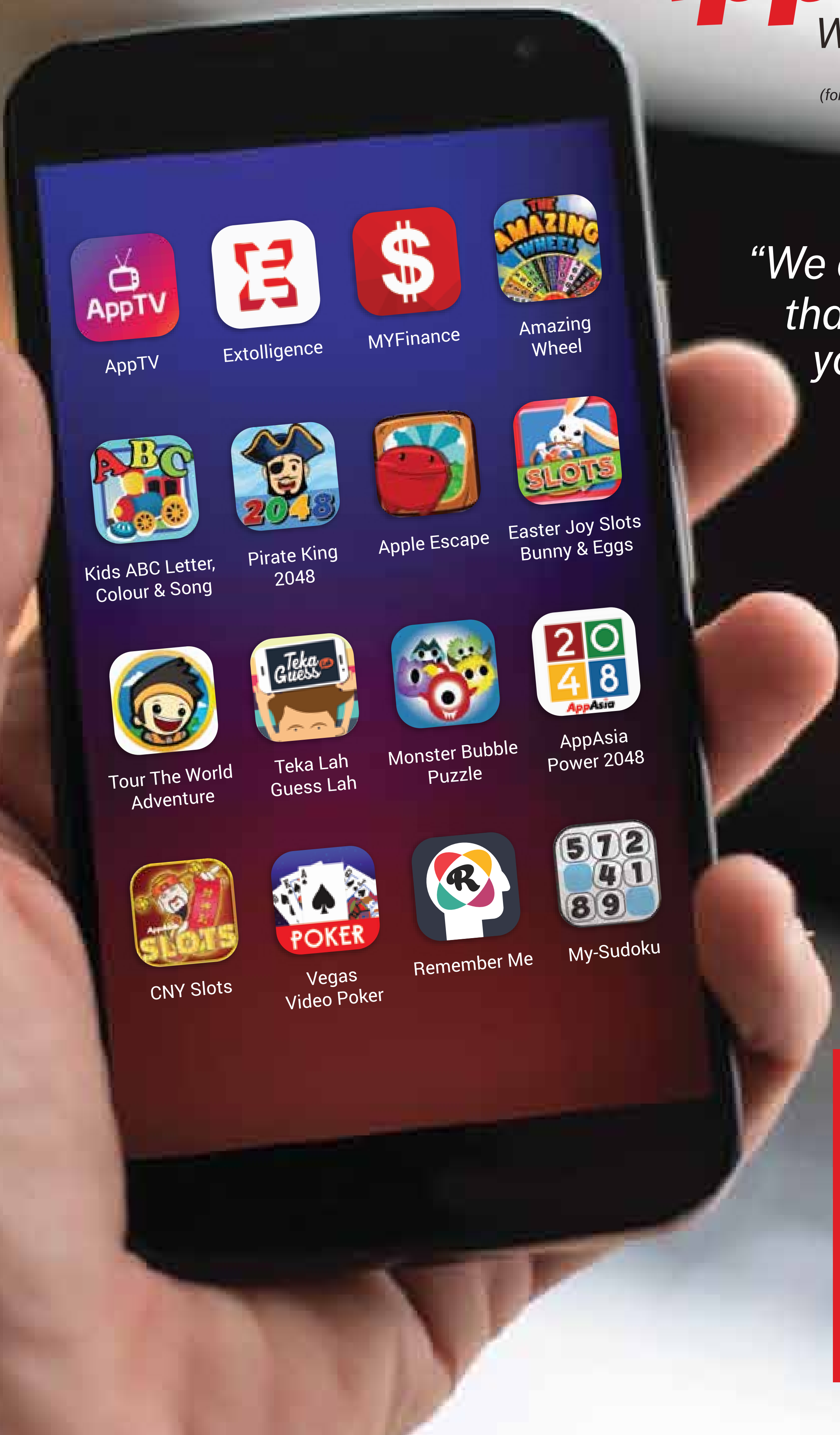
AppAsia™

We Develapps

AppAsia Berhad
(formerly known as Extol MSC Berhad)
(Company No. 643683-U)

*"We create apps that **CHANGE** your life"*



ANNUAL REPORT

YEAR 2014

Introducing
A WHOLE NEW LEVEL OF SHOPPING EXPERIENCE

AppAsia Mall brings a whole new level of shopping experience through your desktop, tablet and mobile phone. AppAsia Mall now presents to you **www.EzyTred.com** — your No. 1 Online Fashion Wholesale Mall.

EzyTred.com is one-stop online fashion mall that offers the best of fashion ranging from Muslimah, Korean fashion, women, men to kids wear with over 10,000 items selling online. They are all exclusively designed and manufactured based on the latest trends and fashion scene internationally. Discover, Shop & Share with EzyTred.com today!

AppAsia Mall shall be expanding the online shopping experience to the mass consumers market. It shall bring the e-commerce business to the next level by bringing more potential products to the mall and introducing a brand new mobile shopping experience through **AppAsia Mall Mobile Commerce,** which is coming real soon.

Online shopping has never been easier with AppAsia Mall!

www.EzyTred.com

YOUR ONLINE FASHION PROVIDER

BY

APPASIA MALL SDN BHD

No 2, Jalan Makyong 5D/KU5 Bandar Bukit Raja, 41050 Klang, Selangor

T +603 3341 6790 / +6012 662 7736 **E** sales@ezytred.com

www.AppAsiaMall.com

AppAsia™ MALL

A subsidiary of AppAsia Berhad

// APPASIA TALENTS

We believe
GREAT PEOPLE
make
GREAT APPS

APPASIA TALENTS PROGRAMME

In AppAsia Talents Club, we provide the students opportunities to make the world a better place. We embrace creativity, unity, not uniformity and we believe that different kind of thoughts and culture will enhance innovation of ideas through our internship programme.

The internship programme gives the students a chance to collaborate with people who are open-minded and excited about the same things they are passionate of, in an environment that cultivates creativity and individual differences, rewarding their best work. In order to breakthrough all challenges ahead, we adopt a culture that encourages diverse thinking and bold ideas within a flexible working environment. Our interns are encouraged to cultivate their expertise through analytical and creative thinking.

APPASIA MOBILE CHALLENGE

The AppAsia Mobile Challenge offers the platform for students to use their knowledge, ingenuity and creativity to come up with an original mobile application. The ultimate goal of the Challenge is to promote the mobile application development initiatives among students and identify talents, which could be nurtured for professional commercial mobile application venture. This Challenge is opened to all students with strong interest in developing mobile applications to showcase their unique and innovative thinking.

APPASIA STUDIO SDN BHD *(1111016-X)*
E-1-4, 1st Floor, Megan Avenue 1, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.
+603 2161 3211 · +603 2162 3211 · talents@appasia.com · http://talents.appasia.com

AppAsia STUDIO
A subsidiary of AppAsia Berhad

contents

COMMON CRITERIA CERTIFICATION BY CYBERSECURITY

EXTOL®

Leading Brand in IT Security
30 Years of Excellence

Extol Corporation Sdn Bhd (Formerly known as Extol Corporation (M) Sdn Bhd) has received the Common Criteria (CC) certification for its Two Factors Authentication (2FA) application using mobile devices – ePassport Suite version 3.0. This award was presented by En. Wan Shafiuddin Bin Zainudin, New Scheme Manager of CyberSecurity to Mr. Calvert Wong, Executive Director of Extol Corporation Sdn Bhd (Formerly known as Extol Corporation (M) Sdn Bhd) on 17th July 2014.

The Common Criteria is an internationally recognized ISO standard (ISO/IEC15408) used by governments and other organizations to assess the security and assurance of technology products. Common Criteria certification assures that certified devices are independently evaluated and verified to meet the fundamental security requirements specified in the Protection Profile.

Achieving EAL2 certification marks the completion of an intensive effort of which AppAsia's ePassport was examined, tested and certified. This solution is proven to be a trusted platform for modern IT infrastructure, which is currently use by many huge financial institutions and government agencies. "With the EAL2 evaluation, Commercial and government agencies with environments that demand proven security assurance can trust AppAsia Berhad (Formerly known as Extol MSC Berhad) to handle sensitive information affordably, with an internationally agreed-upon and widely adopted standard for security evaluation" said Calvert Wong, Executive Director of AppAsia Berhad (Formerly known as Extol MSC Berhad).

As AppAsia moves forward with continued commitment to solve customers' business challenges and also to facilitate the prompt completion of Common Criteria certification, the company is expanding its portfolio and expertise towards mobile technologies.

Malaysian Common Criteria Evaluation & Certification Scheme

MyCC

Certified • Recognised • Assured

Common Criteria Certificate

is awarded to

Extol MSC Berhad

For

Extol ePassport Suite version 3.0

Type of Product:	**Web Application Based Authentication System, which supports a suite of authentication mechanisms to secure user accounts, intranet web apps and on-line transactions.**
Protection Profile Conformance:	**None**
Evaluation Criteria:	**Common Criteria for Information Technology Security Evaluation Version 3.1 Revision 4**
Evaluation Methodology:	**Common Methodology for Information Technology Security Evaluation Version 3.1 Revision 4**
Malaysian Security Evaluation Facility (MySEF):	**CyberSecurity Malaysia MySEF**
Assurance Package:	**EAL2**

DR AMIRUDIN ABDUL WAHAB
MyCC Scheme Head

9 July 2014
Certificate No: 2014-002-C047

The IT product identified in this certificate has been evaluated at an accredited and licensed evaluation facility within Malaysia using the Common Methodology for IT Security Evaluation, Version 3.1 Revision 4, for conformance to the Common Criteria for IT Security Evaluation, Version 3.1 Revision 4. This certificate applies only to the specific version and release of the product in its evaluated configuration and in conjunction with the complete Certification Report. The evaluation has been conducted in accordance with the provisions of the Malaysian Common Criteria Evaluation & Certification (MyCC) Scheme and the conclusions of the evaluation facility in the Evaluation Technical Report are consistent with the evidence adduced. This certificate is not an endorsement of the IT product by the MyCC Scheme or by any other organisation that recognises or gives effect to this certificate, and no warranty of the IT product by MyCC Scheme or by any other organisation that recognises or gives effect to this certificate, is either expressed or implied.

CyberSecurity MALAYSIA
An agency under MOSTI

MOSTI
Ministry of Science, Technology and Innovation

BOARD OF DIRECTORS

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Independent Non-Executive Chairman

Toh Hong Chye
Executive Director

Wong Ngai Peow
Executive Director

Dato' Lai Wen Shian
Non-Independent Non-Executive Director

Low Kim Leng
Non-Independent Non-Executive Director

Tan Fie Jen
Independent Non-Executive Director

Ng Kok Wah
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil *(Chairman)*
Ng Kok Wah
Tan Fie Jen

REMUNERATION COMMITTEE

Low Kim Leng *(Chairman)*
Ng Kok Wah
Tan Fie Jen

NOMINATION COMMITTEE

Low Kim Leng *(Chairman)*
Ng Kok Wah
Tan Fie Jen

SHARE ISSUANCE SCHEME ("SIS") OPTION COMMITTEE

Toh Hong Chye (Chairman)
Wong Ngai Peow
Yong Mai Fang
Joanne Shu

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

REGISTERED OFFICE

Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no : +603-2279 3080
Fax no : +603-2279 3090

HEAD OFFICE/ PRINCIPAL PLACE OF BUSINESS

E-10-4, Megan Avenue 1,
Jalan Tun Razak,
50400 Kuala Lumpur
Tel no : +603-21613211
Fax no : +603-21623211

AUDITORS

UHY (AF-1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no : +603-2279 3088
Fax no : +603-2279 3099

PRINCIPAL BANKERS

CIMB Bank Berhad (13491-P)
Menara UAB
No 6, Jalan Tun Perak
50050 Kuala Lumpur
Tel no:+603-2691 29915

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya
Selangor
Tel no : +603-7720 1188
Fax no : +603-7720 1111

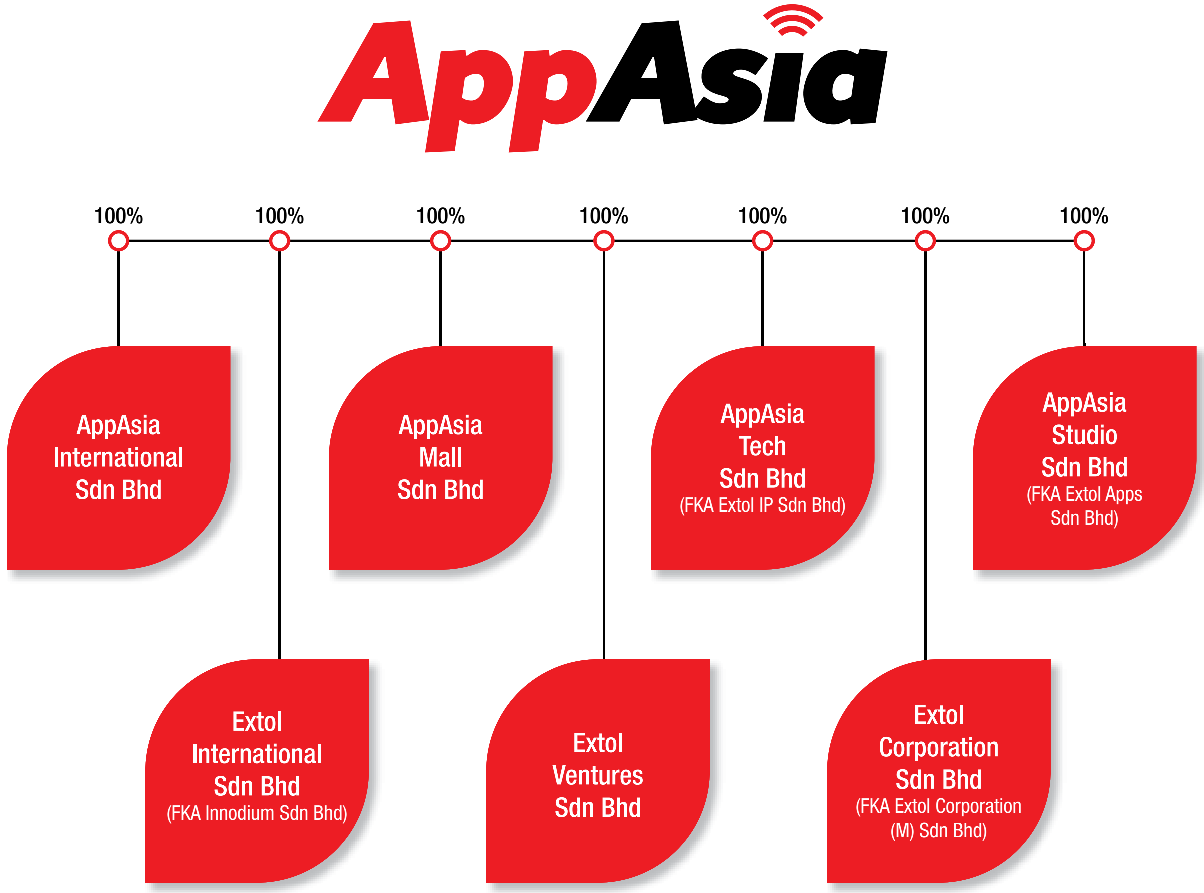
STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : APPASIA
Stock Code : 0119

WEBSITE

www.AppAsia.com

CORPORATE STRUCTURE



DIRECTOR'S PROFILE

Datuk Wira Rahadian Mahmud bin Mohammad Khalil
41 Years of Age, Malaysian
Independent Non-Executive Chairman

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 41, was appointed to the Board on 24 July 2014. He is involved in the reforestation business as well as the construction and manufacturing sectors and is also well versed in the timber industry.

Datuk Wira Rahadian is the chairman of Permaju Industries Berhad. He also sits on the Board of Sanbumi Holdings Berhad, KYM Holdings Berhad and Magna Prima Berhad.

Datuk Wira Rahadian also a Chairman of the Audit Committee of AppAsia.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Toh Hong Chye
39 Years of Age, Malaysian
Executive Director

Mr Toh Hong Chye, Malaysian, aged 39, was appointed to the Board on 24 July 2014. Mr. Toh has a qualification from the Association of Chartered Certified Accountants (ACCA) in 2000, and has a Masters of Business Administration in Finance from the International Islamic University in Malaysia in 2006. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

He is a founder of Messrs H.C Toh & Co, involving in company secretary, accounting and business advisory of companies from various industries. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide ranging overseas exposures. He also sits on the Board of Sersol Berhad. He also sits on the boards of several private limited companies.

He is a chairman of Share Issuance Scheme Option Committee of AppAsia.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Wong Ngai Peow – Executive Director

39 Years of Age, Malaysian
Executive Director

Mr Wong Ngai Peow, Malaysian, aged 39, was appointed to the Board on 28 May 2014. He graduated from University of Malaya with an honorable degree in Information Technology and Business Management.

He has more than 15 years of in-depth professional experience in Information Technology industry. Throughout his many years of specialised IT industry experiences, he has successfully implemented more than 100 projects for many multinationals, financial institutions, public listed companies and government agencies in the region. His portfolios include the successful implementation of online trading system, e-insurance systems, bonds information system, B2C2C e-commerce portal, mobile applications, payment gateway system, security solutions, business process integration, social networking system and cloud solution. He is currently leading a team in R&D and commercializing of mobile application and gamification system for this growing industry.

He is a member of Share Issuance Scheme Option Committee of AppAsia.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Dato' Lai Wen Shian

36 Years of Age, Malaysian
Non-Independent Non-Executive Director

Dato' Lai Wen Shian, Malaysian, aged 36, was appointed to the Board on 28 May 2014.

Dato' Lai started his own business since 2010. He is a successful businessman and investor in various industries in this region. He obtained Datoship on 14 December 2012.

He does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Low Kim Leng

52 Years of Age, Malaysian
Non-Independent Non-Executive Director

Mr Low Kim Leng, Malaysian, aged 52, was appointed to the Board on 28 May 2014. He graduated from Manchester Metropolitan University (UK) with the degree of Bachelor of Arts (Hons) (Law) in 1983 and as an Utter Barrister of the Honourable Society of Gray's Inn, he was admitted to the English Bar in 1984. He was called to the Malaysian Bar and was admitted as an advocate and solicitor of the High Court of Malaya in 1985.

He practises law under the name and style of Messrs Ringo Low & Associates of which he is now a principal partner. He is a registered Trade Mark Agent. He has been appointed a Notary Public to carry out notarial functions since 2004. He is also a legal advisor to various national organisations. He also sits on the Board of Sersol Berhad.

Mr Low also a Chairman of the Nomination Committee and Remuneration Committee of AppAsia.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Tan Fie Jen

49 Years of Age, Malaysian
Independent Non-Executive Director

Mr Tan Fie Jen, Malaysian, aged 49, was appointed to the Board on 24 July 2014. He graduated from the Tunku Abdul Rahman College with a Diploma in Building in 1989.

He began his career as Sales Executive in various companies such as Hunter Products (M) Sdn Bhd, Supermax Enterprise and Lea Tat (M) Sdn Bhd. He joined the Group of the Company as Sales Executive in 1992 and has been promoted as Assistant General Manager in 2001. He has 22 years of experience in the industrial coating industries. He was promoted to Chief Operating Officer in Multi Square Sdn Bhd in 2006 and currently, he is working in Sersol as Marketing Director since 2008. He also sits on the Boards of Sersol Berhad.

He is a member of Audit Committee, Nomination Committee and Remuneration Committee of AppAsia.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Ng Kok Wah
35 Years of Age, Malaysian
Independent Non-Executive Director

Mr Ng Kok Wah, Malaysian, aged 35, was appointed to the Board on 24 July 2014. He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA).

He started his career with a small accounting film since year 1988 followed by an international medium accounting firm, Morison Anuarul Azizan Chew & Co. Handling various audit and non-audit assignments for both listed and non-listed companies involved in a wide range of business activities include financial institutions like bank and insurance company. He also sits on the Board of Aturmaju Resources Berhad and Malaysia Pacific Corporation Berhad.

He is member of Audit Committee, Nomination Committee and Remuneration Committee of AppAsia.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company interest other than disclosed appears on pages 100 to 105 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of AppAsia Berhad (Formerly known as Extol MSC Behad)("AppAsia"), it is with great pleasure that I present AppAsia's Annual Report and Financial Statements for the financial period ended 31 December 2014 ("FPE2014").

FINANCIAL RESULTS

On 26 August 2014, AppAsia had announced the change in financial year ended ("FYE") from 30 September 2014 to 31 December 2014.

For the FPE2014, AppAsia registered a revenue of RM14.927 million as compared to revenue of RM13.509 million in the previous year for the cumulative twelve (12) months period from 1 October 2012 to 30 Septerber 2013 ("FY2013") period from 1 October 2012 to 30 September 2013 ("FY 2013"). Loss before taxation increased to RM13.056 million from RM1.417 million in FY2013. The main reasons of the increase in loss before taxation are due to the following adjustments made in Third Quarter ended 30 June 2014:

(i) Inventories were written off because they could not be accounted for;
(ii) RM0.34 million of the value of the Property, Plant and Equipment ("PPE") were written off due to no future economic benefits to be expected;
(iii) Full impairment of the goodwill amounting to RM3.51 million as the management could not foresee any major business development which may help turn around the financial position in the near future; and
(iv) Written off the entire product development expenditure due to the products having no future economic benefits to be expected.

MANAGED SECURITY SERVICES ("MSS") AND RESEARCH AND DEVELOPMENT ("R&D")

AppAsia is principally involved in the R&D of ICT security systems which consisted of MSS and the provision of professional services which are in relation to ICT.

By leveraging on the existing technologies and expertise in ICT security, AppAsia will fund the R&D for the existing applications to expand our customer base and also the mobile applications to include smartphone users in view of its growing size:

FUTURE PROSPECTS

AppAsia prospects in our existing IT security business is expected to be buoyed by the positive outlook in the IT security market globally and in Malaysia, where the use of the internet as a standard medium of communication has given rise to increasing demand for secure IT infrastructure.

Furthermore, AppAsia's intention to expand our current enterprise security solutions to include mobile content and application solutions is also viewed favourably as it demonstrates potential for our Group to benefit from opportunities arising from the fast growing mobile content and applications market.

AppAsia had set up Talents Club in January 2015 as we believe with the proper investment on young minds via our talents programme, whereby some of the brightest minds from our universities are brought to AppAsia to work on an adhoc basis, we are setting the right platform that will help propel AppAsia to the next level.

That being said, AppAsia will continue to focus on the brick and mortar business in the internet atmoshpere, providing IT security for our online customers as well.

CORPORATE SOCIAL RESPONSIBILITY

The Group striving to be ethical, efficient and effective in everything do, provide excellent products and services to our customers, to enhance shareholders' value. The Group also to provide a conductive business environment for our employees to maximise their individual potential, contribute to our community and enhance the quality of our society in supporting socio-economic development.

The Group continued to actively develop and recognize the importance of Corporate Social Responsibility initiatives in various areas of needs based on its strong belief in making a meaningful change and positive difference in the communities in which it operates.

APPRECIATION

On behalf of the Board, I would like to thank all our loyal customers for their support and also thank our business partners for their support and cooperation.

My sincere appreciation goes to my fellow colleagues on the Board and management team and staffs for their hard work and dedication in sustaining the growth of the Group. I believe we can achieve in many more successes together and continue to expand our Group further.

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Chairman

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial period ended 31 December 2014 pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements").

A. DIRECTORS

1. Board Balance

The Board assumes responsibility for effective stewardship and control of the Group and its members have established terms of reference to assist in the discharge of their responsibilities.

The Board consists of Seven (7) members, comprising an Independent Non-Executive Chairman, two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The Company is in compliance with Rule 15.02 of the Listing Requirements whereby at least two (2) or one third (1/3) of its Board members are independent directors. The profile of each Director is presented separately in page 7 to 10 of the Annual Report 2014.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board has yet to identify a Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the general public. However, the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

The Board has not set a gender diversity targets as of the reporting period as it is of the view the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender but will nevertheless considers appointing more directors of the female gender where suitable.

2. Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

2. Board Responsibilities (Cont'd)

The Company has a clear distinction and separation of roles between the Chairman and the Executive Directors, with clear division of responsibilities. The Chairman is primarily responsible in leading and guiding the Board, and also serves as the communication point between the Board and the Executive Directors whilst the Executive Directors and his management team is responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Company is in the midst of preparing its Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Board will undertake to develop the said Code of Conduct and upload the same on the Company's website in due course.

3. Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is available at the Company's website.

4. Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under "Corporate Social Responsibility" of this Annual Report.

5. Supply of information

Prior to the Board meetings, the Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

To fulfill the responsibilities as set out above, all Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of their functions.When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

Where applicable, the Board will establish a formal schedule of matters to clearly detail out matters that require the Board's deliberation and approvals.

6. Board Meetings

There were four (4) Board of Directors' Meetings held during the financial period ended 31 December 2014. Details of the attendance of the Directors at the Board of Directors' Meetings are as follow:-

	Name of Director	Attendance
(a)	Datuk' Wira Rahadian Mahmud Bin Mohammad Khalil (Appointed on 24 July 2014)	2/2
(b)	Toh Hong Chye (Appointed on 24 July 2014)	2/2
(c)	Wong Ngai Peow (Appointed on 28 May 2014)	2/2
(d)	Dato' Lai Wen Shian (Appointed on 28 May 2014)	2/2
(e)	Low Kim Leng (Appointed on 28 May 2014)	2/2
(f)	Tan Fie Jen (Appointed on 24 July 2014)	2/2
(g)	Ng Kok Wah (Appointed on 24 July 2014)	2/2
(j)	Dato' Ahmad Bin Ismail (Removed on 28 May 2014)	2/2
(i)	Mohd Badaruddin Bin Masodi (Not re-elected on 28 March 2014)	2/2
(j)	Mohd Faidzal Bin Ahmad Mahidin (Removed on 28 May 2014)	2/2
(k)	Ismawadee Bin Ismail (Not re-elected on 28 March 2014)	2/2
(l)	Ku Mun Fong (Resigned on 24 March 2014)	2/2
(m)	Megat Mohd Hazim bin Megat Mohd Aminuddin (Appointed on 20 May 2014 and subsequently removed on 28 May 2014)	0/0

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

7. Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. The Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Directors have participated in conferences, seminars and training programmes and during the financial period ended 31 December 2014, the following training programmes and seminars were attended by the Directors:-

Name of Directors	Name of courses	Date
Datuk' Wira Rahadian Mahmud Bin Mohammad	• Black Swan- Transformation of Risk	23 December 2014
Toh Hong Chye	• GST (Intermediate level): Peace of mind for Goods and Service Tax- Registration and Compliance • UHY GST Seminar	25 April 2014 26 August 2014
Wong Ngai Peow	• Mandatory Accreditation Programme for Directors of public listed companies	27 - 28 August 2014
Dato' Lai Wen Shian	• Mandatory Accreditation Programme for Directors pf public listed companies	27 - 28 August 2014
Low Kim Leng	• Bursa Corporate Governance Talk	13 August 2014
Tan Fie Jen	• Latihan Kesedaran Awam Menghadapi Kecemasan • High Effective Productivity • UHY GST Seminar • Nominating Committee Programme 2 : Effective Board Evaluation • Highly Effective Organization Discipline • Appreciation & Application of ASEAN Corporate Governance Scorecard • Risk Management & Internal Control – Workshops for Audit Committee Members	06 April 2014 20 April 2014 26 August 2014 28 August 2014 13 - 14 September 2014 07 October 2014 13 October 2014
Ng Kok Wah	• UHY GST Seminar	26 August 2014

8. Nomination Committee

As recommended by MCCG, the Company has established the Nomination Committee ("NC") comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. The NC is aware of their duties and responsibilities. As a whole, the Company maintains a very lean number of Board members.

In general, the process for the appointment of directors to the Board is as follows:-

(i) The NC reviews the Board's composition through Board assessment/evaluation;
(ii) The NC determines skills matrix;
(iii) The NC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) The NC recommends to the Board for appointment; and
(v) The Board approves the appointment of the candidates.

The NC would conduct an annual review of the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group. The Committee is satisfied with the current size of the Board, and with the mix of qualifications, skills & experience among the Board members. Among other evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

The Board is aware of the gender diversity policy and targets as set out in the MCCG. However, the Board is of the view that the Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. Nevertheless, for any new proposed appointment of directors of the Company in future, the NC and the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity.

The present members of the NC as follows:-

Low Kim Leng *(Appointed on 28 May 2014)*	*Chairman*
Ng Kok Wah *(Appointed on 24 July 2014)*	*Member*
Tan Fie Jen *(Appointed on 24 July 2014)*	*Member*

The past members of the NC as follows:-

Ku Mun Fong (Resigned on 24 March 2014)	*Chairman*
Ismawadee Bin Ismail (Not re-elected on 28 March 2014)	*Member*
Dato' Ahmad Bin Ismail (Removed on 28 May 2014)	*Member*

9. Re-election and Re-appointment of Directors

The procedure on re-election of directors by rotation is set out in the Company's Articles of Association ("the Articles"). Pursuant to the Articles, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Articles also provide at least one third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

10. Reinforce Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day to day management of the Group. The Non-Executive Directors, including the Chairman, are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent directors and is satisfied they have been able to discharge their responsibilities in an independent manner.

None of the current independent board members had served the Company for more than nine (9) years as per the recommendations of MCCG. Should the tenure of an independent director exceed nine (9) years, shareholders approval will be sought at a General Meeting or if the services of the director concerned are still required, the director concerned will be re-designated as a non-independent director.

There is clear separation of powers between the Chairman, who is an independent director and the Executive Directors, and this further enhances the independence of the Board. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating discussions on the matter.

B. DIRECTORS' REMUNERATION

1. Procedures

The Directors' fee including Non-Executive Directors if any, have to be endorsed by the Board and would seek approval from the shareholders of the Company at the Annual General Meeting. The compensations for Non-Executive Directors are linked to their experience and level of responsibility taken.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

2. Disclosure

The aggregate remuneration of Directors for the financial period ended 31 December 2014 is as follow:

	Executive Directors (RM)	Non-Executive Directors (RM)
Salary and *other emoluments	675,873	–
Directors' fee	5,250	175,935
Total	681,123	175,935

B. DIRECTORS' REMUNERATION (CONT'D)

2. Disclosure (Cont'd)

The number of Directors whose remuneration fall into the following bands is as follows:-

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	–	8
50,001 – 100,000	1	–
150,001 – 200,000	3	–

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of MCCG.

3. Remuneration Committee

In line with the best practices of MCCG, the Board has set up a Remuneration Committee ("RC") which would comprise a majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

The RC meets when required and is entrusted, among others, with examining the remuneration packages and other benefits of the Executive Director. The contribution, responsibilities and performance of each Executive Director is taken into account when determining their respective remuneration packages.

However, the ultimate responsibility to approve the remuneration of the Directors remains with the Board as a whole. The respective Director are not involved in any discussions and/or deliberations with regards to their own remuneration.

The present members of the RC as follow:-

Low Kim Leng *(Appointed on 28 May 2014)*	*Chairman*
Ng Kok Wah *(Appointed on 24 July 2014)*	*Member*
Tan Fie Jen *(Appointed on 24 July 2014)*	*Member*

The past members of the RC as follows:-

Dato' Ahmad Bin Ismail *(Removed on 28 May 2014)*	*Chairman*
Ismawadee Bin Ismail *(Not re-elected on 28 March 2014)*	*Member*

C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

Dialogue between Company and Investors

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In its efforts to promote effective communication, the Board recognises that timely and equal dissemination of consistent and accurate information are provided to them through public announcements made throughout the year to Bursa Securities. The shareholders and members of the public are also invited to access the Group's website at www.AppAsia.com for the latest information on the Group.

The Company's Annual Report, circulars and financial results are dispatched on annually basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests.

C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS (CONT'D)

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. The shareholders will be given sufficient notice of the holding of the AGM through the Annual Report that is sent to them. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff and the shareholders and investors are always active before and after the General Meetings.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

On poll voting, the Board is of the opinion that with the current level of shareholders' attendance at general meetings, voting by way of a show of hands continues to be efficient. During the general meetings, the Chairman of the meeting shall remind all members present about their right to demand for a poll in accordance with the provisions of the Articles of Association of the Company in the voting on any resolutions. Currently, all resolutions put forth for the shareholders' approval are carried out by a show of hands, unless a poll is demanded or specifically required.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the aim of the directors is to present a balanced and comprehensible assessment of the Group's position and prospects. The Audit Committee assists the Board to ensure accuracy and adequacy of all annual and quarterly financial reports, audited and unaudited for disclosure. The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out in Section E below.

2. Internal Controls

The Board affirms the importance of sound internal control and risk management practices to safeguard shareholders' investments, customers' interest and the Group's assets. In order to improve internal controls within the Group, the Board has appointed an established independent professional firm to carry out the internal audit function for the Group.

The information on the Group's internal control is further elaborated in pages 25 to 26 on the Statement on Risk Management and Internal Control of this Annual Report.

3. Relationship with Auditors

The Board has appropriately established a formal and transparent relationship with the Group's external auditors. From time to time, the auditors will highlight to the Audit Committee and the Board of Directors on matters that require the Audit Committee's and Board's attention and action. The role of the Audit Committee in relation to the external auditors can be found in the Audit Committee Report as set out in pages 22 to 24 of this Annual Report. Annual appointment or re-appointment of the external auditors is via shareholders' resolution at the AGM on the recommendation of the Board.

E. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 31 December 2014, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 1965, the Malaysia Approved Accounting Standards and the Listing Requirements. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

F. COMPLIANCE STATEMENT

The Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of MCCG and all other applicable laws.

SHARE ISSUANCE SCHEME ("SIS") OPTION COMMITTEE

The SIS Committee was established on 12 March 2015. Its main responsibility is to oversee the administration as well as to ensure proper implementation of the SIS according to the By-Laws of the SIS. The present members of the SIS Committee are as follow:-

Toh Hong Chye *(Chairman)*
Wong Ngai Peow
Yong Mai Fang
Joanne Shu

REPORT OF THE AUDIT COMMITTEE ("AC")

1. COMPOSITION

Chairman
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil - *Independent Non-Executive Chairman*
(Appointed on 24 July 2014)

Members
Ng Kok Wah *(Appointed on 24 July 2014)* - *Independent Non-Executive Director*
Tan Fie Jen *(Appointed on 24 July 2014)* - *Independent Non-Executive Director*

The past members of the AC as follows:-

Chairman
Ismawadee Bin Ismail (Chairman) (Not re-elected on 28 March 2014)

Members
Dato' Ahmad Bin Ismail (Removed on 28 May 2014)
Ku Mun Fong (Resigned on 24 March 2014)

2. TERMS OF REFERENCE

1. Duties and Responsibilities of the Audit Committee

The following are the main duties and responsibilities of the Audit Committee collectively:

(1) Review the following and report the same to the Board of the Company:-

(i) with the external auditors, the audit plan;

(ii) with the external auditors, his evaluation of the system of internal controls;

(iii) with the external auditors, his audit report;

(iv) the assistance given by the employees of the Company to the external auditors and the internal auditors;

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

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

(vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
(a) any changes in existing or implementation of new accounting policies;
(b) significant adjustments arising from the audit;
(c) significant and unusual events;
(d) the going concern assumptions; and
(e) compliance with accounting standards and other legal requirements;

(vii) 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;

(ix) any letter of resignation from the external auditors and any questions of resignation or dismissal; and

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

2. TERMS OF REFERENCE (CONT'D)

1. Duties and Responsibilities of the Audit Committee (Cont'd)

The following are the main duties and responsibilities of the Audit Committee collectively: (Cont'd)

(2) Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;

(3) Assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;

(4) Recommend to the Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit;

(5) Discuss with the external auditors before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

(6) Discuss problems and reservations arising from the audits and any matter the auditors may wish to discuss in the absence of the management where necessary;

(7) Review the external auditor's management letter and management's response therein;

(8) To carry out an annual review of the performance of the external auditors, including assessment of independence of external auditors in the performance of their obligations as external auditors;

(9) Establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors;

(10) To review and monitor the suitability and independence of the external auditors;

(11) In relation to the internal audit function:-

(i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;
(ii) review the internal audit programme and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
(iii) review any appraisal or assessment of the performance of members of the internal audit function;
(iv) approve any appointment or termination of senior staff members of the internal audit function; and
(v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(12) Consider the major findings of internal investigations and management's response; and

(13) Consider other matters as defined by the Board.

2. TERMS OF REFERENCE (CONT'D)

2. Rights of the Audit Committee

In carrying out its duties and responsibilities, the Audit Committee will have the authority to investigate any matter within its terms of reference;

- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Company or the Group;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Audit Committee meetings (if required) and to brief the Audit Committee; and
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

3. ATTENDANCE OF MEETINGS

During the financial period ended 31 December 2014, the Audit Committee held four (4) meetings. Details of the attendance of committee members are as follow:

	Attendance
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil *(Appointed on 24 July 2014)*	2/2
Ng Kok Wah *(Appointed on 24 July 2014)*	2/2
Tan Fie Jen *(Appointed on 24 July 2014)*	2/2
Ismawadee Bin Ismail *(Not re-elected on 28 March 2014)*	2/2
Dato' Ahmad Bin Ismail *(Removed on 28 May 2014)*	2/2
Ku Mun Fong *(Resigned on 24 March 2014)*	2/2

4. SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The activities of the Audit Committee during the financial period ended 31 December 2014 include the following:

a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial period ended 31 December 2014;

c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

e) Reviewed the effectiveness of the Group's system of internal control;

f) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

g) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and

h) Reported to the Board on its activities and significant findings and results.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of AppAsia Berhad (Formerly known as Extol MSC Berhad) ("AppAsia" or "the Company") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RESPONSIBILITY

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Executive Directors and Group Accountant that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or errors.

The Board through its Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the Audit Committee on a periodic basis.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

The Board is of the view that the risk management and internal control system in place for the period under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group's risk management and internal control system are described below:

1. **Risk Management System**

   Risk management is firmly embedded in the Group's management system as the Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards. Periodic Management Meetings which are attended by the Department Heads and key management staff are held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

   The key management staff meets regularly to review the risks faced by the Group and ensure that the existing mitigation actions are adequate. Risks identified were prioritized in terms of likelihood of occurrence and its impact on the achievement of the Group's business objectives.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. Internal Control System

(i) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

(ii) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

(iii) The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, quarterly financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

(iv) Internal policies and procedures had been established for key business units within the Group.

3. Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm, to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The cost incurred in respect of risk management and internal audit functions for the financial period ended 31 December 2014 amounted to RM6,500, the fees payable to the outsourced Internal Auditors, SF Chang Corporate Services Sdn Bhd,.

During the financial period ended 31 December 2014, internal audit visits were carried out and the findings of the internal audit, including the recommended corrective actions, were presented directly to the Audit Committee.

In addition, follow up review will be conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the period ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

This statement is made in accordance with the resolution of the Board of Directors dated 10 April 2015.

OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The Company's Private Placement of 12,632,400 new ordinary shares was completed on 28 January 2014.

The Company had fully ulitised the proceeds from the Private Placement as at 30 September 2014 and the status of utilization of proceeds is as follows:

Purpose	Proceeds Raise RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Intended Timeframe for utilization (from the date of list of the placement shares i.e 28 January 2014)
Working Capital	1,177	1,177	–	Within 12 months
Listing Expenses	149	149	–	Within 1 month
Total	1,326	1,326	–	

2. SHARE BUY-BACKS

The Company did not carry out any share buy-back exercise during the financial period.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial period ended 31 December 2014, no option has been granted and exercised under the Share Issuance Scheme.

On 24 December 2014, 138,956,400 new warrants were issued by the Company pursuant to Rights Issue of Shares with Warrants exercise.

4. DEPOSITORY RECEIPT PROGRAMMES

The Company did not sponsor any depository receipt programmes during the financial period.

5. IMPOSITION OF SANCTIONS/PENALTIES

During the financial period, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

6. NON-AUDIT FEES

No non-audit fees paid to the external auditors by the Company and its subsidiary companies during the financial year period 31 December 2014.

7. VARIANCE IN RESULTS, PROFIT ESTIMATE, FORECAST OR PROJECTION

There were no significant variances between the results for the financial period and the unaudited results previously announced on 17 February 2015.

8. PROFIT GUARANTEE

The Company did not give any form of profit guarantee to any parties during the financial period.

9. MATERIAL CONTRACTS

During the financial period, there were no material contracts entered into by the Company and its subsidiary involving Directors' and major shareholders' interests.

10. CONTRACTS RELATING TO LOAN

During the financial period, there were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

During the financial period, there were no recurrent related party transactions of revenue nature conducted pursuant to shareholders' mandate.

financial statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of research and development and sale of Information Communication Technology (ICT) security systems and provision of related professional services which are directly and indirectly linked to ICT and investment holding.

The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss before taxation	(13,337,367)	(5,575,123)
Taxation	135,955	–
Loss for the financial period, attributable to owners of the parent	(13,201,412)	(5,575,123)

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the current financial period, the Company increased its issued and paid-up share capital from 126,324,000 to 138,956,400 through the issuance of 12,632,400 ordinary shares of RM0.10 each pursuant to private placement at an issue price of RM0.105 per placement share.

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

There was no issuance of debentures during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the date of the last report are as follows:

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	(appointed on 24.07.2014)
Toh Hong Chye	(appointed on 24.07.2014)
Wong Ngai Peow	(appointed on 28.05.2014)
Dato' Lai Wen Shian	(appointed on 28.05.2014)
Low Kim Leng	(appointed on 28.05.2014)
Tan Fie Jen	(appointed on 24.07.2014)
Ng Kok Wah	(appointed on 24.07.2014)
Mohd Badaruddin Bin Masodi	(not re-elected on 28.03.2014)
Ismawadee Bin Ismail	(not re-elected on 28.03.2014)
Dato' Ahmad Bin Ismail	(removed on 28.05.2014)
Mohd Faidzal Bin Ahmad Mahidin	(removed on 28.05.2014)
Megat Mohd Hazim Bin Megat Mohd Aminuddin	(appointed on 20.05.2014, removed on 28.05.2014)
Ku Mun Fong	(resigned on 24.03.2014)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company or its related corporations (other than wholly owned subsidiary companies) by the Directors in office at the end of the financial period according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each				
	At date of appointment	**Acquired**	**Rights issued**	**Sold**	**At 31.12.2014**
Interests in the Company					
Direct interests					
Dato' Lai Wen Shian	6,000,000	–	–	(6,000,000)	–
Wong Ngai Peow	1,500	–	1,500	–	3,000
Tan Fie Jen	400,000	–	424,700	–	824,700
Toh Hong Chye	–	805,700	2,000,000	–	2,805,700
Indirect interests					
# Dato' Lai Wen Shian	1,500,000	2,500,000	4,247,100	–	8,247,100
* Toh Hong Chye	–	–	3,000,000	–	3,000,000

DIRECTORS' INTERESTS (Cont'd)

	Number of Warrants			
	At date of appointment	Acquired	Sold	At 31.12.2014
Interests in the Company				
Direct interests				
Wong Ngai Peow	–	1,500	–	1,500
Tan Fie Jen	–	424,700	–	424,700
Toh Hong Chye	–	2,000,000	–	2,000,000
Indirect interests				
# Dato' Lai Wen Shian	–	4,247,100	–	4,247,100
* Toh Hong Chye	–	3,000,000	–	3,000,000

Deemed interest pursuant to the Act by virtue of his substantial shareholdings in Crystal Privilege Sdn. Bhd.

* *Deemed interest pursuant to Section 6A of the Companies Act, 1965 ("the Act") by virtue of his substantial shareholdings in Richmond Virginia Tobacco Sdn. Bhd.*

Note: Rights shares and warrants are allotted on 24 December 2014. The Rights Issue of Shares with Warrants are listed on the ACE Market of Bursa Securities on 2 January 2015.

None of the other Directors in office at the end of the financial period had any interest in the ordinary shares of the Company and of its related corporations during the financial period.

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 a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29(b) to the financial statements.

Neither during nor at the end of the financial period, 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 STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts write off 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; or

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

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) 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.

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period other than those arising in the normal course of business of the Group and of the Company.

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 34 to the financial statements.

CHANGE OF NAME

On 10 October 2014, the Company changed its name from Extol MSC Berhad to AppAsia Berhad.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Group and of the Company was changed from 30 September to 31 December. Accordingly, the current financial statements are prepared for fifteen months from 1 October 2013 to 31 December 2014. As a result the comparative figures stated in the statements of comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 April 2015.

TOH HONG CHYE	**WONG NGAI PEOW**

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 38 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial period then ended.

The supplementary information set out in Note 38 to the financial statements on page 98 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 April 2015.

TOH HONG CHYE **WONG NGAI PEOW**

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, TOH HONG CHYE, being the Director primarily responsible for the financial management of APPASIA BERHAD (formerly known as Extol MSC Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 38 to 98 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.

Subscribed and solemnly declared by the abovenamed)
at KUALA LUMPUR in the state of Federal Territory)
on 10 April 2015)

TOH HONG CHYE

Before me,

MOHAN A.S. MANIAM
NO. W 521
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPASIA BERHAD

(Formerly known as Extol MSC Berhad)(Company No.: 643683-U (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AppAsia Berhad (formerly known as Extol MSC Berhad), which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 97.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(iii) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 on page 98 is solely 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 Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, 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

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

(2) The financial statements of AppAsia Berhad (formerly known as Extol MSC Berhad) for the financial year ended 30 September 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 January 2014.

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 2239/07/16 (J)
Chartered Accountant

KUALA LUMPUR

10 April 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		Group		Company	
		31.12.2014	30.9.2013	31.12.2014	30.9.2013
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	331,998	590,581	160,953	60,552
Investment properties	5	1,328,080	1,378,880	–	–
Product development expenditure	6	–	2,862,997	–	2,726,776
Investment in subsidiary companies	7	–	–	9,506,504	8,281,500
Goodwill on consolidation	8	–	3,541,003	–	–
		1,660,078	8,373,461	9,667,457	11,068,828
Current Assets					
Inventories	9	–	1,107,033	–	–
Trade receivables	10	1,400,038	2,794,332	–	–
Other receivables	11	800,056	754,441	438,020	110,086
Amount due from subsidiary companies	12	–	–	4,415,226	3,906,448
Tax recoverable		69,022	–	–	–
Fixed deposits with licensed bank	13	308,158	981,213	–	–
Cash and bank balances	14	2,178,816	5,308,353	624,274	3,140,398
		4,756,090	10,945,372	5,477,520	7,156,932
Total Assets		6,416,168	19,318,833	15,144,977	18,225,760

		Group		Company	
		31.12.2014	30.9.2013	31.12.2014	30.9.2013
	Note	RM	RM	RM	RM
EQUITY					
Share capital	15	13,895,640	12,632,400	13,895,640	12,632,400
Share premium	16	4,081,846	4,167,884	4,081,846	4,167,884
(Accumulated losses)/ Retained earnings		(13,053,374)	148,038	(4,362,049)	1,213,074
Total Equity		4,924,112	16,948,322	13,615,437	18,013,358
LIABILITIES					
Non-Current Liabilities					
Finance lease liability	17	75,530	–	75,530	–
Bank borrowing	18	–	500,000	–	–
Deferred tax liabilities	19	–	113,549	–	–
		75,530	613,549	75,530	–
Current Liabilities					
Trade payables	20	547,606	864,848	–	–
Other payables	21	330,631	306,262	218,721	212,402
Amount due to subsidiary companies	12	–	–	1,197,000	–
Finance lease liability	17	38,289	–	38,289	–
Bank borrowing	18	500,000	500,000	–	–
Provision for taxation		–	85,852	–	–
		1,416,526	1,756,962	1,454,010	212,402
Total Liabillities		1,492,056	2,370,511	1,529,540	212,402
Total Equity and Liabilities		6,416,168	19,318,833	15,144,977	18,225,760

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2014

	Note	Group 1.10.2013 to 31.12.2014 RM	Group 1.10.2012 to 30.9.2013 RM	Company 1.10.2013 to 31.12.2014 RM	Company 1.10.2012 to 30.9.2013 RM
Revenue	22	14,927,480	13,509,218	5,013,029	2,398,720
Cost of sales		(13,244,309)	(8,668,837)	(4,375,934)	(188,080)
Gross profit		1,683,171	4,840,381	637,095	2,210,640
Other income		387,591	412,893	110,032	120,808
Administrative expenses		(4,662,101)	(4,114,859)	(2,608,713)	(2,421,539)
Selling and distribution expenses		(561,124)	(579,211)	(277,851)	(215,978)
Other expenses		(10,113,914)	(1,941,786)	(3,434,669)	(725,268)
Finance costs	23	(70,990)	(34,639)	(1,017)	–
Loss before taxation	24	(13,337,367)	(1,417,221)	(5,575,123)	(1,031,337)
Taxation	25	135,955	60,768	–	(420)
Net loss for the financial period/year, representing total comprehensive income for the financial period/year		(13,201,412)	(1,356,453)	(5,575,123)	(1,031,757)
Net loss for the financial period/year attributable to: Owners of the parent		(13,201,412)	(1,356,453)		
Loss per share					
Basic loss per share (sen)	26	(9.73)	(1.07)		
Diluted loss per share (sen)	26	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 December 2014

	Note	Attributable to the Owners of the Parent			
		Non-Distributable			
		Share Capital RM	Share Premium RM	Retained Earnings/ (Accumulated Loss) RM	Total Equity RM
Group					
At 1 October 2012		12,632,400	4,167,884	1,504,491	18,304,775
Net loss for the financial year, representing total comprehensive income for the financial year		–	–	(1,356,453)	(1,356,453)
At 30 September 2013		12,632,400	4,167,884	148,038	16,948,322
Issued of shares	15, 16	1,263,240	63,162	–	1,326,402
Shares issuance expenses	16	–	(149,200)	–	(149,200)
Net loss for the financial period, representing total comprehensive income for the financial period		–	–	(13,201,412)	(13,201,412)
At 31 December 2014		13,895,640	4,081,846	(13,053,374)	4,924,112
Company					
At 1 October 2012		12,632,400	4,167,884	2,244,831	19,045,115
Net loss for the financial year, representing total comprehensive income for the financial year		–	–	(1,031,757)	(1,031,757)
At 30 September 2013		12,632,400	4,167,884	1,213,074	18,013,358
Issued of shares	15, 16	1,263,240	63,162	–	1,326,402
Shares issuance expenses	16	–	(149,200)	–	(149,200)
Net loss for the financial period, representing total comprehensive income for the financial period		–	–	(5,575,123)	(5,575,123)
At 31 December 2014		13,895,640	4,081,846	(4,362,049)	13,615,437

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

STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2014

	Group		Company	
	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Cash Flows From Operating Activities				
Loss before taxation	(13,337,367)	(1,417,221)	(5,575,123)	(1,031,337)
Adjustments for:				
Amortisation of product development expenditure	574,497	845,040	466,730	622,306
Bad debts written off	391,987	–	21,276	–
Depreciation of investment properties	50,800	40,640	–	–
Depreciation of property, plant and equipment	235,009	557,124	44,498	83,717
Goodwill written off	3,541,003	–	–	–
Impairment on trade receivables	91,170	–	–	–
Interest expense	70,990	34,639	1,017	–
Inventories written off	663,267	–	–	–
Product development expediture written off	2,524,797	–	2,260,046	–
Property, plant and equipment written off	418,725	–	33,004	–
Gain on disposal of property, plant and equipment	(32,999)	–	(32,999)	–
Unrealised gain on foreign exchange	(9,826)	–	–	–
Interest income	(102,588)	(131,829)	(57,580)	(88,706)
Operating loss before working capital changes carried down	(4,920,535)	(71,607)	(2,839,131)	(414,020)
Change in working capital				
Inventories	443,766	(882,297)	–	–
Trade receivables	1,191,983	224,853	–	–
Other receivables	(326,461)	(311,842)	(349,210)	(9,360)
Trade payables	(317,242)	(875,662)	–	–
Other payables	24,369	(205,175)	6,319	(26,582)
Amount due from/to subsidiary companies	–	–	(536,778)	185,241
	1,016,415	(2,050,123)	(879,669)	149,299
Cash used in operations	(3,904,120)	(2,121,730)	(3,718,800)	(264,721)
Interest paid	(70,990)	(34,639)	(1,017)	–
Interest received	102,588	131,829	57,580	88,706
Tax paid	(132,468)	(217,938)	–	(420)
Net cash used in operating activities	(4,004,990)	(2,242,478)	(3,662,237)	(176,435)

	Group		Company	
	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Cash Flows From Investing Activities				
Addition of product development expenditure (Note 6)	(236,297)	–	–	–
Purchase of property, plant and equipment [Note 4(a)]	(275,152)	(76,685)	(57,904)	(278)
Proceeds from disposal of property, plant and equipment	33,000	–	33,000	–
Investment in subsidiary companies	–	–	(4)	–
Net cash used in investing activities	(478,449)	(76,685)	(24,908)	(278)
Cash Flows From Financing Activities				
Proceeds from issuance of shares (Note 15 & 16)	1,326,402	–	1,326,402	–
Shares issuance expenses (Note 16)	(149,200)	–	(149,200)	–
Withdrawal/(Addition) of fixed deposits pledged	673,055	(127,115)	–	–
Repayment of finance lease liabilities	(6,181)	(16,284)	(6,181)	–
Drawdown of term loan	–	1,000,000	–	–
Repayment of term loan	(500,000)	–	–	–
Net cash from financing activities	1,344,076	856,601	1,171,021	–
Net decrease in cash and cash equivalents	(3,139,363)	(1,462,562)	(2,516,124)	(176,713)
Effect of exchange translation differences on cash and cash equivalents	9,826	–	–	–
Cash and cash equivalents at beginning of the financial period/year	5,308,353	6,770,915	3,140,398	3,317,111
Cash and cash equivalents at the end of the financial period/year	2,178,816	5,308,353	624,274	3,140,398
Cash and cash equivalents at the end of the financial period/year comprises:				
Fixed deposits with licensed banks	308,158	981,213	–	–
Cash and bank balances	2,178,816	5,308,353	624,274	3,140,398
	2,486,974	6,289,566	624,274	3,140,398
Less: Fixed deposits pledged with licensed banks	(308,158)	(981,213)	–	–
	2,178,816	5,308,353	624,274	3,140,398

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on ACE Market of Bursa Malaysia Securities Berhad. On 10 October 2014, the Company changed its name for Extol MSC Berhad to AppAsia Berhad.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at E-10-4, 10th Floor, Megan Avenue 1, Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activity of the Company is that of research and development and sale of Information Communication Technology (ICT) security systems and provision of related professional services which are directly and indirectly linked to ICT and investment holding. The principal activities of the subsidiary companies are disclosed in Notes 7. There have been no significant changes in the nature of these activities during the financial period.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with 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 convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards and IC Interpretation

During the financial period, the Group and the Company have adopted the following applicable amendments to MFRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of above amendments to MFRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle		1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

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

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values have been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Impairment of investment in subsidiary companies

The Company has recognised impairment loss in respect of its investments in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investments in subsidiary companies belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the end of reporting period for investments in subsidiary companies is disclosed in Note 7.

Impairment of goodwill on consolidation

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 to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment assessment of goodwill is disclosed in Note 8.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the end of the reporting period for loans and receivables are disclosed in Notes 10 and 11 respectively.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits.

The carrying amount at the end of reporting period for product development expenditure is disclosed in Note 6.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 25.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group, for matters in the ordinary course of business.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 31(d) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basic of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 Financial Instruments: Recognition and Measurement either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

(a) Basic of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group co mpanies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i).

(ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i).

(b) Foreign currency translation

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation of property, plant and equipment is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold office buildings	2%
Furniture and fittings	20%
Office equipment	20%
Computers	50%
Hardware appliances	20%
Motor vehicles	20%
Renovation	50%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance 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 recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (Cont'd)

(ii) Operating lease (Cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the reporting period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When an item of inventory or property development is transferred to investment property following a change in its use, any difference between the fair value of the property at the date of transfer and its carrying amount immediately prior to the transfer is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

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

(f) Intangible assets (Cont'd)

(i) Internally-generated intangible assets - research and development costs (Cont'd)

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i).

(g) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (Cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(h) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at the end of each reporting period whether 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.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset 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 reversal is recognised in profit or loss.

(i) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

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

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

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Share capital

Ordinary shares

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

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

(n) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(o) Revenue

(i) Sale of goods

Revenue is recognised at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the the end of the reporting period unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. 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 such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Office equipment RM	Computers RM	Hardware appliances RM	Motor vehicles RM	Renovation RM	Total RM
Group							
31.12.2014							
Cost							
At 1 October 2013	320,460	733,450	901,079	2,870,000	308,457	15,050	5,148,496
Additions	9,500	26,075	156,748	–	134,219	68,610	395,152
Disposal	–	–	–	–	(251,457)	–	(251,457)
Written off	(320,460)	(689,947)	(886,463)	(2,870,000)	–	(41,680)	(4,808,550)
At 31 December 2014	9,500	69,578	171,364	–	191,219	41,980	483,641
Accumulated depreciation							
At 1 October 2013	161,038	472,225	821,821	2,798,250	297,056	7,525	4,557,915
Charge for the financial period	24,406	53,207	69,918	53,812	22,584	11,082	235,009
Disposal	–	–	–	–	(251,456)	–	(251,456)
Written off	(185,286)	(485,132)	(857,484)	(2,852,062)	–	(9,861)	(4,389,825)
At 31 December 2014	158	40,300	34,255	–	68,184	8,746	151,643
Carrying amount							
At 31 December 2014	9,342	29,278	137,109	–	123,035	33,234	331,998

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

	Freehold office buildings RM	Furniture and fittings RM	Office equipment RM	Computers RM	Hardware appliances RM	Motor vehicles RM	Renovation RM	Total RM
Group								
30.9.2013								
Cost								
At 1 October 2012	2,032,000	320,460	720,311	837,533	2,870,000	378,457	15,050	7,173,811
Additions	–	–	13,139	63,546	–	–	–	76,685
Transferred to investment properties	(2,032,000)	–	–	–	–	–	–	(2,032,000)
Disposal	–	–	–	–	–	(70,000)	–	(70,000)
At 30 September 2013	–	320,460	733,450	901,079	2,870,000	308,457	15,050	5,148,496
Accumulated depreciation								
At 1 October 2012	612,480	128,993	380,697	688,175	2,511,250	355,655	6,020	4,683,270
Charge for the financial year	–	32,045	91,528	133,646	287,000	11,400	1,505	557,124
Transferred to investment properties	(612,480)	–	–	–	–	–	–	(612,480)
Disposal	–	–	–	–	–	(69,999)	–	(69,999)
At 30 September 2013	–	161,038	472,225	821,821	2,798,250	297,056	7,525	4,557,915
Carrying amount								
At 30 September 2013	–	159,422	261,225	79,258	71,750	11,401	7,525	590,581

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

	Office equipment RM	Computers RM	Motor vehicles RM	Total RM
Company				
31.12.2014				
At 1 October 2013	48,754	291,939	251,457	592,150
Additions	1,325	42,360	134,219	177,904
Disposal	–	–	(251,457)	(251,457)
Written off	(50,079)	(291,941)	–	(342,020)
At 31 December 2014	–	42,358	134,219	176,577
Accumulated depreciation				
At 1 October 2013	14,070	266,072	251,456	531,598
Charge for the financial period	3,751	29,562	11,185	44,498
Disposal	–	–	(251,456)	(251,456)
Written off	(17,821)	(291,195)	–	(309,016)
At 31 December 2014	–	4,439	11,185	15,624
Carrying amount				
At 31 December 2014	–	37,919	123,034	160,953
30.9.2013				
At 1 October 2012	48,754	291,661	251,457	591,872
Addition	–	278	–	278
At 30 September 2013	48,754	291,939	251,457	592,150
Accumulated depreciation				
At 1 October 2012	9,155	187,270	251,456	447,881
Charge for the financial year	4,915	78,802	–	83,717
At 30 September 2013	14,070	266,072	251,456	531,598
Carrying amount				
At 30 September 2013	34,684	25,867	1	60,552

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

(a) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial period/year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	31.12.2014 RM	**30.9.2013 RM**	**31.12.2014 RM**	**30.9.2013 RM**
Aggregate costs	395,152	76,685	177,904	278
Less: Finance lease financing	(120,000)	–	(120,000)	–
Cash payments	275,152	76,685	57,904	278

(b) Assets held under finance leases

At 31 December 2014, the net carrying amount of leased motor vehicle of the Group and of the Company was RM123,034 and RM123,034 (30.9.2013: RMNil and RMNil) respectively.

5. INVESTMENT PROPERTIES

	Group	
	31.12.2014 RM	**30.9.2013 RM**
Freehold land and building		
Cost		
At 1 October	2,032,000	–
Transferred from property, plant and equipment	–	2,032,000
At 31 December/30 September	2,032,000	2,032,000
Less: Accumulated depreciation		
At 1 October	653,120	–
Transferred from property, plant and equipment	–	612,480
Charge for the financial period/year	50,800	40,640
At 31 December/30 September	703,920	653,120
Carrying amount		
At 31 December/30 September	1,328,080	1,378,880
Fair value of investment properties		
At 31 December/30 September	4,030,000	3,887,580

5. INVESTMENT PROPERTIES (CONT'D)

(a) Fair value basis of investment properties

The fair value of the Group's investment property was arrived at by reference to market indication of transaction prices for similar properties.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	1.10.2013 to 31.12.2014 RM	**1.10.2012 to 30.9.2013 RM**
Rental income	139,200	122,700

6. PRODUCT DEVELOPMENT EXPENDITURE

	Group		Company	
	31.12.2014 RM	**30.9.2013 RM**	**31.12.2014 RM**	**30.9.2013 RM**
Cost				
At 1 October	8,591,267	8,591,267	6,223,063	6,223,063
Additions	236,297	–	–	–
Written off	(8,827,564)	–	(6,223,063)	–
At 31 December/30 September	–	8,591,267	–	6,223,063
Less: Accumulated amortisation				
At 1 October	5,443,848	4,598,808	3,211,865	2,589,559
Amortisation during the financial period/year	574,497	845,040	466,730	622,306
Written off	(6,018,345)	–	(3,678,595)	–
At 31 December/30 September	–	5,443,848	–	3,211,865
Less: Accumulated impairment				
At 1 October	284,422	284,422	284,422	284,422
Written off	(284,422)	–	(284,422)	–
At 31 December/30 September	–	284,422	–	284,422
Carrying amount				
At 31 December/30 September	–	2,862,997	–	2,726,776

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 31.12.2014 RM	Company 30.9.2013 RM
In Malaysia		
Unquoted shares, at cost	9,506,504	8,281,500

Details of subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 31.12.2014 %	Equity interest 30.9.2013 %	Principal activities
Direct holding:				
Extol Corporation Sdn. Bhd. (formerly known as Extol Corporation (M) Sdn. Bhd.)	Malaysia	100	100	Sales and research and development security technology, security maintenance and professional security services and training.
Extol Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding, trading of computer hardware, software related equipment and software development.
Extol International Sdn. Bhd. (formerly known as Innodium Sdn. Bhd.)	Malaysia	100	–	Software development and trading in software products.
AppAsia Tech Sdn. Bhd. (formerly known as Extol IP Sdn. Bhd.)	Malaysia	100	–	Information Technology Systems and Applications development related business.
AppAsia Studio Sdn. Bhd. (formerly known as Extol Apps Sdn. Bhd.)	Malaysia	100	–	Information Technology Systems and Applications development related business.
Indirect holding:				
Indirect holding: Subsidiary company of Extol Ventures Sdn. Bhd.				
Extol International Sdn. Bhd. (formerly known as Innodium Sdn. Bhd.)	Malaysia	–	100	Software development and trading in software products.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Acquisition of subsidiary companies

(i) On 30 September 2014, the Company had acquired two (2) ordinary shares of RM1.00 each in AppAsia Tech Sdn. Bhd. ("AppAsia Tech") (formerly known as Extol IP Sdn. Bhd.) from Toh Hong Chye and Wong Ngai Peow at a total consideration of RM2.00 ("Acquisition"). Following the Acquisition, AppAsia Tech became a wholly-owned subsidiary company of the Company.

(ii) On 30 September 2014, the Company had acquired two (2) ordinary shares of RM1.00 each in AppAsia Studio Sdn. Bhd. ("AppAsia Studio") (formerly known as Extol Apps Sdn. Bhd.) from Toh Hong Chye and Wong Ngai Peow at a total consideration of RM2.00 ("Acquisition"). Following the Acquisition, AppAsia Studio became a wholly-owned subsidiary company of the Company.

Net cash outflow arising from acquisition of subsidiary companies

	RM
Purchase consideration settled in cash	4
Cash and cash equivalents acquired	4
	–

Impact of the acquisition on the Statements of Comprehensive Income

From the date of acquisition, acquired subsidiary companies have contributed RMNil and RM159,643 to the Group's revenue and loss for the financial period respectively. If the combination had taken place at the beginning of the financial period, the Group's revenue and profit for the financial period from their operations would have been RMNil and RM159,643 respectively.

There was no acquisition in the previous financial year.

(b) Internal reorganisation

The Company or AppAsia has embarked on an internal reorganisation exercise which involved a wholly-owned subsidiary company of the Company i.e. Extol International Sdn. Bhd. (formerly known as Innodium Sdn. Bhd.) ("Extol International").

The internal reorganisation effective on 30 September 2014, involved the transfer of the entire issued and paid up share capital in Extol International held by Extol Ventures Sdn. Bhd., a wholly-owned subsidiary company of the Company to Appasia, at the total consideration of RM1,225,000. Consequently, Extol International became a direct wholly-owned subsidiary company of AppAsia.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

8. GOODWILL ON CONSOLIDATION

	Group	
	31.12.2014 RM	30.9.2013 RM
At 1 October	3,541,003	3,541,003
Written off	(3,541,003)	–
At 31 December/30 September	–	3,541,003

During the financial period, as a result of unexpected poor performance in the business unit providing "Managed Security Solutions" ("MSS") and "Secured Enterprise Solutions" ("SES"), the Group carried out a review of the recoverable of the unit.

The recoverable amount of MSS & SES was based on its value-in-use as determined by the discounting cash flow to be generated by the unit. The carrying amount of the unit of RM3,541,003 was determined to be higher than its recoverable amount and the goodwill on consolidation amounting to RM3,541,003 was fully written off. The amount written off is recorded within other expenses in the statements of comprehensive income.

In the previous financial year, goodwill on consolidation is stated at cost and reviewed for impairment annually. Goodwill on consolidation has been allocated for impairment testing to the Group's cash generating unit ("CGU"). The Group assessed the recoverable amount of the goodwill on consolidation, and determined that the goodwill on consolidation is not impaired. The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a period of ten years.

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

	30.9.2013 %
Growth	5 - 20
Discount rate	10

Management determined the budgeted gross margin based on the past performance and its expectations of market development. The growth rate used is based on past years' achievement and the expected future contracts to be secured. The discount rate used reflects the current market assessment of the risks specific to each CGU.

9. INVENTORIES

	Group	
	31.12.2014 RM	30.9.2013 RM
At cost		
Software license and hardware appliances	–	1,107,033
Recognised in profit or loss:		
Inventories written off	663,267	–

10. TRADE RECEIVABLES

	Group	
	31.12.2014	30.9.2013
	RM	RM
Trade receivables	1,491,208	2,794,332
Less: Acccumulated impairment losses	(91,170)	–
	1,400,038	2,794,332

Trade receivables are non-interest bearing and are generally on 60 days (30.9.2013: 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's credit exposures are concentrated mainly on 2 (30.9.2013: 3) debtors, which accounted for 87% (30.9.2013: 76%) of the total trade receivables as at 31 December 2014.

Movements in allowance for impairment losses (individually impaired) of trade receivables are as follows:

	Group	
	31.12.2014	30.9.2013
	RM	RM
At 1 October	–	–
Impairment losses recognised	91,170	–
At 31 December/30 September	91,170	–

Analysis of the trade receivables ageing as at the end of the reporting period is as follows:

	Group	
	31.12.2014	30.9.2013
	RM	RM
Neither past due nor impaired	450,301	552,722
Past due not impaired:		
Less than 30 days	–	302,800
131 to 60 days	150,773	1,361,797
More than 60 days	798,964	577,013
	949,737	2,241,610
	1,400,038	2,794,332
Impaired	91,170	–
	1,491,208	2,794,332

<u>Trade receivables that are neither past due nor impaired</u>

Trade receivables that neither past due nor impaired are debtors with good payment records with the Group.

10. TRADE RECEIVABLES (CONT'D)

Trade receivables that are past due but not impaired

As at 31 December 2014, trade receivables of RM949,737 (30.9.2013: RM2,241,610) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired

The trade receivables of the Group that are individually assessed to be impaired amounting to RM91,170 (30.9.2013: RMNil), related to a customer that are in financial difficulties, have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The currency exposure profiles of trade receivables are as follows:

	Group	
	31.12.2014 RM	30.9.2013 RM
United States Dollar	–	480,003

11. OTHER RECEIVABLES

	Group		Company	
	31.12.2014 RM	30.9.2013 RM	31.12.2014 RM	30.9.2013 RM
Other receivables	–	9,700	–	3,000
Deposits	217,567	318,477	84,735	77,644
Prepayments	582,489	426,264	353,285	29,442
	800,056	754,441	438,020	110,086

12. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amounts due from/(to) subsidiary companies are unsecured, non-interest bearing and repayable upon demand. The amounts arose from trade and non-trade transactions.

13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks are pledged to licensed banks for bank guarantee granted to a subsidiary company.

The interest rate and maturities of deposits of the Group at the end of the reporting period are 3.15% (30.9.2013: 2.90%) and 30 days (30.9.2013: 30 days) respectively.

14. CASH AND BANK BALANCES

The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	31.12.2014 RM	30.9.2013 RM	31.12.2014 RM	30.9.2013 RM
United States Dollar	680,988	1,436,904	103,549	8,362
Euro Dollar	–	137,192	–	–
British Pound Sterling	–	90,732	–	–

15. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	31.12.2014 Units	30.9.2013 Units	31.12.2014 RM	30.9.2013 RM
Ordinary shares of RM0.10 each				
Authorised				
At 1 October/31 December/ 30 September	1,000,000,000	1,000,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 October	126,324,000	126,324,000	12,632,400	12,632,400
Issued during the financial period/year	12,632,400	–	1,263,240	–
At 31 December/30 September	138,956,400	126,324,000	13,895,640	12,632,400

During the current financial period, the Company increased its issued and paid-up share capital from 126,324,000 to 138,956,400 through the issuance of 12,632,400 ordinary shares of RM0.10 each pursuant to private placement at an issue price of RM0.105 per placement share.

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

The holders of ordinary shares are 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 regard to the Company's residual assets.

16. SHARE PREMIUM

	Group and Company	
	31.12.2014	30.9.2013
	RM	RM
At 1 October	4,167,884	4,167,884
Add: Premium arises from private placement	63,162	–
Less: Share issuance expenses	(149,200)	–
At 31 December/30 September	4,081,846	4,167,884

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

17. FINANCE LEASE LIABILITY

	Group and Company	
	31.12.2014	30.9.2013
	RM	RM
Minimum lease payments		
Within one year	43,188	–
Later than one year and not later than two years	43,188	–
Later than two years and not later than five years	35,966	–
	122,342	–
Less: Future finance charges	(8,523)	–
Present value of minimum lease payments	113,819	–
Present value of minimum lease payments		
Within one year	38,289	–
Later than one year and not later than two years	40,352	–
Later than two years and not later than five years	35,178	–
	113,819	–
Analysed as:		
Repayable within twelve months	38,289	–
Repayable after twelve months	75,530	–
	113,819	–

The finance lease liability interest is charged at a rate of 2.65% (30.9.2013: Nil) per annum.

18. BANK BORROWING

	Group and Company	
	31.12.2014	30.9.2013
	RM	RM
Non-Current Liability		
Secured		
Term loan - Islamic financing	–	500,000
Current Liability		
Secured		
Term loan - Islamic financing	500,000	500,000
	500,000	1,000,000

In previous financial year, the Group secured a project financing facility in accordance with the financing procedure under the Syariah concept of Murabahah from Malaysia Debt Ventures Berhad. The facility is repayable by two instalments in which the first instalment of RM500,000 will be due twelve months following the first disbursement. The balance of RM500,000 will be due twenty four months following the first disbursement. Based on the agreement, the total asset sell price payable by the subsidiary company is RM1,120,000.

The securities of the facility area as follows:

(i) Debentures creating a first fixed and floating charge over a subsidiary company's assets, present and future, wheresoever situated; and
(ii) Corporate Guarantee for the whole amount under the Facility from Holding Company, AppAsia Berhad (formerly known as Extol MSC Berhad).

19. DEFERRED TAX LIABILITIES

	Group		Company	
	31.12.2014	30.9.2013	31.12.2014	30.9.2013
	RM	RM	RM	RM
At 1 October	113,549	253,727	–	–
Recognised in profit or loss	(113,549)	(140,178)	–	–
At 31 December/30 September	–	113,549	–	–

The net deferred tax liability and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	31.12.2014	30.9.2013	31.12.2014	30.9.2013
	RM	RM	RM	RM
Deferred tax liability	35,020	123,549	25,100	9,560
Deferred tax assets	(35,020)	(10,090)	(25,100)	(9,560)
	–	113,459	–	–

19. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of the deferred tax liability and assets prior to offsetting are as follows:

	Group		Company	
	31.12.2014 RM	30.9.2013 RM	31.12.2014 RM	30.9.2013 RM
Deferred tax liability				
Accelerated capital allowances	35,020	123,549	25,100	9,560
Deferred tax assets				
Unutilised capital allowancs	15,230	2,050	5,310	1,520
Unutilised tax losses	19,790	8,040	19,790	8,040
	35,020	10,090	25,100	9,560

The deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	Group		Company	
	31.12.2014	30.9.2013	31.12.2014	30.9.2013
Decelerated capital allowances	9,820	–	–	–
Unutilised capital allowances	357,050	161,500	–	–
Unutilised tax losses	7,457,040	2,873,360	4,350,220	2,092,960
	7,823,910	3,034,860	4,350,220	2,092,960

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

20. TRADE PAYABLES

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 60 days (30.9.2013: 30 to 60 days).

The currency exposure profile of trade payables are as follows:

	Group	
	31.12.2014 RM	30.9.2013 RM
United States Dollar	–	597,645

21. OTHER PAYABLES

	Group		Company	
	31.12.2014	**30.9.2013**	**31.12.2014**	**30.9.2013**
	RM	**RM**	**RM**	**RM**
Other payables	259,704	230,686	201,721	195,902
Accruals	50,127	75,576	17,000	16,500
Deposits received	20,800	–	–	–
	330,631	306,262	218,721	212,402

22. REVENUE

These represent billings for net invoiced value of goods sold and services rendered.

23. FINANCE COSTS

	Group		Company	
	1.10.2013 to 31.12.2014	**1.10.2012 to 30.9.2013**	**1.10.2013 to 31.12.2014**	**1.10.2012 to 30.9.2013**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Banker's acceptance	–	13,943	–	–
Finance lease	1,017	696	1,017	–
Term loan	69,973	20,000	–	–
	70,990	34,639	1,017	–

24. LOSS BEFORE TAXATION

	Group		Company	
	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Amortisation of product development expenditures	574,497	845,040	466,730	622,306
Auditors' remuneration:				
- statutory	37,000	35,000	17,000	16,500
- others	3,000	3,000	3,000	3,000
Bad debts written off	391,987	–	21,276	–
Non-Executive Directors remuneration				
- Fees	175,935	–	175,935	–
Depreciation of investment properties	50,800	40,640	–	–
Depreciation of property, plant and equipment	235,009	557,124	44,498	83,717
Goodwill written off	3,541,003	–	–	–
Impairment on trade receivables	91,170	–	–	–
Incorporation expenses	6,000	–	–	–
Inventories written off	663,267	–	–	–
Product development expenditure written off	2,524,797	–	2,260,046	–
Property, plant and equipment written off	418,725	–	33,004	–
Rental of equipment	542,956	–	542,956	–
Rental of premises	711,188	614,250	95,862	304,701
Gain on disposal of property, plant and equipment	(32,999)	–	(32,999)	–
(Gain)/Loss in foreign exchange				
- realised	(1,086)	20,035	(18,673)	–
- unrealised	(9,826)	–	–	–
Interest income	(102,588)	(131,829)	(57,580)	(88,706)
Rental income from investment properties	(139,200)	(122,700)	–	–

25. TAXATION

	Group 1.10.2013 to 31.12.2014 RM	Group 1.10.2012 to 30.9.2013 RM	Company 1.10.2013 to 31.12.2014 RM	Company 1.10.2012 to 30.9.2013 RM
Tax expenses recognised in profit or loss				
Current tax provision	–	84,874	–	–
(Over)/Under provision in prior years	(22,406)	(5,464)	–	420
	(22,406)	79,410	–	420
Deferred tax:				
Relating to reversal of temporary differences	(93,815)	(140,178)	–	–
Over provision in prior years	(19,734)	–	–	–
	(113,549)	(140,178)	–	–
	(135,955)	(60,768)	–	420

Malaysian income tax is calculated at the statutory tax rate of 25% (30.9.2013: 25%) of the estimated assessable profits for the financial period/year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to loss 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:

25. TAXATION (CONT'D)

	Group		Company	
	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Loss before taxation	(13,337,367)	(1,417,221)	(5,575,123)	(1,031,337)
At Malaysian statutory tax rate of 25% (2013: 25%)	(3,334,340)	(354,305)	(1,393,780)	(257,834)
Income not subject to tax	(2,460)	(20,635)	–	–
Deductible capital expenditure	–	14,667	–	–
Expenses not deductible for tax purposes	2,045,725	304,969	829,470	257,834
Deferred tax assets not recognised	1,208,430	–	564,310	–
Utilisation of previously unrecognised tax losses	(11,170)	–	–	–
(Over)/Under provision of taxation in prior years	(22,406)	(5,464)	–	420
Over provision of deferred tax in prior year	(19,734)	–	–	–
Tax expense for the financial period/year	(135,955)	(60,768)	–	420

Income tax savings arising from tax losses:

	Group		Company	
	31.12.2014 RM	30.9.2013 RM	31.12.2014 RM	30.9.2013 RM
Income tax savings arising from utilisation of prior year losses previously not recognised	11,170	–	–	–

The Group and the Company have the following estimated unutilised capital allowances and unutilised tax losses available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	31.12.2014 RM	30.9.2013 RM	31.12.2014 RM	30.9.2013 RM
Unutilised capital allowances	417,970	169,700	21,240	6,080
Unutilised tax losses	7,536,200	2,905,520	4,429,380	2,125,120
	7,954,170	3,075,220	4,450,620	2,131,200

26. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial period/year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial period/year as follows:

	Group	
	1.10.2013 to 31.12.2014 RM	**1.10.2012 to 30.9.2013 RM**
Loss attributable to ordinary shareholders	(13,201,412)	(1,356,453)
Weighted average number of ordinary shares in issue (in shares)	135,667,000	126,324,000
Basic loss per share (in sen)	(9.73)	(1.07)

(b) Diluted loss per share

The Group and the Company have no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial period and before the authorisation of these financial statements except as disclosed in Note 33(a)(i) and 33(a)(v).

27. STAFF COSTS

	Group		Company	
	1.10.2013 to 31.12.2014 RM	**1.10.2012 to 30.9.2013 RM**	**1.10.2013 to 31.12.2014 RM**	**1.10.2012 to 30.9.2013 RM**
Fee	5,250	78,000	5,250	78,000
Salaries and allowances	3,235,210	2,611,320	1,659,192	1,571,445
Defined contribution plans	357,390	303,832	176,373	141,052
Social security costs	26,166	22,750	11,110	10,683
Other benefits	37,764	–	21,025	–
	3,661,780	3,015,902	1,872,950	1,801,180

27. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial period/year as below:

	Group		Company	
	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Executive Directors				
Fee	5,250	78,000	5,250	78,000
Salaries and allowances	602,258	293,200	522,258	253,200
Defined contribution plans	72,272	28,800	62,672	28,800
Social security costs	1,343	620	930	620
	681,123	400,620	591,110	360,620

28. OPERATING LEASE COMMITMENT - AS LESSEE

The future minimum lease payments payable under non-cancellable operating leases are:

	Group	
	31.12.2014 RM	30.9.2013 RM
Within one year	723,941	627,186
Later than one year but not later than two years	904,926	141,390
	1,628,867	768,576

29. RELATED PARTY DISCLOSURES

(a) Identifying of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiary companies and key management personnel.

29. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to related party balances disclosed in Note 12, the significant related party transaction of the Group and of the Company are as follows:

	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Group		
Transactions with a Director		
Rental of premises paid/payable	90,720	–
Transactions with a company in which a Director has substantial financial interest		
Provision of services	45,000	–
Company		
Transactions with subsidiary companies		
Royalties income received/receivable	–	187,978
Sales	5,013,029	2,398,720
Purchases	4,375,934	–

(c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Salaries, fees and other emoluments	608,851	371,820	528,438	331,820
Defined contributions plan	72,272	28,800	62,672	28,800
	681,123	400,620	591,110	360,620

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business unit based on their products and services provided, as follows:

Managed Security Solutions ("MSS")	ICT security products and solutions such as hardware and software security solutions and services, consultancy, forensic research and training
Secured Enterprise Solutions ("SES")	Security-enhanced enterprise solutions
Others	Trading in software products

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

	MSS RM	SES RM	Others RM	Eliminations RM	Per consolidated financial statements RM
31.12.2014					
Revenue					
External customers	6,723,647	8,139,316	64,517	–	14,927,480
Inter segment	4,819,251	4,524,995	44,717	(9,388,963)	–
Total revenue	11,542,898	12,664,311	109,234	(9,388,963)	14,927,480
Segment results					
Interest income	97,308	4,976	304	–	102,588
Finance costs	(70,990)	–	–	–	(70,990)
Depreciation and amortisation	(858,111)	(708)	(1,487)	–	(860,306)
Other non-cash item	(7,314,205)	6,927	(280,846)	–	(7,588,124)
Segments (loss) /profit before taxation	(12,392,168)	40,110	(985,309)	–	(13,337,367)
Assets					
Addition to property, plant and equipment	346,458	–	48,694	–	395,152

30. SEGMENT INFORMATION (CONT'D)

	MSS RM	SES RM	Others RM	Eliminations RM	Per consolidated financial statements RM
30.9.2013					
Revenue					
External customers	12,790,218	719,000	–	–	13,509,218
Inter segment	2,586,698	–	–	(2,586,698)	–
Total revenue	15,376,916	719,000	–	(2,586,698)	13,509,218
Segment results					
Interest income	131,829	–	–	–	131,829
Finance costs	(34,639)	–	–	–	(34,639)
Depreciation and amortisation	(1,442,804)	–	–	–	(1,442,804)
Segments loss before taxation	(1,169,221)	(248,000)	–	–	(1,417,221)
Assets					
Addition to property, plant and equipment	76,685	–	–	–	76,685

(a) Eliminations

Current taxes and deferred taxes are not allocated to those segments as they are managed on a group basis.

Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash income/(expense) consist of the following items as presented in the respective notes to financial statements:

	1.10.2013 to 31.12.2014 RM	1.10.2012 to 30.9.2013 RM
Bad debts written off	(391,987)	–
Goodwill written off	(3,541,003)	–
Impairment on trade receivables	(91,170)	–
Inventories written off	(663,267)	–
Product development expenditure written off	(2,524,797)	–
Property, plant and equipment written off	(418,725)	–
Gain on property, plant and equipment	32,999	–
Unrealised gain on foreign exchange	9,826	–
	(7,588,124)	–

(c) Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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 RM	Other financial liabilities at amortised cost RM	Total RM
Group			
31.12.2014			
Financial Assets			
Trade receivables	1,400,038	–	1,400,038
Other receivables	217,567	–	217,567
Fixed deposits with licensed banks	308,158	–	308,158
Cash and bank balances	2,178,816	–	2,178,816
	4,104,579	–	4,104,579
Financial Liabilities			
Trade payables	–	547,606	547,606
Other payables	–	330,631	330,631
Finance lease liability	–	113,819	113,819
Bank borrowing	–	500,000	500,000
	–	1,492,056	1,492,056
30.9.2013			
Financial Assets			
Trade receivables	2,794,332		2,794,332
Other receivables	328,177	–	328,177
Fixed deposits with licensed banks	981,213		981,213
Cash and bank balances	5,308,353	–	5,308,353
	9,412,075	–	9,412,075
Financial Liabilities			
Trade payables	–	864,848	864,848
Other payables	–	306,262	306,262
Bank borrowing	–	1,000,000	1,000,000
	–	2,171,110	2,171,110

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Company			
31.12.2014			
Financial Assets			
Other receivables	84,735	–	84,735
Amount due from subsidiay companies	4,415,226	–	4,415,226
Cash and bank balances	624,274	–	624,274
	5,124,235	–	5,124,235
Financial Liabilities			
Other payables	–	218,721	218,721
Amount due to subsidiary companies	–	1,197,000	1,197,000
Finance lease liabilities	–	113,819	113,819
	–	1,529,540	1,529,540
30.9.2013			
Financial Assets			
Other receivables	80,644		80,644
Amount due from subsidiary companies	3,906,448	–	3,906,448
Cash and bank balances	3,140,398		3,140,398
	7,127,490	–	7,127,490
Financial Liabilities			
Other payables	–	212,402	212,402
	–	212,402	212,402

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to a subsidiary company.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to a subsidiary company. The Company's maximum exposure in this respect is RM500,000 (30.9.2013: RM1,000,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Note 10. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
31.12.2014					
Non-derivative financial liabilities					
Trade payables	547,606	–	–	547,606	547,606
Other payables	330,631	–	–	330,631	330,631
Finance lease liability	43,188	43,188	35,966	122,342	113,819
Bank borrowing	500,000	–	–	500,000	500,000
	1,421,425	43,188	35,966	1,500,579	1,492,056
30.9.2013					
Non-derivative financial liabilities					
Trade payables	864,848	–	–	864,848	864,848
Other payables	306,262	–	–	306,262	306,262
Bank borrowing	1,000,000	–	–	1,000,000	1,000,000
	2,171,110	–	–	2,171,110	2,171,110

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
31.12.2014					
Non-derivative financial liabilities					
Other payables	218,721	–	–	218,721	218,721
Amount due to subsidiary companies	1,197,000	–	–	1,197,000	1,197,000
Finance lease liability	43,188	43,188	35,966	122,342	113,819
	1,458,909	43,188	35,966	1,538,063	1,529,540
30.9.2013					
Non-derivative financial liability					
Other payables	212,402	–	–	212,402	212,402
	212,402	–	–	212,402	212,402

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Euro Dollar (Euro) and Britain Pound Sterling (GBP).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD RM	Euro RM	GBP RM	Total RM
Group				
31.12.2014				
Cash and bank balances	680,988	–	–	680,988
Group				
30.9.2013				
Trade receivables	480,003	–	–	480,003
Cash and bank balances	1,436,904	137,192	90,732	1,664,828
Trade payables	(597,645)	–	–	(597,645)
	1,319,262	137,192	90,732	1,547,186
Company				
31.12.2014				
Cash and bank balances	103,549	–	–	103,549
Company				
30.9.2013				
Cash and bank balances	8,362	–	–	8,362

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD, Euro and GBP exchange rates against RM, with all other variables held constant.

	Change in currency rate RM	1.10.2013 to 31.12.2014 Effect on loss before taxation RM	Change in currency rate RM	1.10.2012 to 30.9.2013 Effect on loss before taxation RM
Group				
USD	Strengthened 1%	6,810	Strengthened 1%	13,193
	Weakened 1%	(6,810)	Weakened 1%	(13,193)
Euro	Strengthened 1%	–	Strengthened 1%	1,372
	Weakened 1%	–	Weakened 1%	(1,372)
GBP	Strengthened 1%	–	Strengthened 1%	907
	Weakened 1%	–	Weakened 1%	(907)
Company				
USD	Strengthened 1%	1,035	Strengthened 1%	84
	Weakened 1%	(1,035)	Weakened 1%	(84)

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks (Cont'd)

(ii) Interest rate risk (Cont'd)

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	Group		Company	
	31.12.2014 RM	**30.9.2013 RM**	**31.12.2014 RM**	**30.9.2013 RM**
Fixed rate instruments				
Financial liabilities	(613,819)	(1,000,000)	(113,819)	–
Floating rate instruments				
Financial assets	308,158	981,213	–	–

Interest rate risk sensitivity analysis

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

<u>Cash flow sensitivity analysis for floating rate instruments</u>

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before taxation by RM3,082 (1.10.2012 to 30.9.2013: RM9,812), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments not carried at fair value			
	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
Group and Company				
31.12.2014				
Financial liabilities (Non-current)				
Finance lease liabilities	–	75,530	–	76,150
Group				
30.9.2013				
Financial liabilities (Non-current)				
Bank borrowings	–	500,000	–	500,000

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current financial period and previous financial years.

(ii) Level 1 fair value

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

(iii) Level 2 fair value

Level 2 fair value is estimated using 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).

<u>Non-derivative financial instruments</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at the end of the reporting period are as follows:

The gearing ratios are as follows:

	Group		Company	
	31.12.2014 RM	**30.9.2013 RM**	**31.12.2014 RM**	**30.9.2013 RM**
Total loans and borrowings	613,819	1,000,000	113,819	–
Less: Cash and cash equivalents	(2,178,816)	(5,308,353)	(624,274)	(3,140,398)
Net debt	(1,564,997)	(4,308,353)	(510,455)	(3,140,398)
Shareholders' equity	4,924,112	16,948,322	13,615,437	18,013,358
Debt-to-equity ratio	*	*	^	#

* Gearing ratio not applicable to the Group as the cash and cash equivalents as at 31 December 2014 and 30 September 2013 is sufficient to cover the entire borrowing obligation.

^ Gearing ratio not applicable to the Company as the cash and cash equivalents as at 31 December 2014 is sufficient to cover the entire borrowing obligation.

Gearing ratio not applicable as the Company has no borrowings as at 30 September 2013.

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

33. SIGNIFICANT EVENTS

(a) AppAsia Berhad (formerly known as Extol MSC Berhad) ("AppAsia" or "the Company")

(i) On 3 October 2013, Hong Leong Investment Bank Berhad, on behalf of the Company had announced the proposal to undertake a private placement ("Private Placement") of new ordinary shares of RM0.10 each which representing up to 10% of the issued and paid-up share capital of the Company to investor(s) to be identified and at an issue price at RM0.105 per Placement Share.

On 28 January 2014, the issued and paid-up share capital of the Company increased to RM13,895,640 comprising of 138,956,400 ordinary shares of RM0.10 each with the completion of the Private Placement.

33. SIGNIFICANT EVENTS (CONT'D)

(a) AppAsia Berhad (formerly known as Extol MSC Berhad) ("AppAsia" or "the Company") (Cont'd)

(ii) On behalf of the Board of Directors of the Company, TA Securities Holdings Berhad ("TA Securities") had on 11 September 2014 announced that the Company proposes to undertake the following:

(1) proposed renounceable rights issue of up to 138,956,400 new ordinary shares of RM0.10 each in AppAsia ("AppAsia Shares" or "Shares") ("Rights Shares") together with up to 138,956,400 free detachable warrants ("Warrants") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing AppAsia Share held on an entitlement date to be determined later ("Proposed Rights Issue of Shares with Warrants");

(2) proposed establishment of a share issuance scheme of up to thirty percent (30%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible Directors and employees of AppAsia and its subsidiary companies (excluding dormant subsidiary companies) ("Proposed SIS").

Bursa Malaysia Securities Berhad (Bursa Securities") has vide its letter dated 30 September 2014 approved the following:

(1) listing of and quotation for the Rights Shares;
(2) admission to the Official List of ACE Market of Bursa Securites and the listing of and quotation for the Warrants; and
(3) listing of and quotation for the new AppAsia Shares to be issued pursuant to the exercise of the Warrants,

on the ACE Market of Bursa Malaysia Securities Berhad.

The Proposed Rights Issue of Shares with Warrants and Proposed SIS was approved by the Company's shareholders at the Extraordinary General Meeting held on 15 November 2014.

On 19 November 2014, TA Securities, on behalf of the Company had announced the following that:

(1) the Board has fixed the issue price of the Rights Shares at RM0.10 per Rights Share and the exercise price of the Warrants of RM0.13 per Warrant; and

(2) the Entitlement Date has been fixed on 3 December 2014 and the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

The Rights Issue of Shares with Warrants has been completed with the listing of 138,956,400 Rights Shares together with 138,956,400 Warrants on the ACE Market of Bursa Securities on 2 January 2015.

Salient terms of Warrants

The Company executed a Deed Poll constituting the Warrant on the basis of one (1) warrant for every one (1) existing AppAsia Share on 19 November 2014. The issue price and exercise price of the Warrants is EM0.10 and RM0.13 each respectively.

The Warrants may be exercised at any time during the tenure of ten (10) years including and commencing from the issue date of Warrants. The rights attached to the Warrants which are not exercised during the exercise period will thereafter lapse and cease to be valid.

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, except that such new shares shall not be entitled to any dividends, rights, allotments, and/or other distributions on or prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

34. SUBSEQUENT EVENTS

(a) AppAsia Berhad (formerly known as Extol MSC Berhad) ("AppAsia" or "the Company")

(iii) On 12 February 2015, the Company acquired two (2) ordinary shares of RM1.00 each in AppAsia Mall Sdn Bhd ("AppAsia Mall") from Toh Hong Chye and Wong Ngai Peow at a total consideration of RM2 ("Acquisition"). Following the Acquisition, AppAsia Mall became a wholly-owned subsidiary company of the Company.

(iv) On 12 February 2015, the Company acquired two (2) ordinary shares of RM1.00 each in AppAsia International Sdn Bhd ("AppAsia International") from Mr Toh Hong Chye and Mr Wong Ngai Peow at a total consideration of RM2 ("Acquisition"). Following the Acquisition, AppAsia International became a wholly-owned subsidiary company of the Company.

(v) On 13 March 2015, on behalf of the Board, TA Securities announced that the effective date for the implementation of the Proposed SIS is 13 March 2015, which is the date of full compliance of the SIS in accordance with Rule 6.44(1) of the Listing Requirements.

The details of the Options offered are set out as follows:

Date of Offer of the Options	: 24 March 2105
Exercise price of Options offered	: RM0.183
Number of Options offered	: 70,000,000
Closing Market Price of the Company's shares on the Date of Offer	: RM0.23
Vesting period of the Options offered	- Year 1 from the date of offer of the Options: 30% of SIS granted - Year 2 from the date of offer of the Options: 30% of SIS granted - Year 3-5 from the date of offer of the Options: 40% of SIS granted - Any unexercised Options for the previous year may be carried forward and exercisable in the following year. Last day to exercise the SIS Options is on 12 March 2020.

(b) AppAsia Mall Sdn. Bhd. ("AppAsia Mall")

On 16 February 2015, AppAsia Mall entered into a sale and purchase agreement with Tan Lonn Lian and Yong See Wei, for the acquisition of the entire business of Just Retro Enterprise, for a total purchase consideration of RM1,500,000.

The above acquisition had been completed on 16 February 2015.

35. MATERIAL LITIGATION

The Group and the Company have not engaged in any litigation which will have a material effect on the business or financial position of the Group and of the Company except for the following:

The Company announced that on 20 August 2014, a sealed copy of Writ of Summons and Statement of Claim dated 19 August 2014 was served to Extol Ventures Sdn Bhd ("EVSB" or "the Defendant"), a wholly owned subsidiary, by Messrs Wong & Partners, the Advocates & Solicitors for Xconnect Global Networks Limited ("XConnect" or "the Plaintiff").

The Writ of Summons and Statement of Claim dated 19 August 2014 was filed to the Sessions Court at Kuala Lumpur in Wilayah Persekutuan with Kuala Lumpur Sessions Court Suit No: B52NCvC-246-08/2014 and have been fixed for hearing on 22 September 2014 at Jalan Duta Court Complex, Kuala Lumpur for case management.

35. MATERIAL LITIGATION (CONT'D)

Details of claims by The Plaintiff from the Defendant are as follow:

(a) An order for the delivery up of the PoP Equipment as stated in the Statement of Claim and damage to be assessed;
(b) Alternatively, judgment in the sum of US$171,071.58 to be paid by Defendant;
(c) Damages for detention of the PoP Equipment as stated in the Statement of Claim;
(d) Alternatively, damages for conversion of the PoP Equipment as stated in the Statement of Claim;
(e) Interest on all sums found due and payable by the Defendant under Section 11 of the Civil Law Act, 1965 at the rate of 5% per annum from 19.08.2014 until full payment;
(f) Costs; and
(g) Such further and other relief as the Court deems fit and proper.

On 15 September 2014, EVSB had filed a Defence and Counterclaim against Xconnect & Mohd Badaruddin Bin Masodi ("Badaruddin"). EVSB denies certain contents in the earlier Statement of Claim. Badaruddin had entered into the Malaysia Interconnection Exchange ("MIE Agreement") for EVSB, on 3 October 2013 without any approval and/or ratification from the Board and/or shareholders of EVSB.

By the MIE Agreement, Xconnect had appointed EVSB as the exclusive Channel Partner for the delivery of Xconnect Global Networks Limited's Products and Services to the customers in the territories of Malaysia and Indonesia.

Notwithstanding the terms of the MIE Agreement, Xconnect entered into an agreement with a third party, TG AGAS Technology Sdn Bhd ("TG AGAS"), on 4 October 2013 which is known as the Malaysian Federation Agreement ("MFA Agreement") where all the provisions therein are identical to those found in the MIE Agreement.

Without the knowledge and/or the approval of the Board members and/or shareholders of EVSB, Badaruddin, as the Executive Deputy Chairman of TG AGAS, had on 4 October 2013 entered into the MFA Agreement with Xconnect.

EVSB avers that Xconnect had breached the MIE Agreement as the right of EVSB as the exclusive Channel Partner to supply Xconnect's Products and Services in Malaysia was denied by Xconnect entering into the MFA Agreement with TG AGAS on 4 October 2013. EVSB avers that Xconnect has failed and/or refused to fulfil their obligations in the MIE Agreement. By reason of the matters aforesaid, EVSB denies being indebted to Xconnect as alleged in the Statement of Claim.

As such, EVSB claims that Xconnect through John Wilkinson and Badaruddin who is a director and shareholder of both EVSB and TG AGAS have acted to benefit TG AGAS and to cause EVSB to suffer financial loss.

EVSB avers that Badaruddin had breached his fiduciary duty under the Companies Act, 1965 where he shall at all times exercise his power for a proper purpose and in good faith in the best interest of EVSB.

Wherefore, EVSB counter claims against Xconnect and Badaruddin as follows:

<u>Against Xconnect:</u>

(a) The sum of US$87,075.11;
(b) General Damages;
(c) Interest;
(d) Costs;
(e) Further or other relief as may be just.

35. MATERIAL LITIGATION (CONT'D)

Wherefore, EVSB counter claims against Xconnect and Badaruddin as follows: (Cont'd)

Against Badaruddin:

(a) If Xconnect succeeds in its claim against EVSB, an Order that Badaruddin do indemnify EVSB against all losses suffered and that he pay directly to Xconnect all of the judgement sum, including interest and costs, which EVSB is ordered to pay to Xconnect.
(b) The sum of US$87,075.11.
(c) General Damages.
(d) Exemplary Damages.
(e) Interest.
(f) Costs.
(g) Further or other relief as may be just.

The application for security costs has been fixed for hearing on 17 November 2014 pending filing of the Affidavit in Reply by the Plaintiff.

The Sessions Court had on 26 November 2014, granted the Company the Order directing Xconnect Global Networks Limited to deposit the sum of RM100,000.00 (Ringgit Malaysia One Hundred Thousand) only as security for costs with the Court within Thirty (30) days from 26 November 2014, failing which their claim can be struck out on the Company's application.

Subsequently on 4 February 2015, the Board of Directors of AppAsia announced that the Company had on 29 January 2015 received the Kuala Lumpur Sessions Court sealed Order and Judgement both dated 14 January 2015 via a letter from Messrs Wong & Partners, the Plaintiff's lawyer dated 28 January 2014, ordered Extol Ventures Sdn Bhd to handover the PoP Equipments to Xconnect with damages to be assessed and cost of RM3,000 to Xconnect. The Company has no intention to appeal after having taken legal advice from the Company's solicitor. However, the Company shall be proceeding with its counter claim against Xconnect and Badaruddin.

The Company had on 10 April 2015 received a letter from the Company's Solicitors informed that a consent order of settlement has been recorded on the 7 April 2015 where upon Xconnect had withdrawn all its claim against EVSB while the counter claim by EVSB against Xconnect had also been withdrawn, both with no order as to cost.

EVSB counter claim against Badaruddin is still on going with a hearing date fixed on 15 April 2015 to determine if the counter claim is to proceed to trial.

36. COMPARATIVE INFORMATION

The financial statements of the Company as at 30 September 2013 were audited by another firm of chartered accountants.

The financial year end of the Group and of the Company was changed from 30 September to 31 December. Accordingly, the current financial statements are prepared for fifteen months from 1 October 2013 to 31 December 2014. As a result the comparative figures stated in the statements of comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

Certain comparative figures have been reclassified where necessary to conform with the current period presentation.

36. COMPARATIVE INFORMATION (CONT'D)

	As previously stated RM	Reclassification RM	As restated RM
Group			
Statements of Cash Flows			
Cash Flows from Operating Activities			
Change in working capital			
Receivables	(86,989)	86,989	–
Trade receivables	–	224,853	224,853
Other receivables	–	(311,842)	(311,842)
Payables	(1,080,837)	1,080,837	–
Trade payables	–	(875,662)	(875,662)
Other payables	–	(205,175)	(205,175)
Statements of Cash Flows			
Cash Flows from Operating Activities			
Cash used in operations			
Interest received	–	131,829	131,829
Cash Flows from Investing Activities			
Interest received	131,829	(131,829)	–
Company			
Statements of Cash Flows			
Cash used in operations			
Interest received	–	88,706	88,706
Cash Flows from Investing Activities			
Interest received	88,706	(88,706)	–

37. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial period ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 10 April 2015.

38. SUPPLEMENTARY INFORMATION ON DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised (accumulated losses)/retained earnings of the Group and of the Company at the end of the reporting period is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	31.12.2014 RM	**30.9.2013 RM**	**31.12.2014 RM**	**30.9.2013 RM**
Total (accumulated losses)/retained earnings of the Company and its subsidiary company				
- Realised	(11,985,378)	1,133,083	(4,362,049)	1,213,074
- Unrealised	–	82,951	–	–
	(11,985,378)	1,216,034	(4,362,049)	1,213,074
Less: Consolidation adjustments	(1,067,996)	(1,067,996)	–	–
Total (accumulated losses)/ retained earnings	(13,053,374)	148,038	(4,362,049)	1,213,074

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 Securities Berhad and should not be applied for any other purposes.

LIST OF PROPERTIES

No.	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building (Years)	Tenure	Audited net book value as at 31.12.2014 RM'000
1.	Prima Square 13-1, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,282	19 years	Freehold	250,800
2.	Prima Square 13-2, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,487	19 years	Freehold	165,000
3.	Prima Square 13-3, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,480	19 years	Freehold	165,000
4.	Prima Square 13-4, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,480	19 years	Freehold	165,000
5.	Prima Square 13-5, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,487	19 years	Freehold	165,000
6.	Subang Business Centre 5-5, Jalan USJ 9/5Q, Subang Business Centre, 47620 UEP Subang Jaya, Selangor Darul Ehsan	Office Lot	1,726	20 years	Freehold	208,640
7.	Subang Business Centre 7-5, Jalan USJ 9/5Q, Subang Business Centre, 47620 UEP Subang Jaya, Selangor Darul Ehsan	Office Lot	1,726	20 years	Freehold	208,640

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2015

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM27,791,280.00 comprising of 277,912,800 Ordinary Shares
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2015

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	10	0.70	369	0.00
100 - 1,000	221	15.40	72,550	0.03
1,001 - 10,000	290	20.21	2,089,481	0.75
10,001 - 100,000	677	47.18	29,637,400	10.66
100,001 - 13,895,639*	235	16.38	178,280,800	64.15
13,895,640 AND ABOVE **	2	0.14	67,832,200	24.41
Total	1,435	100.00	277,912,800	100.00

Remark :
* *- Less than 5% of Issued Shares*
** *- 5% and above of Issued Shares*

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 31 MARCH 2015

No.	Name of Substantial Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Swift Icon Sdn Bhd	53,606,100	19.30	–	–
2	Ho Yi Jing	14,226,100	5.12	–	–

DIRECTORS’ INTERESTS IN SHARES AS AT 31 MARCH 2015

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	–	–	–	–
2	Toh Hong Chye	2,805,700	1.01	3,000,000*	1.08*
3	Wong Ngai Peow	3,000	0.001	–	–
4	Dato’ Lai Wen Shian	–	–	8,247,100**	2.97**
5	Low Kim Leng	–	–	–	–
6	Tan Fie Jen	824,700	0.30	–	–
7	Ng Kok Wah	–	–	–	–

* *Deemed interested through Richmond Virginia Tobacco Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*
** *Deemed interested through Crystal Privilege Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2015)

No.	Name of Shareholders	No. of Shares	%
1	SWIFT ICON SDN. BHD.	53,606,100	19.288
2	HO YI JING	14,226,100	5.118
3	RHB NOMINEES (TEMPATAN) SDN BHD OOI HOCK LAI	12,816,900	4.611
4	CRYSTAL PRIVILEGE SDN BHD	8,247,100	2.967
5	MANJUNG UNTUNG SDN. BHD.	8,247,100	2.967
6	LEONG LAI KUEN	6,927,500	2.492
7	CHAH KONG MIN @ CHOY SOI TUCK	5,000,000	1.799
8	KANG CHOO KIAT	4,329,600	1.557
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUNRISE SETUP SDN BHD. (E-TM I)	4,123,500	1.483
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG POH CHEE (E-TMI)	4,000,000	1.439
11	HO CHAI KHAW	3,813,100	1.372
12	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD GEMAS LESTARI SDN BHD	3,748,600	1.348
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN SENG CHYE DEALER038)	3,420,000	1.230
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEE TAI CHEW (021)	3,065,500	1.103
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM	3,000,000	1.079
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD RICHMOND VIRGINIA TOBACCO SDN. BHD.	3,000,000	1.079
17	RHB NOMINEES (TEMPATAN) SDN BHD TOH HONG CHYE	2,805,700	1.009
18	ALICE LEE CHIA YEE	2,680,300	0.964

No.	Name of Shareholders	No. of Shares	%
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEOU THIAM LAI (M09)	2,268,600	0.816
20	REJOICE REALTY SDN. BHD.	2,100,000	2,100,000
21	NGEE PIK HAA	2,000,000	0.719
22	TEOH TEK SIONG	1,950,000	0.701
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHU CHIN (471507)	1,916,000	0.689
24	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH BENG DE @ GHO BENG DE (CCTS)	1,850,000	0.665
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD TAN CHOON WAI (8058340)	1,809,800	0.651
26	YAP YUEN TECK	1,800,000	0.647
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON WAI (8028527)	1,790,000	0.644
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SARAVANAN A/L RAGAVAN (E-TMI)	1,767,000	0.635
29	WONG POH CHEE	1,705,800	0.613
30	GAN PEI LING	1,700,000	0.611
	Total	**169,714,300**	**61.067**

ANALYSIS OF WARRANTS HOLDINGS AS AT 31 MARCH 2015

Issued Size	:	138,956,400 free detachable warrants issued pursuant to the Renounceable Rights Issue with Warrants exercise
Number of Warrants Holders	:	466

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 31 MARCH 2015

Size of Holding	No. of shareholders	% of shareholders	No. of holdings	% of shares
1 – 99	0	0.00	0	0.00
100 - 1,000	18	3.86	11,800	0.01
1,001 - 10,000	75	16.09	528,100	0.38
10,001 - 100,000	243	52.15	11,411,000	8.21
100,001 - 6,947,819*	128	27.47	92,073,300	66.26
6,947,820 AND ABOVE **	2	0.43	34,932,200	25.14
Total	**466**	**100.00**	**138,956,400**	**100.00**

Remark :
* - *Less than 5% of Issued Warrants*
** - *5% and above of Issued Warrants*

DIRECTORS' INTERESTS IN WARRANTS AS AT 31 MARCH 2015

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	–	–	–	–
2	Toh Hong Chye	2,000,000	1.44	3,000,000*	2.16*
3	Wong Ngai Peow	1,500	0.001	–	–
4	Dato' Lai Wen Shian	–	–	4,247,100**	3.06**
5	Low Kim Leng	–	–	–	–
6	Tan Fie Jen	424,700	0.30	–	–
7	Ng Kok Wah	–	–	–	–

* *Deemed interested through Richmond Virginia Tobacco Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*
** *Deemed interested through Crystal Privilege Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*

LIST OF TOP 30 LARGEST WARRANTS HOLDERS/ DEPOSITORS AS AT 31 MARCH 2015

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2015)

No.	Name of Shareholders	No. of Shares	%
1	SWIFT ICON SDN. BHD.	27,606,100	19.866
2	HO YI JING	7,326,100	5.272
3	RHB NOMINEES (TEMPATAN) SDN BHD OOI HOCK LAI	6,551,900	4.715
4	OOI HAN EWE	4,975,800	3.580
5	CRYSTAL PRIVILEGE SDN BHD	4,247,100	3.056
6	MANJUNG UNTUNG SDN. BHD.	4,247,100	3.056
7	LEONG LAI KUEN	3,567,500	2.567
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD RICHMOND VIRGINIA TOBACCO SDN. BHD.	3,000,000	2.158
9	CHAH KONG MIN @ CHOY SOI TUCK	2,400,000	1.727
10	KANG CHOO KIAT	2,229,600	1.604
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEE TAI CHEW (021)	2,210,700	1.590
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUNRISE SETUP SDN.BHD. (E-TM I)	2,123,500	1.528
13	ANG SZE CHAMP	2,002,400	1.441
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG POH CHEE (E-TMI)	2,000,000	1.439
15	RHB NOMINEES (TEMPATAN) SDN BHD TOH HONG CHYE	2,000,000	1.439
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD GEMAS LESTARI SDN BHD	1,938,600	1.395
17	HO CHAI KHAW	1,909,400	1.374
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN SENG CHYE (DEALER038)	1,710,000	1.230
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM	1,500,000	1.079

No.	Name of Shareholders	No. of Shares	%
20	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TIONG ENG (CCTS)	1,435,300	1.032
21	ALICE LEE CHIA YEE	1,380,300	0.993
22	TEOH TEK SIONG	1,300,000	0.935
23	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH BENG DE @ GHO BENG DE (CCTS)	1,275,000	0.917
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU LEE CHENG (J DEDAP-CL)	1,200,000	0.863
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEOU THIAM LAI (M09)	1,168,600	0.840
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIM CHEE SEONG	1,050,800	0.756
27	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR NG KING KWEE	1,000,000	0.719
28	NGEE PIK HAA	1,000,000	0.719
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHU CHIN (471507)	958,000	0.689
30	WONG POH CHEE	952,900	0.685
	Total	**96,266,700**	**69.278**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh (11th) Annual General Meeting of AppAsia Berhad (Formerly known as Extol MSC Berhad) ("AppAsia" or "the Company") will be held at The Ritz Carlton (Carlton Conference Centre), Cobalt 9, 1st Floor, 168, Jalan Imbi, 55100 Kuala Lumpur on Friday, 15 May 2015 at 11.00 a.m. for the purpose of transacting the following businesses:

1.	To receive the Audited Financial Statements for the financial period ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.	Please refer to Note A
2.	To approve the payment of Directors' fees of RM175,935.00 to non-executive directors of the Company for the financial period ended 31 December 2014.	Ordinary Resolution 1
3.	To re-elect the following Directors retiring pursuant to Article 90 of the Company's Articles of Association :-	
	i) Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	Ordinary Resolution 2
	ii) Toh Hong Chye	Ordinary Resolution 3
	iii) Wong Ngai Peow	Ordinary Resolution 4
	iv) Dato' Lai Wen Shian	Ordinary Resolution 5
	v) Low Kim Leng	Ordinary Resolution 6
	vi) Tan Fie Jen	Ordinary Resolution 7
	vii) Ng Kok Wah	Ordinary Resolution 8
5.	To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 9

SPECIAL BUSINESSES :-
To consider and, if thought fit, to pass the following Resolution:-

6. **Authority To Directors To Allot And Issue Shares** — Ordinary Resolution 10

"THAT subject to the Companies Act, 1965, and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares of the Company from time to time upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution shall not exceed 10% of the issued capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue, and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities")."

7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
23 April 2015

Notes

A. This Agenda item is meant for discussion only as Section 169 (1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.

1. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

2. Where a member of the Company is an exempt authorised nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.

5. The instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Share Registrar office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 11.00 a.m., Wednesday, 13 May 2015 or at any adjournment thereof.

6. For the purpose of determining a member who shall entitle to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 8 May 2015. Only depositor whose name appears on the Record of Depositors as at 8 May 2015 shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 10: Authority To Directors To Allot And Issue Shares

The Ordinary Resolution 10, if passed, is a renewal General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Tenth Annual General Meeting held on 28 March 2014 and which will lapse at the conclusion of the Eleventh Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Eleventh (11th) Annual General Meeting of the Company are:-

i)	Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	Article 90	Ordinary Resolution 2
ii)	Toh Hong Chye	Article 90	Ordinary Resolution 3
iii)	Wong Ngai Peow	Article 90	Ordinary Resolution 4
iv)	Dato' Lai Wen Shian	Article 90	Ordinary Resolution 5
v)	Low Kim Leng	Article 90	Ordinary Resolution 6
vi)	Tan Fie Jen	Article 90	Ordinary Resolution 7
vii)	Ng Kok Wah	Article 90	Ordinary Resolution 8

The profile of the above Directors are set out on Pages 7 to 10 of the Annual Report 2014. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on pages 31 to 32 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statements on page 15 of the Annual Report 2014.

The Eleventh (11th) Annual General Meeting of the Company will be held at The Ritz Carlton (Carlton Conference Centre), Cobalt 9, 1st Floor, 168, Jalan Imbi, 55100 Kuala Lumpur on Friday, 15 May 2015 at 11.00 a.m.

AppAsia

APPASIA BERHAD (643683-U)
(Formerly known as Extol MSC Berhad)
(Incorporated in Malaysia)

PROXY FORM

I/We, ______________________________ NRIC No. ______________________
(Full name in capital letters)

of ____
(Full address)

____

being a member(s) of **APPASIA BERHAD (Formerly known as Extol MSC Berhad)** (Company No. 643683-U) hereby appoint

____
(Full name in capital letters)

____
(Full address)

or failing him, ______________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held at The Ritz Carlton (Carlton Conference Centre), Cobalt 9, 1st Floor, 168, Jalan Imbi, 55100 Kuala Lumpur on Friday, 15 May 2015 at 11.00 a.m. for/against* the resolution(s) to be proposed thereat. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Agenda	Resolution	FOR	AGAINST
1.	Approve Payment of Directors Fee	Ordinary Resolution 1		
2.	Re-election of Datuk Wira Rahadian Mahmud Bin Mohammad Khalil as Director	Ordinary Resolution 2		
3.	Re-election of Toh Hong Chye as Director	Ordinary Resolution 3		
4.	Re-election of Wong Ngai Peow as Director	Ordinary Resolution 4		
5.	Re-election of Dato' Lai Wen Shian as Director	Ordinary Resolution 5		
6.	Re-election of Low Kim Leng as Directors	Ordinary Resolution 6		
7.	Re-election of Tan Fie Jen as Directors	Ordinary Resolution 7		
8.	Re-election of Ng Kok Wah as Directors	Ordinary Resolution 8		
9.	Re-appointment of Auditors	Ordinary Resolution 9		
10.	Authority to Directors to allot and issue shares	Ordinary Resolution 10		

Signed on this _____________ day of _______________ 2015.

Number of shares held:-	
CDS account no.:-	

____
Signature of Shareholder or Common Seal

* *Strike out whichever is not desired.*

Notes:-

A. This Agenda item is meant for discussion only as Section 169 (1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead and that where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominees which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised.

6. The instrument appointing a proxy must be deposited at Boardroom Corporate Services (KL) Sdn Bhd, Share Registrar office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 11.00 a.m., Wednesday, 13 May 2015 or at any adjournment thereof.

7. For the purpose of determining a member who shall entitle to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 61(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 8 May 2015. Only depositor whose name appears on the Record of Depositors as at 8 May 2015 shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

Please fold here

Affix
Stamp

Boardroom Corporate Services (KL) Sdn Bhd,
Share Registrar of

APPASIA BERHAD (643683-U)
(Formerly known as Extol MSC Berhad)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Please fold here

AEROHIVE - SIMPLI-FI WIRELESS

Aerohive is an innovative enterprise mobility company. Our solutions enable enterprises to leverage the power of mobility to increase productivity, engage customers and grow their business. Our proprietary mobility platform utilizes the cloud and a distributed, controller-less architecture to deliver unified, intelligent, simplified networks that can be cost-effectively deployed. The scalability and flexibility of our platform makes enterprise mobility available to organizations regardless of their level of IT resources and enables a consistent network architecture to be deployed across enterprises of all sizes.

The Aerohive Story

Mobility has become too complicated for many organizations and to address this Aerohive has focused on simplifying enterprise mobility with our cloud-managed, unified mobility platform and built out a broad, integrated platform that includes:

- A complete, mobility-centric network access infrastructure including Controller-less Wi-Fi, access switches, branch routers, and client management agents.
- Cloud-based management that dramatically simplifies IT operations.
- Mobility applications that capture important contextual end-user data from our mobility platform and provide new business insights and analytic capabilities.

Aerohive NETWORKS

For more information about our products and services please contact our Value Added Distributor

ECS PERICOMP

ECS Pericomp Sdn Bhd (153647-U)
Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor.
Tel : 03- 6286 8222 | Fax : 03- 6140 0027
Website : www.ecsm.com.my

Key Contact

Marketing Team: Pericomp.Marketing@ecsm.com.my
Sales Team: Pericomp.Sales@ecsm.com.my
Support Team: Pericomp.Support@ecsm.com.my

SERSOL

INTERIA

Luxury Interior Finish

- Low Odour
- Good Washability
- Easy Application
- Good Scrub Resistance

SERSOL

Manufacturing Adress:
No. 28, Jalan Canggih 1, Taman Perindustrian Cemerlang,
81800 Ulu Tiram, Johor. Malaysia.
Tel : 07-861 1112/3 Fax : 07-863 3116 / 8619261
E-mail : msjb@multisquare.com Website : www.sersol.com.my

ANTI FUNGAL & ALGAE

RoHS COMPLIANCE

LOW VOC

SERSOL

EXTERIA

Acrylic Exterior Wall Finish

- Excellent Adhesion & Durability
- Superb Matt Finishing

100% PURE ACRYLIC EXTERIOR WALL FINISH

UV RESISTANCE

ANTI FUNGAL & ALGAE

RoHS COMPLIANCE

5 years PERFORMANCE WARRANTY

AppAsia Berhad

(Company No. 643683-U)

(formerly known as Extol MSC Berhad)

E-10-4, 10th Floor, Megan Avenue 1, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

+603 2161 3211   +603 2162 3211

Listed on Bursa Malaysia, ACE Market (Code no. 0119)