal of shares in subsidiary		-	400,000	-	400,000
Dividend received from a subsidiary		-	-	561,816	-
Interest received		275,118	485,083	233,517	449,169
Net cash used in investing activities		(8,892,240)	(10,601,553)	(10,836,728)	(12,127,258)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		-	(2,771,020)	-	(2,771,020)
Proceeds from issuance of share capital		-	29,452,743	-	29,452,743
Proceeds from exercise of ESOS		464,269	-	464,269	-
Net repayment of finance lease liabilities		(95,908)	(95,409)	(82,122)	(78,418)
Net (Repayment)/Drawdown of trade loan		(1,453,563)	1,610,879	-	-
Net cash (used in)/generated from financing activities		(1,085,202)	28,197,193	382,147	26,603,305
NET CHANGE IN CASH AND CASH EQUIVALENTS		(14,413,108)	10,039,333	(14,559,393)	9,772,520
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		21,677,955	11,663,112	14,955,960	5,183,146
Effect of the exchange rate fluctuations on cash held		(3,426)	(24,490)	-	294
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(b)	7,261,421	21,677,955	396,567	14,955,960

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Purchase of property, plant and equipment	1,962,689	2,139,699	40,216	249,656
Financed by finance lease agreement	-	(44,000)	-	-
Cash payments on purchase of property, plant and equipment	1,962,689	2,095,699	40,216	249,656

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Short term deposits with licensed banks	1,495,331	14,922,334	359,399	14,304,803
Cash and bank balances	7,261,421	7,710,981	396,567	988,985
	8,756,752	22,633,315	755,966	15,293,788
Less:				
Fixed deposit held as security value (Note 10)	(1,495,331)	(955,360)	(359,399)	(337,828)
	7,261,421	21,677,955	396,567	14,955,960

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 27 April 2015.

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, other than 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 judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement 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 MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INTERPRETATIONS ("IC INT")

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

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

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies

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

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does 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. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies 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. The disclosure was made in Note 2.3 to the financial statements.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

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

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs 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	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
Amendments/Improvements to MFRSs (Continued)		
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs 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.

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

MFRS 9 Financial Instruments (Continued)

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INTERPRETATIONS ("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 15 Revenue from Contracts with Customers (Continued)

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies 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 clarifies 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 clarifies 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

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 clarifies 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 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INTERPRETATIONS (“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)

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates 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.

The Amendments also clarifies 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 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies 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 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amendments to MFRS 119 Employee Benefits (Continued)

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies 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 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and subsidiaries (Continued)

(i) Subsidiaries (Continued)

The Group adopted MFRS 10, Consolidated Financial Statements in the previous 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.
- Potential voting rights are considered when assessing control only when such rights are substantive.
- 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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and subsidiaries (Continued)

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 are 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (Continued)

(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 does not meet these criteria is 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:-

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Taxation (Continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Foreign currencies (Continued)

(iii) Foreign operations (Continued)

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.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (Continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Fair value measurement

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 asset, 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.

(q) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared. Share premium includes any premium received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(r) Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company; or are present obligations that have arisen from past events but are not recognised because it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably. The Group and the Company do not recognise any contingent liabilities. Contingent liabilities are disclosed, unless the probability of outflow of economic benefits is remote.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Key sources of estimation (Continued)

(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.

(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 tested for impairment, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Key sources of estimation (Continued)

(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 Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation 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.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Key sources of estimation (Continued)

(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.

(ii) Classification between operating lease and finance lease for leased equipment

The Group developed certain criteria based on MFRS 116 Property, plant and equipment in making judgement whether leased equipment should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the rental leased equipment meets the criteria of the finance lease, the equipment will be classified as property, plant and equipment if it is for own use or else will be treated as rental expenses. Judgements are made on the individual leased equipment to determine whether the leased equipment qualify as operating lease or finance lease.

The Group treated the leased equipment as operating lease, at the end of the expiry of the lease, all the risks and rewards incidental to ownership does not transfer substantially.

3. PROPERTY, PLANT AND EQUIPMENT

	PLANT AND EQUIPMENT RM	FURNITURE AND FITTINGS RM	MOTOR VEHICLES RM	COMPUTERS RM	RENOVATION RM	TOTAL RM
Group						
2014						
Cost						
At 1 January 2014	7,506,284	835,084	787,911	3,539,382	3,046,119	15,714,780
Disposal of a subsidiary	(161,833)	-	-	(133,378)	-	(295,211)
Currency translation differences	55,224	(17,185)	5,025	28,878	43,269	115,211
Additions	1,261,327	-	-	507,741	193,621	1,962,689
Disposals/Written-off	(702,623)	(52,981)	-	(165,931)	(613,452)	(1,534,987)
At 31 December 2014	7,958,379	764,918	792,936	3,776,692	2,669,557	15,962,482
Accumulated Depreciation						
At 1 January 2014	4,650,834	549,715	390,705	2,473,830	767,588	8,832,672
Disposal of a subsidiary	(159,017)	-	-	(107,265)	-	(266,282)
Currency translation differences	21,345	(3,017)	1,796	18,610	24,332	63,066
Depreciation for the financial year	1,174,507	72,977	109,229	428,349	352,847	2,137,909
Disposals/Written-off	(611,216)	(35,060)	-	(163,775)	(85,497)	(895,548)
At 31 December 2014	5,076,453	584,615	501,730	2,649,749	1,059,270	9,871,817
Net carrying amount at 31 December 2014	2,881,926	180,303	291,206	1,126,943	1,610,287	6,090,665
Group						
2013						
Cost						
At 1 January 2013	6,736,692	1,164,606	657,738	3,676,476	2,566,190	14,801,702
Currency translation differences	35,727	(277,723)	(278)	(332,519)	243,910	(330,883)
Additions	863,542	22,280	130,451	625,407	498,019	2,139,699
Disposals/Written-off	(129,677)	(74,079)	-	(429,982)	(262,000)	(895,738)
At 31 December 2013	7,506,284	835,084	787,911	3,539,382	3,046,119	15,714,780
Accumulated Depreciation						
At 1 January 2013	3,494,366	595,602	280,157	2,838,314	536,224	7,744,663
Currency translation differences	13,824	(60,826)	(37)	(338,224)	86,656	(298,607)
Depreciation for the financial year	1,163,609	88,478	110,585	422,687	310,316	2,095,675
Disposals/Written-off	(20,965)	(73,539)	-	(448,947)	(165,608)	(709,059)
At 31 December 2013	4,650,834	549,715	390,705	2,473,830	767,588	8,832,672
Net carrying amount at 31 December 2013	2,855,450	285,369	397,206	1,065,552	2,278,531	6,882,108

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	PLANT AND EQUIPMENT RM	FURNITURE AND FITTINGS RM	MOTOR VEHICLES RM	COMPUTERS RM	RENOVATION RM	TOTAL RM
Company						
2014						
Cost						
At 1 January 2014	234,831	324,016	572,997	1,094,730	117,112	2,343,686
Additions	3,640	-	-	31,038	5,538	40,216
Disposals	-	-	-	(9,961)	-	(9,961)
Written-off	(52,035)	(24,747)	-	(84,281)	(560)	(161,623)
At 31 December 2014	186,436	299,269	572,997	1,031,526	122,090	2,212,318
Accumulated Depreciation						
At 1 January 2014	182,906	312,410	346,632	779,029	14,135	1,635,112
Depreciation for the financial year	11,632	3,746	69,648	114,829	2,386	202,241
Disposals	-	-	-	(9,957)	-	(9,957)
Written-off	(46,760)	(24,737)	-	(84,266)	(101)	(155,864)
At 31 December 2014	147,778	291,419	416,280	799,635	16,420	1,671,532
Net carrying amount at 31 December 2014	38,658	7,850	156,717	231,891	105,670	540,786
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

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 carrying amounts as follows:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Motor Vehicles	184,942	280,453	156,714	226,364

4. GOODWILL ON CONSOLIDATION

	GROUP	
	2014	2013
	RM	RM
At 1 January	15,693,965	15,693,965
Currency translation differences	33,050	(33,793)
At 31 December	15,727,015	15,660,172

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:-

	2014	2013
Pre-tax discount rates	17.87%	11.70%
Growth rates	16% - 92%	22.30%

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 adjusted for the potential contract to be secured by the Group.

(iii) Pre-tax discount rates

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

(iv) Terminal value

Terminal value was imputed in the computation of the 5-year cash flow forecast projection. 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.

5. DEVELOPMENT COSTS

	GROUP 2014 RM	GROUP 2013 RM
Development cost		
At 1 January	31,991,975	22,322,275
Additions - internally developed	8,268,470	9,047,013
Currency translation differences	412,925	622,687
At 31 December	40,673,370	31,991,975
Accumulated amortisation		
At 1 January	12,227,096	9,734,593
Amortisation for the financial year	4,350,241	2,372,005
Currency translation differences	148,377	120,498
At 31 December	16,725,714	12,227,096
Net carrying amount At 31 December	23,947,656	19,764,879

Included in development costs is an amount of RM6,559,137/- (2013: RM10,183,000/-) representing software under development and yet to be commercialised.

Development costs principally comprise internally generated expenditure on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities. The remaining amortisation periods at the financial year-end range from 1 to 5 years (2013: 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 2014 RM	GROUP 2013 RM
Staff costs:-		
Salaries and allowances	7,329,108	7,321,894

6. INVESTMENT IN SUBSIDIARIES

	COMPANY 2014 RM	COMPANY 2013 RM
Unquoted shares, at cost	14,547,873	15,347,873
ESOS granted to employees of subsidiaries	248,155	493,566
	14,796,028	15,841,439
Less: Accumulated impairment loss	(1,401,059)	(1,166,240)
	13,394,969	14,675,199

i) Details of the subsidiaries are as follows:-

NAME OF ENTITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2014 %	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2013 %	PRINCIPAL ACTIVITIES
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	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)

i) Details of the subsidiaries are as follows:- (Continued)

NAME OF ENTITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS		PRINCIPAL ACTIVITIES
		2014	2013	
		%	%	
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
上海客凯易信息科技有限公司 (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	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services
Cuscapi Hong Kong Ltd. +	Hong Kong	100	100	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services
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

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

i) Details of the subsidiaries are as follows:- (Continued)

NAME OF ENTITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS		PRINCIPAL ACTIVITIES
		2014	2013	
		%	%	
Held through Cuscapi International Pte. Ltd.				
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
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 subsidiaries are audited by audit firms other than Messrs. Baker Tilly Monteiro Heng.*

\# *Struck-off from Register of Companies.*

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

ii) Disposal of a subsidiary

Group and Company

On 17 November 2014, the Company received a notice from I-Net Sdn. Bhd. ("I-Net") to exercise its call option to purchase the Company's eighty percent (80%) equity interest in its subsidiary, Cuscapi Network Solutions Sdn. Bhd. ("CNS") comprising 800,000 ordinary shares of RM1-00 each in CNS ("CNS Shares") ("Sale Shares"), for a cash consideration of RM3,438,184/- ("Purchase Price").

The disposal of CNS Shares was completed on 17 November 2014. Accordingly, CNS ceased to be a subsidiary of the Group and of the Company.

The carrying amount of the identifiable assets and liabilities of CNS as at date of disposal were:-

	CARRYING AMOUNT RM
Property, plant and equipment	28,928
Tax recoverable	126,650
Trade and other receivables	1,255,547
Cash and bank balances	1,836,543
Trade and other payables	(3,342,580)
Net liabilities	(94,912)

The effects of the disposal of the investment in subsidiary on the financial position of the Company are as follows:-

	RM
Net liabilities	(94,912)
Less: non-controlling interest	18,980
	(75,932)
Gain on disposal of a subsidiary	3,514,114
Proceeds from disposal	3,438,182
Less: Cash and cash equivalents of subsidiary disposed	(1,836,543)
Net cash inflow arising from disposal of a subsidiary	1,601,639

iii) Non-controlling interests in subsidiaries

The Group's subsidiaries 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	
	2014	2013
	RM	RM
Transferable club membership, at cost	80,000	80,000
Less: Accumulated impairment loss	(80,000)	(80,000)
	-	-

8. INVENTORIES

	GROUP	
	2014	2013
	RM	RM
At cost		
Point of sales related equipment, components and parts	4,217,222	4,687,188

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables				
Trade receivables	26,989,653	20,555,800	7,300	7,940
Amount owing by subsidiaries	-	-	7,354,107	5,107,713
	26,989,653	20,555,800	7,361,407	5,115,653
Less: Allowance for impairment loss				
- Trade receivables	(625,979)	(667,858)	(7,300)	(7,940)
Trade receivables, net	26,363,674	19,887,942	7,354,107	5,107,713
Other receivables				
Other receivables	2,748,402	3,602,870	274,825	-
Amount owing by subsidiaries	-	-	66,908,205	50,527,726
Sundry advances	569,618	842,149	43,175	196,760
Deposits	2,101,574	2,444,966	332,697	492,280
	5,419,594	6,889,985	67,558,902	51,216,766
Less: Allowance for impairment loss				
- Amount owing by subsidiaries	-	-	(7,821)	(4,046)
Other receivables, net	5,419,594	6,889,985	67,551,081	51,212,720
Total trade and other receivables	31,783,268	26,777,927	74,905,188	56,320,433
Add: cash and cash equivalents	7,261,421	21,677,955	396,567	14,955,960
Total loans and receivables	39,044,689	48,455,882	75,301,755	71,276,393

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are non-interest bearing and are generally on 30 to 60 (2013: 30 to 60) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

The foreign currency exposure profile of trade and other receivables are as follows:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
United States Dollar	5,503,020	3,727,210	44,954,793	34,062,121
Philippine Peso	4,983,090	2,579,077	-	-
Singapore Dollar	2,488,149	1,768,730	285,051	-
Chinese Renminbi	3,258,159	978,075	-	-
Indonesian Rupiah	-	257,520	-	-
Thailand Baht	-	88,899	-	-
Ringgit Malaysia	15,550,850	17,378,416	29,665,344	22,258,312
	31,783,268	26,777,927	74,905,188	56,320,433

Analysis of trade receivables

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Neither past due nor impaired	7,621,658	10,713,185	4,690,000	5,047,713
1 - 30 days past due not impaired	3,220,140	1,872,313	-	-
31 - 120 days past due not impaired	4,779,640	3,178,718	-	-
More than 120 days past due not impaired	10,742,236	4,123,726	2,664,107	60,000
	18,742,016	9,174,757	2,664,107	60,000
Impaired	625,979	667,858	7,300	7,940
	26,989,653	20,555,800	7,361,407	5,115,653

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.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables - nominal amounts	658,660	667,858	7,300	7,940
Less: Allowance for impairment loss	(625,979)	(667,858)	(7,300)	(7,940)
	32,681	-	-	-

Movements in allowance accounts:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
At 1 January	667,858	650,734	7,940	7,940
Charge for the financial year	371,586	38,031	-	-
Reversal of impairment losses	(204,066)	-	-	-
Bad debt recovered	(55,816)	(20,907)	-	-
Written-off	(640)	-	(640)	-
Disposal of a subsidiary	(152,943)	-	-	-
At 31 December	625,979	667,858	7,300	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 RM1,553,519/- (2013: RM3,151,000/-) 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 RM1,091,600/- (2013: RM994,800/-) which was paid for the acquisition of the source code from a company incorporated in China.

10. SHORT TERM DEPOSITS WITH LICENSED BANKS

Group and Company

The short term deposits bear interest at the rates of 3.10% to 3.15% (2013: 2.95% to 3.10%) per annum.

The short term deposits of the Group and of the Company amounting to RM1,495,331/- and RM359,399/- respectively (2013: RM955,360/- and RM337,828/-) are pledged as securities for borrowings as disclosed in Note 15 to the financial statements.

11. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances are as follows:-

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
United States Dollar	509,575	520,604	9,954	5,551
Singapore Dollar	107,520	665,281	-	-
Chinese Renminbi	1,478,789	1,273,835	-	-
Philippine Peso	477,486	120,547	-	-
Hong Kong Dollar	-	869,196	-	-
Indonesian Rupiah	117,468	3,340	-	-
Thailand Baht	539,208	890,609	-	-
Ringgit Malaysia	4,031,375	3,367,569	386,613	983,434
	7,261,421	7,710,981	396,567	988,985

12. SHARE CAPITAL

	GROUP AND COMPANY			
	2014	2013	2014	2013
	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	600,000,000	60,000,000	60,000,000
At 31 December	1,200,000,000	1,200,000,000	120,000,000	120,000,000
Issued and fully paid:-				
At 1 January	433,528,190	245,335,067	43,352,819	24,533,507
Issuance of ordinary shares pursuant to:-				
- Rights issue	-	123,156,433	-	12,315,643
- Bonus issue	-	61,578,216	-	6,157,822
- Exercise of ESOS	2,005,187	3,458,474	200,519	345,847
At 31 December	435,533,377	433,528,190	43,553,338	43,352,819

12. SHARE CAPITAL (CONTINUED)

During the financial year, the Company issued 2,005,187 new ordinary shares of RM0.10 each arising from the exercise of 2,005,187 Employees' Share Options.

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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-distributable				
Foreign currency translation reserve	(554,878)	(790)	-	-
Employee share option reserve	540,729	847,085	540,729	847,085
Statutory reserve	222,464	222,464	-	-
Warrants reserve	11,207,235	11,207,235	11,207,235	11,207,235
Share premium	14,305,266	13,954,665	14,305,266	13,954,665
	25,720,816	26,230,659	26,053,230	26,008,985
Distributable				
Retained earnings	10,616,663	17,353,727	4,194,082	1,142,694
	36,337,479	43,584,386	30,247,312	27,151,679

(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.

13. RESERVES (CONTINUED)

(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 under the single tier system.

(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 2014 are stated as below:-

	NUMBER OF WARRANTS			
	AT 1.1.2014	EXERCISED	EXPIRED	AT 31.12.2014
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.

13. RESERVES (CONTINUED)

(vi) Warrant reserve (Continued)

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 ASSETS/ (LIABILITIES)

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deferred tax assets	51,492	43,704	-	-
Deferred tax liabilities	(300,929)	(668,550)	(62,100)	-
	(249,437)	(624,846)	(62,100)	-
Temporary differences between net carrying amounts and the corresponding tax written down values	(249,437)	(624,846)	(62,100)	-
	(249,437)	(624,846)	(62,100)	-

Presented after appropriate offsetting as follows:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
At 1 January	(624,846)	(135,698)	-	-
Recognised in profit or loss (Note 22)	375,409	(489,148)	(62,100)	-
At 31 December	(249,437)	(624,846)	(62,100)	-

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Unutilised tax losses	20,062,112	10,018,010	-	58,804
Unutilised capital allowances	522,101	254,585	-	-
(Taxable)/deductible temporary differences	(2,267,428)	(10,272)	-	13,711
	18,316,785	10,262,323	-	72,515
Potential deferred tax assets not recognised at 24%	4,396,028	2,462,957	-	17,404

15. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current				
Trade loan (Secured)	157,316	1,610,879	-	-
Finance lease liabilities	34,301	99,180	21,078	82,122
	191,617	1,710,059	21,078	82,122
Non-current				
Finance lease liabilities	-	31,029	-	21,078
Total loans and borrowings	191,617	1,741,088	21,078	103,200

(a) Trade loan

Trade loan bears interest at 3.96% (2013: 4.70%) 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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Minimum lease payments				
- On demand and within one year	37,605	107,449	21,232	85,056
- Later than one year but not later than two years	-	34,295	-	21,232
	37,605	141,744	21,232	106,288
Less: Amounts representing finance charges	(3,304)	(11,535)	(154)	(3,088)
Present value of minimum lease payments	34,301	130,209	21,078	103,200
Present value at payments:-				
Current				
- On demand and within one year	34,301	99,180	21,078	82,122
Non-current				
- Later than one year but not later than two years	-	31,029	-	21,078
	-	31,029	-	21,078
	34,301	130,209	21,078	103,200

The effective interest rate is 4.57% (2013: 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.

15. LOANS AND BORROWINGS (CONTINUED)

(c) Loans and borrowings

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
On demand and within one year	191,617	1,710,059	21,078	82,122
- Later than one year but not later than two years	-	31,029	-	21,078
	191,617	1,741,088	21,078	103,200

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables				
Trade payables	3,064,988	3,424,682	-	-
Other payables				
Accrued operating expenses	1,879,874	1,722,077	450,087	301,328
Other payables	1,535,736	374,618	390,150	147,757
Refundable deposits	446,646	242,299	2,049	1,420
Advance receipts from customer for maintenance contract	5,322,025	2,862,940	-	-
Amount owing to subsidiaries	-	-	14,975,720	15,970,482
	9,184,281	5,201,934	15,818,006	16,420,987
Total trade and other payables	12,249,269	8,626,616	15,818,006	16,420,987
Add: Loans and borrowings (Note 15)	191,617	1,741,088	21,078	103,200
Total financial liabilities carried at amortised cost	12,440,886	10,367,704	15,839,084	16,524,187

The trade and other payables are non-interest bearing and are normally settled on 30 to 120 (2013: 30 to 120) days terms.

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

16. TRADE AND OTHER PAYABLES (CONTINUED)

The currency exposure profile of trade and other payables are as follows:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
United States Dollar	1,783,031	298,988	2,727,186	298,988
Philippine Peso	1,315,995	531,449	-	-
Singapore Dollar	7,471	27,612	-	-
Chinese Renminbi	1,537,743	830,111	-	-
Indonesian Rupiah	85,877	-	-	-
Thailand Baht	-	488,990	-	-
Ringgit Malaysia	7,519,152	6,449,466	13,090,820	16,121,999
	12,249,269	8,626,616	15,818,006	16,420,987

17. REVENUE

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Sale of goods	28,650,014	27,595,923	-	-
Services	23,284,127	20,805,546	-	-
Management fees	-	-	4,690,000	5,460,000
	51,934,141	48,401,469	4,690,000	5,460,000

18. COST OF SALES

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
		(RESTATED)		
Cost of goods sold	26,163,241	20,178,500	-	-
Amortisation of development costs	4,350,241	2,372,005	-	-
Other direct costs	9,708,127	8,436,173	-	-
	40,221,609	30,986,678	-	-

19. FINANCE INCOME

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Interest income				
- licensed banks	275,118	485,083	233,517	449,169

20. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
After charging:-				
Amortisation of development costs	4,350,241	2,372,005	-	-
Audit fee				
- current year	229,641	140,325	38,000	22,000
- under accrual in prior year	25,280	17,100	8,000	8,000
- non-statutory	30,000	72,000	30,000	72,000
Depreciation of property, plant and equipment	2,137,909	2,095,675	202,241	197,517
Directors' remuneration				
- fees	348,000	156,000	348,000	192,000
- salaries and other emoluments	768,614	709,086	768,614	709,086
- Employees' Provident Fund	86,400	82,522	86,400	82,522
- Share options granted under ESOS	-	178,087	-	178,087
Interest expenses	61,974	19,815	8,970	6,638
Impairment loss on investment in subsidiaries	-	-	234,819	465,463
Impairment loss on other investment	-	70,000	-	70,000
Impairment loss on amount owing a subsidiary	-	-	3,775	-
Impairment loss on trade receivables	371,586	38,031	-	-
Loss on disposal of property, plant and equipment	216,806	90,163	-	-
Property, plant and equipment written off	334,749	26,141	5,759	19
Loss on foreign exchange				
- realised	-	6,690	-	-
- unrealised	138,761	-	-	-
Rental of premises	2,892,396	2,710,930	184,981	193,509
Staff costs				
- salaries, allowances and bonuses	14,427,246	13,855,813	1,580,600	1,823,245
- Employees' Provident Fund	1,778,172	1,829,916	198,500	224,658
- other staff related costs	1,455,115	1,073,113	180,229	142,439
- Share options granted under ESOS	-	286,234	-	49,104

20. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(Loss)/profit before taxation has been arrived at: - (Continued)

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
And crediting:-				
Bad debts recovered	55,816	20,907	-	-
Impairment on receivables no longer required	204,066	-	-	-
Dividend income received from a subsidiary	-	-	561,816	-
Gain on disposal of property, plant and equipment	80	-	39	3,597
Gain on disposal of a subsidiary	3,514,114	-	2,628,870	-
Gain on disposal of a subsidiary's share without loss control	-	-	-	200,000
Interest income	275,118	485,083	233,517	449,169
Realised gain on foreign exchange	33,878	-	9,344	-
Unrealised gain on foreign exchange	-	245,130	1,293,474	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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Executive:-				
- Salaries and other emoluments	723,614	609,032	723,614	609,032
- Bonus	-	76,054	-	76,054
- Defined contribution plan	86,400	82,522	86,400	82,522
- Share options granted under ESOS	-	115,985	-	115,985
Total Executive Directors' remuneration	810,014	883,593	810,014	883,593
Non-Executive:-				
- Fees	348,000	156,000	348,000	192,000
- Other emoluments	45,000	24,000	45,000	24,000
- Share options granted under ESOS	-	62,102	-	62,102
Total Non-Executive Directors' remuneration	393,000	242,102	393,000	278,102
Total Directors' remuneration	1,203,014	1,125,695	1,203,014	1,161,695

21. DIRECTORS' REMUNERATION (CONTINUED)

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	
	2014	2013
Executive Directors:-		
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM550,001 - RM600,000	-	-
RM600,001 - RM650,000	-	-
RM650,001 - RM700,000	-	-
RM700,001 - RM750,000	-	1
RM750,001 - RM800,000	-	-
RM800,001 - RM850,000	1	-
Non-Executive Directors:-		
Below RM50,000	-	1
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	1	-

22. TAXATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysian income tax expense:-				
- current year	(548,813)	(175,902)	(23,163)	(112,292)
- under provision in prior years	(22,792)	(60,700)	-	(37,245)
	(571,605)	(236,602)	(23,163)	(149,537)
Foreign income tax expense:-				
- current year	-	(238,942)	-	-
Deferred taxation (Note 14):-				
- current year	521,422	(510,137)	22,196	-
- (under)/over provision in prior years	(146,013)	20,989	(84,296)	-
	375,409	(489,148)	(62,100)	-
	(196,196)	(964,692)	(85,263)	(149,537)

22. TAXATION (CONTINUED)

The Malaysian income tax is calculated at the statutory tax rate of 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 2014 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	2014 %	2013 %
China	25.00	25.00
Singapore	17.00	17.00
Indonesia	25.00	25.00
Hong Kong	16.50	16.50
Thailand	20.00	23.00
Philippines	30.00	30.00

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	
	2014 RM	2013 RM	2014 RM	2013 RM
(Loss)/Profit before taxation	(6,798,763)	(2,924,438)	3,085,770	883,539
Tax at applicable tax rate of 25%	1,699,691	731,110	(771,443)	(220,885)
Tax effects arising from:-				
- non-deductible expenses	(1,156,795)	(2,430,697)	(354,296)	(273,315)
- non-taxable income	1,275,451	62,876	1,125,697	278,797
- tax incentives-pioneer status	181,524	401,133	-	-
- origination of deferred tax assets not recognised in the financial statements	(1,933,071)	412,475	-	103,836
- under provision of income tax expense in prior years	(22,792)	(60,700)	-	(37,245)
- (under)/over provision of deferred tax expense in prior years	(146,013)	20,989	(84,296)	-
- differences in tax rate	(94,191)	(101,878)	(925)	(725)
Tax expense for the financial year	(196,196)	(964,692)	(85,263)	(149,537)

23. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/Earnings Per Share

Basic (loss)/earnings per share is calculated by dividing the net loss 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	
	2014	**2013**
Loss attributable to owners of the Company (RM)	(6,956,569)	(3,930,182)
Weighted average number of ordinary shares in issue (units)	434,559,028	370,486,598
Basic loss per share (sen)	(1.60)	(1.06)

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	
	2014	**2013**
Loss attributable to owners of the Company (RM)	(6,956,569)	(3,930,182)
Weighted average number of ordinary shares in issue (units)	434,559,028	370,486,598
Effect of dilution: Warrants	123,156,433	82,329,232
Effect of dilution: ESOS	15,832,577	22,885,068
Weighted average number of ordinary shares for diluted earnings per share computation*	573,548,038	475,700,898
Diluted loss per share (sen)	(1.60)*	(1.06)*

* *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	
	2014	**2013**
	RM	**RM**
First interim, tax at 25%, for 1.50 sen per share	-	2,771,020

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:-

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
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 After vesting date: 31.0% per annum	Prior to vesting date: 0.0 % per annum After vesting date: 31.0% per annum	Prior to vesting date: 0.0 % per annum After vesting date: 31.0% per annum	Prior to vesting date: 0.0 % 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.

25. EMPLOYEE BENEFITS (CONTINUED)

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

Fair value of share options granted (Continued)

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.

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			
		2014		2013
	NO.	WAEP	NO.	WAEP
		RM		RM
At 1 January	22,885,068	0.26	15,926,600	0.34
Granted/Adjusted	-	0.00	13,715,678	0.24
Lapsed	(5,047,304)	0.35	(3,298,736)	0.28
Exercised	(2,005,187)	0.30	(3,458,474)	0.24
At 31 December	15,832,577	0.26	22,885,068	0.26
Exercisable at 31 December	15,832,577	0.26	22,885,068	0.26

- The weighted average remaining contractual life for these options is 2 years (2013: 3 years).

26. FINANCIAL GUARANTEE

As at 31 December 2014, the Company has the following financial guarantee:-

	COMPANY	
	2014	2013
	RM	RM
Financial guarantee given to a financial institution for credit facilities granted to a subsidiary	21,134,800	7,500,000

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Sale of goods and services

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Income:				
Management fees receivable from subsidiaries				
- Cuscapi Malaysia Sdn. Bhd.	-	-	4,051,000	2,400,000
- Cuscapi Network Solutions Sdn. Bhd.	-	-	56,000	420,000
- Cuscapi Outsourcing Sdn. Bhd.	-	-	21,000	-
- Cuscapi Innovation Lab Sdn. Bhd.	-	-	313,000	2,400,000
- Cuscapi Solutions Sdn. Bhd.	-	-	249,000	-
- Tills N Labels System Marketing, Inc.	-	-	-	240,000
Dividends received from subsidiaries				
- Cuscapi Network Solutions Sdn. Bhd.	-	-	561,816	-
Sale transactions with AMMB Holding Berhad +	384,106	361,140	-	-

\+ *Transactions with AMMB Holding Berhad, whereby Dato' Larry Gan Nyap Liou @ Gan Nyap Liow is a Director of AMMB Holding 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	
	2014	2013	2014	2013
	RM	RM	RM	RM
Executive Directors' remuneration				
- salaries and other emoluments	723,614	685,086	723,614	685,086
Post-employment benefits:				
- Defined contribution plan	86,400	82,522	86,400	82,522
- Share options granted under ESOS	-	115,985	-	115,985
	810,014	883,593	810,014	883,593
Key Management Personnel's remuneration				
- salaries and other emoluments	1,351,951	1,456,429	690,328	398,027
Post-employment benefits:				
- Defined contribution plan	146,722	155,594	82,798	47,764
- Share options granted under ESOS	-	81,831	-	40,706
	1,498,673	1,693,854	773,126	486,497
	2,308,687	2,577,447	1,583,140	1,370,090

Interests in employee share option scheme

At the reporting date, the total number of outstanding share options granted by the Company to the key management amounted to 7,776,145(2013: 10,990,998).

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	
	2014	2013	2014	2013
FINANCIAL ASSETS	RM	RM	RM	RM
Trade and other receivables	31,783,268	26,777,927	74,905,188	56,320,433
Cash and cash equivalents	7,261,421	21,677,955	396,567	14,955,960
	39,044,689	48,455,882	75,301,755	71,276,393

	FINANCE LIABILTIES AT AMORTISED COST			
	GROUP		COMPANY	
	2014	2013	2014	2013
FINANCIAL LIABILITIES	RM	RM	RM	RM
Trade payables	3,064,988	8,626,616	15,818,006	16,420,987
Other payables	1,535,736	374,618	390,150	147,757
Accrued operating expenses	1,879,874	1,722,077	450,087	301,328
Refundable deposits	446,646	242,299	2,049	1,420
Amount owing to subsidiaries	-	-	14,975,720	15,970,482
Loans and borrowings	191,617	1,741,088	21,078	103,200
	7,118,861	12,706,698	31,657,090	32,945,174

(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
Cash and bank balances	11
Loans and 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:-

	2014		2013	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
Group				
Finance lease liabilities	34,301	31,680	130,209	133,418
Company				
Finance lease liabilities	21,078	20,621	103,200	104,105

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).

The fair value of finance lease liabilities of the Group and of the Company is categorised as Level 2.

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.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from advances and financial guarantees given to financial institutions for credit facilities granted to its subsidiaries.

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 reporting 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.

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 RM729,271/- (2013:RM1,610,879/-) 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.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Liquidity risk (Continued)

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						
2014						
Financial Liabilities						
Trade payables	3,064,988	-	3,064,988	3,064,988	-	-
Other payables	1,535,736	-	1,535,736	1,535,736	-	-
Refundable deposits	446,646	-	446,646	446,646	-	-
Accrued operating expenses	1,879,874	-	1,879,874	1,879,874	-	-
Borrowings (secured)						
- Finance lease liabilities	34,301	4.57	37,605	37,605	-	-
- Trade loan	157,316	3.96	157,316	157,316	-	-
	7,118,861		7,122,165	7,122,165	-	-
2013						
Financial Liabilities						
Trade payables	3,424,682	-	3,424,682	3,424,682	-	-
Other payables	374,618	-	374,618	374,618	-	-
Refundable deposits	242,299	-	242,299	242,299	-	-
Accrued operating expenses	1,722.077	-	1,722.077	1,722.077	-	-
Borrowings (secured)						
- Finance lease liabilities	130,209	4.57	141,744	107,499	34,295	-
- Trade loan	1,610,879	4,70	1,610,879	1,610,879	-	-
	7,504,764		7,516,299	7,482,004	34,295	-
Company						
2014						
Financial Liabilities						
Other payables	15,818,006	-	15,818,006	15,818,006	-	-
Borrowings (secured)						
- Finance lease liabilities	21,078	4.57	21,232	21,232	-	-
	15,839,084		15,839,238	15,839,238	-	-
2013						
Financial Liabilities						
Other payables	16,420,987	-	16,420,987	16,420,987	-	-
Borrowings (secured)						
- Finance lease liabilities	103,200	4.57	106,288	85,056	21,232	-
	16,524,187		16,527,275	16,506,043	21,232	-

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Interest rate risk

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

The Group's 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.

	PROFIT OR LOSS/EQUITY			
	2014		2013	
	100BP INCREASE RM	100BP DECREASE RM	100BP INCREASE RM	100BP DECREASE RM
Group				
Variable rate instruments	(1,573)	1,573	(16,109)	16,109

(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"). The foreign currency in which these transactions are denominated are primarily US Dollar ("USD"), China Renmimbi ("RMB"), Singapore Dollar ("SGD"), Thailand Baht ("THB"), Hong Kong Dollar ("HKD"), Philippines Peso ("PHP") and Indonesian Rupiah ("IDR").

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Foreign Currency Risk (Continued)

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 short-term 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 are disclosed in the respective notes to the financial statements.

Sensitivity analysis for foreign currency risk

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

		PROFIT/(LOSS) AND EQUITY	
		2014 RM	2013 RM
Group			
US Dollar	strengthen - 3%	126,887	351,312
RMB	strengthen - 3%	95,976	23,155
SGD	strengthen - 3%	77,646	173,031
PESO	strengthen - 3%	124,337	1,870
THB	strengthen - 3%	16,176	(33,591)
IDR	strengthen - 3%	89,401	2
HKD	strengthen - 3%	-	57

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.

The debt-to-equity ratios at 31 December 2014 and 31 December 2013 were as follows:-

	GROUP	
	2014 RM	2013 RM
Total liabilities	12,818,091	11,130,770
Equity attributable to owners of the Company	79,890,817	86,937,205
Debt-to-equity ratio	0.16	0.13

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.

32. SEGMENTAL REPORTING (CONTINUED)

(a) Geography locations (Continued)

(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.

(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
2014								
Revenue								
Sales to external customers	27,363,950	12,110,773	12,459,418	-	-	51,934,141	-	51,934,141
Intercompany sales	2,418,648	6,094	1,001,309	6,261,639	4,690,000	14,377,690	(14,377,690) [A]	-
	29,782,598	12,116,867	13,460,727	6,261,639	4,690,000	66,311,831		51,934,141
Results								
(Loss)/profit before tax	(2,078,023)	6,702,607	(3,898,092)	(5,178,572)	(3,231,929)	(7,684,009)	885,246 [B]	(6,798,763)
Taxation	146,129	(512,026)	-	254,964	(85,263)	(196,196)	-	(196,196)
(Loss)/profit after tax	(1,931,894)	6,190,581	(3,898,092)	(4,923,608)	(3,317,192)	(7,880,205)		(6,994,959)
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								
(Loss)/profit before tax	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)

32. SEGMENTAL REPORTING (CONTINUED)

	GEOGRAPHICAL SEGMENT					
	MALAYSIA	SOUTHEAST ASIA	PEOPLE'S REPUBLIC OF CHINA	TOTAL	ADJUSTMENTS	CONSOLIDATED
	RM	RM	RM	RM	RM	RM
2014						
Assets						
Segment assets	51,102,216	15,122,975	25,277,888	91,503,079	-	91,503,079
Total assets	52,256,553	15,174,467	25,277,888	92,708,908	-	92,708,908
Liabilities						
Segment liabilities	7,978,589	2,921,314	1,540,983	12,440,886	-	12,440,886
Total liabilities	8,284,905	2,992,203	1,540,983	12,818,091	-	12,818,091
Other information						
Capital expenditure	3,009,667	414,984	6,806,508	10,231,159	-	10,231,159 [C]
Depreciation of property, plant and equipment	838,908	711,825	587,176	2,137,909	-	2,137,909
Amortisation of development expenditure	1,730,868	-	2,619,373	4,350,241	-	4,350,241
Other non-cash expenditure	622,632	224,372	214,898	1,061,902	-	1,061,902 [D]
Other non-cash income	80	-	-	80	-	80 [E]
2013						
Assets						
Segment assets	67,524,140	11,176,072	18,562,681	97,262,894	-	97,262,894
Total assets	68,202,945	11,462,211	18,562,681	98,227,838	-	98,227,838
Liabilities						
Segment liabilities	7,266,124	2,145,921	955,662	10,367,706	-	10,367,706
Total liabilities	8,029,190	2,145,921	955,662	11,130,772	-	11,130,772
Other information						
Capital expenditure	3,646,342	3,036,127	4,504,243	11,186,712	-	11,186,712 [C]
Depreciation of property, plant and equipment	970,259	629,791	495,625	2,095,675	-	2,095,675
Amortisation of development expenditure	1,101,623	-	1,270,382	2,372,005	-	2,372,005
Other non-cash expenditure	95,577	-	128,758	224,335	-	224,335 [D]
Other non-cash income	378,655	(64,390)	(69,135)	245,130	-	245,130 [E]

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 Gain of disposal of a subsidiary:-

	2014 RM	2013 RM
Proceeds from disposal	3,438,182	-
Carrying amount of cost of investment	(809,314)	-
Gain on disposal of subsidiary at Company level	2,628,868	-
Adjustment at the Group level	885,246	-
Gain on disposal of subsidiary at Group level	3,514,114	-

C Additions of capital expenditure consist of:-

	2014 RM	2013 RM
Property, plant and equipment	1,962,689	2,139,699
Development expenditure	8,268,470	9,047,013
	10,231,159	11,186,712

D Other non-cash expenditure consist of:-

	2014 RM	2013 RM
Impairment loss on trade receivables	371,586	38,031
Impairment loss on other investment	-	70,000
Loss on disposal of property, plant and equipment	216,806	90,163
Property, plant and equipment written off	334,749	26,141
Unrealised loss on foreign exchange	138,761	-
	1,061,902	224,335

E Other non-cash income consist of:-

	2014 RM	2013 RM
Unrealised gain on foreign exchange	-	245,130
Gain on disposal of property, plant and equipment	80	-
	80	245,130

<u>Major customer information</u>

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

33. OPERATING LEASES

Leases - As Lessee

Future minimum rentals payables under non-cancellable operating lease at the reporting date but not recognised as liabilities are as follows:-

	GROUP	
	2014	**2013**
	RM	**RM**
Not more than 1 year	627,012	-
Later than 1 year but not later than 2 years	697,680	-
Later than 2 year but not later than 5 years	993,389	-
	2,318,081	-

The Group leases rental equipment from Orix Rentec and CSI leasing Sdn. Bhd. under operating leases. These non-cancellable leases will expired between 2014 to 2019 years. All lease include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease of equipment are used mainly for KLIA2 project and server for a customer.

34. SIGNIFICANT EVENTS

(a) Award of Contract from Malaysia Airports Holdings Berhad

On 12 May 2014, Malaysian Airport Holdings Berhad awarded Cuscapi Berhad a 5 years contract for leasing of Point Of Sales ("POS") System for KL International Airport and KLIA2 for a sum of RM21,091,500/-,. The scope of works includes the leasing of Point Of Sale (POS) System for KL International Airport and KLIA2 over a period of five (5) years to 30 April 2019.

(b) Disposal of Cuscapi Network Solutions Sdn. Bhd.

On 17 November 2014, the Company received a notice from I-Net Sdn. Bhd. (**"I-Net"**) to exercise its call option to purchase the Company eighty percent (80%) equity interest in its subsidiary, Cuscapi Network Solutions Sdn. Bhd. (**"CNS"**) comprising 800,000 ordinary shares of RM1-00 each in CNS (**"CNS Shares"**) (**"Sale Shares"**), for a cash consideration of RM3,438,184/- (**"Purchase Price"**). The disposal has resulted in the recognition of a gain on disposal of a subsidiary of RM3,514,114/- to the Group.

35. COMPARITIVE FIGURES

Certain figures for the financial year ended 31st December 2013 have been reclassified to be comparable with the current year's presentation of the financial statements.

The effect of the reclassification is as detailed below:-

	AS PREVIOUSLY REPORTED	RECLASSIFICATION	AS RESTATED
	RM	RM	RM
Statements of profit or loss and other comprehensive income			
- Cost of sales	(22,464,286)	(8,522,392)	(30,986,678)
- Administrative expenses	(29,976,837)	8,522,392	(21,454,445)

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 2014, into realised and unrealised profits, pursuant to the directive, is as follows:-

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Realised	10,380,015	17,733,443	2,962,708	227,508
Unrealised	236,648	(379,716)	1,231,374	915,186
Total retained earnings	10,616,663	17,353,727	4,194,082	1,142,694

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 OF SHAREHOLDINGS
AS AT 08 MAY 2015

ANALYSIS BY SIZE OF HOLDINGS AS AT 08 MAY 2015

		NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1	- 99	56	1.46	2,533	0.00
100	- 1,000	306	7.97	260,991	0.06
1,001	- 10,000	1,309	34.08	9,273,026	2.13
10,001	- 100,000	1,869	48.66	71,368,751	16.39
100,001	- 21,776,667 (*)	297	7.73	201,809,715	46.33
21,776,668 and above (**)		4	0.10	152,818,361	35.09
TOTAL		3,841	100.00	435,533,377	100.00

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

HOLDERS WITH HOLDINGS OF 5.00% AND ABOVE AS AT 08 MAY 2015

NO.	HOLDERS NAME	DIRECT SHAREHOLDINGS		INDIRECT SHAREHOLDINGS	
		NO. OF SHARES	%	NO. OF SHARES	%
1	Transight Systems Sdn. Bhd.	66,710,000	15.32	14,000,000[*1]	3.21
2	HSBC Nominees (Asing) Sdn. Bhd. KBL Euro PB for Halley Sicav - Halley Asian Prosperity	37,434,395	8.60	-	-
3	Her Chor Siong	26,541,666	6.09	-	-
4	Ang Chin Joo Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Chin Joo (Margin)	22,132,300	5.08		
5	Dato' Gan Nyap Liou @ Gan Nyap Liow RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	20,100,000	4.62	-	-
	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Gan Nyap Liou @ Gan Nyap Liow (MY 0747)	6,000,000	1.38		
7	Sri Hanasia Sdn. Bhd.	-	-	80,710,000[*2]	18.53
8	Tan Sri Mohd Razali Bin Abdul Rahman	8,487,500	1.95	80,710,000[*3]	18.53
9	Datuk Hassan Bin Che Abas	6,125,000	1.41	80,710,000[*3]	18.53

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 08 MAY 2015 (CONTINUED)

LIST OF DIRECTORS' HOLDINGS AS AT 08 MAY 2015

NO.	NAME OF DIRECTORS	DIRECT SHAREHOLDINGS		INDIRECT SHAREHOLDINGS	
		NO. OF SHARES	%	NO. OF SHARES	%
1	Dato' Gan Nyap Liou @ Gan Nyap Liow	26,100,000	5.99	-	-
2	Her Chor Siong	26,541,666	6.09	-	-
3	Ang Chin Joo	22,132,300	5.08	-	-
4	Lim Li Li	791,875	0.18	635,775*1	0.15
5	Durrie Bin Hassan (Alternate Director to Lim Li Li) (resigned on 26 May 2015)	-	-	2,625,000*2	0.60
	TOTAL	75,565,841	17.34	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 SECURITIES HOLDERS AS AT 08 MAY 2015

NO.	HOLDER NAME	NO. OF HOLDING	%
1	Transight Systems Sdn. Bhd.	66,710,000	15.32
2	HSBC Nominees (Asing) Sdn. Bhd. KBL Euro PB for Halley Sicav - Halley Asian Prosperity	37,434,395	8.60
3	Her Chor Siong	26,541,666	6.09
4	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Chin Joo (Margin)	22,132,300	5.08
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	20,100,000	4.62
6	Aura Fokus Sdn. Bhd.	14,000,000	3.21
7	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund PLD2 for Polunin Emerging Markets Small Cap Fund, LLc	10,440,100	2.40
8	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Kin Lip	10,250,000	2.35
9	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rickoh Corporation Sdn. Bhd.	9,040,000	2.08
10	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Chong Te (8088650)	8,096,350	1.86
11	Tan Booi Charn	6,546,100	1.50
12	Hassan Bin Che Abas	6,125,000	1.41
13	Mohd Razali Bin Abdul Rahman	6,125,000	1.41
14	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Gan Nyap Liou @ Gan Nyap Liow (MY0747)	6,000,000	1.38
15	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chan Hiok Khiang (PB)	4,825,000	1.11
16	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mak Tian Meng	4,375,000	1.00

ANALYSIS OF SHAREHOLDINGS
AS AT 08 MAY 2015 (CONTINUED)

THE 30 LARGEST SECURITIES HOLDERS AS AT 08 MAY 2015 (CONTINUED)

NO.	HOLDER NAME	NO. OF HOLDING	%
17	Pinang Inovasi Sdn. Bhd.	2,625,000	0.60
18	Rezal Zain Bin Abdul Rashid	2,450,000	0.56
19	Mohd Razali Bin Abdul Rahman	2,362,500	0.54
20	Wong Yoke Fong @ Wong Nyok Fing	2,355,625	0.54
21	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Syed Hishamuddin Bin Syed Kamaruddin (472615)	1,782,900	0.41
22	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Caceis Bank Luxembourg (CLT ACCT-DTT)	1,396,200	0.32
23	Pang Kee Loong C/O NEC Semiconductors (Malaysia) S/B	1,332,300	0.31
24	Tan Poh Keat	1,220,000	0.28
25	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Ah Moy (Penang-Cl)	1,186,300	0.27
26	Ee Kim Soon	1,174,200	0.27
27	Lalitha D/O K Krishnan Nambiar	1,121,700	0.26
28	Hwan Seo Chau	1,100,000	0.25
29	Tan Chin Nam Sendirian Berhad	1,100,000	0.25
30	Foo Yoke Yin	1,050,000	0.24

ANALYSIS OF WARRANTS HOLDINGS
AS AT 08 MAY 2015

ANALYSIS BY SIZE OF HOLDINGS AS AT 08 MAY 2015

		NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1	- 99	12	1.31	603	0.00
100	- 1,000	68	7.40	33,384	0.03
1,001	- 10,000	231	25.14	1,558,750	1.27
10,001	- 100,000	482	52.45	20,185,800	16.39
100,001	- 6,157,820 (*)	122	13.27	60,692,400	49.28
6,157,821 and above (**)		4	0.43	40,685,496	33.03
Total		919	100.00	123,156,433	100.00

Remark :

* - *Less than 5% of issued holdings*

** - *5% and above : of issued holdings*

LIST OF DIRECTORS' HOLDINGS AS AT 08 MAY 2015

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	3,971,000	3.22	-	-
4	Lim Li Li	226,250	0.18	181,650*1	0.15
5	Durrie Bin Hassan (Alternate Director to Lim Li Li) (resigned on 26 May 2015)	-	-	750,000*2	0.61
	TOTAL	18,292,083	14.85	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*

ANALYSIS OF WARRANTS HOLDINGS
AS AT 08 MAY 2015 (CONTINUED)

THE 30 LARGEST WARRANTS HOLDERS AS AT 08 MAY 2015

NO.	HOLDER NAME	NO. OF HOLDING	%
1	Transight Systems Sdn. Bhd.	19,060,000	15.48
2	Her Chor Siong	7,583,333	6.16
3	HSBC Nominees (Asing) Sdn. Bhd. KBL Euro PB for Halley Sicav - Halley Asian Prosperity	7,530,663	6.11
4	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Nyap Liou @ Gan Nyap Liow	6,511,500	5.29
5	Aura Fokus Sdn. Bhd.	4,000,000	3.25
6	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Chin Joo (Margin)	3,971,000	3.22
7	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Kin Lip	3,030,000	2.46
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chan Hiok Khiang (Pb)	2,750,000	2.23
9	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Chong Te (8088650)	2,481,100	2.01
10	Tan Booi Charn	2,350,000	1.91
11	Hassan Bin Che Abas	1,750,000	1.42
12	Mohd Razali Bin Abdul Rahman	1,750,000	1.42
13	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ling Yoke Tek (10MG00001)	1,645,000	1.34
14	Loi Sow Wah	1,564,300	1.27
15	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yoke Yung (03MG00018)	1,500,000	1.22
16	Lee Chee Keong	1,271,000	1.03
17	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mak Tian Meng	1,250,000	1.01
18	Rezal Zain Bin Abdul Rashid	1,000,000	0.81
19	Wong Yoke Fong @ Wong Nyok Fing	820,550	0.67
20	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Seow Hoon Hin (472187)	800,000	0.65
21	Ng Kok Weng	761,200	0.62
22	Pinang Inovasi Sdn. Bhd.	750,000	0.61
23	Maybank Nominees (Tempatan) Sdn. Bhd.	687,600	0.56
24	Mohd Razali Bin Abdul Rahman	675,000	0.55
25	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Chock Shume	664,200	0.54
26	Lam Yee Foon	660,600	0.54
27	Khoo Ming Fong	635,000	0.52
28	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Ganendrah A/L Chellappah (MY1786)	600,000	0.49
29	S.Sivarajah A/L V.Sithamparapillai	600,000	0.49
30	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Seow Hoon Hin (M09)	582,700	0.47

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the THIRTY-SIXTH 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 Friday, 19 June 2015 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 2014 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 RM348,000 for the financial year ended 31 December 2014. **Resolution 1**

3. To re-elect Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow 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-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 3**

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

5. **Ordinary Resolution** **Resolution 4**
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."

6. **Ordinary Resolution** **Resolution 5**
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."

7. 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: 28 May 2015

Notes:

1. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at 12 June 2015 ("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 5 of the Agenda - Ordinary Resolution 4

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

The proposed Ordinary Resolution 4, 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-Fifth AGM held on 25 June 2014 (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 6 of the Agenda – Ordinary Resolution 5

Proposed Renewal of Share-Buy Back Authority

The proposed Resolution 5, 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 28 May 2015 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.

cuscapi®

(Incorporated In Malaysia)

CUSCAPI BERHAD (43190-H)

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-Sixth 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 Friday, 19 June 2015 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 2014 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 2014	1		
3	To re-elect Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow as Director	2		
4	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.	3		
SPECIAL BUSINESS				
5	**Ordinary Resolution** To authorise the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965	4		
6	**Ordinary Resolution** To approve the Proposed Renewal of Share Buy-Back Authority	5		

(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* _________ *, 2015* *Signature of Member(s)* ______________________________

NOTES:

1. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at 12 June 2015 ("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
40105 Shah Alam
Selangor Darul Ehsan, Malaysia.

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www.cuscapi.com

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