AppAsia™

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AppAsia Berhad

(Company No. 643683-U)

WE CREATED APPS THAT CHANGE YOUR LIFE

ANNUAL REPORT 15


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

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Board of Directors

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Independent
Non-Executive Chairman

TOH HONG CHYE
Executive Director

WONG NGAI PEOW
Executive Director

LOW KIM LENG
Non-Independent
Non-Executive Director

NG KOK WAH
Independent
Non-Executive Director

Audit Committee
Datuk Wira Rahadian Mahmud
Bin Mohammad Khalil *(Chairman)*
Low Kim Leng
Ng Kok Wah

Remuneration Committee
Low Kim Leng *(Chairman)*
Datuk Wira Rahadian Mahmud
Bin Mohammad Khalil
Ng Kok Wah

Nomination Committee
Low Kim Leng *(Chairman)*
Datuk Wira Rahadian Mahmud
Bin Mohammad Khalil
Ng Kok Wah

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
1-40-1, Menara Bangkok Bank
Berjaya Central Park
No. 105 Jalan Ampang
50450 Kuala Lumpur
Wilayah Persekutuan
Tel no : +603-2181 3666
Fax no : +603-2181 6688

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 BANKER
CIMB Bank Berhad (13491-P)
Menara UAB
No 6, Jalan Tun Perak
50050 Kuala Lumpur
Tel no:+601-300-88-0900

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

AppAsia

- 100% AppAsia Mall Sdn Bhd
- 100% Extol International Sdn Bhd
- 100% AppAsia Tech Sdn Bhd
- 100% Extol Ventures Sdn Bhd
- 100% AppAsia Studio Sdn Bhd
- 100% Extol Corporation Sdn Bhd
- 100% AppAsia International Sdn Bhd
  - 100% AppAsia International Pty Ltd

CORPORATE SOCIAL RESPONSIBILITY

UTAR APPASIA MOBILE CHALLENGE 2015 LAUNCHING

Date : 21 January 2015
Venue : UTAR Kampar Campus

UTAR APPASIA MOBILE CHALLENGE 2015

Date : 21 April 2015
Venue : UTAR Kampar Campus

MYAPPSTEC APPASIA

Date : 9 May 2015
Venue : University of Malaya (UM)

INTI APPASIA MOBILE CHALLENGE

Date : 23 October 2015
Venue : INTI

FIRST CITY UC APPASIA MOBILE CHALLENGE

Date : 8 December 2015
Venue : First City University College

CORPORATE EVENTS

APPASIA APPRECIATION NIGHT 2015

• *Date : 28 January 2015* • *Venue : Tattoo. Hampshire Place, Kuala Lumpur*

MEMORANDUM OF UNDERSTANDING (MOU) SIGNING CEREMONY – APPASIA BERHAD AND UNIVERSITY OF MALAYA

• *Date: 31 March 2015* • *Venue: University of Malaya (UM)*


DIRECTORS' PROFILES

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

- 42 Years of Age
- Malaysian
- Independent Non-Executive Chairman

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 42, 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 also well versed in the timber industry. Presently he is Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee of AppAsia.

Apart from the Company, Datuk Wira Rahadian is the Chairman of Permaju Industries Berhad and also sits on the board of directors of Sanbumi Holdings Berhad, KYM Holdings Berhad and Magna Prima Berhad.

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 116 to 121 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

TOH HONG CHYE

- 40 Years of Age
- Malaysian
- Executive Director

Mr Toh Hong Chye, Malaysian, aged 40, 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). Mr. Toh is presently the Chairman of Share Issuance Scheme Option Committee of AppAsia.

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 now sits on the board of directors of several private limited company and he also sits on the board of directors of Sersol Berhad.

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 116 to 121 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

WONG NGAI PEOW

- 40 Years of Age
- Malaysian
- Executive Director

Mr Wong Ngai Peow, Malaysian, aged 40, 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. Mr. Wong is presently a member of Share Issuance Scheme Option Committee of AppAsia.

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 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 116 to 121 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

LOW KIM LENG

- 53 Years of Age
- Malaysian
- Non-Independent Non-Executive Director

Mr. Low Kim Leng, Malaysian, aged 53, 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. Mr. Low is presently the Chairman of the Nomination Committee and Remuneration Committee of AppAsia.

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 is also an Independent Non-Executive Director of Sersol Berhad.

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 116 to 121 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

NG KOK WAH

- 38 Years of Age
- Malaysian
- Independent
  Non-Executive Director

Mr Ng Kok Wah, Malaysian, aged 38, 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 is presently a member of Audit Committee, Nomination Committee and Remuneration Committee of AppAsia.

He started his career with a small accounting firm since year 1998 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 is also an Independent Non-Executive Director of Aturmaju Resources Berhad.

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 116 to 121 this Annual Report and has not committed any offences within the past ten (10) years other than traffic offences, if any.

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF APPASIA BERHAD ("APPASIA" OR "COMPANY"), IT IS WITH GREAT PLEASURE THAT I PRESENT APPASIA'S ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ("FYE") 31 DECEMBER 2015 ("FY2015").

FINANCIAL RESULTS

For the FY2015, AppAsia registered revenue of RM10.073 million as compared to revenue of RM14.927 million in the previous financial year. The Company recorded an improvement in that the loss before taxation is brought down to RM5.149 million for FY2015 from RM13.337 million for FY2014.

ICT SECURITY, E-COMMERCE BUSINESS AND RESEARCH AND DEVELOPMENT ("R&D")

In line with the Company's strategy to penetrate into different IT consumers market, the management had segregated the Group into 2 core business units based on different products, services and market segments.

The ICT Security Business provides the solutions, products and services in the information technology security sector. It includes the managed security services, security-enhanced enterprise solutions, managed infrastructure services, IT hardware and software trading, professional consultancy, system development, security penetration testing, forensic research and specialized training services.

The E-Commerce Business mainly focuses in the research, development and operation of the e-commerce websites and mobile applications. The Group aims to further expand the existing online fashion wholesale mall into a global e-marketplace targeted for various consumer markets. The Company will continue to invest in R&D especially in enhancing our e-commerce platform.

The Company management strategically dedicates the operation of each business units to the respective subsidiaries and monitors the operation separately for effective resource allocation and performance assessment. Each business unit's performance is evaluated based on the long term business value and profitability.

FUTURE PROSPECTS

Given the increasing internet penetration, rising of mobile internet and access devices and the government spending, the sectors including mobile applications, e-commerce, m-commerce will witness the growth throughout the coming years.

The Company believes that the internet will transform people's lives and moving the people to a borderless world. Therefore, the Company is constantly evolving and striving to be consistently relevant to the clients' and consumers' changing business needs. The Company will focus in product development and enhancement on the existing products. We look forward to collaborating with industry leaders in the coming year.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Beyond our focus of maximising shareholders value and capturing growth opportunities, AppAsia is becoming more involved in supporting socially responsible initiatives and setting sustainable standards for the industry. Our commitment to CSR is based on the thrusts of delivering high quality products; practising good corporate governance and investor relations; caring for the development and well-being of our employees; implementing environmentally sound practices and processes; and enriching the lives of the local communities through charitable programmes. By broadening our CSR scope, we will continue our growth as a socially responsible company.

APPRECIATION

On behalf of the Board of Directors, I wish to extend the Board's appreciation to all our stakeholders for your confidence and unwavering support to the Company.

My sincere appreciation goes to my fellow colleagues on the Board and the management team and staffs for their hard work and dedication, continued commitment and invaluable assistance to the Company. I am confident that the journey with AppAsia will continue to be exciting and I look forward to a successful year ahead.

Datuk Wira Rahadian Mahmud
Bin Mohammad Khalil
Chairman

CORPORATE GOVERNANCE STATEMENTS

The Board of Directors ("Board") is committed in ensuring that the principles of corporate governance are practiced throughout the Company and its subsidiaries ("Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of AppAsia Berhad. To this end, the Board fully supports the recommendation of the Malaysia Code on Corporate Governance 2012 ("the Code") and the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Company has in place a Board Charter that sorts out, amongst others, the responsibilities, authorities, procedures and policies. More information on the Board Charter can be found in the Company's website at www.AppAsia.com.

This statement describes how the Company has applied its corporate governance framework and practices of the Group to comply with the Principles and Recommendations as prescribed in the Code, unless stated otherwise, during the financial year under review.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 Clear roles and 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 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 recognizing 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.

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 four (4) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Share Issuance Scheme ("SIS") Option 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.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.2 Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board is guided by the Directors' Code of Ethics in discharging its oversight role effectively. The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

1.3 Board Charter

The Board Charter was adopted by the Board to achieve the objectives of transparency, accountability and effective performance for the Group and the enhancement of corporate governance standards with the aim of ensuring that all Board members acting on behalf of the Company are aware of their duties and responsibilities.

The Board Charter established promotes high standards of corporate governance and is designed to provide guidance and clarify for Directors and Management with regard to the roles of the Board and its committees. The Board Charter is available in the Company's website.

1.4 Strategies promoting 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.

1.5 Supply of information and advice

The Board Charter has ensured that all members of the Board have equal and unrestricted right to access information of the Group. Prior to each Board meeting, members of the Board are provided with an agenda and a set of board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance and proposal papers in sufficient time to enable them to make informed decisions.

During the meeting, the Management provides further detailed information and clarification on issues raised by members of the Board.

The Directors in discharging their duties and responsibilities are entitled to have full and unrestricted access to all information and to management on matters relating to the Group's operations. The Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense if circumstances necessitate it.

The Board is assisted by experienced and competent company secretaries. The Board receives regular constructive advice and notices from the Company Secretaries on compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries are responsible to ensure that Board policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.6 Qualified and competent company secretaries

The Board has access to information with regard to the activities within the Group and to the advice and services of the Company Secretary, who is responsible for ensuring the Board meeting procedures are adhered to. All matters discussed and resolutions passed at each Board Meeting are recorded in the minutes of the Board meeting.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

2. STRENGTHEN COMPOSITION OF THE BOARD

2.1 Board committees

To assist the Board to effectively discharge its role and functions, the Board delegates certain of its role and functions to four (4) Board Committees which operate within clearly defined terms of reference.

The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated to the Board. The Board Committees are:-

a) Audit Committee;
b) Nomination Committee;
c) Remuneration Committee; and
d) SIS Option Committee.

a) Audit Committee

Composition of the AC, duties and responsibilities, term of reference and a summary of its activities are set out on pages 24 to 26 of this Annual Report.

b) Nomination Committee ("NC")

As recommended by the Code, the Company has established the 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. The present members of the NC as follows:-

Low Kim Leng *(Non-Independent Non-Executive Director)*	Chairman
Ng Kok Wah *(Independent Non-Executive Director)*	Member
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil *(Independent Non-Executive Chairman)* *(Appointed on 31 July 2015)*	Member

2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.1 Board committees (cont'd)

b) Nomination Committee ("NC") (cont'd)

The primary duties and functions of the Nomination Committee are summarised as follows:-

i. Recommending candidates for appointment to the Board, its Committees, and key management positions;

ii. Establishing the performance criteria to evaluate the performance of the Board and its Committees and each member of the Board and reviewing their respective performance;

iii. Reviewing the outcomes of the annual self and peer assessment of the members of the Board, evaluating the performance of the members of the Board and making necessary recommendations to the Board;

iv. Evaluating the performance of each of the committees established by the Board and the Board as a whole and making necessary recommendations to the Board;

v. Formulating the nomination and selection policies for members of the Board and its Committees;

vi. Recommending to the Board the optimum size of the Board, and formalising a transparent procedure for proposing new nominees to the Board and its Committees;

vii. Assisting the Board in reviewing on an annual basis the required mix of skills and experience of Non-Executive Directors;

viii. Developing the criteria to assess independence and to assess on an annual basis, the independence of the Independent Non-Executive Directors and recommend the same to the Board;

ix. Establishing time commitment expectations for the members of the Board and establish a policy formalizing its approach to boardroom diversity; and

x. Reviewing training programmes for the Board and facilitate board induction and training programmes.

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 Code. 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.

During the financial year under review, the NC held one (1) meeting, which was attended by all members of the NC.

2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.1 Board committees (cont'd)

(c) Remuneration Committee ("RC")

In line with the best practices of the Code, the Board has set up a RC which would comprise a majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration. The present members of the RC as follow:-

Low Kim Leng *(Non-Independent Non-Executive Director)*	Chairman
Ng Kok Wah *(Independent Non-Executive Director)*	Member
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil *(Independent Non-Executive Chairman)* *(Appointed on 31 July 2015)*	Member

The responsibilities of the RC include the following:-

- seek comparative information on remuneration and conditions service in comparable organisations;
- review directors' fees to ensure that they are at sufficiently competitive levels;
- consider severance payments that represent public interest and avoid any inappropriate use of public funds;
- recommend and advise the Board on the terms of appointment and remuneration of its members; and
- establish a formal and transparent procedure for developing policy on remuneration packages of individual directors.

The RC reviews all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefit-in-kind.

For the financial year under review, the RC held one (1) meeting, which was attended by all members of the RC.

(d) SIS Option Committee

The SIS Committee was established on 12 March 2015. The SIS Option Committee is primarily responsible for administering the Company's SIS Option in accordance with the approved SIS Bye-Laws and regulations. The present members of the SIS Option Committee are as follows:-

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

2.2 Gender Diversity

The Board is determining the candidate of the Board members based on the candidate's skills, experience and other qualities. The Board is always considering to appoint suitable female directors in line with the recommendation made by the Code on the gender diversity of the Board.

2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3 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.

2.4 Appointments to the Board

The NC makes independent recommendations for appointments to the Board. In making these recommendations, the NC assesses the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

2.5 Directors' remuneration procedures and policies

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.

The aggregate remuneration of Directors for the financial period ended 31 December 2015 is as follow:

	Executive Directors (RM)	Non-Executive Directors (RM)
Salary and other emoluments	807,640	–
Directors' fee	23,657	221,194
Total	831,297	221,194

2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.5 Directors' remuneration procedures and policies (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	–	5
50,001 – 100,000	–	–
100,000 – 150,000	–	–
150,001 – 200,000	–	–
200,001 – 250000	–	–
250,001 – 300,000	1	–
300,001 – 350,000	–	–
350,001 – 400,000	–	–
400,001 – 450,000	1	–

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 the Code.

3. REINFORCE OF INDEPENDENCE

3.1 Annual Assessment of Independence

The Board has conducted an assessment on the Independent Directors and the Independent Director who exceeds cumulative term of nine years shall seek for shareholders' approval in the Annual General Meeting for continuity in serving the Board.

The Independent Directors play a crucial role in exercising independent judgement and objective participation in the proceedings and decision making process of the Board. The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders.

3.2 Tenure of Independent Directors

In line with the Code, the tenure of an independent Director should not exceed a cumulative term of nine years. In exceptional cases and subject to assessment by the Nomination Committee, the Board may recommend for an independent Director who has served a consecutive or cumulative term of nine years to remain as an independent Director subject to shareholders' approval.

None of the Independent Non-Executive Director served more than 9 years in the Company.

3. REINFORCE OF INDEPENDENCE (CONT'D)

3.3 Board composition and balance

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

The Board consists of five (5) directors of whom one (1) Independent Non-Executive Chairman, two (2) are executive directors, one (1) Non-Independent Non-Executive Director and one (1) Independent Non-Executive Director. The composition of the Board 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 pages 9 to 11 of the Annual Report 2015.

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.

4. FORSTER COMMITMENT

4.1 Time commitment

There were five (5) Board of Directors' Meetings held during the financial period ended 31 December 2015. Details of the attendance of the Directors at the Board of Directors' Meetings are as follow:-

Name of Director	Designation	Attendance
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	Independent Non-Executive Chairman	3/5
Toh Hong Chye	Executive Director	5/5
Wong Ngai Peow	Executive Director	5/5
Low Kim Leng	Non-Independent Non-Executive Director	5/5
Ng Kok Wah	Independent Non-Executive Director	5/5
Dato' Lai Wen Shian (Resigned on 26 May 2015)	Non-Independent Non-Executive Director	3/3
Tan Fie Jen (Resigned on 31 July 2015)	Independent Non-Executive Director	3/3

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

4.2 Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by the Listing Requirements.

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.

4. FORSTER COMMITMENT (CONT'D)

4.2 Directors' Training (cont'd)

The following are the trainings attended by the Directors during the financial year ended 31 December 2015:-

- Focus Group to Solicit feedback on Sustainability Reporting
- Sustainability Symposium
- Transactions by Directors & Practical Issues and Solutions
- Risk Management and Internal Control Workshop
- Goods and Services Tax Review and Planning

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on the updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

5. UPHOLD INTERGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 1965 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to the Listing Requirements is set out in this Annual Report.

In addition to the above, the Company also undertook an independent assessment of the internal control system and the Audit Committee has been assured that no material issue and major deficiency had been detected which posed a high risk to the overall internal control under review.

5.2 Assessment of Suitability and Independence of External Auditors

The Board has maintained an appropriate and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the Audit Committee Meetings to facilitate the exchange of view on issues requiring attention.

A full Audit Committee Report is set out in pages 24 to 26 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risk

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The Audit Committee oversees the risk management framework of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation.

The Audit Committee also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks. The Company continues to maintain and review its internal control procedures to safeguard its assets and businesses.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies

The Board shall ensure that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

The Management are responsible for determining the materiality of the information and ensuring timely, complete, and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of the necessary announcement. The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relation section enhances the Investor Relations function by including all announcements made by the Company. The announcement of the quarterly financial results is also made via Bursa Link immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enables shareholders to evaluate how the Code has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, the AMLR and all applicable laws and regulations throughout the financial year ended 31 December 2015.

This Statement is made in accordance with a resolution of the Board of Directors dated 28 March 2016.

REPORT OF THE AUDIT COMMITTEE ("AC")

1. COMPOSITION

Chairman

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

Members

Ng Kok Wah	-	Independent Non-Executive Director
Low Kim Leng *(Appointed on 31 July 2015)*	-	Non-Independent Non-Executive Director

The past member of the AC as follows:-

Member

Tan Fie Jen *(Resigned on 31 July 2015)*	-	Independent Non-Executive Director

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;

(viii) 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)

(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.

3. 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.

4. ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2015, the Audit Committee held five (5) meetings. Details of the attendance of committee members are as follow:

	Attendance
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	3/5
Ng Kok Wah	5/5
Low Kim Leng (Appointed on 31 July 2015)	2/2
Tan Fie Jen (Resigned on 31 July 2015)	3/3

5. SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The activities of the Audit Committee during the financial year ended 31 December 2015 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 year ended 31 December 2015;

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;

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

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

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

g) 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 ("AppAsia" or "the Company") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 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 quarterly financial reports, annual 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 year ended 31 December 2015 amounted to RM36,262.00 the fees payable to the outsourced Internal Auditors, SF Chang Corporate Services Sdn Bhd,.

During the financial year ended 31 December 2015, 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 this Annual Report and had 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 integrity of the system of internal control.

CONCLUSION

For the financial period under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

This statement is made in accordance with a resolution of the Board of Directors dated 28 March 2016.

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

During the financial year ended 31 December 2015, the Company has raising fund by issued Rights Share of 138,956,400 together with 138,956,400 warrants of RM0.10 each was completed on 2 January 2015.

The total proceeds of RM13,895,640 and the proceeds has been utilised as follows:-

Purpose	Proceeds Raise RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Intended Timeframe for utilisation (from the date of listing i.e 2 January 2015)
Research and development for new product	3,882	1,478	2,404	Within 24 months
Purchase of production and operation equipment	1,151	667	484	Within 24 months
Working Capital	8,296	7,429	867	Within 24 months
Listing Expenses	567	567	–	Within 2 weeks
Total	13,896	10,141	3,755	

2. SHARE BUY-BACKS

The Company did not carry out any share buy-back exercise during the current financial year under review.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial period ended 31 December 2015, there was a total of 70,000,000 SIS options were offered to the eligible Directors and employees of the Group and 3,210,000 ordinary shares of RM0.10 each were issued arising from the exercise of SIS options.

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 ended 31 December 2015.

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 23 February 2016.

8. PROFIT GUARANTEE

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

9. MATERIAL CONTRACTS

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.

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.

9. MATERIAL CONTRACTS (CONT'D)

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:

Against Xconnect:

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

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 EVSB 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.

The Company had on 7 May 2015 received a letter from the Company's Solicitors informing that the Sessions Court of Kuala Lumpur has ruled against the application of Badaruddin to strike out EVSB's counter claim and awarded cost to RM3,000.00 to be paid by Badaruddin to the EVSB.

Badaruddin had filed an appeal to the High Court of Kuala Lumpur against the dismissal of his striking out application. On 9 October 2015, his appeal was argued before the High Court Judge and it was adjourned to 5 November 2015 for decision. On 5 November 2015, the High Court dismissed Badaruddin's appeal with costs and agreed with the Session Court that the counter claim by EVSB should go for trial.

The Sessions Court of Kuala Lumpur had allowed EVSB counterclaim against Badaruddin for the sum of USD87,075.11, being monies paid to XConnect and exemplary damages in the sum of RM25,000.00 for breach of his fiduciary duties and costs according to scale.

The Appellant's appeal has been fixed for case management on 29 April 2016.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to lay before the Company ("AppAsia Berhad") at its Annual General Meeting, the financial statements, which includes the consolidated statement of financial position and the consolidated statement of comprehensive income of the Company and its subsidiaries ("the Group") for each financial year made out in accordance with the applicable approved accounting standards and the provisions of the Act. This is also in line with Rule 15.26(a) of Listing Requirements.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year ended 31 December 2015.

The financial statements of the Company and the Group for the financial year under review are set out from pages 35 to 114 of this Annual Report.

During the preparation of financial statements, the Directors have considered the following:-

- Appropriate accounting policies have been used and are consistently applied;
- Reasonable and prudent judgments and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are required under the Companies Act, 1965 to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

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 year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of management services and investment holding.

The principal activities of its 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 year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year, attributable to owners of the parent	(5,178,154)	(3,786,055)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has completed its corporate exercises as follows:

(i) increased its issued and paid-up share capital from RM13,895,640 to RM27,791,280 through the issuance of 138,956,400 new ordinary shares of RM0.10 each for cash arising from the rights issue with free detachable warrants; and

(ii) increased its issued and paid-up share capital from RM27,791,280 to RM28,112,280 through the issuance of 3,210,000 new ordinary shares of RM0.10 each for cash arising from the exercise of Share Issuance Scheme ("SIS") Options at a weighted average exercise price of RM0.183 per ordinary share.

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

There was no issuance of debentures during the financial year.

WARRANT RESERVE

The Warrants were constituted under the Deed Poll dated 19 November 2014 as disclosed in the Note 15(b) to the financial statements.

As at 31 December 2015, the total numbers of Warrants that remain unexercised were 138,956,400.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the SIS.

At an extraordinary general meeting held on 15 November 2014, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued and paid-up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 27 to the financial statements.

As at 31 December 2015, the options offered to take up unissued ordinary shares of RM0.10 each and the exercise prices are as follows:

		Number of options over ordinary shares of RM0.10 each			
Date of offer	**Exercise price**	**At 1.1.2015**	**Granted**	**Exercised**	**At 31.12.2015**
24 March 2015	0.183	–	70,000,000	(3,210,000)	66,790,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of option holders, other than Directors, who have been granted options to subscribe for less than 1,960,000 ordinary shares of RM0.10 each. The names of option holders who have been granted options to subscribe for 1,960,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

Name	**Number of options**
Francis Fernandez A/L A M Fernandez	2,000,000
Jonathan Tan Lonn Lian	2,940,000
Lim Chee Seong	3,000,000
Mohd Nazifuddin Bin Mohd Najib	8,000,000
Ray Yong See Wei	1,960,000
Shu Ling Ling	3,000,000
Thong Choi Wan	4,000,000
Yong Mai Fang	7,100,000

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

DIRECTORS

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

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Toh Hong Chye
Wong Ngai Peow
Low Kim Leng
Ng Kok Wah
Dato' Lai Wen Shian (resigned on 26.05.2015)
Tan Fie Jen (resigned on 31.07.2015)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares, warrants and options over 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 year according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each				
	At 1.1.2015	**Acquired**	**Rights issued**	**Sold**	**At 31.12.2015**
Interests in the Company					
Direct interests					
Toh Hong Chye	2,805,700	27,197,200	–	–	30,002,900
Wong Ngai Peow	3,000	100,000	–	–	103,000
Low Kim Leng	–	450,000	–	–	450,000
Indirect interests					
* Toh Hong Chye	3,000,000	27,000,000	–	–	30,000,000

	Number of Warrants			
	At 1.1.2015	**Acquired**	**Sold**	**At 31.12.2015**
Interests in the Company				
Direct interests				
Toh Hong Chye	2,000,000	15,000,000	–	17,000,000
Wong Ngai Peow	1,500	–	–	1,500
Indirect interests				
* Toh Hong Chye	3,000,000	–	–	3,000,000

	Number of options over ordinary shares of RM0.10 each			
	At 1.1.2015	**Grant**	**Exercised**	**At 31.12.2015**
Interests in the Company				
Direct interests				
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	–	1,500,000	–	1,500,000
Toh Hong Chye	–	8,300,000	–	8,300,000
Wong Ngai Peow	–	7,000,000	–	7,000,000
Low Kim Leng	–	1,500,000	–	1,500,000
Ng Kok Wah	–	1,500,000	–	1,500,000

* *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.*

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

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from warrants and share options granted under SIS as disclosed in the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other 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 no allowance for doubtful debts was required; 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 it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts 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 year 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 year.

OTHER STATUTORY INFORMATION (CONT'D)

(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 year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year 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 year in which this report is made.

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 35 to the financial statements.

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 11 April 2016.

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 43 to 113 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 39 to the financial statements on page 114 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 11 April 2016.

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**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 43 to 114 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 11 April 2016)

TOH HONG CHYE

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF APPASIA BERHAD (COMPANY NO.: 643683-U) (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AppAsia Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 113.

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 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the 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 have considered the financial statements and the auditors' reports of the subsidiary company of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(iii) 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.

(iv) 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 39 on page 114 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

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.

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEI TEIK
Approved Number: 1817/12/16 (J)
Chartered Accountant

KUALA LUMPUR
11 April 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	1,289,728	331,998	726,532	160,953
Investment properties	5	1,287,440	1,328,080	–	–
Product development expenditure	6	–	–	–	–
Investment in subsidiary companies	7	–	–	11,506,504	9,506,504
		2,577,168	1,660,078	12,233,036	9,667,457
Current Assets					
Inventories	8	531,776	–	–	–
Trade receivables	9	517,353	1,400,038	–	–
Other receivables	10	1,877,096	800,056	1,634,331	438,020
Amount due from subsidiary companies	11	–	–	4,119,531	4,415,226
Tax recoverable		85,230	69,022	–	–
Fixed deposits with licensed banks	12	241,954	308,158	–	–
Cash and bank balances	13	11,475,892	2,178,816	8,574,091	624,274
		14,729,301	4,756,090	14,327,953	5,477,520
Total Assets		17,306,469	6,416,168	26,560,989	15,144,977

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
EQUITY					
Share capital	14	28,112,280	13,895,640	28,112,280	13,895,640
Reserves	15	(12,934,667)	(8,971,528)	(2,848,747)	(280,203)
Total Equity		15,177,613	4,924,112	25,263,533	13,615,437
LIABILITIES					
Non-Current Liability					
Finance lease liability	16	47,682	75,530	47,682	75,530
		47,682	75,530	47,682	75,530
Current Liabilities					
Trade payables	17	468,549	547,606	–	–
Other payables	18	1,577,238	330,631	414,387	218,721
Amount due to subsidiary companies	11	–	–	800,000	1,197,000
Finance lease liability	16	35,387	38,289	35,387	38,289
Bank borrowing	19	–	500,000	–	–
		2,081,174	1,416,526	1,249,774	1,454,010
Total Liabilities		2,128,856	1,492,056	1,297,456	1,529,540
Total Equity and Liabilities		17,306,469	6,416,168	26,560,989	15,144,977

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Revenue	20	10,072,657	14,927,480	960,000	5,013,029
Cost of sales		(4,083,724)	(13,244,309)	–	(4,375,934)
Gross profit		5,988,933	1,683,171	960,000	637,095
Other income		651,216	387,591	369,822	110,032
Administrative expenses		(11,156,454)	(4,662,101)	(5,106,198)	(2,608,713)
Selling and distribution expenses		(161,107)	(561,124)	–	(277,851)
Other expenses		(432,057)	(10,113,914)	–	(3,434,669)
Finance costs	21	(39,597)	(70,990)	(9,679)	(1,017)
Loss before tax	22	(5,149,066)	(13,337,367)	(3,786,055)	(5,575,123)
Taxation	23	(29,088)	135,955	–	–
Net loss for the financial year/period		(5,178,154)	(13,201,412)	(3,786,055)	(5,575,123)
Other comprehensive income					
Item that is or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operation		(2,496)	–	–	–
Other comprehensive income for the financial year/period		(2,496)	–	–	–
Total comprehensive income for the financial year/period		(5,180,650)	(13,201,412)	(3,786,055)	(5,575,123)

		Group		Company	
	Note	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Loss for the financial year/ period attributable to owners of the parent		(5,178,154)	(13,201,412)	(3,786,055)	(5,575,123)
Total comprehensive income attributable to owners of the parent		(5,180,650)	(13,201,412)	(3,786,055)	(5,575,123)
Loss per share					
Basic loss per share (sen)	24(a)	(1.85)	(9.73)		
Diluted loss per share (sen)	24(b)	(1.85)	(9.73)		

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

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

		Attributable to the Owners of the Parent							
		Non-Distributable							
Group	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 October 2013		12,632,400	4,167,884	–	–	–	–	148,038	16,948,322
Net loss for the financial period, representing total comprehensive income for the financial period		–	–	–	–	–	–	(13,201,412)	(13,201,412)
Transactions with owners:									
Issued of ordinary shares	14,15	1,263,240	63,162	–	–	–	–	–	1,326,402
Shares issuance expenses	15	–	(149,200)	–	–	–	–	–	(149,200)
		1,263,240	(86,038)	–	–	–	–	–	1,177,202
At 31 December 2014		13,895,640	4,081,846	–	–	–	–	(13,053,374)	4,924,112

Group	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total Equity RM
		Attributable to the Owners of the Parent							
		Non-Distributable							
At 1 January 2015		13,895,640	4,081,846	–	–	–	–	(13,053,374)	4,924,112
Net loss for the financial year		–	–	–	–	–	–	(5,178,154)	(5,178,154)
Other comprehensive income for the financial year		–	–	–	–	–	(2,496)	–	(2,496)
Total comprehensive income for the financial year		–	–	–	–	–	(2,496)	(5,178,154)	(5,180,650)
Transactions with owners:									
Issued of ordinary shares	14,15	13,895,640	–	–	–	–	–	–	13,895,640
Shares issuance expenses	15	–	(567,219)	–	–	–	–	–	(567,219)
Issued of warrants	15	–	–	20,982,416	(20,982,416)	–	–	–	–
Shares options granted under SIS	15	–	–	–	–	1,518,300	–	–	1,518,300
Exercised of SIS	14,15	321,000	498,513	–	–	(232,083)	–	–	587,430
		14,216,640	(68,706)	20,982,416	(20,982,416)	1,286,217	–	–	15,434,151
At 31 December 2015		28,112,280	4,013,140	20,982,416	(20,982,416)	1,286,217	(2,496)	(18,231,528)	15,177,613

Company	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Retained Earnings/ (Accumulated Losses) RM	Total Equity RM
		Attributable to the Owners of the Parent						
		Non-Distributable						
At 1 October 2013		12,632,400	4,167,884	–	–	–	1,213,074	18,013,358
Net loss for the financial period, representing total comprehensive income for the financial period		–	–	–	–	–	(5,575,123)	(5,575,123)
Transactions with owners:								
Issued of shares	14,15	1,263,240	63,162	–	–	–	–	1,326,402
Shares issuance expenses	15	–	(149,200)	–	–	–	–	(149,200)
		1,263,240	(86,038)	–	–	–	–	1,177,202
At 31 December 2014		13,895,640	4,081,846	–	–	–	(4,362,049)	13,615,437

Company	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total Equity RM
		Attributable to the Owners of the Parent						
		Non-Distributable						
At 1 January 2015		13,895,640	4,081,846	–	–	–	(4,362,049)	13,615,437
Net loss for the financial year, representing total comprehensive income for the financial year		–	–	–	–	–	(3,786,055)	(3,786,055)
Transactions with owners:								
Issued of shares	14,15	13,895,640	–	–	–	–	–	13,895,640
Shares issuance expenses	15	–	(567,219)	–	–	–	–	(567,219)
Issued of warrants	15	–	–	20,982,416	(20,982,416)	–	–	–
Shares options granted under SIS	15	–	–	–	–	1,518,300	–	1,518,300
Exercised of SIS	14,15	321,000	498,513	–	–	(232,083)	–	587,430
		14,216,640	(68,706)	20,982,416	(20,982,416)	1,286,217	–	15,434,151
At 31 December 2015		28,112,280	4,013,140	20,982,416	(20,982,416)	1,286,217	(8,148,104)	25,263,533

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

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash Flows From Operating Activities				
Loss before tax	(5,149,066)	(13,337,367)	(3,786,055)	(5,575,123)
Adjustments for:				
Amortisation of product development expenditure	–	574,497	–	466,730
Bad debts written off	1,289	391,987	–	21,276
Depreciation of investment properties	40,640	50,800	–	–
Depreciation of property, plant and equipment	390,670	235,009	150,721	44,498
Share-based payment expenses	1,518,300	–	1,518,300	–
Goodwill written off [Note 7(b)]	413,618	3,541,003	–	–
Impairment on trade receivables	–	91,170	–	–
Interest expenses	39,597	70,990	9,679	1,017
Inventories written off	89,668	663,267	–	–
Product development expediture written off	–	2,524,797	–	2,260,046
Property, plant and equipment written off	–	418,725	–	33,004
Loss/(Gain) on disposal of property, plant and equipment	11,126	(32,999)	11,126	(32,999)
Unrealised gain on foreign exchange	(84,606)	(9,826)	(33,825)	–
Interest income	(228,977)	(102,588)	(213,923)	(57,580)
Operating loss before working capital changes	(2,957,741)	(4,920,535)	(2,343,977)	(2,839,131)
Change in working capital:				
Inventories	14,939	443,766	–	–
Trade receivables	922,564	1,191,983	–	–
Other receivables	(1,057,864)	(326,461)	(1,196,311)	(349,210)
Trade payables	(152,811)	(317,242)	–	–
Other payables	1,222,799	24,369	195,666	6,319
Amount due from/to subsidiary companies	–	–	(101,305)	(536,778)
	949,627	1,016,415	(1,101,950)	(879,669)
Cash used in operations	(2,008,114)	(3,904,120)	(3,445,927)	(3,718,800)
Interest paid	(39,597)	(70,990)	(9,679)	(1,017)
Interest received	228,977	102,588	213,923	57,580
Tax paid	(59,588)	(132,468)	–	–
Tax refund	14,292	–	–	–
Net cash used in operating activities	(1,864,030)	(4,004,990)	(3,241,683)	(3,662,237)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash Flows From Investing Activities				
Addition of product development expediture	–	(236,297)	–	–
Net cash outflows from acquisition of business [Note 7(b)]	(1,059,593)	–	–	–
Purchase of property, plant and equipment [Note 4(a)]	(1,253,086)	(275,152)	(708,964)	(57,904)
Proceeds from disposal of property, plant and equipment	89,538	33,000	89,538	33,000
Investment in subsidiary companies	–	–	(2,000,000)	(4)
Net cash used in investing activities	(2,223,141)	(478,449)	(2,619,426)	(24,908)
Cash Flows From Financing Activities				
Proceeds from issuance of shares (Note 14)	13,895,640	1,326,402	13,895,640	1,326,402
Proceeds from exercise of SIS Options	587,430	–	587,430	–
Shares issuance expenses (Note 15)	(567,219)	(149,200)	(567,219)	(149,200)
Withdrawal of fixed deposits pledged	66,204	673,055	–	–
Repayment of finance lease liability	(138,750)	(6,181)	(138,750)	(6,181)
Repayment of term loan	(500,000)	(500,000)	–	–
Net cash from financing activities	13,343,305	1,344,076	13,777,101	1,171,021
Net increase/(decrease) in cash and cash equivalents	9,256,134	(3,139,363)	7,915,992	(2,516,124)
Effect of exchange translation differences on cash and cash equivalents	40,942	9,826	33,825	–
Cash and cash equivalents at the beginning of the financial year/period	2,178,816	5,308,353	624,274	3,140,398
Cash and cash equivalents at the end of the financial year/period	11,475,892	2,178,816	8,574,091	624,274
Cash and cash equivalents at the end of the financial year/period comprises:				
Fixed deposits with licensed banks	241,954	308,158	–	–
Cash and bank balances	11,475,892	2,178,816	8,574,091	624,274
	11,717,846	2,486,974	8,574,091	624,274
Less: Fixed deposits pledged with licensed banks	(241,954)	(308,158)	–	–
	11,475,892	2,178,816	8,574,091	624,274

The accompanying notes form an integral part of 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 the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is at 1-40-1, Menara Bangkok Bank, Laman Sentral Berjaya, No.105, Jalan Ampang, 50450 Kuala Lumpur.

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 activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

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

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

Amendments to MFRS 119 — Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

Adoption of above amendments to MFRSs 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
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 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	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 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	I January 2018
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets Between an Investor and its Associates or Joint Venture	To be announced

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 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (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 without subsequent recycling to profit or loss. 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 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. The Standard 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(b) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

(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 reporting date. 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 and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties 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 and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of unrecognised deferred tax assets are disclosed in Note 25.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Notes 15(d) and 27.

2. BASIS OF PREPARATION (CONT'D)

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

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. As at 31 December 2015, the Group has tax recoverable of RM85,230 (2014: RM69,022).

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. Details of legal proceedings in which the Group is involved in as at 31 December 2015 is disclosed in Note 36 to the financial statements.

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 company 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basic of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies 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. See accounting policy Note 3(k)(i) on impairment of non-financial assets.

(ii) Changes 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. See accounting policy Note 3(k)(i) on impairment of non-financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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.

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.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes off only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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(k)(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 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:

Furniture and fittings	20%
Office equipment	20%
Computers	50%
Motor vehicles	20%
Renovation	20% - 50%
Electrical fittings	20%
Signboard	20%
Website	20%

The residual values, useful lives and depreciation method are reviewed at 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 and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assume 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

As lessee (cont'd)

(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 and measured using fair value model.

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 at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold buildings	2%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

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 losses that had been recognised in equity is recognised in profit or loss.

(g) 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities (cont'd)

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 reporting date.

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.

Derecognition

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.

(h) 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.

(i) Inventories

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

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) 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.

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 each reporting date 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Financial assets carried at amortised cost

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.

(l) 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.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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 contribute 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.

(iii) Share-based payment transactions

Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(n) Deferred income

Deferred income represents the cash received in advance from customer in respect of services which are yet to be provided. Such amounts are recorded as liabilities in the Statement of Financial Position and are only recognised in the Statement of Profit or Loss and Other Comprehensive Income upon the rendering of services to customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(v) Management fee

Management fee is recognised on accrual basis when services are rendered.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income taxes (cont'd)

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 reporting date 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) 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.

(s) 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	Motor vehicles RM	Renovation RM	Electrical fittings RM	Signboard RM	Website RM	Total RM
Group									
2015									
Cost									
At 1 January 2015	9,500	69,578	171,364	191,219	41,980	–	–	–	483,641
Additions	239,095	123,627	350,452	120,000	479,507	–	5,500	42,905	1,361,086
Arising from acquisition of business	17,844	29,689	3,637	4,320	1,155	4,368	2,295	24,670	87,978
Disposal	–	–	–	(134,219)	–	–	–	–	(134,219)
At 31 December 2015	266,439	222,894	525,453	181,320	522,642	4,368	7,795	67,575	1,798,486
Accumulated depreciation									
At 1 January 2015	158	40,300	34,255	68,184	8,746	–	–	–	151,643
Charge for the financial year	30,839	27,432	181,495	43,162	100,756	800	1,246	4,940	390,670
Disposal	–	–	–	(33,555)	–	–	–	–	(33,555)
At 31 December 2015	30,997	67,732	215,750	77,791	109,502	800	1,246	4,940	508,758
Carrying amount									
At 31 December 2015	235,442	155,162	309,703	103,529	413,140	3,568	6,549	62,635	1,289,728

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

	Furniture and fittings RM	Office equipment RM	Computers RM	Hardware appliances RM	Motor vehicles RM	Renovation RM	Total RM
Group							
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)

	Funiture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Company						
2015						
At 1 January 2015	–	–	42,358	134,219	–	176,577
Additions	104,958	63,390	214,909	120,000	313,707	816,964
Disposal	–	–	–	(134,219)	–	(134,219)
At 31 December 2015	104,958	63,390	257,267	120,000	313,707	859,322
Accumulated depreciation						
At 1 January 2015	–	–	4,439	11,185	–	15,624
Charge for the financial year	1,475	1,008	91,281	42,370	14,587	150,721
Disposal	–	–	–	(33,555)	–	(33,555)
At 31 December 2015	1,475	1,008	95,720	20,000	14,587	132,790
Carrying amount						
At 31 December 2015	103,483	62,382	161,547	100,000	299,120	726,532

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

	Funiture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Renovation RM	Total RM
Company						
2014						
At 1 October 2013	–	48,754	291,939	251,457	–	592,150
Addition	–	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

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 year/period acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Aggregate costs	1,361,086	395,152	816,964	177,904
Less: Finance lease financing	(108,000)	(120,000)	(108,000)	(120,000)
Cash payments	1,253,086	275,152	708,964	57,904

(b) Assets held under finance leases

At 31 December 2015, the net carrying amount of leased motor vehicle of the Group and of the Company was RM100,000 and RM100,000 (2014: RM123,034 and RM123,034) respectively.

5. INVESTMENT PROPERTIES

	Group	
	2015 RM	2014 RM
Freehold land and building:		
Cost		
At 1 January/1 October/31 December	2,032,000	2,032,000
Accumulated depreciation		
At 1 January/1 October	703,920	653,120
Charge for the financial year/period	40,640	50,800
At 31 December	744,560	703,920
Carrying amount		
At 31 December	1,287,440	1,328,080
Fair value of investment properties		
At 31 December	4,030,000	4,030,000

5. INVESTMENT PROPERTIES (CONT'D)

(a) Fair value basis of investment properties

Fair value of investment properties was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

(b) Income and expenses recognised in profit or loss

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

	Group	
	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Rental income	(146,400)	(139,200)
Direct operating expenses	34,022	36,119

6. PRODUCT DEVELOPMENT EXPENDITURE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cost				
At 1 January/1 October	–	8,591,267	–	6,223,063
Additions	–	236,297	–	–
Written off	–	(8,827,564)	–	(6,223,063)
At 31 December	–	–	–	–
Less: Accumulated amortisation				
At 1 January/1 October	–	5,443,848	–	3,211,865
Amortisation during the financial year/period	–	574,497	–	466,730
Written off	–	(6,018,345)	–	(3,678,595)
At 31 December	–	–	–	–
Less: Accumulated impairment				
At 1 January/1 October	–	284,422	–	284,422
Written off	–	(284,422)	–	(284,422)
At 31 December	–	–	–	–
Carrying amount				
At 31 December	–	–	–	–

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2015 RM	Company 2014 RM
In Malaysia		
Unquoted shares, at cost	11,506,504	9,506,504

Details of subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2015 %	Equity interest 2014 %	Principal activities
Direct holding: Extol Corporation Sdn. Bhd.	Malaysia	100	100	Sales, research and development of IT security technology, system maintenance, professional IT security services, training and other IT products and solutions.
Extol Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding, application development, trading of computer hardware, software related equipment and software development.
Extol International Sdn. Bhd.	Malaysia	100	100	To offer all kinds of services related to computer software including system support and maintenance, system integration, project coordination, management, implementation, consultation, training, seminars, exhibition, agency and representation.
AppAsia Tech Sdn. Bhd.	Malaysia	100	100	Information Technology Systems and applications development related business.
AppAsia Studio Sdn. Bhd.	Malaysia	100	100	Information Technology Systems, mobile applications and games development related business.
AppAsia Mall Sdn. Bhd.	Malaysia	100	–	E-commerce business mainly on wholesale of apparel, accessories and any other products and services.
AppAsia International Sdn. Bhd.	Malaysia	100	–	Investment holding, online trading, e-commerce, mobile application solutions.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of subsidiary companies are as follows: (cont'd)

Name of company	Country of incorporation	Equity interest 2015 %	2014 %	Principal activities
Indirect holding: *Subsidiary company of AppAsia International Sdn. Bhd.*				
AppAsia International Pty. Ltd. *	Australia	100	–	Investment holding, online trading, e-commerce, mobile application solutions.

* *Subsidiary company not audited by UHY*

(a) Acquisition of subsidiary companies during the financial year

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

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

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	2015 RM	2014 RM
Fair value consideration transferred	4	4
Fair value of identifiable assets acquired and liabilities assumed	(4)	(4)
Goodwill	–	–

Net cash outflow arising from acquisition of subsidiary companies

	2015 RM	2014 RM
Purchase consideration settled in cash	(4)	(4)
Cash and cash equivalents acquired	4	4
	–	–

The acquisition of subsidiary companies did not have a material impact on the financial statements of the Group.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of new business during the financial year

On 16 February 2015, AppAsia Mall Sdn. Bhd., a wholly-owned subsidiary company of the Company has entered into a Sale and Purchase Agreement to purchase entire business of Just Retro Enterprise at a total purchase consideration of RM1,500,000. The rationale to acquire the new business is to venture into mobile and electronic commerce. The acquisition has been completed on 16 February 2015.

Goodwill arising from acquisition of business

	2015 RM
Fair value consideration transferred - cash	1,500,000
Fair value of identifiable assets acquired and liabilities assumed	(1,086,382)
Goodwill	413,618

Fair value of identifiable assets acquired and liabilities assumed

	2015 RM
Property, plant and equipment	87,978
Inventories	636,383
Deposit	21,000
Cash and cash equivalents	440,407
Trade and other payables	(99,386)
Total identifiable assets and liabilities	1,086,382

The goodwill arising from acquisition of business has been written off in current financial year.

Net cash outflow arising from acquisition of business

	2015 RM
Purchase consideration settled in cash	(1,500,000)
Cash and cash equivalents acquired	440,407
	(1,059,593)

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the new business acquired have contributed RM3,456,761 and RM1,153,747 to the Group's revenue and loss for the financial year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss for the financial year from their operations would have been increased by RM3,456,761 and RM1,153,747 respectively.

(c) Incorporation of a new subsidiary company

On 27 April 2015, AppAsia International Sdn. Bhd. incorporated a new subsidiary company in Australia, namely AppAsia International Pty Ltd ("AIPL") with paid up ordinary share capital of AUD1.00 each. Consequently, AIPL became a wholly-owned subsidiary company of AppAsia International Sdn. Bhd..

8. INVENTORIES

	Group 2015 RM	Group 2014 RM
At cost		
Raw materials	55,510	–
Finished goods	476,266	–
	531,776	–
Recognised in profit or loss:		
Inventories recognised as cost of sales	2,476,928	–
Inventories written off	89,668	663,267

9. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM
Trade receivables	517,353	1,491,208
Less: Acccumulated impairment losses	–	(91,170)
	517,353	1,400,038

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2014: 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 5 (2014: 2) debtors, which accounted for 90% (2014: 87%) of the total trade receivables at the end of the reporting period.

Movements in allowance for impairment losses of trade receivables are as follows:

	Group 2015 RM	Group 2014 RM
At 1 January/1 October	91,170	–
Impairment losses recognised	–	91,170
Amount written off	(91,170)	–
At 31 December	–	91,170

9. TRADE RECEIVABLES (CONT'D)

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

	Group 2015 RM	Group 2014 RM
Neither past due nor impaired	210,468	450,301
Past due not impaired:		
Less than 30 days	66,426	–
31 to 60 days	38,000	150,773
More than 60 days	202,459	798,964
	306,885	949,737
	517,353	1,400,038
Impaired	–	91,170
	517,353	1,491,208

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

As at 31 December 2015, trade receivables of RM306,885 (2014: RM949,737) 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 RM Nil (2014: RM 91,170), 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 foreign exposure profiles of trade receivables are as follows:

	Group 2015 RM	Group 2014 RM
United States Dollar	106,634	–

10. OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	81,168	–	–	–
Deposits	1,679,001	217,567	1,554,811	84,735
Prepayments	116,927	582,489	79,520	353,285
	1,877,096	800,056	1,634,331	438,020

Included in deposits of the Group and the Company are RM1,409,800 paid for the acquisition of properties as disclosed in Note 34(iii) and 34(iv).

11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

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

12. 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 3.12% (2014: 3.15%) and 30 days (2014: 30 days) respectively.

13. CASH AND BANK BALANCES

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
United States Dollar	785,249	680,988	574,347	103,549
Australian Dollar	2,146	–	2,146	–
Singapore Dollar	32,994	–	–	–
Chinese Renminbi	2,062	–	–	–

14. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2015 Units	2014 Units	2015 RM	2014 RM
Ordinary shares of RM0.10 each				
Authorised				
At 1 January/1 October/ 31 December	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid				
At 1 January/1 October	138,956,400	126,324,000	13,895,640	12,632,400
Right issue with free warrants	138,956,400	–	13,895,640	–
Private placement	–	12,632,400	–	1,263,240
Exercised of SIS Options	3,210,000	–	321,000	–
At 31 December	281,122,800	138,956,400	28,112,280	13,895,640

During the financial year, the Company has completed its corporate exercises as follows:

(i) increased its issued and paid-up share capital from RM13,895,640 to RM27,791,280 through the issuance of 138,956,400 new ordinary shares of RM0.10 each for cash arising from the rights issue with free detachable warrants; and

(ii) increased its issued and paid-up share capital from RM27,791,280 to RM28,112,280 through the issuance of 3,210,000 new ordinary shares of RM0.10 each for cash arising from the exercise of SIS Options at a weighted average exercise price of RM0.183 per ordinary share.

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.

15. RESERVES

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Share premium	(a)	4,013,140	4,081,846	4,013,140	4,081,846
Warrant reserve	(b)	20,982,416	–	20,982,416	–
Other reserve	(c)	(20,982,416)	–	(20,982,416)	–
Share Issuance Scheme Option reserve	(d)	1,286,217	–	1,286,217	–
Foreign currency translation reserve	(e)	(2,496)	–	–	–
Accumulated losses		(18,231,528)	(13,053,374)	(8,148,104)	(4,362,049)
		(12,934,667)	(8,971,528)	(2,848,747)	(280,203)

(a) Share premium

	Group and Company	
	2015 RM	2014 RM
At 1 January/1 October	4,081,846	4,167,884
Add: Premium arises from private placement	–	63,162
Add: Premium arises from employee share option exercise	498,513	–
Less: Share issuance expenses	(567,219)	(149,200)
At 31 December	4,013,140	4,081,846

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.

15. RESERVES (CONT'D)

(b) Warrant reserve

Warrants reserve represents reserve allocated to free detachable warrants issued with rights issue.

During the financial year, the Company issued renounceable rights issue of up to 138,956,400 new ordinary shares of RM0.10 each in the Company ("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.

The Company executed a Deed Poll constituting the Warrants and the exercise price of the Warrants have been fixed at RM0.10 each. The Warrants may be exercised at any time within 10 years commencing on and including the date of issuance and expiring on 23 December 2024. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

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, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at 31 December 2015, the total number of Warrants that remain unexercised were 138,956,400 (2014: Nil).

(c) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with rights issue refer to Note 15(b).

(d) Share Issuance Scheme Option reserve

Share Issuance Scheme option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Share Issuance Scheme option is disclosed in Note 27.

(e) Foreign currency translation reserve

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

16. FINANCE LEASE LIABILITY

	Group and Company 2015 RM	Group and Company 2014 RM
Minimum lease payments		
Within one year	39,780	43,188
Later than one year and not later than two years	39,780	43,188
Later than two years and not later than five years	9,945	35,966
	89,505	122,342
Less: Future finance charges	(6,436)	(8,523)
Present value of minimum lease payments	83,069	113,819
Present value of minimum lease payments		
Within one year	35,387	38,289
Later than one year and not later than two years	37,839	40,352
Later than two years and not later than five years	9,843	35,178
	83,069	113,819
Analysed as:		
Repayable within twelve months	35,387	38,289
Repayable after twelve months	47,682	75,530
	83,069	113,819

The finance lease liability interest is charged at a rate of 3.50% (2014: 2.65%) per annum.

17. TRADE PAYABLES

Credit terms of trade payables of the Group and Company ranged from 30 to 60 days (2014: 30 to 60 days) depending on the terms of the contracts.

18. OTHER PAYABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Other payables	204,508	259,704	112,373	201,721
Accruals	665,304	50,127	302,014	17,000
Deposits received	34,500	20,800	–	–
Deferred revenue	672,926	–	–	–
	1,577,238	330,631	414,387	218,721

Deferred revenue represents the amount received in advance from customers for which services have yet to be performed.

19. BANK BORROWING

	Group and Company 2015 RM	Group and Company 2014 RM
Current Liability		
Secured		
Term loan - Islamic financing	–	500,000

In financial year 2013, 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 were 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 the Company.

The above term loan was fully settled in current financial year.

20. REVENUE

	Group		Company	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Rendering of services	6,614,279	14,927,480	–	5,013,029
Sales of goods	3,458,378	–	–	–
Management fees	–	–	960,000	–
	10,072,657	14,927,480	960,000	5,013,029

21. FINANCE COSTS

	Group		Company	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Interest expenses on:				
Finance lease	9,473	1,017	9,473	1,017
Term loan	29,918	69,973	–	–
Others	206	–	206	–
	39,597	70,990	9,679	1,017

22. LOSS BEFORE TAX

	Group		Company	
	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Amortisation of product development expenditures	–	574,497	–	466,730
Auditors' remuneration:				
- statutory	42,000	37,000	17,000	17,000
- others	3,000	3,000	3,000	3,000
Bad debts written off	1,289	391,987	–	21,276
Non-Executive Directors remuneration				
- Fees	221,194	175,935	221,194	175,935
Depreciation of investment properties	40,640	50,800	–	–
Depreciation of property, plant and equipment	390,670	235,009	150,721	44,498
Goodwill written off	413,618	3,541,003	–	–
Impairment on trade receivables	–	91,170	–	–
Inventories written off	89,668	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	1,001,125	542,956	–	542,956
Rental of premises	387,800	711,188	65,629	95,862
Rental of car park	5,400	–	–	–
Bad debts recovered	(20,216)	–	(3,216)	–
Loss/(Gain) on disposal of property, plant and equipment	11,126	(32,999)	11,126	(32,999)
Loss/(Gain) in foreign exchange				
- realised	18,018	(1,086)	–	(18,673)
- unrealised	(84,606)	(9,826)	(33,825)	–
Interest income	(228,977)	(102,588)	(213,923)	(57,580)

23. TAXATION

	Group		Company	
	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Tax expenses recognised in profit or loss				
Current tax provision	29,000	–	–	–
Under/(Over) provision in prior years	88	(22,406)	–	–
	29,088	(22,406)	–	–
Deferred tax:				
Relating to reversal of temporary differences	–	(93,815)	–	–
Over provision in prior year	–	(19,734)	–	–
	–	(113,549)	–	–
	29,088	(135,955)	–	–

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profits for the financial year/ period. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

23. TAXATION (CONT'D)

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

	Group		Company	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Loss before tax	(5,149,066)	(13,337,367)	(3,786,055)	(5,575,123)
At Malaysian statutory tax rate of 25% (2014: 25%)	(1,287,270)	(3,334,340)	(946,510)	(1,393,780)
Income not subject to tax	(3,330)	(2,460)	–	–
Expenses not deductible for tax purposes	656,290	2,045,725	490,860	829,470
Deferred tax assets not recognised	1,035,190	1,208,430	509,130	564,310
Utilisation of previously unrecognised deferred tax assets	(371,880)	(11,170)	(53,480)	–
Under/(Over) provision of taxation in prior years	88	(22,406)	–	–
Over provision of deferred tax in prior year	–	(19,734)	–	–
Tax expense for the financial year/period	29,088	(135,955)	–	–

	Group		Company	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Income tax savings arising from utilisation of prior year losses previously not recognised	332,780	11,170	53,480	–

23. TAXATION (CONT'D)

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	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Unutilised capital allowances	743,900	438,000	348,400	81,100
Unutilised tax losses	10,213,000	7,590,900	6,352,100	4,629,200
	10,956,900	8,028,900	6,700,500	4,710,300

24. LOSS PER SHARE

(a) Basic loss per share

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

	Group	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**
Loss attributable to owners of the parent	(5,178,154)	(13,201,412)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January/1 October	138,956,400	126,324,000
Effect of ordinary shares issued during the financial year/period	140,314,382	9,343,000
Weighted average number of ordinary shares at 31 December	279,270,782	135,667,000
Basic loss per share (in sen)	(1.85)	(9.73)

24. LOSS PER SHARE (CONT'D)

(b) Diluted loss per share

Diluted loss per share are calculated based on the adjusted consolidated loss for the financial year/period attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year/period have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Loss attributable to ordinary shareholders	(5,178,154)	(13,201,412)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	279,270,782	135,667,000
Effect of share options on issue	–	–
Effect of conversion of warrants	–	–
Weighted average number of ordinary shares at 31 December (diluted)	279,270,782	135,667,000
Diluted loss per share (in sen)	(1.85)	(9.73)

25. DEFERRED TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January/1 October	–	113,549	–	–
Recognised in profit or loss	–	(113,549)	–	–
At 31 December	–	–	–	–

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax liability	98,080	29,410	49,300	7,400
Deferred tax assets	(98,080)	(29,410)	(49,300)	(7,400)
	–	–	–	–

25. DEFERRED TAX (CONT'D)

The components of deferred tax liability and assets are as follows:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Deferred tax liability				
Accelerated capital allowances	98,080	29,410	49,300	7,400
Deferred tax assets				
Unutilised capital allowances	91,410	29,410	49,300	7,400
Unutilised tax losses	6,670	–	–	–
	98,080	29,410	49,300	7,400

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Unutilised capital allowances	378,300	320,500	151,200	51,500
Unutilised tax losses	10,186,300	7,590,900	6,352,100	4,629,200
	10,564,600	7,911,400	6,503,300	4,680,700

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.

26. STAFF COSTS

	Group		Company	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Fee	23,657	5,250	–	5,250
Salaries and allowances	5,040,029	3,235,210	2,078,987	1,659,192
Defined contribution plans	555,588	357,390	243,713	176,373
Social security costs	40,543	26,166	12,047	11,110
Share-based payment expenses	1,518,300	–	1,518,300	–
Other benefits	174,308	37,764	117,176	21,025
	7,352,425	3,661,780	3,970,223	1,872,950

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 year/period as below:

	Group		Company	
	1.1.2015 to 31.12.2015 RM	**1.10.2013 to 31.12.2014 RM**	**1.1.2015 to 31.12.2015 RM**	**1.10.2013 to 31.12.2014 RM**
Executive Directors				
Fee	23,657	5,250	–	5,250
Salaries and allowances	720,000	602,258	720,000	522,258
Defined contribution plans	86,400	72,272	86,400	62,672
Social security costs	1,240	1,343	1,240	930
	831,297	681,123	807,640	591,110

27. SHARE ISSUANCE SCHEME ("SIS")

At an extraordinary general meeting held on 15 November 2014, the Company's shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

(a) any employee of the Group shall be eligible if as at the date of offer, the employee:
   (i) has attained at least eighteen (18) years of age;
   (ii) is an employee in a company within the Group, which is not dormant belonging to such categories of employment as determined by the Option Committee; and
   (iii) who falls under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

(b) any Director of the Group shall be eligible if as at the date of offer, the Director:
   (i) is at least eighteen (18) years of age; and
   (ii) has been appointed as a Director of a company within the Group, which is not dormant.

(c) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS Shares shall not exceed thirty percent (30%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the SIS;

(d) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer.

(e) The SIS shall be in force for a period of five (5) years and the last day to exercise SIS Options is on 12 March 2020.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.

Movement in the number of share options and the weighted average exercise prices are as follows:

		Number of options over ordinary shares of RM0.10 each			
Date of offer	**Exercise price**	**At 1.1.2015**	**Granted**	**Exercised**	**At 31.12.2015**
24 March 2015	0.183	–	70,000,000	(3,210,000)	66,790,000

Number of share options exercisable as at 31 December 2015 is 17,790,000 (2014: Nil). The weighted average share price at the date of exercise for the year was RM0.24 (2014: RM Nil).

27. SHARE ISSUANCE SCHEME ("SIS") (CONT'D)

Details of SIS Options outstanding at end of the financial year/period are as follows:

SIS Options	Weighted average exercise price 2015 RM	2014 RM	Exercise period
24 March 2015	0.183	–	24.03.2015 - 12.03.2020

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	2015 RM	2014 RM
Fair value at grant date:		
24 March 2015	0.1553	–
Weighted average share price	0.212	–
Weighted average exercise price	0.183	–
Expected volatility (%)	89.84	–
Expected life (years)	5 years	–
Risk free rate (%)	3.625	–
Expected dividend yield (%)	Nil	–

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

28. OPERATING LEASE COMMITMENT - AS LESSEE

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

	Group 2015 RM	2014 RM
Within one year	–	723,941
Later than one year but not later than two years	–	904,926
	–	1,628,867

The Group and the Lessor had concluded to end the lease agreement by 1 December 2015 with a total settlement sum of RM1,000,000, which had been paid to the Lessor in current financial year.

29. RELATED PARTY DISCLOSURES

(a) Identifying 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 or joint 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 comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Group		
Transaction with a Director		
Rental of premises paid/payable	22,615	90,720
Transactions with companies in which certain Directors has substantial financial interest		
Provision of services	–	45,000
Rental income received/recoverable	44,000	–
Rental of premises paid/payable	195,214	–
Company		
Transactions with subsidiary companies		
Management fee	960,000	–
Sales	–	5,013,029
Purchases	–	4,375,934
Transactions with a company in which a Director of the Company has substantial financial interest		
Rental of premises paid/payable	42,544	–

29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM	1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Salaries, fees and other emoluments	1,676,791	608,851	1,495,673	528,438
Share-based payment expenses	155,445	–	155,445	–
Defined contributions plan	167,136	72,272	152,640	62,672
	1,999,372	681,123	1,803,758	591,110

30. SEGMENT INFORMATION

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

ICT Security Business	Provides the solutions, products and services in the information technology security sector. It includes managed security services, security-enhanced enterprise solutions, managed infrastructure services, IT hardware and software trading, professional consultancy, system development, security penetration testing, forensic research and specialised training services.
E-Commerce Business	Research, development and operation of the e-commerce websites and mobile applications.
Management Services	Investment holding and provision of management services

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 period.

30. SEGMENT INFORMATION (CONT'D)

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.

	ICT Securities Business RM	E-Commerce Business RM	Management Services RM	Eliminations RM	Per consolidated financial statements RM
2015					
Revenue					
External customers	5,779,920	4,292,737	–	–	10,072,657
Inter segment	23,443	–	960,000	(983,443)	–
Total revenue	5,803,363	4,292,737	960,000	(983,443)	10,072,657
Segment results					
Interest income	10,249	4,805	213,923	–	228,977
Finance costs	(29,918)	–	(9,679)	–	(39,597)
Depreciation	(113,987)	(166,602)	(150,721)	–	(431,310)
Other non-cash item	27,531	(492,451)	33,825	–	(431,095)
Segments profit/loss before tax	1,033,008	(2,396,019)	(3,786,055)	–	(5,149,066)
Assets					
Addition to property, plant and equipment	1,198	542,924	816,964	–	1,361,086

30. SEGMENT INFORMATION (CONT'D)

	ICT Securities Business RM	E-Commerce Business RM	Management Services RM	Eliminations RM	Per consolidated financial statements RM
2014					
Revenue					
External customers	14,927,480	–	–	–	14,927,480
Inter segment	9,388,963	–	–	(9,388,963)	–
Total revenue	24,316,443	–	–	(9,388,963)	14,927,480
Segment results					
Interest income	102,588	–	–	–	102,588
Finance costs	(70,900)	–	–	–	(70,900)
Depreciation	(860,306)	–	–	–	(860,306)
Other non-cash item	(7,588,124)	–	–	–	(7,588,124)
Segments loss before tax	(13,337,367)	–	–	–	(13,337,367)
Assets					
Addition to property, plant and equipment	395,152	–	–	–	395,152

30. SEGMENT INFORMATION (CONT'D)

(a) Eliminations

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:

	Group 1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Bad debts written off	(1,289)	(391,987)
(Loss)/Gain on disposal of property, plant and equipment	(11,126)	32,999
Goodwill written off	(413,618)	(3,541,003)
Impairment on trade receivables	–	(91,170)
Inventories written off	(89,668)	(663,267)
Product development expenditure written off	–	(2,524,797)
Property, plant and equipment written off	–	(418,725)
Unrealised gain on foreign exchange	84,606	9,826
	(431,095)	(7,588,124)

(c) Geographic information

Revenue information based on the geographical location of customers is as follow:

	Group 1.1.2015 to 31.12.2015 RM	1.10.2013 to 31.12.2014 RM
Malaysia	7,788,138	14,927,480
Cambodia	552,702	–
USA	544,899	–
People Republic of China	387,306	–
Others	799,612	–
	10,072,657	14,927,480

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	Financial liabilities at amortised cost RM	Total RM
Group			
2015			
Financial assets			
Trade receivables	517,353	–	517,353
Other receivables	1,760,169	–	1,760,169
Fixed deposits with licensed banks	241,954	–	241,954
Cash and bank balances	11,475,892	–	11,475,892
	13,995,368	–	13,995,368
Financial liabilities			
Trade payables	–	468,549	468,549
Other payables	–	904,312	904,312
Finance lease liability	–	83,069	83,069
	–	1,455,930	1,455,930
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

31. FINANCIAL INSTRUMENTS (CONT'D)

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

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company			
2015			
Financial assets			
Other receivables	1,554,811	–	1,554,811
Amount due from subsidiary companies	4,119,531	–	4,119,531
Cash and bank balances	8,574,091	–	8,574,091
	14,248,433	–	14,248,433
Financial liabilities			
Other payables	–	414,387	414,387
Amount due to subsidiary companies	–	800,000	800,000
Finance lease liability	–	83,069	83,069
	–	1,297,456	1,297,456
2014			
Financial assets			
Other receivables	84,735	–	84,735
Amount due from subsidiary 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 liability	–	113,819	113,819
	–	1,529,540	1,529,540

31. FINANCIAL INSTRUMENTS (CONT'D)

(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.

(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 a non-financial institution 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 a non-financial institution for credit facilities granted to a subsidiary company.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to a non-financial institution for credit facilities granted to a subsidiary company. The Company's maximum exposure in this respect is RM Nil (2014: RM500,000), representing the outstanding credit facilities to the subsidiary companies as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Note 9. 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.

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.

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
Group					
2015					
Non-derivative financial liabilities					
Trade payables	468,549	–	–	468,549	468,549
Other payables	904,312	–	–	904,312	1,577,238
Finance lease liability	39,780	39,780	9,945	89,505	83,069
	1,412,641	39,780	9,945	1,462,366	2,128,856
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	529,918	–	–	529,918	500,000
	1,451,343	43,188	35,966	1,530,497	1,492,056

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					
2015					
Non-derivative financial liabilities					
Other payables	414,387	–	–	414,387	414,387
Amount due to subsidiary companies	800,000	–	–	800,000	800,000
Finance lease liability	39,780	39,780	9,945	89,505	83,069
	1,254,167	39,780	9,945	1,303,892	1,297,456
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
Financial guarantee	500,000	–	–	500,000	–
	1,458,909	43,188	35,966	1,538,063	1,529,540

31. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks

(1) 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 the Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Australian Dollar (AUD), Singapore Dollar (SGD) and Chinese Renminbi (RMB).

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	AUD RM	SGD RM	RMB RM	Total RM
Group					
2015					
Cash and bank balances	785,249	2,146	32,994	2,062	822,451
Trade receivables	106,634	–	–	–	106,634
	891,883	2,146	32,994	2,062	929,085
2014					
Cash and bank balances	680,988	–	–	–	680,988
Company					
2015					
Cash and bank balances	574,347	2,146	–	–	576,493
2014					
Cash and bank balances	103,549	–	–	–	103,549

31. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

(1) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

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

	Change in currency rate RM	2015 Effect on loss before tax RM	Change in currency rate RM	2014 Effect on loss before tax RM
Group				
USD	Strengthened 1%	8,919	Strengthened 1%	6,810
	Weakened 1%	(8,919)	Weakened 1%	(6,810)
AUD	Strengthened 1%	21	Strengthened 1%	-
	Weakened 1%	(21)	Weakened 1%	-
SGD	Strengthened 1%	330	Strengthened 1%	-
	Weakened 1%	(330)	Weakened 1%	-
RMB	Strengthened 1%	21	Strengthened 1%	-
	Weakened 1%	(21)	Weakened 1%	-
Company				
USD	Strengthened 1%	5,743	Strengthened 1%	1,035
	Weakened 1%	(5,743)	Weakened 1%	(1,035)
AUD	Strengthened 1%	21	Strengthened 1%	-
	Weakened 1%	(21)	Weakened 1%	-

(2) 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.

31. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

(2) Interest rate risk (cont'd)

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.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Fixed rate instruments				
Financial assets	241,954	308,158	–	–
Financial liabilities	(83,069)	(613,819)	(83,069)	(113,819)

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.

(c) Fair values of financial instruments

(i) Financial instruments at fair value

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

(ii) Financial instruments other than those carried at fair value

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

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

32. COMMITMENT

	Group and Company 2015 RM	2014 RM
Capital expenditure		
Authorised and contracted for		
- Properties	1,240,200	–

33. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company'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 and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total loans and borrowings	83,069	613,819	83,069	113,819
Less: Cash and cash equivalents	(11,475,892)	(2,178,816)	(8,574,091)	(624,274)
Excess funds	(11,392,823)	(1,564,997)	(8,491,022)	(510,455)
Shareholders' equity	15,177,613	4,924,112	25,263,533	13,615,437
Gearing ratio	*	*	*	*

* Gearing ratio not applicable to the Group and the Company as the cash and cash equivalents as at 31 December 2015 and 31 December 2014 is sufficient to cover the entire borrowing obligation.

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

34. SIGNIFICANT EVENTS

<u>AppAsia Berhad ("AppAsia" or "the Company")</u>

(i) On 2 January 2015, on behalf of the Board, TA Securities announced that 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.

(ii) 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.

(iii) On 15 September 2015, the Company entered into a Sale and Purchase Agreement ("SPA") with Merit Gateway Sdn Bhd to purchase a unit of 4-storey intermediate shop/office premise for a total consideration of RM1,200,000.

The SPA has been completed as at the date of this report.

(iv) On 15 December 2015, the Company entered into a SPA with Acreage Properties Sdn Bhd to purchase a unit of 4-storey intermediate shop/office premise for a total consideration of RM1,300,000.

The SPA has been completed as at the date of this report.

35. SUBSEQUENT EVENT

On 29 March 2016, the Company announced that the Company proposed to seek shareholders' approval for the purchase of its own ordinary shares of up to ten percent (10%) in the entire issued and paid-up share capital of the Company at the forthcoming Twelfth Annual General Meeting of the Company.

36. 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.

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.

36. MATERIAL LITIGATION (CONT'D)

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:

Against Xconnect:

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

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 EVSB 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.

36. MATERIAL LITIGATION (CONT'D)

The Company had on 7 May 2015 received a letter from the Company's Solicitors informing that the Sessions Court of Kuala Lumpur has ruled against the application of Badaruddin to strike out EVSB's counter claim and awarded cost to RM3,000.00 to be paid by Badaruddin to the EVSB.

Badaruddin had filed an appeal to the High Court of Kuala Lumpur against the dismissal of his striking out application. On 9 October 2015, his appeal was argued before the High Court Judge and it was adjourned to 5 November 2015 for decision. On 5 November 2015, the High Court dismissed Badaruddin's appeal with costs and agreed with the Session Court that the counter claim by EVSB should go for trial.

The Sessions Court of Kuala Lumpur had allowed EVSB counterclaim against Badaruddin for the sum of USD87,075.11, being monies paid to XConnect and exemplary damages in the sum of RM25,000.00 for breach of his fiduciary duties and costs according to scale.

The Appellant's appeal has been fixed for case management on 29 April 2016, pending filing of the additional record of appeal.

37. COMPARATIVE FIGURES

The figures for the financial statements of previous period are for the financial period from 1 October 2013 to 31 December 2014. As they reflect the results for more than 12 months, these are not comparable to the current year results.

38. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 April 2016.

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

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date 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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total accumulated losses of the Company and its subsidiary companies				
- realised	(14,161,530)	(11,985,378)	(8,148,104)	(4,362,049)
Less: Consolidation adjustments	(4,069,998)	(1,067,996)	–	–
Total accumulated losses	(18,231,528)	(13,053,374)	(8,148,104)	(4,362,049)

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 31.12.2015 RM
1.	Prima Square 13-1, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,282	20 years	Freehold	243,200
2.	Prima Square 13-2, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,487	20 years	Freehold	160,000
3.	Prima Square 13-3, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,480	20 years	Freehold	160,000
4.	Prima Square 13-4, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,480	20 years	Freehold	160,000
5.	Prima Square 13-5, Block I Dataran Prima, Jalan PJU 1/37, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	1,487	20 years	Freehold	160,000
6.	Subang Business Centre 5-5, Jalan USJ 9/5Q, Subang Business Centre, 47620 UEP Subang Jaya, Selangor Darul Ehsan	Office Lot	1,726	21 years	Freehold	202,120
7.	Subang Business Centre 7-5, Jalan USJ 9/5Q, Subang Business Centre, 47620 UEP Subang Jaya, Selangor Darul Ehsan	Office Lot	1,726	21 years	Freehold	202,120

ANALYSIS OF SHAREHOLDINGS
AS AT 21 MARCH 2016

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM28,112,280.00 comprising of 281,122,800 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 21 MARCH 2016

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	10	0.79	369	0.00
100 – 1,000	222	17.45	75,450	0.03
1,001 – 10,000	274	21.54	1,909,081	0.68
10,001 – 100,000	545	42.85	24,019,500	8.54
100,001 – 14,056,139 *	219	17.22	204,968,700	72.91
14,056,140 AND ABOVE **	2	0.16	50,149,700	17.84
Total	1,272	100.00	281,122,800	100.00

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

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 21 MARCH 2016

No.	Name of Substantial Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Richmond Virginia Tobacco Sdn. Bhd.	30,000,000	10.67	–	–
2	Toh Hong Chye	30,002,900	10.67	30,000,000 *	10.67 *

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

DIRECTORS' INTERESTS IN SHARES AS AT 21 MARCH 2016

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	30,002,900	10.67	30,000,000 *	10.67 *
3	Wong Ngai Peow	103,000	0.04	–	–
4	Low Kim Leng	450,000	0.16	–	–
5	Ng Kok Wah	–	–	–	–

* *Deemed interest through Richmond Virginia Tobacco 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 21 MARCH 2016)

No.	Name of Shareholders	No. of Shares	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. RICHMOND VIRGINIA TOBACCO SDN. BHD.	30,000,000	10.67
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH HONG CHYE	20,149,700	7.17
3	MOHD NAZIFUDDIN BIN MOHD NAJIB	14,000,000	4.98
4	RHB NOMINEES (TEMPATAN) SDN. BHD. OOI HOCK LAI	13,550,000	4.82
5	HO YI JING	13,450,000	4.78
6	MANJUNG UNTUNG SDN. BHD.	12,000,000	4.27
7	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	9,853,200	3.50
8	LEONG LAI KUEN	8,949,000	3.18
9	REJOICE REALTY SDN. BHD.	5,118,700	1.82
10	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM	5,000,000	1.78
11	KANG CHOO KIAT	4,329,600	1.54
12	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SUNRISE SETUP SDN.BHD. (E-TM I)	4,123,500	1.47
13	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG POH CHEE (E-TMI)	3,977,000	1.41
14	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. GEMAS LESTARI SDN. BHD.	3,748,600	1.33
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN SENG CHYE	3,420,000	1.22
16	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JEE TAI CHEW (021)	3,065,500	1.09
17	ANG SZE CHAMP	2,757,000	0.98

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 21 MARCH 2016)

No.	Name of Shareholders	No. of Shares	%
18	ALICE LEE CHIA YEE	2,680,300	0.95
19	WONG POH CHEE	2,235,500	0.80
20	ANG YEE HOCK	2,035,000	0.72
21	NGEE PIK HAA	2,000,000	0.71
22	TEOH TEK SIONG	1,950,000	0.69
23	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHU CHIN (471507)	1,916,000	0.68
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHOON WAI (8028527)	1,870,000	0.67
25	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN FIE JEN (JDEDAP-CL)	1,860,100	0.66
26	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH BENG DE @ GHO BENG DE (CCTS)	1,850,000	0.66
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. TAN CHOON WAI (8058340)	1,809,800	0.64
28	GAN PEI LING	1,700,000	0.60
29	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR NG KING KWEE	1,500,000	0.53
30	WONG SENG KEE	1,500,000	0.53
	Total	182,398,500	64.85

ANALYSIS OF WARRANTS HOLDINGS AS AT 21 MARCH 2016

Issued Size	:	138,956,400 free detachable warrants issued pursuant to the Renounceable Rights Issue with Warrants exercise
Number of Warrants Holders	:	403

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 21 MARCH 2016

Size of Holding	No. of shareholders	% of shareholders	No. of holdings	% of shares
1 – 99	1	0.25	95	0.00
100 – 1,000	23	5.71	14,905	0.01
1,001 – 10,000	60	14.89	407,600	0.29
10,001 – 100,000	191	47.39	8,941,700	6.43
100,001 – 6,947,819 *	126	31.27	98,679,300	71.02
6,947,820 AND ABOVE **	2	0.50	30,912,800	22.25
Total	403	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 21 MARCH 2016

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	17,000,000	12.23	3,000,000*	2.16*
3	Wong Ngai Peow	1,500	0.001	–	–
5	Low Kim Leng	–	–	–	–
7	Ng Kok Wah	–	–	–	–

* *Deemed interest through Richmond Virginia Tobacco 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 21 MARCH 2016)

No.	Name of Shareholders	No. of Shares	%
1	MOHD NAZIFUDDIN BIN MOHD NAJIB	20,000,000	14.39
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH HONG CHYE	10,912,800	7.85
3	HO YI JING	6,871,100	4.94
4	RHB NOMINEES (TEMPATAN) SDN. BHD. OOI HOCK LAI	6,801,900	4.90
5	OOI HAN EWE	6,100,800	4.39
6	RHB NOMINEES (TEMPATAN) SDN. BHD. TOH HONG CHYE	6,087,200	4.38
7	MANJUNG UNTUNG SDN. BHD.	6,000,000	4.32
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. RICHMOND VIRGINIA TOBACCO SDN. BHD.	3,000,000	2.16
9	LEONG LAI KUEN	2,767,500	1.99
10	ANG SZE CHAMP	2,605,400	1.88
11	KANG CHOO KIAT	2,229,600	1.60
12	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JEE TAI CHEW (021)	2,210,700	1.59
13	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SUNRISE SETUP SDN.BHD. (E-TM I)	2,123,500	1.53
14	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. GEMAS LESTARI SDN. BHD.	1,938,600	1.40
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VINCENT TAN SENG CHYE	1,710,000	1.23
16	NG KIM CHAU	1,679,600	1.21
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM CHEE SEONG	1,525,400	1.10

**LIST OF TOP 30 LARGEST WARRANTS HOLDERS/ DEPOSITORS AS AT 31 MARCH 2015 (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 21 MARCH 2016)**

No.	Name of Shareholders	No. of Shares	%
18	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH BENG DE @ GHO BENG DE (CCTS)	1,444,600	1.04
19	ALICE LEE CHIA YEE	1,380,300	0.99
20	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR NG KING KWEE	1,300,000	0.94
21	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAU LEE CHENG (JDEDAP-CL)	1,200,000	0.86
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM	1,200,000	0.86
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEOU THIAM LAI (M09)	1,168,600	0.84
24	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG POH CHEE (E-TMI)	1,140,200	0.82
25	TEOH TEK SIONG	1,062,000	0.76
26	TAN KIM SIEW	1,010,000	0.73
27	TIEW SIOW LING	1,000,700	0.72
28	NGEE PIK HAA	1,000,000	0.72
29	TAN CHING KAT	960,800	0.69
30	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHU CHIN (471507)	958,000	0.69
	Total	99,389,300	71.52

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth (12th) Annual General Meeting of AppAsia Berhad ("**AppAsia**" or "**the Company**") will be held at Gallery 1, Level 1 Concorde Hotel Kuala Lumpur, No 2 Jalan Sultan Ismail, 50200 Kuala Lumpur on Friday, 27 May 2016 at 11.00 a.m. or at any adjournment thereof to transact the following business:

AGENDA

As Ordinary Business:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.	***(Please refer to Note A of the Explanatory Notes on Ordinary Business)***
2.	To approve the payment of Directors' fees of RM221,194.00 in respect of the financial year ended 31 December 2015.	***Resolution 1***
3.	To re-elect the following Directors who are retiring in accordance with Article 84 of the Articles of Association of the Company:-	
	i) Wong Ngai Peow	***Resolution 2***
	ii) Low Kim Leng	***Resolution 3***
4.	To re-appoint Messrs. UHY as the Company's Auditors and to authorise the Directors to fix their remuneration.	***Resolution 4***

As Special Business:

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

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

"**THAT** subject to the Companies Act, 1965, and the approvals 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 allot and issue Shares in the share capital 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 does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. 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
29 April 2016

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, 25 May 2016 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 20 May 2016. Only depositor whose name appears on the Record of Depositors as at 20 May 2016 shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:-

1. Audited Financial Statements – Agenda item No. 1

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.

2. Special Business - Ordinary Resolution 5
Authority To Issue Shares Pursuant To Section 132D of the Companies Act, 1965

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the nominal value of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate approved in the preceding year 2015 which was not exercised by the Company during the year, will expire at the forthcoming Twelfth AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arises.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Article 84 of the Company's Articles of Association, the following Directors are standing for re-election at the Twelfth Annual General Meeting of the Company:-

i) Wong Ngai Peow
ii) Low Kim Leng

Details of the abovenamed Directors are set out on pages 9 to 11 of this Annual Report while their shareholdings in the Company are set out on pages 116 and 121 of this Annual Report.

APPASIA BERHAD (643683-U)
(Incorporated in Malaysia)

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

PROXY FORM

I/We, ____ NRIC No. ___________________________
(Full name in capital letters)

of ____
(Full address)

____
being a *Member/Members of **APPASIA BERHAD** (Company No. 643683-U) hereby appoint (Proxy 1)

____________________________________ (*NRIC No./Passport No. ________________________) of

____ and* failing him/her* (Proxy 2)

____________________________________ (*NRIC No./Passport No. ________________________) of

____and* failing him/her*, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twelfth (12th) Annual General Meeting to be held at Gallery 1, Level 1 Concorde Hotel Kuala Lumpur, No 2 Jalan Sultan Ismail, 50200 Kuala Lumpur on Friday, 27 May 2016 at 11.00 a.m. or at any adjournment thereof to vote as indicated below:-

The proportions of my/our holdings to be represented by our proxy(ies) as follows:-

Proxy 1 - _____________% In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on our behalf.

Proxy 2 - _____________%

**strike out whichever is inapplicable*

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

No.	Agenda	Resolution	FOR	AGAINST
1.	To approve the payment of Directors' fees of RM221,194 in respect of the financial year ended 31 December 2015.	Ordinary Resolution 1		
2.	To re-elect Wong Ngai Peow as Director	Ordinary Resolution 2		
3.	To re-elect Low Kim Leng as Director	Ordinary Resolution 3		
4.	To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
5.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.	Ordinary Resolution 5		

Signed on this ___________ day of ____________ 2016.

____
Signature of Shareholder or Common Seal

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.

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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, 25 May 2016 or at any adjournment thereof.

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Affix
Stamp

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

APPASIA BERHAD (Company No. 643683-U)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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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)
Listed on Bursa Malaysia, ACE Market (Code no.0119)
1-40-1, Menara Bangkok Bank, Berjaya Central Park, No 105, Jalan Ampang 50400 Kuala Lumpur
Phone: +603 2181 3666 **Fax:** 603 2181 6688

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