cuscapi®

Nurturing Growth,
Delivering Value

Annual Report **2015**

WELCOME TO cuscapi®

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.

CONTENTS

NURTURING GROWTH, DELIVERING VALUE

2015 is the year where we realise the operational potential of our business, having made significant strides in completing the integration of the entire Cuscapi ecosystem while continuing to nurture the growth of our business relationships. With a solid foundation built on dynamic products and synergistic business solutions, we will continue to future-proof our investments as we move into 2016 and beyond, focused on innovating new technology while enhancing the synergy of our business solutions to deliver value to our shareholders and stakeholders.

FINANCIAL STATEMENTS

OTHER INFORMATION

VISION

To enable, transform and inspire businesses to develop deeper, more successful and meaningful relationships with their customers.

MISSION

To be a catalyst for our clients' success by bringing their customers closer through world-class solutions and services.

OUR VALUES

Our values are what we uphold as an organisation. This guides our decisions, our actions and our approach to the challenges to our organisation and business. Through these values, we develop a consistent and single-minded 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.

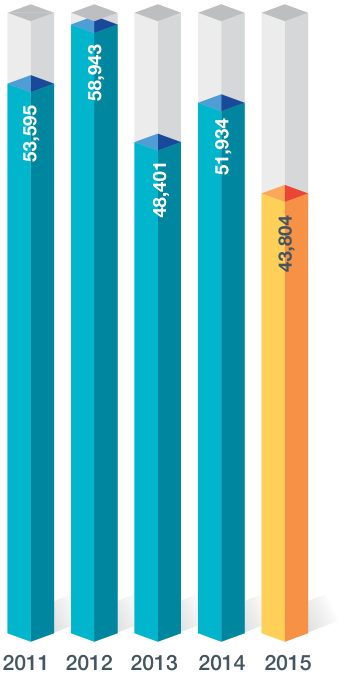
ZEAL
We are passionate about making a difference to our clients and their customers with enthusiasm in everything we do.

INTEGRITY
We conduct ourselves in a professional and honourable manner contributing to the success of our company and our clients.

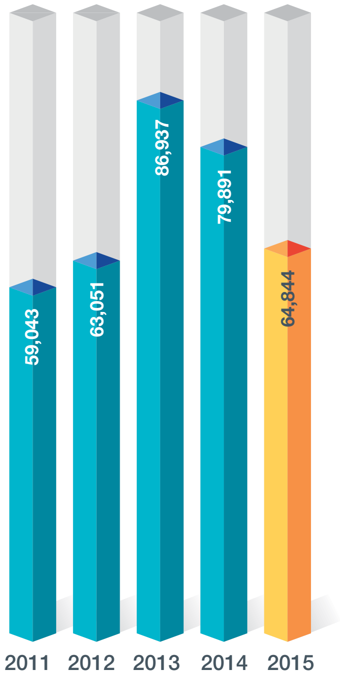
FINANCIAL HIGHLIGHTS

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.

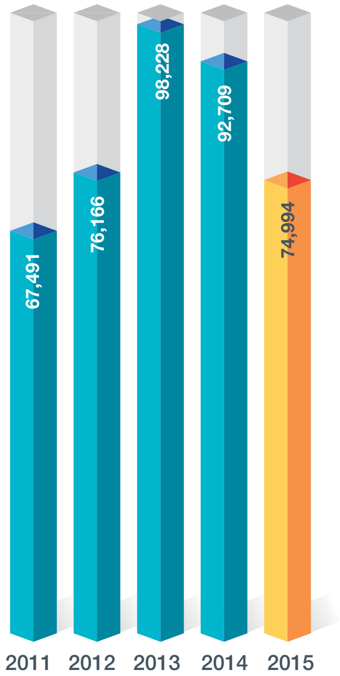
REVENUE
RM'000



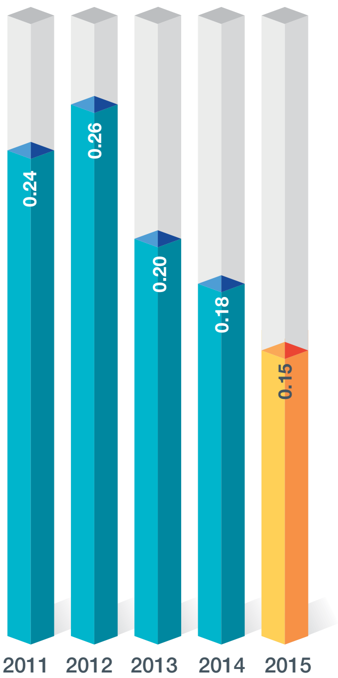
SHAREHOLDERS' EQUITY
RM'000



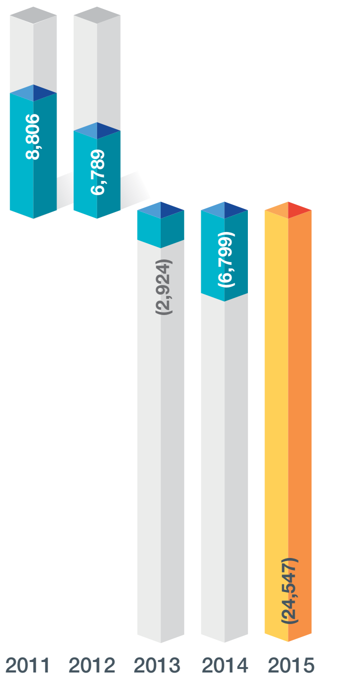
TOTAL ASSETS
RM'000



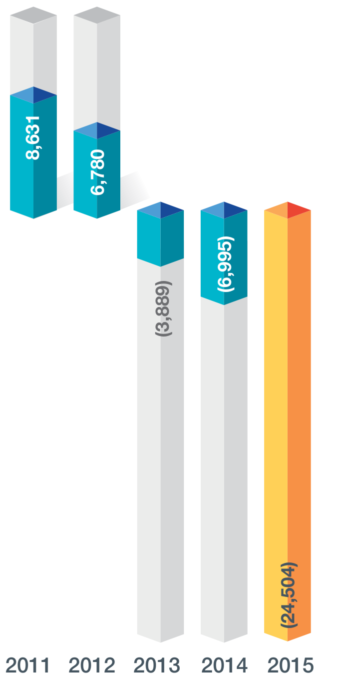
NA/SHARE
SEN



PROFIT/(LOSS) BEFORE TAX
RM'000



PROFIT/(LOSS) AFTER TAX
RM'000



GO GLOBAL, STAY LOCAL

Having established a firm foothold in South East Asia, China and the Middle East, Cuscapi is well positioned to help our clients strategise their foray onto the global F&B stage. With a strong understanding of the complexities of the Asian F&B business and its inherent challenges, we leverage our market insight to help our clients succeed locally wherever they go, working closely with our partners across 29 countries to give our clients the competitive advantage they need.

CHAIRMAN'S
LETTER TO SHAREHOLDERS

DATO' LARRY GAN NYAP LIOU @
GAN NYAP LIOW
Chairman

DEAR SHAREHOLDERS,

The key to growth and success lies in having the foresight, savvy and experience to put in place a synergistic suite of solutions that addresses the current and future needs of clients in an ever evolving market environment.

Hence, 2015 has been another year of persistent efforts to continue building on the strengths of our products and services, growing new technology that will help us redefine the future of the food service industry and allow our shareholders to reap the rewards of their faith in the company. We are pleased to mark 2015 as the year our Company completes the whole Cuscapi ecosystem, enhancing the operational synergy of our comprehensive suite of services to revolutionise customer experience and return Cuscapi towards operational profitability – a year of Nurturing Growth and Delivering Value.

It is on this promising note that I wish to present the Company's full report for the financial year ended 31 December 2015.

ECONOMIC OUTLOOK

The year 2015 proved more difficult than originally anticipated on the world economic stage, with global growth slowing to 2.4% surrounded by a cloud of uncertainty. Our base of operations in Asia experienced subdued growth in the past year with lower-than-forecast output across the region that is expected to decelerate further as we face a tough road ahead in terms of domestic demand.

Malaysia's economy in the past year was plagued by the plunge in demand and prices for hydrocarbons and other commodities, resulting in a sharp depreciation of the Malaysian ringgit. Conditions will remain challenging in 2016 for the country with mounting economic headwinds from lower oil prices, weakening exports and the effects of the goods and services tax (GST) implementation trickling through the economy. Most of the global macroeconomic dynamics present in 2015 will continue to playout in 2016, with the world's top economic forecasters predicting turbulence in the coming months that is bound to keep capital spending low.

On the food service front, competition in the F&B industry will intensify in the region with the growth of fast casual restaurants and global food and drinks companies seeking long-term exposure in Asian markets. These dynamics place us on a strong strategic position to capitalise on the underlying pressure for F&B outfits to cut costs, leveraging our comprehensive suite of services to help our clients optimise their operations to deliver sustainable value.

FINANCIAL PERFORMANCE

For the fiscal year ended 31 December 2015, the Group generated a revenue of RM43.80 million, a decrease over the preceding financial year's revenue of RM51.93 million, due to the divestment of Cuscapi Network Solution business Unit.

Nevertheless, the move from one-off sales towards a subscription-based business model puts us in good stead to continue generating recurring revenue in the years to come, especially with the aggressive roll out of REV (self-ordering tablets) in our operating markets coupled with the strong support of our other businesses. Together, our full range of products and facilities offer our clients seamless service across their entire value chain to create a more complete customer experience.

Our growing customer base is a testament to our strength and reputation as a service provider, having expanded by more than 10,000 stores across South East Asia and China in 2015.

HUMAN CAPITAL

To future-proof our growing business, we remain focused on strengthening our human capital to ensure we have the right mix of talents to help us progress in our industry.

We are dedicated towards enhancing the capabilities and skills of our people, recognising and rewarding them for their contribution while encouraging their growth in a holistic manner to position Cuscapi as an employer of choice. Offering a caring yet competitive environment for them to thrive, we aim to attract the best and the brightest to join us on our journey, leveraging their strong knowledge foundation and experience in the industry to drive us forward.

CORPORATE EXERCISE

We continue to be on the lookout for merger and acquisition (M&A) opportunities to sustain our inorganic growth momentum, angling towards China to unlock the value of our operations there. We will continue to realign our business to suit the M&A climate in China, leveraging on the potential of our revolutionary products and services to strengthen our foothold in the world's most populous country.

FUTURE OUTLOOK

Aside from our focus on M&A, we are committed to developing new technology, diversifying our investments and nurturing our talents to grow the business and future-proof our customers' investments. We will also ramp up our efforts to commercialise our REV offering to capture the inherent opportunities in South East Asia and China, building up our order book to shore up against the economic challenges. We are excited to see the promising performance of our synergistic operations and are confident of our ability to sustain this upward growth trajectory as we move forward.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to thank all our shareholders, customers, financiers, consultants and the regulatory authorities for their trust, patience and confidence in Cuscapi through these years. Their support has been invaluable in ensuring Cuscapi Berhad remains on track as Asia's leading food and beverage business management solutions provider.

I would also like to put on record my appreciation to my fellow Board members for their wise counsel and guidance, and extend a special note of thanks to Mr. Tai Keat Chai, who resigned as the Independent Non-Executive Director on 6 March, for his contributions to the company. We wish him well in all his future endeavours.

Last but not least, I would like to express my sincere gratitude to our staff and management team, whose commitment, hard work, and professionalism I must thank for helping us stay the course of our strategic plan. With their support and dedication, I am confident that Cuscapi will continue to chart a path of growth and bear fruits of sweet success.

DATO' LARRY GAN NYAP LIOU @ GAN NYAP LIOW
Chairman

THE CHIEF EXECUTIVE OFFICER'S REPORT

DEAR SHAREHOLDERS,

Technology is prevalent in every aspect of life in the 21st century. In the food service industry, we are witnessing a shift in the role technology plays, advancing from a trivial pursuit to serious business that is shaping the future of the industry. From point of sale, billing, accounting, supply chain and inventory systems to customer relationship engagement and management, technology is helping restaurants transform the way of transaction and interaction, changing the way they conduct business in the digital age. It is a system revolution that has the potential to help F&B owners boost revenue and build customer loyalty.

At Cuscapi, we are proud to drive the digitisation charge of the food service industry in a region that still overwhelmingly relies on using a pen and paper diary to manage bookings and orders. We see technology not as a replacement for human interaction, but as a platform to strengthen the human connection. It is a strategy to engage guests which has the potential to increase the number of visits, extend the length of stay and enlarge the average bill amount. Hence, our decision to push our cyber wait staff REV as the new face of our business.

REV's information-rich interactive menu resonates well with the growing millennial generation, with inviting photos, persuasive descriptions and timely promotion compelling diners to order more, boosting sales by up to 10% to 15%. Robust analytics function provide tremendous data about each customer's preferences, which can be used to build connections and loyalty. It integrates perfectly into our ecosystem of Restaurant Management Solutions, building on the strength of our Transight Solution Suite, Carina and our Customer Call Centre to allow business operators to more efficiently manage their business and maximise engagement with diners, nurturing the growth of their business to deliver more value to our customers.

FINANCIAL AND PERFORMANCE REVIEW

The financial year ended 31 December 2015 reported a revenue of RM43.80 million compared to RM51.93 million in the previous financial year.

Our revenue growth was dampened mainly by the divestment of Cuscapi Network Solutions Sdn. Bhd. business unit. Besides, the free falling Malaysia ringgit had also adversely affected our domestic performance and incurred higher POS hardware purchasing costs. Domestic revenue still accounts for a significant portion of our earnings, standing at 44% of total revenue, though that ratio is steadily shifting in favour of our international operations, which grew from 47% of total revenue in 2014 to 56% in 2015.

We boast a relatively clean balance sheet, with cash and bank balances of RM7.00 million and no short term borrowings. Our sales order book stands at RM27 million that includes recurring revenue up to 2018. Our migration to a multi-year contract and subscription-based managed services business model has helped to give us more visibility into future revenues. It will continue to be the focus of our efforts in the coming year to secure more subscriptions and build on our recurring revenue base.

DELIVERING SUSTAINABLE VALUE GROWTH

Though the weak market conditions and the continued decline of the ringgit against major currencies is expected to have a negative impact on the group's operations, our strategy for the road ahead is to continue diversifying into new markets internationally and strengthen our market share to buffer against the volatility of individual markets. Taken in combination with our new subscription-based business model, it should help to provide more earnings stability to counter the global economic uncertainty.

Settling into our role as a managed services partner, we are participating more actively in the operations of our customers, understanding the evolving needs of their business to offer dynamic solutions that deliver sustainable value growth.

To that end, we persist in focusing our investments in research and development to grow new proprietary technology and solutions to future-proof our customers' investment and advance our value proposition as a food tech company. We will carry on evolving as a platform provider for end-consumers, exploring opportunities in customer loyalty management, social media, e-payment and online advertisements to generate new revenue streams and add value to our Cuscapi ecosystem of synergistic services.

At the same time, we remain committed to exploring M&A opportunities that are rapidly presenting itself in the thriving IT market of China to maximise our earnings potential inorganically and enhance our competitive edge. We will remain vigilant of potential risks and be prudent in our undertakings to ensure sustainable value growth for all our customers, shareholders and stakeholders.

As we embrace a challenging year with the volatile market exerting downward pressure on our margins, we are confident that the foundations we've laid and our robust growth strategy will enable us to sustain the positive momentum well into 2016 and beyond and deliver returns to our shareholders. Our continued investment into human capital development will nurture our employees into high performing talents capable of supporting our company's progress in these challenging times.

On that note, I wish to thank all our employees, management team, Board members, business partners, financiers, consultants and our shareholders for their continued support of our aspirations to become the preferred F&B business partner in Asia. I am certain that this report will give you a clearer understanding of the performance and progress of Cuscapi and give you a line of sight into where our company is headed – onwards and upwards.

Here's to an exciting year ahead.

HER CHOR SIONG
Chief Executive Officer

GROUP STRUCTURE

cuscapi®

CUSCAPI BERHAD

CUSCAPI MALAYSIA 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 SDN. BHD.
Cuscapi Hong Kong Ltd.
Cuscapi Philippines, Inc.
Tills N Labels System Marketing, Inc.

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.

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

Khoo Chuan Keat
Independent
Non-Executive Director
(Appointed on 1 Aug 2015)

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

Khoo Chuan Keat
(Appointed on 1 Aug 2015)

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

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

STOCK EXCHANGE LISTING

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

FOR YOU, WITH YOU

Our comprehensive suite of services are created with our clients’ business requirements in mind, working closely with them to understand the intricate needs of their demanding operations and recommend the most advantageous solutions for their business continuity. Through trial launches of pilot programmes in real-live restaurant environments and regular feedback from clients, we continue to improve on our services to better serve our clients’ current and future needs

DIRECTORS' PROFILES

DATO' GAN NYAP LIOU @ GAN NYAP LIOW
INDEPENDENT NON-EXECUTIVE CHAIRMAN
AGE 61, MALAYSIAN

Dato' Gan Nyap Liou @ Gan Nyap Liow was appointed as an Independent Non-Executive Director of our Company on 23 June 2006. He is the Chairman of our Audit, Nomination and Remuneration Committees.

Dato' Larry Gan engages actively in the digital space. He is a strategic investor in e-Commerce and digital enterprises, and operates an extensive business network of entrepreneurs, incubators, consulting professionals and investment funds. He advocates disruptive business models, mentors new startups, and assists with exponential growth.

He was worldwide partner at Accenture for 16 years till his retirement in 2004, and held many global leadership positions including Managing Partner for ASIA, Chairman of the International Advisory Council and member of the Global Management Council. He managed the Accenture multibillion-dollar technology Ventures Fund as Managing Partner, Corporate Development Asia Pacific.

Over a career span of 26 years in Accenture, he consulted on strategic projects for government organisations and multinational corporations, and invested and worked with innovative technologies around the world. Alongside, he served on several external industry organisations, national consultative bodies, advisory boards of universities and professional associations. He was Chairman of the Association of Computer Industry Malaysia (PIKOM), Vice-President of the Association of Asian Oceania Computer Industry Organisation, Member of the Ministry of Science & Technology Think Tank, Copyright Tribunal, and Labuan International Financial Exchange Committee, and Director of MIMOS Berhad (National Technology Research).

Since Accenture, he invested and assumed board roles in several publicly listed technology companies. He served on the boards of Redtone International Berhad (Chairman), Diversified Gateway Solutions Berhad (Chairman), Prestariang Berhad and iProperty Ltd. (Aust). Today, he continues on the Boards of Rev Asia Berhad (Chairman), Fatfish Internet Group Ltd. (Aust, Chairman), Tanjong Public Limited Plc, Saujana Resort (M) Berhad and Tropicana Corporation Berhad.

He is also a Board Member of Maybank Investment Bank Berhad, Minority Shareholder Watchdog Group, and the British Malaysian Chamber of Commerce (Past Chairman). An ardent supporter of the Arts, Education and Sports, Larry was National Fencer and President of the Malaysian Fencing Federation, and Trustee of the Yayasan Tuanku Nur Zahirah (Queen's Foundation). He is now on the Council of the Badminton Association of Malaysia, a Trustee of J C Jacobsen Foundation and serves on the Board of Governors - St Joseph International KL.

He is a Certified Management Consultant and a Chartered Accountant.

He has attended all five (5) Board Meetings held during the financial year ended 31 December 2015.

Dato' Larry Gan 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.

HER CHOR SIONG
CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR
AGE 43, MALAYSIAN

Mr. Her Chor Siong was appointed to the Board of Directors of Cuscapi Berhad on 17 August 2006 and served as Executive Director between 2006 and 2009, where he led the group's international expansion, which now has presence in China, South East Asia and the Middle East. He is a member of our Remuneration Committee.

Mr. Her was appointed Chief Executive Officer (CEO) of Cuscapi Berhad in 2010 to spearhead Cuscapi's strategy to become the preferred business solutions partner of F&B Enterprises in Asia and the Middle East. He was instrumental in the development of Cuscapi as a key F&B solutions provider in China, working along-side key F&B customers such as Ganso, YongHe King, Xiabu xiabu, Yippin and many more.

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

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

He is a graduate of the National University of Malaysia and holds a Bachelor of Arts (Honours) in Sociology and Political Science.

He has attended all five (5) Board Meetings held during the financial year ended 31 December 2015.

Mr. Her 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.

ANG CHIN JOO

INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 63 MALAYSIAN

Mr. Ang Chin Joo (C J Ang) is an Independent Non-Executive Director of the Company. As a former Executive Director and CEO, he was responsible for setting up the business directions and formulating the strategy for the company in its earlier years. He has been on the Board since 29 May 1998. He was redesignated as Independent Non-Executive Director on 21 August 2009. He is a member of our Audit and Nomination Committees.

Mr. Ang began his career in the IT industry with Computer Systems Advisers Berhad (CSA) in 1976. He 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, he 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.

He 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). He is also an Advisor to Outsourcing Malaysia, a chapter of PIKOM.

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

He has attended all five (5) Board Meetings held during the financial year ended 31 December 2015.

Mr. Ang 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 55, MALAYSIAN

Ms. Lim Li Li was appointed as an Non-Independent Non-Executive Director of Cuscapi Berhad on 24 September 2013. She is a member of our Audit, Remuneration and Nomination Committees.

Ms. Lim 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 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 attended four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2015.

Ms. Lim 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.

KHOO CHUAN KEAT
INDEPENDENT NON-EXECUTIVE DIRECTOR
AGE 61, MALAYSIAN

Mr. Khoo Chuan Keat, was appointed to the Board as an Independent Non-Executive Director and member of Audit Committee on 1 August 2015.

Mr. Khoo is a pre-eminent tax and strategic business consultant; a well-recognised leader in the industry. He has a wealth of knowledge and experience in the entire spectrum of taxation including privatisation, corporate and financial restructuring, international tax and cross-border structures and transactions, group rationalisation, structured finance and GST implementation. His industry specialism includes financial services, property development, media and telecommunications.

He has also been engaged in advising on strategic visioning of business ventures, corporate re-organisations and mergers & acquisitions as well as lobbying for fiscal policy changes and incentives, and economic roundtable discussions.

He has a long distinguished career as a professional services adviser with PricewaterhouseCoopers Malaysia for 34 years. Prior to PricewaterhouseCoopers, he spent almost a decade in the profession in the United Kingdom working with MNC clients and on trans-Atlantic consolidations.

During his tenure with PricewaterhouseCoopers, he was a Partner/Senior Executive Director for 26 years and served in various key capacities including Tax Leader of the Malaysian and South East Asian Peninsula (SEAPEN) firms; CEO of PwC E-Tax.com Sdn. Bhd., a MSC-status company; and Company Secretary of the PricewaterhouseCoopers Group of Companies in Malaysia.

He was also a member of the East Cluster Regional Tax Leadership Team and a regular faculty member of the Regional Leadership Development Programme.

He currently serves as Director of several public and private companies as well as the Malaysian Youth Orchestra Foundation.

He is a prolific writer for the media and a frequent speaker at conferences on a wide range of topics, most recently on retirement transformation, seniors living and aged care in which he is well-recognised as a leading authority. He was also a key facilitator at the PEMANDU Lab on Seniors Living.

He has a string of professional qualifications both in the United Kingdom and Malaysia including Institute of Chartered Accountants in England & Wales; Chartered Institute of Taxation, United Kingdom; Institute of Chartered Secretaries & Administrators, United Kingdom; Malaysian Institute of Certified Public Accountants; Chartered Tax Institute of Malaysia; Malaysian Institute of Chartered Secretaries & Administrators; and Malaysian Institute of Accountants.

Since his appointment on 1 August 2015, he has attended all two (2) Board Meetings held during the financial year ended 31 December 2015.

Mr. Khoo 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.

KEY HIGHLIGHTS

PRODUCTS & SERVICES

In 2015 we have completed a series of product development initiatives to further strengthen our solution leadership in the F&B market. These include self-ordering tablets (REV) which has been successfully commercialised and generating revenue at the end of 2015.

A new generation of Customer Call Centre (CCC5.0) has also been released to support a wider pool of customers. Apart from an advanced cloud-based architecture, we incorporate various dynamic ordering features to improve revenue, and provides integration to third party social media application such as Facebook, Dianping, WeChat, Ele.me to support the growing trend of online delivery orders especially in markets such as China.

Our core restaurant management solution, Transight has also been successfully re-architected from a client-server based solution to an advanced cloud-based architecture (Transight Cloud) to take advantage of the various strength of cloud based technologies to help our clients reduce hardware investments, improve efficiency in software maintenance and increase in-store productivity.

We will continue to weave new tech solutions into our holistic software system to help our customers make meaningful investment decisions for their businesses and extract the best value from our services.

PARTNERS

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

Cuscapi actively engaged the regional market sphere in 2015, organising the launch of our Customer Self-Ordering Solution REV in Singapore and Shanghai while participating in other trade events to gain market awareness and increase our overseas market penetration. Some notable events in 2015 include:-

- The launch of our Customer Self-Ordering Solution, REV, in Singapore
- The launch of our Customer Self-Ordering Solution, REV, in Shanghai
- The PIKOM ICT Awards night 2015 in Malaysia

CUSTOMERS

Cuscapi has continued to nurture our business relationships and expand our collaboration with well-known F&B brands across Asia. Among the notable clients are Sodexo (China-Shanghai), Huang Tai Ji (China-Beijing), Tony's Pizza (Singapore), Texas Chicken (Singapore), Tim Ho Wan (Singapore, Malaysia and Thailand), Jollibean (Singapore), Jollibee (Singapore), Hanssik (Singapore), Killiney Coffee (Singapore), A&W (Malaysia), Pizza Hut (Philippines and Malaysia), Old Town White Coffee (Malaysia), Maizen (Philippines), and Gardenia (Philippines).


2017
2018
2019
2020
Average
2015
2016
2017
2018
2019
2020
25006.382
35872.0104625982
47661.1866949026
60442.9050361556
74291.1921917374
89285.4728142059
105510.961319632
123059.082117597

SAVVY SOLUTIONS, REAL RESULTS

With the rise of the millennial generation, Cuscapi is playing a key role in revolutionising customer experience on the digital sphere to connect with this growing target market. By pioneering end-to-end digital solutions for F&B businesses, Cuscapi have become a critical enabler of successful restaurant operations, delivering tangible results in sales and customer experience. Since its launch, the REV Customer Self Service tablets have already seen revenue growth of up to 20% due to reduced staff cost, improved efficacy of in-store promotions and increased customer loyalty.

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 Company and the Group. Corporate Governance principles are viewed as essential to business integrity, performance and maintaining investors' trust. The Board is committed to maintaining complete transparency and full accountability in its obligations to its stakeholders and in its corporate performance as 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 2015 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.

BOARD OF DIRECTORS

Size and Composition

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company.

On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size the from time to time to ensure its appropriateness.

The Board comprises only one Executive Director and 4 Non-Executive Directors, whereby more than half of the Board members are Independent Non-Executive Directors provides effective check and balance in the functioning of the Board. 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 Director
Mr. Her Chor Siong	Executive Director
Mr. Ang Chin Joo	Independent Non-Executive Director
Ms. Lim Li Li	Non-Independent Non-Executive Director
Mr. Khoo Chuan Keat *(Appointed on 1 August 2015)*	Independent Non-Executive Director

Cuscapi Berhad complies with the Bursa Malaysia Securities Berhad Main Market Listing Requirements with regard to board composition and the required ratio of independent directors. In this respect, the Board is fully compliant with Recommendations 3.4 and 3.5 of the Code, whereby its Chairman is both an Independent and a Non-Executive member of the Board. None of the Independent Directors' tenure has exceeded a cumulative term of nine (9) years save for Dato' Gan Nyap Liou @ Gan Nyap Liow. The profiles of the directors are set out on pages 16 to 20 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 is conscious of meeting the Corporate Governance Blueprint 2011 issued by the Securities Commission on increasing women participation on Boards to reach 30% by 2016. However, the Board believes that given the current state of the Group's development, it is more important to have the right mix of skills on the Board rather than attaining the percentage concerned. In this respect, it must be noted that one of the Board is a woman. Nevertheless, the Group is committed to provide fair and equal opportunities and nurturing diversity at all levels within the Group.

All persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment, promotion, remuneration and training. The Group is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

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.

Roles and Responsibilities of the Board

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 oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:-

- reviewing and approving corporate strategies, annual budget, plans and direction of the Company and Group;
- overseeing and evaluating the conduct and performance of the Company and Group;
- identifying principal risks and ensuring implementation of a proper risk management system;
- establishing a succession plan;
- overseeing the development and implementation of a shareholder communication policy for the Company; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

Re-election and Re-appointment 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.

Board Meetings and Supply of Information

The Board held 5 meetings during the financial year 2015 and the members' attendance is as follows:-

DIRECTORS	BOARD MEETINGS ATTENDED*	GENERAL MEETINGS** ATTENDED
Dato' Gan Nyap Liou @ Gan Nyap Liow	5/5	1/1
Mr. Her Chor Siong	5/5	1/1
Mr. Ang Chin Joo	5/5	1/1
Mr. Tai Keat Chai *(Resigned on 6 March 2015)*	1/1	-
Ms. Lim Li Li	4/5	1/1
Encik Durrie bin Hassan *(Alternate Director to Ms. Lim Li Li)* *(Resigned on 26 May 2015)*	-	-
Mr. Khoo Chuan Keat *(Appointed on 1 August 2015)*	2/2	-

** Number of meetings held during tenure as Director.*
*** There was an Annual General Meeting held during 2015.*

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.

Board Charter

The Board Charter which broadly sets out the Board's governance process and Board-Management relationship, has been reviewed and adopted by the Board. The Board Charter sets out the principal role of the Board, the functions, roles, responsibilities and powers of the Board and its various committees and processes and procedure for convening Board Meetings.

The Board Charter is reviewed periodically and updated in accordance with the needs of the Company and any new regulations to ensure its relevance.

Code of Conduct

The Board acknowledges and emphasises the importance for all Directors and employees to embrace the highest standards of corporate governance practices and ethical standards. In this respect, formalised a Code of Conduct is in place. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations, set forth basic standards of ethical behaviour within the Group.

Company Secretaries

All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries, who are qualified, experienced and competent, advises the Board on updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of the Directors, their impact and implication to the Company, including fiduciary duties and responsibilities.

The Company Secretaries attend all Board and Board Committee meetings to ensure that the meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company and produced for inspection, if required. The removal of the Company Secretaries is a matter for the Board to decide.

Sustainability

The Board recognises the importance of sustainability by embracing opportunities and managing risks derived from the environment, social developments and governance. The Board is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of shareholders, stakeholders and business growth.

The Board is committed to provide fair and equal opportunities within the Group and acknowledge the importance of boardroom and workplace diversity. The Company is committed to promote workforce diversity in terms of gender, ethnicity, age, cultural background or other personal factors to ensure the workplace is fair, accessible, flexible and free from discrimination.

Committees Established By the Board

The Board established a number of Board Committees to assist in carrying out its duties and responsibilities. The Board delegates certain functions in order to enhance business and operational efficiencies as well as efficacies.

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees' reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for Board's notification.

Internal Organisational Structure

Allocation of tasks within the Board of Directors in the Audit Committee, Nomination Committee and Remuneration Committee:-

NAME OF DIRECTOR	STATUS	NOMINATION COMMITTEE	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Dato' Gan Nyap Liou @ Gan Nyap Liow *(Chairman of Board)*	Independent Non-Executive	Yes	Yes *(Appointed as member and Chairman of the Audit Committee on 11 March 2015)*	Yes
Mr. Her Chor Siong	Executive Director	-	-	Yes
Mr. Ang Chin Joo	Independent Non-Executive	Yes *(Appointed as member of the Nomination Committee on 26 May 2015)*	Yes	-
Mr. Tai Keat Chai	Independent Non-Executive *(Resigned on 6 March 2015)*	Yes	Yes	-
Ms. Lim Li Li	Non-Independent Non-Executive	Yes	Yes	Yes
Encik Durrie bin Hassan *(Alternate Director to Ms. Lim Li Li)*	Non-Independent Non-Executive *(Resigned on 26 May 2015)*	-	-	-
Mr. Khoo Chuan Keat	Independent Non-Executive *(Appointed on 1 August 2015)*	-	Yes	-

Audit Committee

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 36 to 38 of this annual report.

Nomination Committee

The terms of reference of the Nomination Committee are as follows:-

- to oversee the Company's nomination process for the senior management;
- to identify, screen and review individuals qualified to serve as Executive Directors (ED), Non-Executive Directors (NED) and Independent Directors (ID) consistent with criteria approved by the Board;
- to recommend, for approval by the Board, nominees for election at the AGM of the shareholders; and
- to ensure that the directors on the board have been equipped with sufficient and up to date training with the necessary knowledge and to keep abreast with developments to effectively discharge their duties as a director.

There was one (1) meeting in the year held on 25 November 2015. The composition of the Nomination Committee and the attendance details of the members are given below:-

DIRECTORS	NUMBER OF MEETINGS HELD*	ATTENDED
Dato' Gan Nyap Liou @ Gan Nyap Liow *(Chairman)*	1	1/1
Ms. Lim Li Li	1	1/1
Mr. Tai Keat Chai *(Resigned as member on 6 March 2015)*	1	-
Mr. Ang Chin Joo *(Appointed as member on 26 May 2015)*	1	1/1

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

During the financial year, Mr. Tai Keat Chai had resigned as member of Nomination Committee on 6 March 2015. Subsequently, Mr. Ang Chin Joo was appointed as a member of the Nomination Committee in replacement of Mr. Tai Keat Chai.

Training and Development of Directors

Directors' training is an on-going process as the Directors acknowledge the need to continually develop and update their knowledge and skills required to keep abreast with developments to effectively discharge their duties as a director. The training programmes, seminars and/or conferences attended by the Directors in office at the end of financial year were as follows:-

DIRECTOR'S NAME	COURSE DATE	COURSE DETAIL
Dato' Gan Nyap Liou @ Gan Nyap Liow	8 January 2015	Bursa Training – Corp Governance
	2 & 3 June 2015	World Business Forum
	3 & 4 September 2015	World Capital Market Symposium
	11 August 2015, 7 September 2015, 30 September 2015, 3 & 4 December 2015	Capital Markets Directors Programme Module 1 to 4
Mr. Ang Chin Joo	3 & 4 September 2015	Corporate Directors Advanced Programme (CDAP): Strategy & Risk – Managing Uncertainties
Ms. Lim Li Li	11 June 2015	AC Risk Management & Internal Control Workshop
Mr. Khoo Chuan Keat *(Appointed on 1 August 2015)*	9 & 10 September 2015	Mandatory Accreditation Programme for Directors of Public Listed Companies

Remuneration Committee

The terms of reference of the Remuneration Committee are as follows:-

- to recommend the appropriate remuneration framework for executive directors and senior management staff;
- to approve and evaluate the compensation plans, policies and programmes for EDs and the senior management; and
- to coordinate and oversee the annual self-evaluation of the performance of the Board, Committees' and of individual Directors.

The remuneration policy for Executive Directors is based on the achievements and contribution of each member measured against their respective Key Performance Indicators. The Board shall determine the remuneration of Executive Directors taking into consideration the recommendations of the Remuneration Committee.

The Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at Annual General Meeting.

Remuneration for Non-Executive Directors is not linked to individual performance.
One meeting of the Committee was scheduled during the year ended 31 December 2015 on 26 February 2015. The composition

of the Committee and the attendance details of the members are given below:-

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

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.

Directors' Remuneration

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:-

DIRECTORS' REMUNERATION	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Executive Directors:				
- Salaries and other emoluments	**729,990**	723,614	**729,990**	723,614
- Defined contribution plan	**86,400**	86,400	**86,400**	86,400
Total Executive Directors' remuneration	**816,390**	810,014	**816,390**	810,014
Non-Executive Directors:				
- Fees	**333,000**	348,000	**333,000**	348,000
- Other emoluments	**32,000**	45,000	**32,000**	45,000
Total Non-Executive Directors' remuneration	**365,000**	393,000	**365,000**	393,000
Total Directors' remuneration	**1,181,390**	1,203,014	**1,181,390**	1,203,014

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

REMUNERATION BAND	NUMBER OF MEETINGS 2015	2014
Executive Directors:		
RM150,001 - RM200,000	**-**	-
RM300,001 - RM350,000	**-**	-
RM800,001 – RM850,000	**1**	1
Non-Executive Directors:		
Below RM50,000	**2**	-
RM50,001 - RM100,000	**2**	3
RM100,001 - RM150,000	**1**	1

Financial Reporting

The Board is responsible for ensuring that the quarterly financial reporting and annual audited financial statements of the Company present a true and fair view of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable financial reporting standards.

The Board is assisted by the Audit Committee in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and in ensuring that the Group's financial statement comply with applicable financial reporting standards.

Recognising and Managing Risk

The Board acknowledges that risk management is an integral part of good management practices. Risk in inherent in all business activities. It is not the Group's objective to eliminate risk totally, but to review, prioritise and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived. Further details of the Group's state of risk management and internal control systems are repeated in the Statement on Risk Management and Internal Control on pages 33 to 35.

ACCOUNTABILITY AND AUDIT

The Statement on Risk Management and Internal Control furnished on pages 33 to 35 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 36 to 38 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 36 to 38 of this Annual Report.

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 relation

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 Bhd.
Telephone : 603 7623 7777
Facsimile : 603 7622 1999
Email : ir@cuscapi.com

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, accepted and/or lapsed are as follows:-

GRANT DATE	EXPIRY DATE	EXERCISE PRICE RM/ SHARE (ADJUSTED)	NUMBER OF SHARE OPTIONS AT 1.1.2015	EXERCISED	LAPSED	AT 31.12.2015
7.2.2011	23.1.2017	0.21	**3,120,699**	**-**	**(262,332)**	**2,858,367**
30.6.2011	23.1.2017	0.32	**146,354**	**-**	**(133,452)**	**12,902**
28.2.2012	23.1.2017	0.30	**7,023,678**	**-**	**(997,722)**	**6,025,956**
26.2.2013	23.1.2017	0.23	**5,541,846**	**-**	**(1,241,832)**	**4,300,014**
Total			**15,832,577**	**-**	**(2,635,338)**	**13,197,239**

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 2015.

Non-audit Fees

Other than the following, there were no non-audit fees paid to the external auditors for the financial year ended 31 December 2015:-

SERVICES	AMOUNT (RM)
Review of the Statement of Risk Management and Internal Control	7,000
Review of the Supplementary Information on the Disclosures of Realised and Unrealised Profits and Losses	6,000

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

The details of RRPT for the financial year under review are disclosed in Note 26 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 2015 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.

Utilisation of Proceeds

No fundraising corporate proposal was carried out by the Company during the financial year ended 31 December 2015.

Depository Receipt Programme

The Company did not sponsor any depository receipts programme during the financial year ended 31 December 2015.

STATEMENT OF COMPLIANCE

The Group has complied throughout the financial year ended 31 December 2015 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 2015 include statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows. These are prepared in accordance with applicable approved accounting standards in Malaysia, the requirements of the Companies Act, 1965 in Malaysia 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 judgement 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.

The Board has also formalised ethical standards through a code of conduct and ensures its compliance on the day to day operations of the company.

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 2015 as set out on pages 42 to 114 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 ("the Board"), in recognition of this responsibility, hereby issues the following statement which is prepared in accordance with these requirements.

2. BOARD RESPONSIBILITY

The Board recognise the importance of a sound framework of Risk Management and Internal Control for good corporate governance and to safeguard the shareholders' interests. Towards this end, the Board is committed to maintaining a sound system of Risk Management and Internal Control for the Group and ensuring its continued effectiveness, adequacy and integrity through a process of periodic review.

The Board has delegated the responsibility of undertaking this process of periodic review to the Audit Committee, the delegation of responsibility is defined in the Audit Committee Charter. However, the Board as a whole remains ultimately responsible for the effectiveness, adequacy and integrity of the system of risk management and internal controls.

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, Executive Directors and Senior Management meet regularly in respect of such matters.

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

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 and the 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.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the Audit Committee on a quarterly basis.

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 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 Non-Executive Members of the Board, the majority of whom 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, Executive Directors and Senior Management.

- The professionalism and competency of staff are enhanced through a structured training and development programme 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.

CONCLUSION

The Board has received assurance from the Chief Executive Officer, Executive Directors and Senior Management that the Group's risk management and internal control system is operating effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives in light of the continuous changes in the business environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Malaysian Approved Standard on *Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and RPG 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls Included in the Annual Report*. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This statement is made in accordance with the resolution of the Board of Directors dated 24 March 2016.

AUDIT COMMITTEE REPORT

The Board of Directors of Cuscapi Berhad is pleased to present the report of the Audit Committee of the Board for the year ended 31 December 2015.

OBJECTIVE

The Audit Committee was established to act as a Committee of the Board of Directors to fulfil 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 fulfil 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
      - Fulfils 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)
(Independent Non-Executive Director)
(Appointed as member and Chariman on 11 March 2015)

Mr. Ang Chin Joo
(Independent Non-Executive Director)

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

Mr. Khoo Chuan Keat
(Independent Non-Executive Director)
(Appointed as member on 1 August 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 authorised by the Chairman of the Committee. The Secretary in conjunction with the Chairman shall draw up an agenda which shall be circulated at least one (1) week before each meeting to members of the Committee.

3.4 **Attendance**

- The Committee may require the members of management, the internal auditors and representatives of the external auditors to attend any of its meetings as it determines.

- Other Directors, employees and a representative of the external and internal auditors may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

3.5 **Reporting Procedure**

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

3.6 **Meeting Procedure**

The Committee shall regulate its own procedure, in particular:-

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

4.0 AUTHORITY

The Committee shall:-

a. Have explicit authority to investigate any matter within its terms of reference;
b. Have the resources which it needs to perform its duties;
c. Have full access to any information pertaining to the Company and group which it requires in the course of performing its duties;
d. Have unrestricted access to the senior management of the Company and group;

e. Have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;
f. Be able to obtain independent professional or other advice in the performance of its duties;
g. Be able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary; and
h. Be able to invite outsiders with relevant experience to attend its meeting, whenever deemed necessary.

5.0 DUTIES AND RESPONSIBILITIES

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

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

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

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

5.2 To review the effectiveness of the risk management 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 as member and Chairman on 11 March 2015)

Mr. Ang Chin Joo

Mr. Khoo Chuan Keat
(Appointed as member on 1 August 2015)

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

2. MEETINGS

Four meetings of the Committee were held during the year ended 31 December 2015 as follows:-

26 February 2015, 29 May 2015, 28 August 2015 and 25 November 2015. The present members of the Committee comprise the following Directors:-

	NUMBER OF MEETINGS	
DIRECTORS	**HELD***	**ATTENDED**
Mr. Tai Keat Chai (Chairman) *(Resigned as member and Chairman on 6 March 2015)*	4	1/1
Dato' Gan Nyap Liou @ Gan Nyap Liow (Chairman) *(Appointed as member and Chairman on 11 March 2015)*	4	3/3
Ms. Lim Li Li	4	4/4
Mr. Ang Chin Joo	4	4/4
Mr. Khoo Chuan Keat *(Appointed as member on 1 August 2015)*	4	2/2

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

The Company Secretary was present at all meetings.

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

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

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

3.2 Reviewed the Audit Planning Memorandum of the Group for the financial period ended 31 December 2015 with the External Auditors.

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

3.4 Reviewed the role and management of the internal audit function and the continued option to outsource the internal audit function in the financial period ended 31 December 2015.

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 M/S Stanco & Ruche Consulting, a firm specialising in the provision of outsourced internal audit services.

The Internal Auditors undertook three (3) audits routines in the year under review as follows:-

- Corporate Governance Review
- Sales, Delivery and Maintenance Process Review
- Procurement and Inventory Management Review

The total cost incurred for internal audit function for the financial year ended 31 December 2015 was RM45,000.

5. STATEMENT ON EMPLOYEE SHARE OPTION SCHEME BY THE COMMITTEE

The Board of Directors had resolved on December 8, 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 2015.

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	(24,504,539)	9,450,771
Attributable to:-		
Owners of the Company	(24,504,539)	9,450,771
Non-controlling interests	-	-
	(24,504,539)	9,450,771

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 dividend in respect of the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

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

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 so to realise.

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 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 other than the impairment losses as disclosed in Note 19 to the financial statements.

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

The Company did not issue any shares and 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.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D.)

The salient features of the ESOS are as follows:- (Cont'd.)

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

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

(vi) The option price is the higher of:-

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

   (ii) the par value of the shares.

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

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

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

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

As such, on completion of the previous rights and bonus issues, the ESOS options have been adjusted based on the provision of clause 13.2 (f) of the By Laws 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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D.)

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS during the financial year ended 31 December 2015 are as follows:-

GRANT DATE	EXPIRY DATE	EXERCISE PRICE RM/SHARE (ADJUSTED)	NUMBER OF SHARE OPTIONS AT 1.1.2015	EXERCISED	LAPSED	AT 31.12.2015
7.2.2011	23.1.2017	0.21	3,120,699	-	(262,332)	2,858,367
30.6.2011	23.1.2017	0.32	146,354	-	(133,452)	12,902
28.2.2012	23.1.2017	0.30	7,023,678	-	(997,722)	6,025,956
26.2.2013	23.1.2017	0.23	5,541,846	-	(1,241,832)	4,300,014
			15,832,577	-	(2,635,338)	13,197,239

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 2015 are stated as below:-

	NUMBER OF WARRANTS AT 1.1.2015	EXERCISED	EXPIRED	AT 31.12.2015
Warrants	123,156,433	-	-	123,156,433

The salient terms of the Warrants are as follows:-

i) Each Warrant 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
Ang Chin Joo
Lim Li Li
Khoo Chuan Keat *(Appointed on 01.08.2015)*
Durrie Bin Hassan *(Resigned on 26.05.2015)*
(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 2015 are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2015	BOUGHT	SOLD	AT 31.12.2015
The Company:-				
Cuscapi Berhad				
Direct Interest				
Dato' Gan Nyap Liou @ Gan Nyap Liow	26,100,000	-	-	26,100,000
Her Chor Siong	26,541,666	-	-	26,541,666
Ang Chin Joo	22,132,300	-	-	22,132,300
Lim Li Li	791,875	-	-	791,875
Indirect Interest				
Lim Li Li #	635,775	-	-	635,775

	NUMBER OF WARRANTS				
	AT 1.1.2015	ISSUED	EXERCISED	SOLD	AT 31.12.2015
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
Ang Chin Joo	3,971,000	-	-	-	3,971,000
Lim Li Li	226,250	-	-	-	226,250
Indirect Interests					
Lim Li Li #	181,650	-	-	-	181,650

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2015	EXERCISED	LAPSED	AT 31.12.2015
Dato' Gan Nyap Liou @ Gan Nyap Liow	1,303,061	-	-	1,303,061
Her Chor Siong	4,560,910	-	-	4,560,910
Ang Chin Joo	517,535	-	-	517,535

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 22 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.

SIGNIFICANT EVENT

Details of significant event during the financial year are disclosed in Note 33 to the financial statements.

AUDITORS

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

On behalf of the Board,

DATO' GAN NYAP LIOU @ GAN NYAP LIOW
Director

ANG CHIN JOO
Director

Kuala Lumpur

Date: 24 March 2016

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 52 to 114 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 2015 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 115 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: 24 March 2016

STATUTORY DECLARATION

I, **DAVID TING KIUN HUA**, 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 52 to 114 and the supplementary information set out on page 115 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.

DAVID TING KIUN HUA

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24 March 2016.

Before me,

KAPT. (B) JASNI BIN YUSOFF W465
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 2015 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 52 to 114.

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 2015 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 115 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. 3076/07/17 (J)
Chartered Accountant

Kuala Lumpur
Date: 24 March 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		GROUP		COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	**6,268,675**	6,090,665	**342,297**	540,786
Goodwill on consolidation	4	**8,413,848**	15,727,015	**-**	-
Development costs	5	**22,329,155**	23,947,656	**-**	-
Investment in subsidiaries	6	**-**	-	**13,338,527**	13,394,969
Other investment	7	**-**	-	**-**	-
Deferred tax assets	14	**200,586**	51,492	**-**	-
Trade receivables	9	**1,159,648**	-	**-**	-
		38,371,912	45,816,828	**13,680,824**	13,935,755
Current assets					
Inventories	8	**4,515,410**	4,217,222	**-**	-
Trade and other receivables	9	**22,058,500**	31,783,268	**85,039,659**	74,905,188
Prepayments		**1,089,193**	980,501	**101,069**	109,848
Tax recoverable		**939,229**	1,154,337	**36,000**	-
Short term deposits with licensed banks	10	**1,016,669**	1,495,331	**370,540**	359,399
Cash and bank balances	11	**7,002,745**	7,261,421	**774,371**	396,567
		36,621,746	46,892,080	**86,321,639**	75,771,002
TOTAL ASSETS		**74,993,658**	92,708,908	**100,002,463**	89,706,757
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	**43,553,338**	43,553,338	**43,553,338**	43,553,338
Reserves	13	**21,291,183**	36,337,479	**39,641,641**	30,247,312
Total equity		**64,844,521**	79,890,817	**83,194,979**	73,800,650
Non-current liability					
Deferred tax liabilities	14	**392,224**	300,929	**-**	62,100
		392,224	300,929	**-**	62,100
Current liabilities					
Loans and borrowings	15	**-**	191,617	**-**	21,078
Trade and other payables	16	**9,756,913**	12,249,269	**16,807,484**	15,818,006
Provision for taxation		**-**	76,276	**-**	4,923
		9,756,913	12,517,162	**16,807,484**	15,844,007
Total liabilities		**10,149,137**	12,818,091	**16,807,484**	15,906,107
TOTAL EQUITY AND LIABILITIES		**74,993,658**	92,708,908	**100,002,463**	89,706,757

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 2015

		GROUP		COMPANY	
		2015	2014	2015	2014
	NOTE	RM	RM	RM	RM
Revenue	17	**43,803,907**	51,934,141	**4,625,000**	4,690,000
Cost of sales	18	**(35,777,501)**	(40,221,609)	**-**	-
Gross profit		**8,026,406**	11,712,532	**4,625,000**	4,690,000
Other income		**550,202**	4,226,849	**11,378,499**	4,571,827
Administrative expenses		**(20,023,134)**	(22,951,288)	**(5,815,003)**	(6,396,829)
Other operating expenses	19	**(13,132,081)**	-	**(844,539)**	(3,775)
Results from operating activities		**(24,578,607)**	(7,011,907)	**9,343,957**	2,861,223
Finance income	20	**72,365**	275,118	**27,403**	233,517
Finance costs		**(41,118)**	(61,974)	**(5,852)**	(8,970)
Net finance income		**31,247**	213,144	**21,551**	224,547
(Loss)/profit before taxation	21	**(24,547,360)**	(6,798,763)	**9,365,508**	3,085,770
Taxation	23	**42,821**	(196,196)	**85,263**	(85,263)
(Loss)/profit for the financial year		**(24,504,539)**	(6,994,959)	**9,450,771**	3,000,507
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		**9,458,243**	(554,088)	**-**	-
Total comprehensive (loss)/income for the financial year		**(15,046,296)**	(7,549,047)	**9,450,771**	3,000,507
(Loss)/Profit attributable to:					
Owners of the Company		**(24,504,539)**	(6,956,569)	**9,450,771**	3,000,507
Non-controlling interests		**-**	(38,390)	**-**	-
		(24,504,539)	(6,994,959)	**9,450,771**	3,000,507
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(15,046,296)**	(7,510,657)	**9,450,771**	3,000,507
Non-controlling interests		**-**	(38,390)	**-**	-
		(15,046,296)	(7,549,047)	**9,450,771**	3,000,507
Loss per share attributable to owners of the Company					
- basic (sen)	24	**(5.63)**	(1.60)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	NON-DISTRIBUTABLE						DISTRIBUTABLE	
GROUP	SHARE CAPITAL RM	FOREIGN CURRENCY TRANSLATION RESERVE RM	EMPLOYEE SHARE OPTION RESERVE RM	STATUTORY RESERVE RM	WARRANTS RESERVE RM	SHARE PREMIUM RM	(ACCUMULATED LOSSES)/ RETAINED EARNINGS RM	TOTAL RM
At 1 January 2015	43,553,338	(554,878)	540,729	222,464	11,207,235	14,305,266	10,616,663	79,890,817
Foreign currency translation differences for foreign operations	-	9,458,243	-	-	-	-	-	9,458,243
Other comprehensive income, net of tax	-	9,458,243	-	-	-	-	-	9,458,243
Loss for the financial year	-	-	-	-	-	-	(24,504,539)	(24,504,539)
Total comprehensive loss for the financial year	-	9,458,243	-	-	-	-	(24,504,539)	(15,046,296)
Contributions by and distributions to owners of the Company								
ESOS lapsed	-	-	(87,325)	-	-	-	87,325	-
Total transactions with owners of the Company	-	-	(87,325)	-	-	-	87,325	-
At 31 December 2015	43,553,338	8,903,365	453,404	222,464	11,207,235	14,305,266	(13,800,551)	64,844,521

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D.)

GROUP	SHARE CAPITAL RM	FOREIGN CURRENCY TRANSLATION RESERVE RM	EMPLOYEE SHARE OPTION RESERVE RM	STATUTORY RESERVE RM	WARRANTS RESERVE RM	SHARE PREMIUM RM	RETAINED EARNINGS RM	TOTAL RM	NON-CONTROLLING INTERESTS RM	TOTAL RM
	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	NON-DISTRIBUTABLE						DISTRIBUTABLE			
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 2015 (CONT'D.)

	NON-DISTRIBUTABLE				DISTRIBUTABLE	
	SHARE CAPITAL RM	EMPLOYEE SHARE OPTION RESERVE RM	WARRANTS RESERVE RM	SHARE PREMIUM RM	RETAINED EARNINGS RM	TOTAL RM
Company						
At 1 January 2015	**43,553,338**	**540,729**	**11,207,235**	**14,305,266**	**4,194,082**	**73,800,650**
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**9,450,771**	**9,450,771**
Contributions by and distributions to owners of the Company						
ESOS lapsed	**-**	**(87,325)**	**-**	**-**	**30,883**	**(56,442)**
Total transactions with owners of the Company	**-**	**(87,325)**	**-**	**-**	**30,883**	**(56,442)**
At 31 December 2015	**43,553,338**	**453,404**	**11,207,235**	**14,305,266**	**13,675,736**	**83,194,979**
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

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	**(24,547,360)**	(6,798,763)	**9,365,508**	3,085,770
Adjustments for:-				
Amortisation of development costs	**6,899,882**	4,350,241	**-**	-
Depreciation of property,plant and equipment	**2,240,390**	2,137,909	**191,908**	202,241
Impairment loss on:-				
- goodwill on consolidation	**8,529,097**	-	**-**	-
- development cost	**4,602,984**	-	**-**	-
- investment in subsidiaries	**-**	-	**-**	234,819
- trade receivables	**245,558**	371,586	**-**	-
- amount owing by subsidiaries	**-**	-	**844,539**	3,775
Loss on financial assets carried at amortised cost	**39,450**	-	**-**	-
Property, plant and equipment written off	**341,701**	334,749	**86,475**	5,759
Net (gain)/loss on disposal of property, plant and equipment	**(445)**	216,726	**-**	(39)
Bad debts written off/(recovered)	**65,449**	(55,816)	**-**	-
Impairment on receivables no longer required	**-**	(204,066)	**-**	-
Inventories written off	**145,280**	-	**-**	-
Gain on disposal of a subsidiary	**-**	(3,514,114)	**-**	(2,628,870)
Interest income	**(72,365)**	(275,118)	**(27,403)**	(233,517)
Interest expenses	**41,118**	61,974	**5,852**	8,970
Dividend received from a subsidiary	**-**	-	**-**	(561,816)
Currency realignment	**4,658,261**	(873,759)	**-**	-
Unrealised (gain)/loss on foreign exchange differences	**(15,646)**	138,761	**(11,088,780)**	(1,293,474)
Operating cash flows before changes in working capital	**3,173,354**	(4,109,690)	**(621,901)**	(1,176,382)
Changes in working capital:-				
Inventories	**(443,468)**	469,966	**-**	-
Trade and other receivables	**8,158,316**	(6,716,157)	**(971,128)**	53,238
Trade and other payables	**(2,538,828)**	6,931,781	**1,000,590**	(614,014)
Balances with subsidiaries	**-**	-	**(4,556,113)**	(2,246,392)
Net cash flows from operations	**8,349,374**	(3,424,100)	**(5,148,552)**	(3,983,550)
Interest paid	**(41,118)**	(61,974)	**(5,852)**	(8,970)
Net taxes refund/(paid)	**141,051**	(949,592)	**(17,760)**	(112,292)
Net cash generated from/(used in) operating activities	**8,449,307**	(4,435,666)	**(5,172,164)**	(4,104,812)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D.)

		GROUP		COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Fixed deposit held as security value		**1,124,791**	(539,971)	**(11,141)**	(21,570)
Development costs paid		**(7,067,731)**	(8,268,470)	**-**	-
Purchase of property, plant and equipment		**(2,026,961)**	(1,962,689)	**(79,894)**	(40,216)
Proceeds from disposal of property, plant and equipment		**11,547**	2,133	**-**	43
Net cash outflow on acquisition of a subsidiary	6(ii)	**(5,540)**	-	**-**	-
Net cash inflow arising from the disposal of a subsidiary	6(iii)	**-**	1,601,639	**-**	3,438,182
Net advances from subsidiaries		**-**	-	**5,592,451**	(15,008,500)
Dividend received from a subsidiary		**-**	-	**-**	561,816
Interest received		**72,365**	275,118	**27,403**	233,517
Net cash (used in)/generated from investing activities		**(7,891,529)**	(8,892,240)	**5,528,819**	(10,836,728)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from exercise of ESOS		**-**	464,269	**-**	464,269
Payment of finance lease liabilities		**(191,617)**	(95,908)	**(21,078)**	(82,122)
Net Repayment of trade loan		**-**	(1,453,563)	**-**	-
Net cash (used in)/generated from financing activities		**(191,617)**	(1,085,202)	**(21,078)**	382,147
NET CHANGE IN CASH AND CASH EQUIVALENTS		**366,161**	(14,413,108)	**335,577**	(14,559,393)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**7,261,421**	21,677,955	**396,567**	14,955,960
Effect of the exchange rate fluctuations on cash held		**21,292**	(3,426)	**42,227**	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(a)	**7,648,874**	7,261,421	**774,371**	396,567

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Short term deposits with licensed banks	**1,016,669**	1,495,331	**370,540**	359,399
Cash and bank balances	**7,002,745**	7,261,421	**774,371**	396,567
	8,019,414	8,756,752	**1,144,911**	755,966
Less:				
Fixed deposit held as security value (Note 10)	**(370,540)**	(1,495,331)	**(370,540)**	(359,399)
	7,648,874	7,261,421	**774,371**	396,567

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the board of directors in accordance with a resolution of the directors on 24 March 2016.

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.

2.2 New MFRSs, Amendments/Improvements to MFRSs

(a) Adoption of Amendments/Improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 New MFRSs, Amendments/Improvements to MFRSs (Cont'd.)

(a) Adoption of Amendments/Improvements to MFRSs (Cont'd.)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies except for those as discussed below:-

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

Amendments to MFRS 1 relate 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 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

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

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

Amendments to MFRS 8 Operating Segments

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

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

Amendments to MFRS 13 Fair Value Measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 New MFRSs, Amendments/Improvements to MFRSs (Cont'd.)

(a) Adoption of Amendments/Improvements to MFRSs (Cont'd.)

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify 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 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 119 Employee Benefits

Amendments to MFRS 119 provide 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.

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).

Amendments to MFRS 124 Related Party Disclosures

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

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify 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 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 140 Investment Property

Amendments to MFRS 140 clarify 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.

(b) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:-

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 New MFRSs, Amendments/Improvements to MFRSs (Cont'd.)

(b) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd.)

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2016
MFRS 138	Intangible Assets	1 January 2016
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 MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- 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 statements 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 statements of financial position.

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 New MFRSs, Amendments/Improvements to MFRSs (Cont'd.)

(b) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

- 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:-
(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide 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 11 Joint Arrangements

Amendments to MFRS 11 clarify 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, 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 (CONT'D.)

2.2 New MFRSs, Amendments/Improvements to MFRSs (Cont'd.)

(b) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd.)

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify 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 prohibit 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 clarify 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 127 Separate Financial Statements

Amendments to MFRS 127 allow 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 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:-
- when 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 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, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.2 New MFRSs, Amendments/Improvements to MFRSs (Cont'd.)

(b) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd.)

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

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.

2.3 Summary of significant accounting policies

(a) Basis of consolidation and subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(a) Basis of consolidation and subsidiaries (Cont'd.)

(i) Subsidiaries and business combination (Cont'd.)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 2.3(d) to the financial statements.

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

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 gain or loss 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 associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(a) Basis of consolidation and subsidiaries (Cont'd.)

(iii) 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.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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 (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(d) Intangible assets (Cont'd.)

(ii) Research and development costs (Cont'd.)

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

Other investments are stated at cost less impairment losses. When there is objective evidence 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.

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

(f) Inventories

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

Cost is determined using the weighted average method. The cost of inventories comprises cost of purchase and incidental costs in bringing the inventories to their present location and condition.

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

(g) Cash and cash equivalents

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

(h) Financial instruments

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

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(h) Financial instruments (Cont'd.)

(i) Financial assets (Cont'd.)

Financial assets at fair value through profit or loss (Cont'd.)

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(h) Financial instruments (Cont'd.)

(ii) Financial liabilities

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

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

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

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

(iii) Financial guarantee contracts

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

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

(iv) Derecognition

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

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

(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 (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(i) Taxation (Cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(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.

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 indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(k) Impairment of assets (Cont'd.)

(ii) Impairment of non-financial assets (Cont'd.)

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.

(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 upon completion of services rendered in accordance with the terms of the agreement entered into.

(m) Borrowing costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(n) Employee benefits

(i) *Short term employee benefits*

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

(ii) *Post-employment benefits*

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

(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) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

The diluted earnings/(loss) per share are not presented as it is anti-dilutive.

(p) 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 (CONT'D.)

2.3 Summary of significant accounting policies (Cont'd.)

(q) 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.

(r) 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.

(s) 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.

2.4 Critical accounting estimates and judgements

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Critical accounting estimates and judgements (Cont'd.)

(a) Key sources of estimation (Cont'd.)

(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. The carrying amounts of property, plant and equipment are disclosed in Note 3 to the financial statements.

(iii) Impairment of property, plant and equipment

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

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

(iv) Taxation

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The income tax expense are disclosed in Note 23 to the financial statements.

(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 judgement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Critical accounting estimates and judgements (Cont'd.)

(a) Key sources of estimation (Cont'd.)

(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. The carrying amount of inventories is disclosed in Note 8 to the financial statements.

(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. The carrying amounts of receivables are disclosed in Note 9 to the financial statements.

(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. The carrying amount of investment in subsidiaries is disclosed in Note 6 to the financial statements.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Critical accounting estimates and judgements (Cont'd.)

(a) Key sources of estimation (Cont'd.)

(xi) Valuation of warrants

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

(xii) Useful life of development costs

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

(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

GROUP	PLANT AND EQUIPMENT RM	FURNITURE AND FITTINGS RM	MOTOR VEHICLES RM	COMPUTERS RM	RENOVATION RM	TOTAL RM
2015						
Cost						
At 1 January 2015	**7,958,379**	**764,918**	**792,936**	**3,776,692**	**2,669,557**	**15,962,482**
Currency translation differences	**906,208**	**124,823**	**47,847**	**246,670**	**381,276**	**1,706,824**
Additions	**1,688,758**	**-**	**-**	**306,896**	**31,307**	**2,026,961**
Disposals/Written-off	**(130,170)**	**(86,841)**	**-**	**(2,965)**	**(496,049)**	**(716,025)**
At 31 December 2015	**10,423,175**	**802,900**	**840,783**	**4,327,293**	**2,586,091**	**18,980,242**
Accumulated Depreciation						
At 1 January 2015	**5,076,453**	**584,615**	**501,730**	**2,649,749**	**1,059,270**	**9,871,817**
Currency translation differences	**545,564**	**69,156**	**22,302**	**120,034**	**205,530**	**962,586**
Depreciation for the financial year	**1,280,488**	**75,090**	**115,841**	**536,191**	**232,780**	**2,240,390**
Disposals/Written-off	**(120,824)**	**(84,666)**	**-**	**(790)**	**(156,946)**	**(363,226)**
At 31 December 2015	**6,781,681**	**644,195**	**639,873**	**3,305,184**	**1,340,634**	**12,711,567**
Net carrying amount at 31 December 2015	**3,641,494**	**158,705**	**200,910**	**1,022,109**	**1,245,457**	**6,268,675**
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

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

COMPANY	PLANT AND EQUIPMENT RM	FURNITURE AND FITTINGS RM	MOTOR VEHICLES RM	COMPUTERS RM	RENOVATION RM	TOTAL RM
2015						
Cost						
At 1 January 2015	**186,436**	**299,269**	**572,997**	**1,031,526**	**122,090**	**2,212,318**
Additions	**20,245**	**-**	**-**	**59,649**	**-**	**79,894**
Written-off	**-**	**(80,531)**	**-**	**-**	**(104,368)**	**(184,899)**
At 31 December 2015	**206,681**	**218,738**	**572,997**	**1,091,175**	**17,722**	**2,107,313**
Accumulated Depreciation						
At 1 January 2015	**147,778**	**291,419**	**416,280**	**799,635**	**16,420**	**1,671,532**
Depreciation for the financial year	**9,129**	**2,902**	**69,650**	**107,785**	**2,442**	**191,908**
Written-off	**-**	**(80,359)**	**-**	**-**	**(18,065)**	**(98,424)**
At 31 December 2015	**156,907**	**213,962**	**485,930**	**907,420**	**797**	**1,765,016**
Net carrying amount at 31 December 2015	**49,774**	**4,776**	**87,067**	**183,755**	**16,925**	**342,297**
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

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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	
	2015 RM	2014 RM	2015 RM	2014 RM
Motor Vehicles	-	184,942	-	156,714

4. GOODWILL ON CONSOLIDATION

	GROUP	
	2015 RM	2014 RM
At 1 January	**15,727,015**	15,693,965
Acquisition of a subsidiary (Note 6(ii))	**15,461**	-
Impairment loss	**(8,529,097)**	-
Currency translation differences	**1,200,469**	33,050
At 31 December	**8,413,848**	15,727,015

The goodwill on consolidation as at reporting date, arose from the acquisition of the following subsidiaries:-

i) Cuscapi Solutions Sdn. Bhd.; and
ii) Tills N Labels System Marketing, Inc.

The impairment loss was recognised in other operating expenses in the statements of profit or loss and other comprehensive income.

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:-

	2015	2014
Pre-tax discount rates	**13.87%**	17.87%
Growth rates	**0% - 49%**	16% - 92%

4. GOODWILL ON CONSOLIDATION (CONT'D.)

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

(i) Budgeted growth margin

The budgeted gross 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) Sales growth rates

The sales forecasted sales growth rates are based on historical results adjusted for the potential contract to be secured by the Group.

(iii) Pre-tax discount rates

Discount rate was estimated based on the weighted average cost of capital of the Company. The discount rate applied to the cash flow projections is pre-tax.

(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.

(v) Sensitivity to changes in assumptions

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

5. DEVELOPMENT COSTS

	GROUP	
	2015	**2014**
	RM	**RM**
Development cost		
At 1 January	**40,673,370**	31,991,975
Additions	**7,067,731**	8,268,470
Currency translation differences	**4,247,582**	412,925
At 31 December	**51,988,683**	40,673,370
Accumulated amortisation		
At 1 January	**16,725,714**	12,227,096
Amortisation for the financial year	**6,899,882**	4,350,241
Currency translation differences	**1,430,948**	148,377
At 31 December	**25,056,544**	16,725,714
Accumulated impairment loss		
At 1 January	**-**	-
Charge for the financial year	**4,602,984**	-
At 31 December	**4,602,984**	-
Net carrying amount		
At 31 December	**22,329,155**	23,947,656

5. DEVELOPMENT COSTS (CONT'D.)

Included in development costs is an amount of RM4,560,462/- (2014: RM6,559,137/-) representing software under development and yet to be commercialised.

The impairment loss was recognised in other operating expenses in the statements of profit or loss and other comprehensive income.

The recoverable amount of the development cost is determined based on value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a five (5) year period.

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 (2014: 1 to 5 years).

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

	GROUP	
	2015	**2014**
	RM	**RM**
Staff costs:-		
Salaries and allowances	**7,078,344**	7,329,108

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015	**2014**
	RM	**RM**
Unquoted shares, at cost	**14,547,873**	14,547,873
ESOS granted to employees of subsidiaries	**191,713**	248,155
	14,739,586	14,796,028
Less: Accumulated impairment loss	**(1,401,059)**	(1,401,059)
	13,338,527	13,394,969

6. **INVESTMENT IN SUBSIDIARIES (CONT'D.)**

i) **Details of the subsidiaries are as follows:-**

NAME OF ENTITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2015 %	2014 %	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 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 Sdn. Bhd.	Malaysia	**100**	100	Inactive
Held through Cuscapi International Sdn. Bhd.				
Cuscapi Hong Kong Ltd. +	Hong Kong	**100**	-	Provision of POS and business management solutions, remedial services for POS hardware and related software implementation and support services
Direct subsidiaries				
Cuscapi International Pte. Ltd. +	Singapore	**100**	100	Investment holding
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

6. INVESTMENT IN SUBSIDIARIES (CONT'D.)

i) Details of the subsidiaries are as follows:- (Cont'd.)

NAME OF ENTITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2015 %	2014 %	PRINCIPAL ACTIVITIES
Held through Cuscapi International Pte. Ltd. (Cont'd.)				
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	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
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	Dormant

6. INVESTMENT IN SUBSIDIARIES (CONT'D.)

i) Details of the subsidiaries are as follows:- (Cont'd.)

NAME OF ENTITIES	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2015 %	2014 %	PRINCIPAL ACTIVITIES
Held through Cuscapi Hong Kong Ltd.				
Cuscapi Philippines, Inc. +	Philippines	**99.99**	99.99	Investment holding
Cuscapi Interactive Technology (China) Pty. Ltd. +	Hong Kong	**100**	-	Investment holding
Held through Cuscapi Philippines, Inc.				
Tills N Labels Systems 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.*

ii) Acquisition of a subsidiary

Group

During the financial year, the indirect subsidiary of the Company, namely Cuscapi Hong Kong Ltd. has acquired the 100% equity interest in Cuscapi Interactive Technology (China) Pty. Ltd. ("CIT") comprising 10,000 ordinary shares of HKD1-00 each in CIT for a cash consideration of RM5,540/- ("**Purchase Price**"). Accordingly, CIT became indirect wholly-owned subsidiary of the Group and of the Company.

The fair value of the identifiable assets and liabilities of CIT as at the date of acquisition were:-

	2015 RM
Other receivables	**4,508**
Trade and other payables	**(14,429)**
Net identifiable assets	**(9,921)**
Goodwill on consolidation (Note 4)	**15,461**
Consideration settled in cash	**5,540**
Less: Cash and cash equivalents of subsidiary acquired	**-**
Net cash outflow on acquisition	**5,540**

The Group has impaired the goodwill on consolidation of RM15,461/-, the impairment loss was recognised in other operating expenses in the statements of the profit or loss and other comprehensive income.

6. INVESTMENT IN SUBSIDIARIES (CONT'D.)

iii) 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

iv) 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 2015 RM	2014 RM
Transferable club membership, at cost	**80,000**	80,000
Less: Accumulated impairment loss	**(80,000)**	(80,000)
	-	-

8. INVENTORIES

	GROUP 2015 RM	2014 RM
At cost		
Point of sales related equipment, components and parts	**4,515,410**	4,217,222

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Trade receivables	**1,159,648**	-	**-**	-
Current				
Trade receivables				
Trade receivables	**19,040,883**	26,989,653	**7,300**	7,300
Amount owing by subsidiaries	**-**	-	**11,910,220**	7,354,107
	19,040,883	26,989,653	**11,917,520**	7,361,407
Less: Allowance for impairment loss				
- Trade receivables	**(476,887)**	(625,979)	**(7,300)**	(7,300)
Trade receivables, net	**18,563,996**	26,363,674	**11,910,220**	7,354,107
Other receivables				
Other receivables	**1,734,242**	2,748,402	**439,684**	274,825
Amount owing by subsidiaries	**-**	-	**73,197,468**	66,908,205
Sundry advances	**881,300**	569,618	**4,495**	43,175
Deposits	**878,962**	2,101,574	**336,377**	332,697
	3,494,504	5,419,594	**73,978,024**	67,558,902
Less: Allowance for impairment loss				
- Amount owing by subsidiaries	**-**	-	**(848,585)**	(7,821)
Other receivables, net	**3,494,504**	5,419,594	**73,129,439**	67,551,081
Total current recceivables	**22,058,500**	31,783,268	**85,039,659**	74,905,188
Total trade and other receivables	**23,218,148**	31,783,268	**85,039,659**	74,905,188

9. TRADE AND OTHER RECEIVABLES (CONT'D.)

Trade receivables are non-interest bearing and are generally on 30 to 60 (2014: 30 to 60) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

The non-current trade receivables of the Group is the amounts receivables from the distributor for the licensing fees and is expected to be collected as follow:-

NON-CURRENT	ONE TO TWO YEARS RM	TWO TO THREE YEARS RM	THREE TO FOUR YEARS RM	TOTAL RM
Trade receivables	685,468	474,180	-	1,159,648

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
United States Dollar	**5,113,585**	5,503,020	**58,701,738**	44,954,793
Philippine Peso	**4,384,430**	4,983,090	**-**	-
Singapore Dollar	**1,117,185**	2,488,149	**90,129**	285,051
Chinese Renminbi	**1,563,555**	3,258,159	**-**	-
Thailand Baht	**1,436,439**	-	**-**	-
Ringgit Malaysia	**9,602,954**	15,550,850	**26,247,792**	29,665,344
	23,218,148	31,783,268	**85,039,659**	74,905,188

Analysis of trade receivables

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither past due nor impaired	**5,097,443**	7,621,658	**4,625,000**	4,690,000
1 - 30 days past due not impaired	**2,562,840**	3,220,140	**-**	-
31 - 120 days past due not impaired	**3,512,565**	4,779,640	**-**	-
More than 120 days past due not impaired	**8,550,796**	10,742,236	**7,285,220**	2,664,107
	14,626,201	18,742,016	**7,285,220**	2,664,107
Impaired	**476,887**	625,979	**7,300**	7,300
	20,200,531	26,989,653	**11,917,520**	7,361,407

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.

9. TRADE AND OTHER RECEIVABLES (CONT'D.)

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

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

	INDIVIDUALLY IMPAIRED			
	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Trade receivables - nominal amounts	**476,887**	658,660	**7,300**	7,300
Less: Allowance for impairment loss	**(476,887)**	(625,979)	**(7,300)**	(7,300)
	-	32,681	**-**	-

Movements in allowance accounts:-

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
At 1 January				
- *Trade receivables*	**625,979**	667,858	**7,300**	7,940
- *Amount owing by subsidiaries*	**-**	-	**7,821**	7,821
	625,979	667,858	**15,121**	15,761
Movement during the year:				
- *Trade receivables*				
Charge for the financial year	**245,558**	371,586	**-**	-
Currency realignment	**21,440**	-	**-**	-
Reversal of impairment losses	**-**	(204,066)	**-**	-
Bad debt recovered	**-**	(55,816)	**-**	-
Written-off	**(416,090)**	(640)	**-**	(640)
Disposal of a subsidiary	**-**	(152,943)	**-**	-
	(149,092)	(41,879)	**-**	(640)
- *Amount owing by subsidiaries*				
Charge for the financial year	**-**	-	**844,539**	-
Written-off	**-**	-	**(3,775)**	-
	-	-	**840,764**	-
At 31 December				
- *Trade receivables*	**476,887**	625,979	**7,300**	7,300
- *Amount owing by subsidiaries*	**-**	-	**848,585**	7,821
	476,887	625,979	**855,885**	15,121

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.

9. TRADE AND OTHER RECEIVABLES (CONT'D.)

Amount owing by subsidiaries

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

Deposits

In the previous financial year, included in deposits is an amount of RM1,091,600/- which was paid for the acquisition of the source code from a company incorporated in China. The transaction has been completed during the financial year.

10. SHORT TERM DEPOSITS WITH LICENSED BANKS

Group and Company

The short term deposits bear interest at the rates of 3.10% to 3.21% (2014: 3.10% to 3.15%) per annum.

The short term deposits of the Group and of the Company amounting to RM370,540/- and RM370,540/- respectively (2014: RM1,495,331/- and RM359,399/-) 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	
	2015 RM	2014 RM	2015 RM	2014 RM
United States Dollar	**405,581**	509,575	**40,609**	9,954
Singapore Dollar	**335,652**	107,520	**-**	-
Chinese Renminbi	**2,094,158**	1,478,789	**-**	-
Philippine Peso	**2,162,328**	477,486	**-**	-
Hong Kong Dollar	**1,710**	-	**-**	-
Indonesian Rupiah	**201,896**	117,468	**-**	-
Thailand Baht	**723,795**	539,208	**-**	-
Ringgit Malaysia	**1,077,625**	4,031,375	**733,762**	386,613
	7,002,745	7,261,421	**774,371**	396,567

12. SHARE CAPITAL

	GROUP AND COMPANY			
	2015	2014	2015	2014
	NUMBER OF SHARES			
	UNITS	UNITS	RM	RM
Ordinary shares of RM0.10 each				
Authorised:-				
At 1 January	**1,200,000,000**	600,000,000	**120,000,000**	60,000,000
Creation	**-**	600,000,000	**-**	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	**435,533,377**	433,528,190	**43,553,338**	43,352,819
Issuance of ordinary shares pursuant to:-				
- Exercise of ESOS	**-**	2,005,187	**-**	200,519
At 31 December	**435,533,377**	435,533,377	**43,553,338**	43,553,338

In previous 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 in the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual interests.

13. RESERVES

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-distributable				
Foreign currency translation reserve	**8,903,365**	(554,878)	**-**	-
Employee share option reserve	**453,404**	540,729	**453,404**	540,729
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**	14,305,266	**14,305,266**	14,305,266
	35,091,734	25,720,816	**25,965,905**	26,053,230
Distributable				
(Accumulated losses)/ Retained earnings	**(13,800,551)**	10,616,663	**13,675,736**	4,194,082
	(13,800,551)	10,616,663	**13,675,736**	4,194,082
	21,291,183	36,337,479	**39,641,641**	30,247,312

(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.

13. RESERVES (CONT'D.)

(ii) Foreign currency translation reserve

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

(iii) Employee share option reserve

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

(iv) Statutory reserve

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

(v) Retained earnings

The Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

(vi) Warrants 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 2015 are stated as below:-

	NUMBER OF WARRANTS			
	AT 1.1.2015	**EXERCISED**	**EXPIRED**	**AT 31.12.2015**
Warrants	123,156,433	-	-	123,156,433

The salient terms of the Warrants are as follows:-

i) Each Warrant 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

13. RESERVES (CONT'D.)

(vi) Warrants reserve (Cont'd.)

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

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

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

14. DEFERRED TAX ASSETS/ (LIABILITIES)

The components of deferred tax assets and liabilities prior to off setting are as follow:-

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Deferred tax assets	**200,586**	51,492	**-**	-
Deferred tax liabilities	**(392,224)**	(300,929)	**-**	(62,100)
	(191,638)	(249,437)	**-**	(62,100)

Presented after appropriate offsetting as follows:-

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
At 1 January	**(249,437)**	(624,846)	**(62,100)**	-
Currency realignment	**17,197**	-	**-**	-
Recognised in profit or loss (Note 23)	**40,602**	375,409	**62,100**	(62,100)
At 31 December	**(191,638)**	(249,437)	**-**	(62,100)

The deferred tax assets and deferred tax liabilities are attributable to:-

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Unabsorbed capital allowances	**336,174**	229,836	**195,087**	16,277
Unutilised tax losses	**1,430,886**	1,509,332	**7,211**	-
Unearned income	**62,770**	24,634	**-**	-
Unrealised losses	**137,816**	26,858	**-**	-
Differences between the carrying amounts of property, plant and equipments and their tax bases	**(2,159,284)**	(2,040,097)	**(202,298)**	(78,377)
	(191,638)	(249,437)	**-**	(62,100)

14. DEFERRED TAX ASSETS/ (LIABILITIES) (CONT'D.)

The deferred tax assets not recognised in the financial statements are in respect of the following temporary differences:-

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	**12,955,745**	8,644,954	**454,559**	127,614
Unutilised capital allowances	**444,360**	1,142	**-**	-
	13,400,105	8,646,096	**454,559**	127,614
Potential deferred tax assets not recognised at 24%	**3,216,025**	2,075,063	**109,094**	30,627

15. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade loan (Secured)	**-**	157,316	**-**	-
Finance lease liabilities	**-**	34,301	**-**	21,078
Total loans and borrowings	**-**	191,617	**-**	21,078

(a) Trade loan

In previous financial year, trade loan bears interest at 3.96% 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.

(b) Finance lease liabilities

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Minimum lease payments				
- On demand and within one year	**-**	37,605	**-**	21,232
Less: Amounts representing finance charges	**-**	(3,304)	**-**	(154)
Present value of minimum lease payments	**-**	34,301	**-**	21,078
Present value at payments:-				
Current				
- On demand and within one year	**-**	34,301	**-**	21,078

In previous financial year, the effective interest rate is 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 (CONT'D.)

(c) Loans and borrowings

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
On demand and within one year	-	191,617	-	21,078

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables				
Trade payables	**2,996,831**	3,064,988	**-**	-
Other payables				
Accrued operating expenses	**2,675,102**	1,879,874	**487,496**	450,087
Other payables	**2,475,083**	1,535,736	**478,674**	390,150
Refundable deposits	**1,046,344**	446,646	**15,546**	2,049
Advance receipts from customer for maintenance contract	**563,553**	5,322,025	**-**	-
Amount owing to subsidiaries	**-**	-	**15,825,768**	14,975,720
	6,760,082	9,184,281	**16,807,484**	15,818,006
Total trade and other payables	**9,756,913**	12,249,269	**16,807,484**	15,818,006

The trade and other payables are non-interest bearing and are normally settled on 30 to 120 (2014: 30 to 120) days terms.

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

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
United States Dollar	**648,633**	1,783,031	**5,331,094**	2,727,186
Philippine Peso	**1,071,817**	1,315,995	**-**	-
Singapore Dollar	**1,349,305**	7,471	**-**	-
Chinese Renminbi	**3,291,178**	1,537,743	**-**	-
Indonesian Rupiah	**-**	85,877	**-**	-
Hong Kong Dollar	**33,989**	-	**-**	-
Thailand Baht	**909,899**	-	**-**	-
Ringgit Malaysia	**2,452,092**	7,519,152	**11,476,390**	13,090,820
	9,756,913	12,249,269	**16,807,484**	15,818,006

17. REVENUE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Sale of goods	**21,221,919**	28,650,014	**-**	-
Services	**22,581,988**	23,284,127	**-**	-
Management fees	**-**	-	**4,625,000**	4,690,000
	43,803,907	51,934,141	**4,625,000**	4,690,000

18. COST OF SALES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cost of goods sold	**17,705,681**	26,163,241	**-**	-
Amortisation of development costs	**6,899,881**	4,350,241	**-**	-
Other direct costs	**11,171,939**	9,708,127	**-**	-
	35,777,501	40,221,609	**-**	-

19. OTHER OPERATING EXPENSES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Impairment loss on goodwill	**8,529,097**	-	**-**	-
Impairment loss on development cost	**4,602,984**	-	**-**	-
Impairment loss on amount owing by subsidiaries	**-**	-	**844,539**	3,775
	13,132,081	-	**844,539**	3,775

20. FINANCE INCOME

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income				
- licensed banks	**72,365**	275,118	**27,403**	233,517

21. (LOSS)/PROFIT BEFORE TAXATION

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

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
After charging:-				
Amortisation of development costs	**6,899,882**	4,350,241	**-**	-
Audit fee				
- current year	**319,899**	229,641	**40,000**	38,000
- under accrual in prior year	**1,832**	25,280	**-**	8,000
Internal audit fees	**30,000**	30,000	**30,000**	30,000
Bad debts written off	**65,449**	-	**-**	-
Depreciation of property, plant and equipment	**2,240,390**	2,137,909	**191,908**	202,241
Interest expenses	**41,118**	61,974	**5,852**	8,970
Inventories written off	**145,280**	-	**-**	-
Impairment loss on:-				
- goodwill on consolidation	**8,529,097**	-	**-**	-
- development cost	**4,602,984**	-	**-**	-
- investment in subsidiaries	**-**	-	**-**	234,819
- trade receivables	**245,558**	371,586	**-**	-
- amount owing by subsidiaries	**-**	-	**844,539**	3,775
Loss on disposal of property, plant and equipment	**-**	216,806	**-**	-
Property, plant and equipment written off	**341,701**	334,749	**86,475**	5,759
Loss on financial assets carried at amortised cost	**39,450**	-	**-**	-
Loss on foreign exchange				
- unrealised	**-**	138,761	**-**	-
Rental of premises	**2,726,391**	2,892,396	**280,641**	184,981
Operating lease rental expenses	**818,140**	456,644	**-**	-
Non-executive directors' remuneration (Note 22)	**365,000**	393,000	**365,000**	393,000
Staff costs (Note 21(i))				
- salaries, allowances and bonuses	**15,042,538**	15,150,860	**2,696,748**	2,304,214
- Employees Provident Fund	**1,857,020**	1,864,572	**325,161**	284,900
- other staff related costs	**1,349,092**	1,455,115	**183,080**	180,229
And crediting:-				
Bad debts recovered	**-**	55,816	**-**	-
Impairment on receivables no longer required	**-**	204,066	**-**	-
Dividend income received from a subsidiary	**-**	-	**-**	561,816
Gain on disposal of property, plant and equipment	**445**	80	**-**	39
Gain on disposal of a subsidiary	**-**	3,514,114	**-**	2,628,870
Interest income	**72,365**	275,118	**27,403**	233,517
Realised gain on foreign exchange	**390,176**	33,878	**289,719**	9,344
Unrealised gain on foreign exchange	**15,646**	-	**11,088,780**	1,293,474

i) Included in staff cost of the Group and of the Company are executive directors' remuneration amounting to RM816,390/- (2014: RM810,014/-) as disclosed in Note 22 to the financial statements.

22. DIRECTORS' REMUNERATION

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

	GROUP AND COMPANY	
	2015	2014
	RM	RM
Executive:-		
- Salaries and other emoluments	**729,990**	723,614
- Defined contribution plan	**86,400**	86,400
Total Executive Directors' remuneration	**816,390**	810,014
Non-Executive:-		
- Fees	**333,000**	348,000
- Allowances	**32,000**	45,000
Total Non-Executive Directors' remuneration	**365,000**	393,000
Total Directors' remuneration	**1,181,390**	1,203,014

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	
	2015	2014
Executive Directors:-		
RM150,001 - RM200,000	**-**	-
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	**-**	-
RM750,001 - RM800,000	**-**	-
RM800,001 - RM850,000	**1**	1
Non-Executive Directors:-		
Below RM50,000	**2**	-
RM50,001 - RM100,000	**2**	3
RM100,001 - RM150,000	**1**	1

23. TAXATION

	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Malaysian income tax expense:-				
- current year	**-**	(548,813)	**-**	(23,163)
- over/(under) provision in prior years	**27,439**	(22,792)	**23,163**	-
	27,439	(571,605)	**23,163**	(23,163)
Foreign income tax expense:-				
- current year	**(25,220)**	-	**-**	-
Deferred taxation (Note 14):-				
- current year	**73,706**	521,422	**-**	22,196
- (under)/over provision in prior years	**(33,104)**	(146,013)	**62,100**	(84,296)
	40,602	375,409	**62,100**	(62,100)
	42,821	(196,196)	**85,263**	(85,263)

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

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 2015 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	2015 %	2014 %
a) China	**25.00**	25.00
b) Singapore	**17.00**	17.00
c) Indonesia	**25.00**	25.00
d) Hong Kong	**16.50**	16.50
e) Thailand	**20.00**	20.00
f) 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 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
(Loss)/Profit before taxation	**(24,547,360)**	(6,798,763)	**9,365,508**	3,085,770
Tax at applicable tax rate of 25%	**6,136,840**	1,699,691	**(2,341,377)**	(771,443)
Tax effects arising from:-				
- non-deductible expenses	**(5,903,581)**	(1,156,795)	**(421,511)**	(354,296)
- non-taxable income	**976,024**	1,275,451	**2,844,624**	1,125,697
- tax incentives-pioneer status	**23,954**	181,524	**-**	-
- origination of deferred tax assets not recognised in the financial statements	**(1,140,962)**	(1,933,071)	**(78,467)**	-
- over/(under) provision of income tax expense in prior years	**27,439**	(22,792)	**23,163**	-
- (under)/over provision of deferred tax expense in prior years	**(33,104)**	(146,013)	**62,100**	(84,296)
- differences in tax rate	**(43,789)**	(94,191)	**(3,269)**	(925)
Tax credit/(expense) for the financial year	**42,821**	(196,196)	**85,263**	(85,263)

24. (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	
	2015	**2014**
Loss attributable to owners of the Company (RM)	**(24,504,539)**	(6,956,569)
Weighted average number of ordinary shares in issue (units)	**435,533,377**	434,559,028
Basic loss per share (sen)	**(5.63)**	(1.60)

The diluted loss per share of the current and previous financial year are not presented as it is anti-dilutive.

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.

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			
	2015		2014	
	NO.	**WAEP RM**	**NO.**	**WAEP RM**
At 1 January	**15,832,577**	**0.26**	22,885,068	0.26
Lapsed	**(2,635,338)**	**0.26**	(5,047,304)	0.35
Exercised	**-**	**-**	(2,005,187)	0.30
At 31 December	**13,197,239**	**0.26**	15,832,577	0.26
Exercisable at 31 December	**13,197,239**	**0.26**	15,832,577	0.26

- The weighted average remaining contractual life for these options is 1 year (2014: 2 years).

26. 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Income:				
Management fees receivable from subsidiaries				
- Cuscapi Malaysia Sdn. Bhd.	**-**	-	**4,092,000**	4,051,000
- Cuscapi Network Solutions Sdn. Bhd.	**-**	-	**-**	56,000
- Cuscapi Outsourcing Sdn. Bhd.	**-**	-	**-**	21,000
- Cuscapi Innovation Lab Sdn. Bhd.	**-**	-	**271,000**	313,000
- Cuscapi Solutions Sdn. Bhd.	**-**	-	**262,000**	249,000
Dividends received from subsidiaries				
- Cuscapi Network Solutions Sdn. Bhd.	**-**	-	**-**	561,816
Sale transactions with AMMB Holding Berhad +	**-**	384,106	**-**	-

+ *Transactions with AMMB Holding Berhad, whereby Dato' Larry Gan Nyap Liou @ Gan Nyap Liow is a director of AMMB Holding Berhad.*

27. 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive Directors' remuneration				
- salaries and other emoluments	**729,990**	723,614	**729,990**	723,614
Post-employment benefits:				
- Defined contribution plan	**86,400**	86,400	**86,400**	86,400
	816,390	810,014	**816,390**	810,014
Key Management Personnel's remuneration				
- salaries and other emoluments	**807,731**	1,351,951	**358,200**	690,328
Post-employment benefits:				
- Defined contribution plan	**80,390**	146,722	**42,984**	82,798
	888,121	1,498,673	**401,184**	773,126
	1,704,511	2,308,687	**1,217,574**	1,583,140

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 (2014: 7,776,145).

28. 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:-

	LOANS AND RECEIVABLES			
	GROUP		COMPANY	
FINANCIAL ASSETS	2015 RM	2014 RM	2015 RM	2014 RM
Trade and other receivables	**23,218,148**	31,783,268	**85,039,659**	74,905,188
Short term deposits with licensed banks	**1,016,669**	1,495,331	**370,540**	359,399
Cash and bank balances	**7,002,745**	7,261,421	**774,371**	396,567
	31,237,562	40,540,020	**86,184,570**	75,661,154

	FINANCIAL LIABILTIES AT AMORTISED COST			
	GROUP		COMPANY	
FINANCIAL LIABILITIES	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	**2,996,831**	3,064,988	**-**	-
Other payables	**2,475,083**	1,535,736	**478,674**	390,150
Accrued operating expenses	**2,675,102**	1,879,874	**487,496**	450,087
Refundable deposits	**1,046,344**	446,646	**15,546**	2,049
Amount owing to subsidiaries	**-**	-	**15,825,768**	14,975,720
Loans and borrowings	**-**	191,617	**-**	21,078
	9,193,360	7,118,861	**16,807,484**	15,839,084

(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
Trade receivables (non-current)	9
Short term deposits with licensed banks	10
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 and non-current portion of trade receivables are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of short term deposits with licensed banks, cash and bank balances, receivables, payables and short term borrowings are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

28. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair value of financial instruments (Cont'd.)

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:-

	2015		2014	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
Group				
Finance lease liabilities	-	-	34,301	31,680
Company				
Finance lease liabilities	-	-	21,078	20,621

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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's 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.

<u>Financial assets that are neither past due nor impaired</u>
Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9 to the financial statements.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(i) Credit risk (Cont'd.)

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 RM445,988/- (2014: RM729,271/-) representing the outstanding credit facilities of the subsidiary guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayment.

(ii) Liquidity risk

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

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

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

	CARRYING AMOUNT RM	CONTRACTUAL INTEREST RATE %	CONTRACTUAL CASH FLOWS RM	ON DEMAND OR WITHIN 1 YEAR RM	1 TO 5 YEARS RM	MORE THAN 5 YEARS RM
GROUP						
2015						
Financial Liabilities						
Trade payables	**2,996,831**	**-**	**2,996,831**	**2,996,831**	**-**	**-**
Other payables	**2,475,083**	**-**	**2,475,083**	**2,475,083**	**-**	**-**
Refundable deposits	**1,046,344**	**-**	**1,046,344**	**1,046,344**	**-**	**-**
Accrued operating expenses	**2,675,102**	**-**	**2,675,102**	**2,675,102**	**-**	**-**
	9,193,360		**9,193,360**	**9,193,360**	**-**	**-**

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(ii) Liquidity risk (Cont'd.)

Maturity analysis (Cont'd.)

	CARRYING AMOUNT RM	CONTRACTUAL INTEREST RATE %	CONTRACTUAL CASH FLOWS RM	ON DEMAND OR WITHIN 1 YEAR RM	1 TO 5 YEARS RM	MORE THAN 5 YEARS 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	-	-
COMPANY						
2015						
Financial Liabilities						
Other payables	**16,807,484**	**-**	**16,807,484**	**16,807,484**	**-**	**-**
Financial guarantee contracts	**-**	**-**	**445,988**	**445,988**	**-**	**-**
	16,807,484		**17,253,472**	**17,253,472**	**-**	**-**
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	-	-
Financial guarantee contracts	-	-	729,271	729,271	-	-
	15,839,084		16,568,509	16,568,509	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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			
	2015		2014	
	100BP INCREASE RM	100BP DECREASE RM	100BP INCREASE RM	100BP DECREASE RM
Group				
Variable rate instruments	-	-	(1,573)	1,573

(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 United States Dollar ("USD"), China Renmimbi ("RMB"), Singapore Dollar ("SGD"), Thailand Baht ("THB"), Hong Kong Dollar ("HKD"), Philippines Peso ("PHP") and Indonesian Rupiah ("IDR").

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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iv) Foreign Currency Risk (Cont'd.)

Sensitivity analysis for foreign currency risk

A 3% strengthening 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.

		LOSS AND EQUITY	
		2015	**2014**
GROUP		**RM**	**RM**
USD	strengthen - 3%	**138,151**	126,887
RMB	strengthen - 3%	**29,573**	95,976
SGD	strengthen - 3%	**10,996**	77,646
PHP	strengthen - 3%	**164,248**	124,337
THB	strengthen - 3%	**37,510**	16,176
IDR	strengthen - 3%	**6,057**	89,401
HKD	strengthen - 3%	**(968)**	-

A 3% weakening of the RM against the respective foreign currencies as at the end of the financial year would have had an equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

30. 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 2015 and 31 December 2014 were as follows:-

	GROUP	
	2015	**2014**
	RM	**RM**
Total liabilities	**10,149,137**	12,818,091
Equity attributable to owners of the Company	**64,844,521**	79,890,817
Debt-to-equity ratio	**0.16**	0.16

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.

31. SEGMENTAL REPORTING

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

The Group's reportable operating segments are as follows:-

(a) Geography locations

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

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

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

(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.

31. SEGMENTAL REPORTING (CONT'D.)

	GEOGRAPHICAL SEGMENT			BUSINESS UNIT SEGMENT				
	MALAYSIA RM	SOUTH EAST ASIA RM	PEOPLE'S REPUBLIC OF CHINA RM	OPERATIONAL COST CENTRE RM	GROUP CORPORATE RM	TOTAL RM	ELIMINATIONS AND ADJUSTMENTS RM	CONSOLIDATED RM
2015								
Revenue								
Sales to external customers	19,323,929	13,288,009	11,191,969	-	-	43,803,907	-	43,803,907
Intercompany sales	480,000	1,789,787	248,151	3,958,899	4,625,000	11,101,837	(11,101,837) [A]	-
	19,803,929	15,077,796	11,440,120	3,958,899	4,625,000	54,905,744		43,803,907
Results								
Operating (loss)/profit	(2,350,469)	1,823,445	(2,374,558)	(7,666,286)	(5,450,395)	(16,018,263)	-	(16,018,263)
Impairment loss on goodwill	(1,674,752)	(257,456)	-	(6,596,889)	-	(8,529,097)	-	(8,529,097)
(Loss)/profit before tax	(4,025,221)	1,565,989	(2,374,558)	(14,263,175)	(5,450,395)	(24,547,360)		(24,547,360)
Taxation	4,282	106,677	-	(153,401)	85,263	42,821	-	42,821
Profit/(loss) after tax	(4,020,939)	1,672,666	(2,374,558)	(14,416,576)	(5,365,132)	(24,504,539)		(24,504,539)
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)

31. SEGMENTAL REPORTING (CONT'D.)

	GEOGRAPHICAL SEGMENT					
	MALAYSIA RM	SOUTHEAST ASIA RM	PEOPLE'S REPUBLIC OF CHINA RM	TOTAL RM	ADJUSTMENTS RM	CONSOLIDATED RM
2015						
Assets						
Segment assets	**31,241,447**	**19,534,700**	**23,077,696**	**73,853,843**	**-**	**73,853,843**
Total assets	**32,069,878**	**19,846,084**	**23,077,696**	**74,993,658**	**-**	**74,993,658**
Liabilities						
Segment liabilities	**3,800,233**	**2,665,502**	**3,291,178**	**9,756,913**	**-**	**9,756,913**
Total liabilities	**4,192,457**	**2,665,502**	**3,291,178**	**10,149,137**	**-**	**10,149,137**
Other information						
Capital expenditure	**2,082,835**	**382,985**	**6,628,872**	**9,094,692**	**-**	**9,094,692** C
Depreciation of property, plant and equipment	**846,527**	**834,497**	**559,366**	**2,240,390**	**-**	**2,240,390**
Amortisation of development expenditure	**2,495,221**	**-**	**4,404,661**	**6,899,882**	**-**	**6,899,882**
Other non-cash expenditure	**11,463,896**	**2,108,752**	**3,110,416**	**16,683,064**	**(2,713,545)**	**13,969,519** D
Other non-cash income	**13,588,486**	**311,657**	**141,473**	**14,041,616**	**(14,025,526)**	**16,090** E
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

31. SEGMENTAL REPORTING (CONT'D.)

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:-

	2015 RM	2014 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:-

	2015 RM	2014 RM
Property, plant and equipment	**2,026,961**	1,962,689
Development expenditure	**7,067,731**	8,268,470
	9,094,692	10,231,159

D Other non-cash expenditure consist of:-

	2015 RM	2014 RM
Impairment loss on trade receivables	**245,558**	371,586
Impairment loss on goodwill	**8,529,097**	-
Impairment loss on development cost	**4,602,984**	-
Loss on disposal of property, plant and equipment	**-**	216,806
Loss on financial assets carried at amortised cost	**39,450**	-
Property, plant and equipment written off	**341,701**	334,749
Inventories writteen off	**145,280**	-
Bad debts written off	**65,449**	-
Unrealised loss on foreign exchange	**-**	138,761
	13,969,519	1,061,902

E Other non-cash income consist of:-

	2015 RM	2014 RM
Unrealised gain on foreign exchange	**15,645**	-
Gain on disposal of property, plant and equipment	**445**	80
	16,090	80

Major customer information

Included in the Malaysia geographical segment, there is a single customer who contribute approximately 10% (2014: NIL) of the Group's total revenue.

32. 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	
	2015	**2014**
	RM	**RM**
Not more than 1 year	**1,249,433**	627,012
Later than 1 year but not later than 2 years	**378,818**	697,680
Later than 2 year but not later than 5 years	**969,690**	993,389
	2,597,941	2,318,081

The Group leases rental equipment from Orix Rentec and CSI leasing Sdn. Bhd. under operating leases. These non-cancellable leases will expire between 2016 to 2020 years. All leases 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 its customers, and also the REV tablets for the SEA customers.

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Acquisition of a subsidiary

During the financial year, the Company has announced that its wholly-owned subsidiary, Cuscapi Hong Kong Limited, has acquired 10,000 ordinary shares of HKD1.00 each in Cuscapi Interactive Technology (China) Pty Limited ("CIT") representing 100% of the issued and paid-up capital of CIT for a total cash consideration of HKD10,000/- or equivalent to RM5,540/- only. Accordingly, CIT has become the new indirect wholly-owned subsidiary of the Group and of the Company.

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 2015, into realised and unrealised profits, pursuant to the directive, is as follows:-

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Realised	**(13,856,799)**	10,380,015	**2,524,856**	2,962,708
Unrealised	**56,248**	236,648	**11,150,880**	1,231,374
Total (accumulated losses)/retained earnings	**(13,800,551)**	10,616,663	**13,675,736**	4,194,082

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 01 APRIL 2016

ANALYSIS BY SIZE OF HOLDINGS AS AT 01 APRIL 2016

	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1 - 99	57	1.69	2,583	0.00
100 - 1,000	303	8.96	255,541	0.06
1,001 - 10,000	1,111	32.87	7,809,526	1.79
10,001 - 100,000	1,586	46.92	61,623,051	14.15
100,001 - 21,776,667 (*)	319	9.44	213,024,315	48.91
21,776,668 and above (**)	4	0.12	152,818,361	35.09
TOTAL	3,380	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 01 APRIL 2016

NO.	HOLDERS NAME	DIRECT SHAREHOLDINGS NO. OF SHARES	DIRECT SHAREHOLDINGS %	INDIRECT SHAREHOLDINGS NO. OF SHARES	INDIRECT SHAREHOLDINGS %
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 from 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	-	-
6	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 01 APRIL 2016 (CONT'D.)

LIST OF DIRECTORS' HOLDINGS AS AT 01 APRIL 2016

NO.	NAME OF DIRECTORS	DIRECT SHAREHOLDINGS NO. OF SHARES	%	INDIRECT SHAREHOLDINGS 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

Notes:-

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

THE 30 LARGEST SECURITIES HOLDERS AS AT 01 APRIL 2016

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	Kenanga Nominees (Tempatan) Sdn. Bhd Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.	9,027,200	2.07
11	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Chong Te (8088650)	8,096,350	1.86
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	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mak Tian Meng	4,375,000	1.00
16	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chan Hiok Khiang (PB)	3,825,000	0.88
17	Pinang Inovasi Sdn. Bhd.	2,625,000	0.60

ANALYSIS OF SHAREHOLDINGS
AS AT 01 APRIL 2016 (CONT'D.)

THE 30 LARGEST SECURITIES HOLDERS AS AT 01 APRIL 2016 (CONT'D.)

NO.	HOLDER NAME	NO. OF HOLDING	%
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	Pang Kee Loong	1,958,200	0.45
22	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Syed Hishamuddin Bin Syed Kamaruddin (472615)	1,782,900	0.41
23	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Caceis Bank Luxembourg (CLT ACCT-DTT)	1,553,600	0.36
24	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tang Sing Ling	1,533,800	0.35
25	Maybank Nominees (Tempatan) Sdn. Bhd. Lim Kah Eng	1,371,500	0.31
26	Yong Chee Chau	1,300,000	0.30
27	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Ah Moy (Penang-CL)	1,286,300	0.30
28	Tan Poh Keat	1,220,000	0.28
29	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leow Kuan Shu	1,200,000	0.28
30	Ee Kim Soon	1,174,200	0.27

ANALYSIS OF WARRANTS HOLDINGS
AS AT 01 APRIL 2016

ANALYSIS BY SIZE OF HOLDINGS AS AT 01 APRIL 2016

	NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1 - 99	12	1.43	603	0.00
100 - 1,000	67	7.98	32,384	0.03
1,001 - 10,000	209	24.88	1,391,150	1.13
10,001 - 100,000	429	51.07	18,578,200	15.09
100,001 - 6,157,820 (*)	119	14.17	62,468,600	50.72
6,157,821 and above (**)	4	0.48	40,685,496	33.04
TOTAL	840	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 01 APRIL 2016

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

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

THE 30 LARGEST SECURITIES HOLDERS AS AT 01 APRIL 2016

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	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Chock Shume	3,914,200	3.18

ANALYSIS OF WARRANTS HOLDINGS
AS AT 01 APRIL 2016 (CONT'D.)

THE 30 LARGEST SECURITIES HOLDERS AS AT 01 APRIL 2016 (CONT'D.)

NO.	HOLDER NAME	NO. OF HOLDING	%
8	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Kin Lip	3,030,000	2.46
9	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chan Hiok Khiang (Pb)	2,750,000	2.23
10	Lee Chee Keong	2,482,900	2.02
11	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Chong Te (8088650)	2,481,100	2.01
12	Hassan Bin Che Abas	1,750,000	1.42
13	Mohd Razali Bin Abdul Rahman	1,750,000	1.42
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	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mak Tian Meng	1,250,000	1.01
17	Rezal Zain Bin Abdul Rashid	1,000,000	0.81
18	Tan Booi Charn	949,900	0.77
19	HLIB Nominees (Tempatan) Sdn. Bhd. Hong Leong Bank Bhd. For Chiang Yoong Fatt	924.500	0.75
20	Maybank Nominees (Tempatan) Sdn. Bhd. Tang Sing Ling	892,100	0.72
21	Wong Yoke Fong @ Wong Nyok Fing	820,550	0.67
22	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Seow Hoon Hin (472187)	800,000	0.65
23	Ng Kok Weng	761,200	0.62
24	Pinang Inovasi Sdn. Bhd.	750,000	0.61
25	S. Sivarajah A/L V. Sithamparapillai	702,000	0.57
26	Maybank Nominees (Tempatan) Sdn. Bhd. Lim Kah Eng	687,600	0.56
27	Mohd Razali Bin Abdul Rahman	675,000	0.55
28	Lam Yee Foon	662,600	0.54
29	Khoo Ming Fong	635,000	0.52
30	Seow Hoon HIn	582,700	0.47

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the THIRTY-SEVENTH 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, 20 May 2016 at 11:30 a.m. for the following purposes:-

AGENDA
As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 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 RM333.000 for the financial year ended 31 December 2015. **Resolution 1**

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

4. To re-elect Mr. Khoo Chuan Keat who retires by rotation and being eligible, offer himself for re-election in accordance with Article 96 of the Company's Articles of Association. **Resolution 3**

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

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

6. **Ordinary Resolution** **Resolution 5**
   Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

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

7. **Ordinary Resolution** **Resolution 6**
<u>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")</u>

"**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."

8. **Ordinary Resolution** **Resolution 7**
<u>Continuation in Office as an Independent Non-Executive Director</u>

"**THAT**, Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow be retained as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

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

By Order of the Board

DATUK TAN LEH KIAH
LIM CHIEN JOO
Company Secretaries

Kuala Lumpur
Date: 28 April 2016

Notes:-

1. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at 13 May 2016 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the meeting.*

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

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

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

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

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

7. *Explanatory Notes to the Agenda:-*

   Item 1 of the Agenda

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

   Item 6 of the Agenda - Ordinary Resolution 5

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

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

   The Company wishes to renew the mandate on the authority to issue shares in general pursuant to Section 132D of the Companies Act, 1965 granted to the Directors at the Thirty-Sixth AGM held on 19 June 2015 (hereinafter referred to as the "General Mandate").

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

   Item 7 of the Agenda – Ordinary Resolution 6

   Proposed Renewal of Share-Buy Back Authority

   The proposed Resolution 6, 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 April 2016 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.

   Item 8 of the Agenda – Ordinary Resolution 7

   Continuation in Office as an Independent Non-Executive Director

   Pursuant to the Malaysian Code on Corporate Governance 2012, the Board is making a recommendation to shareholders that Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow remains as Independent Non-Executive Director of the Company. Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

   The Board is of the view that Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow has performed his duties diligently and provided independent views in participating in deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company.

   The Board believes that with Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow expertise and broad international experience together with his accumulative knowledge of the Group's business and operation provide the Board with a diverse set of experience and expertise which enhances the skills and experience profile of the Board.

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(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-Seventh 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, 20 May 2016 at 11:30 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 2015 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 2015	1		
3	To re-elect Mr. Ang Chin Joo as Director	2		
4	To re-elect Mr. Khoo Chuan Keat as Director	3		
5	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.	4		
SPECIAL BUSINESS				
6	**Ordinary Resolution** To authorise the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965	5		
7	**Ordinary Resolution** To approve the Proposed Renewal of Share Buy-Back Authority	6		
8	**Ordinary Resolution** Continuation in office as an Independent Non-Executive Director - Y. Bhg. Dato' Gan Nyap Liou @ Gan Nyap Liow	7		

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

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

First named proxy ________ %
Second named proxy ________ %
________ %

As witness my/our hand(s) this ________ day of ________ , 2016 Signature of Member(s) ________________

NOTES:-

1. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at 13 May 2016 ("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

Fold here

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