PRIVASIA

ANNUAL REPORT 2015

PRIVASIA

CORPORATE VISION

To be the leading premium ICT services and solutions provider in South East Asia serving the most number of clients

CORPORATE MISSIONS

To ensure continuous cost savings for customers in their ICT requirements

To honor all agreements

To enrich high-performing employees and provide a happy workplace for enhanced productivity

To create value by rewarding our shareholders every year

QUALITY POLICY

To strive for 100 percent customer satisfaction, achieve excellence, and be fully committed to continual improvement in all our business activities

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NOTICE OF ANNUAL GENERAL MEETING

PRIVASIA TECHNOLOGY BERHAD
Company No. 825092-U
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT THE EIGHTH (8TH) ANNUAL GENERAL MEETING ("AGM") OF PRIVASIA TECHNOLOGY BERHAD ("PTB" or "THE COMPANY") WILL BE HELD AT UNIT C-21-02, 2ND FLOOR, DATARAN 3 DUA (3 TWO SQUARE), NO. 2, JALAN 19/1, 46300 PETALING JAYA, SELANGOR DARUL EHSAN ON FRIDAY, 24 JUNE 2016 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AGENDA

As Ordinary Business:	**Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Reports of the Directors and of the Auditors thereon. *Please refer to Explanatory Notes*	
2. To approve the payment of a Single Tier Tax Exempt Final Dividend of 0.20 sen per ordinary share for the financial year ended 31 December 2015 on 558,200,020 ordinary shares of RM0.10 each amounting to dividend payable of RM1,116,400.04.	1
3. To approve the payment of Directors' fees for the financial year ended 31 December 2015.	2
4. To re-elect Mr. Brian Wong Wye Pong retiring under the provision of Article 129 of the Articles of Association of the Company, and who, being eligible, has offered himself for re-election.	3
5. To re-elect Datuk Mohd Aqliff Shane Abdullah retiring under the provision of Article 129 of the Articles of Association of the Company, and who, being eligible, has offered himself for re-election.	4
6. To appoint Auditors and authorise the Directors to fix their remuneration.	5

As Special Business:
To consider and, if thought fit, to pass the following Ordinary Resolution:-

7. Ordinary Resolution: (Resolution 6)
   Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to section 132D of the Companies Act, 1965, to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting, in such number and to such person and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Eighth (8th) Annual General Meeting, a Single Tier Tax Exempt Final Dividend of 0.20 sen per ordinary share for the financial year ended 31 December 2015 on 558,200,020 ordinary shares of RM0.10 each amounting to dividend payable of RM1,116,400.04 will be paid to the shareholders on 18 August 2016. The entitlement date of the said dividend shall be 25 July 2016.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 25 July 2016 in respect of transfers; and

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board,

WONG CHOW LAN (MAICSA 7012088)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Petaling Jaya
Date: 29 April 2016

NOTES

1. A member of the Company entitled to attend and vote at the above Meeting ("Member") may appoint not more than two (2) proxies to attend and vote instead of him/her.

2. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specified the proportions of his/her shareholdings to be represented by each proxy.

3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a Meeting shall have the same rights as the Member to speak at the Meeting.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a Member is an Exempt Authorised Nominee 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.

6. For a proxy form to be valid, it must be deposited at the Registered Office of the Company at 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before time appointed for the Meeting or any adjournments thereof.

7. 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 its common seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

GENERAL MEETING RECORD OF DEPOSITORS

8. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 14 June 2016 pursuant to Article 79 and paragraph 7.16 (2) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

EXPLANATORY NOTES

Item 1 of the Agenda – To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Reports of the Directors and of the Auditors thereon.

This item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

ORDINARY RESOLUTION

Resolution 6 – Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.

The proposed Resolution 6, if passed, will authorise the Directors to issue shares up to 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. The purpose for the renewal of a general mandate is to avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding further investment projects, additional working capital, acquisitions, etc.

This authority unless, revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

The Company did not issue any new shares pursuant to the mandate granted to the Directors at the last annual general meeting held on 18 June 2015 and which will lapse at the conclusion of the forthcoming annual general meeting.

STATEMENT ACCOMPANYING NOTICE OF THE

EIGHTH ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Eighth Annual General Meeting ("AGM") are as follows:

a) **Mr Brian Wong Wye Pong**

b) **Datuk Mohd Aqliff Shane Abdullah**

The details of the two (2) Directors seeking re-election or re-appointment are set in their respective profiles which appear on page 12 and page 14 respectively of this Annual Report.

The details of attendance of Directors of the Company at Board Meetings held during the financial year ended 31 December 2015 are disclosed in the Statement on Corporate Governance set out on page 19 of this Annual Report.

The details of the place, date and time of the Eighth AGM are as follows:

Place: Unit C-21-02, 2nd Floor
Dataran 3 Dua (3 Two Square)
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

Date: Friday, 24 June 2016

Time: 10.00 a.m.

CORPORATE **INFORMATION**

Board of Directors

DATUK ALI BIN ABDUL KADIR
(Chairman / Independent Non-Executive Director)

PUVANESAN A/L SUBENTHIRAN
(Chief Executive Officer / Managing Director)

ANDRE ANTHONY A/L HUBERT RENE
(Deputy Chief Executive Officer / Executive Director)

BRIAN WONG WYE PONG
(Independent Non-Executive Director)

ASGARI BIN MOHD FUAD STEPHENS
(Independent Non-Executive Director)

DATUK MOHD AQLIFF SHANE ABDULLAH
(Non-Independent Non-Executive Director)

Audit and Risk Management Committee

- DATUK ALI BIN ABDUL KADIR (Chairman)
- BRIAN WONG WYE PONG (Member)
- ASGARI BIN MOHD FUAD STEPHENS (Member)

Nomination Committee

- DATUK ALI BIN ABDUL KADIR (Chairman)
- BRIAN WONG WYE PONG (Member)
- ASGARI BIN MOHD FUAD STEPHENS (Member)

Remuneration Committee

- BRIAN WONG WYE PONG (Chairman)
- PUVANESAN A/L SUBENTHIRAN (Member)
- DATUK MOHD AQLIFF SHANE ABDULLAH (Member)

Investment Committee

- ASGARI BIN MOHD FUAD STEPHENS (Chairman)
- PUVANESAN A/L SUBENTHIRAN (Member)
- BRIAN WONG WYE PONG (Member)
- ANDRE ANTHONY A/L HUBERT RENE
  (Alternate to Puvanesan a/l Subenthiran)

Registered Office

FASTRACK CORPORATE SERVICES (KL) SDN. BHD.
(413401-K)
No. 13A, Jalan SS21/56B, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel: +603 7729 5912/5921
Fax: +603 7729 5904

Share Registrars

SYMPHONY SHARE REGISTRARS SDN. BHD.
(378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor Darul Ehsan.
Tel: +603 7849 0777
Fax: +603 7841 8151/8152
Email: ssr.helpdesk@symphony.com.my

Company Secretaries

- WONG CHOW LAN (MAICSA 7012088)
- FOO LI LING (MAICSA 7019557)

Stock Exchange Listing

BURSA MALAYSIA SECURITIES BERHAD
Stock Name: PRIVA
Stock Code: 0123

Auditor

KPMG (AF 0758)
Chartered Accountants
Level 10, KPMG Tower, 8, First Avenue,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: +603 7721 3388
Fax: +603 7721 3399

Website

www.privasia.com

PRIVASIA TECHNOLOGY BERHAD

PRIVASIA

PRIVASIA SDN. BHD.
(100%)

PRIVACOM
PRIVACOM SDN. BHD.
(100%)

PRIVASIA SABAH
PRIVASIA (SABAH) SDN. BHD.
(100%)

ipsat* Broadband Communications
IPSAT SDN. BHD.
(100%)

PRIVANET
PRIVANET SDN. BHD.
(100%)

PRIVATEL
PRIVATEL SDN. BHD.
(75%)

INFOCRATS
INFOCRATS SDN. BHD.
(30%)

SCANTEL
SCANTEL SDN. BHD.
(100%)

SPRINGREACH DISTRIBUTION
SPRING REACH
DISTRIBUTION SDN. BHD.
(70%)

PRIVAGEN
PRIVAGEN SDN. BHD.
(60%)

PRIVASIA

BOARD OF DIRECTORS

Datuk Ali Kadir was appointed as an Independent Non-Executive Director of Privasia Group on 4 May 2009. He is the Chairman of the Audit and Risk Management Committee and the Nomination Committee.

Datuk Ali Kadir is a Fellow of the Institute of Chartered Accountants in England & Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also currently Honorary Advisor to ICAEW KL City Chapter, Honorary Fellow of both the Institute of Chartered Secretaries & Administrators (UK) and the Malaysian Institute of Directors.

Datuk Ali Kadir is currently the Chairman of Jobstreet Corporation Berhad, Privasia Technology Berhad, and the Financial Reporting Foundation. He is a Board Member of Glomac Berhad, Citibank Berhad, Labuan Financial Services Authority, Enra Group Berhad (FKA Perduren (M) Berhad), Landskap Malaysia, Ekuiti Nasional Berhad, Yayasan Kadir dan Fatimah, and member of the Academic Advisory Panel of the Companies Commission of Malaysia.

Datuk Ali Kadir was appointed as the Chairman of the Securities Commission of Malaysia on 1 March 1999 and served until 29 February 2004. During his tenure, he launched the Code of Governance and the Capital Market Masterplan 2000 – 2010, and chaired the Capital Market Advisory Council, to revive and develop the capital market. He sat on a number of national committees including the Foreign Investment Committee, the Oversight Committee of National Asset Management Company (Danaharta). On the international front, he was a member of the Exco Board of IOSCO, chairman of IOSCO's Asia-Pacific Region Committee, Chairman of the Islamic Capital Market Working Group and trustee of AAOIFI and Force of Nature Aid Foundation, and also Advisor to the Sri Lanka Securities & Exchange Commission.

Prior to his appointment to the Securities Commission, he was the Executive Chairman and Partner of Ernst & Young and its related firms. He was also the former President of the Malaysian Association of Certified Public Accountants, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed an Adjunct Professor in the Accounting and Business Faculty, University of Malaya (2008 till 2011) and was then appointed to the Advisory Board of the same Faculty. He was also previously chairman of Milux Corporation Berhad and Microlink Solutions Berhad.

Datuk Ali Kadir was awarded the Pingat Jasa Negara (PJN) by the YDP Agung in 2002. In 2012, he was bestowed the Lifetime Achievement Award by The Institute of Chartered Accountants in England & Wales – KL City Chapter, and the President's Award by the Malaysian Institute of Certified Public Accountants. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than traffic offences. He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2015.

DATUK ALI BIN ABDUL KADIR

Chairman / Independent Non-Executive Director

(67 years of age, Malaysian)

PUVANESAN A/L SUBENTHIRAN

Chief Executive Officer / Managing Director

(40 years of age, Malaysian)

Mr. Puvanesan is one of the founding members of Privasia Group, and was appointed as the Group Chief Executive Officer and Managing Director of Privasia Group on 4 May 2009. He was appointed to the board of Privasia Sdn. Bhd. on 4 August 2004. He is also a member of the Remuneration Committee and the Investment Committee.

He graduated with BA (Hons) in Accounting and Finance from London South Bank University and holds a Diploma in Economics from the National Council for Educational Awards, Ireland.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). He has completed the Senior Management Development Program and Program for Leadership Development at the Harvard Business School. Prior to this, Mr. Puvanesan was a senior in the Business Advisory and Assurance Department of BDO Simpsons Xavier in Ireland and upon his return to Malaysia, was the Chief Financial Officer of the Makmal Jaya Group.

Mr. Puvanesan is also a member of the Young Presidents Organization (YPO) and the President of TiE Malaysia Chapter. He does not hold any other directorships of public companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than traffic offences.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2015.

ANDRE ANTHONY A/L HUBERT RENE

Deputy Chief Executive Officer / Executive Director

(40 years of age, Malaysian)

Mr. Andre is one of the founding members of the Privasia Group, and was appointed as a Deputy Chief Executive Officer of the Group on 4 May 2009. He is a LLB (Hons) graduate from the University of Wales, College of Cardiff. He is an alternate member for Mr. Puvanesan in the Investment Committee.

He started off his working career while still at university, working as an intern with the New Straits Times press in 1996 followed by a short stint in a legal firm the following year.

Upon graduation, Mr. Andre moved into the dotcom business with Dreammotor.com as a member of its business development team. He was involved in the setting up of the company and the expansion of its operations and business to Singapore and Hong Kong. Mr. Andre's passion, however, was very much in the logistics industry and he eventually joined Westport's IT Department to harness his skills in this area. The various IT research studies carried out while at Westport led him to believe that there was an information technology gap to be filled in the port and shipping industry, and coupled with his IT experience from his stint at Dreammotor.com, he ventured full-time into IT consultancy.

Once fully into the IT field, Mr. Andre harnessed his skills in various areas of IT as well as in the management and operation of running a business. He helped steer and grow Privasia from the small IT Company focused on a niche area to the large group that it is today.

Mr. Andre is a graduate of the Harvard Business School Senior Management Development Program. He was the President of the Harvard Business School Alumni Club of Malaysia's associate wing from 2010 - 2012.

He does not hold any other directorships of public companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than traffic offences.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2015.

BRIAN WONG WYE PONG

Independent Non-Executive Director

(43 years of age, Malaysian)

Mr Brian Wong was appointed as a Non- Executive Director of Privasia Group on 4 May 2009. He is the Chairman of the Remuneration Committee and also is a member of the Audit and Risk Management Committee, the Nomination Committee and the Investment Committee.

He graduated with a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Western Australia and is a licensed auditor in Malaysia and Cambodia, a Fellow with CPA Australia, a Chartered Accountant with the Malaysian Institute of Accountants, and a Certified Financial Planner with the Financial Planning Association of Malaysia.

He was previously with KPMG, Kuala Lumpur and a public company as their head of corporate affairs. Currently, he is a partner of PKF Malaysia.

His directorships in other public companies are Mann Seng Metal International Limited, a company listed on the Singapore Stock Exchange and RapidCloud International PLC, a company listed on the London Stock Exchange.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than traffic offences.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2015.

ASGARI BIN MOHD FUAD STEPHENS

Independent Non-Executive Director

(56 years of age, Malaysian)

Mr. Asgari was appointed as a Non- Executive Director of Privasia Group on 4 May 2009. He is a member of the Audit and Risk Management Committee and the Nomination Committee. He also is the Chairman of the Investment Committee.

He has extensive experience in both public and private equity investing in Malaysia. He is the co-founder of Kumpulan Sentiasa Cemerlang, an investment advisory and fund management group. He started two venture capital firms, ISpring Venture Capital Sdn. Bhd. and Intelligent Capital Sdn. Bhd. He was previously the Chairman of the Malaysian Venture Capital Association.

He graduated with a BCom. (Hons) from University of Melbourne, Australia and MBA from Cranfield University, United Kingdom.

His directorship in other public company is in Jaycorp Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than traffic offences.

He attended 5 out of 5 Board Meetings which were held in the financial year ended 31 December 2015.

DATUK MOHD AQLIFF SHANE ABDULLAH

Non-Independent Non-Executive Director

(39 years of age, Malaysian)

Datuk Mohd Aqliff was appointed as a Non-Executive Director of Privasia Group on 4 May 2009. Presently he is a member of the Remuneration Committee.

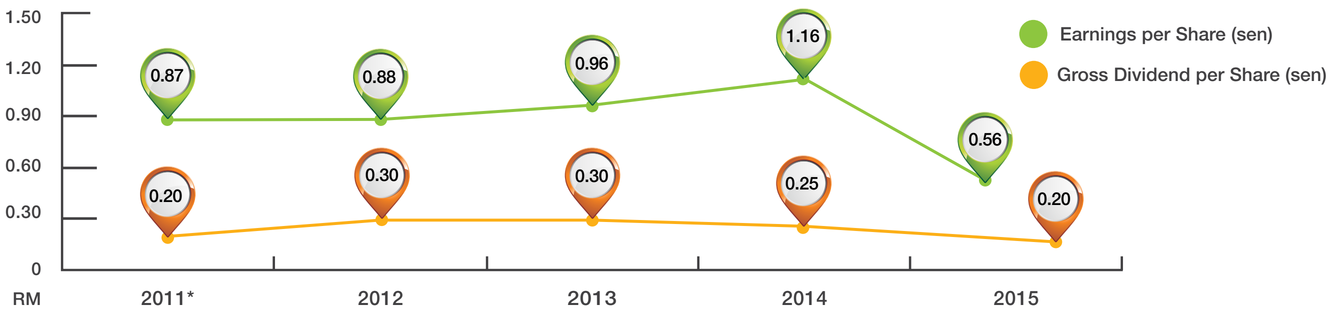
He graduated with a Bachelor of Science in Mechanical Engineering from University Tenaga National, PPP/UiTM Twinning Program American University Degree Program, Professional Consultation Certificate from Intergraph Process, Power and Offshore Huntsville, Alabama.

He began his career at Technip Sdn. Bhd. in 1999 as Mechanical Engineer in Rotating Department where he had exposure in the operation of an oil and gas multinational company. From 2000 to 2004, he joined Intergraph Process Power & Offshore (M) Sdn. Bhd. being a subsidiary company of Intergraph Corporation (listed on NASDAQ) as Senior Application Engineer which further strengthened his exposure in the oil and gas industry dealing with the Asean region. He is currently Managing Director for Petrolife Engineering (M) Sdn. Bhd., which is involved in the oil and gas industry.

Datuk Mohd Aqliff does not hold any other directorship of public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past ten (10) years other than traffic offences.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2015.

5 YEARS GROUP FINANCIAL HIGHLIGHTS



	2015 RM	2014 RM	2013 RM	2012 RM	2011* RM
Operating revenue	81,345,878	73,891,677	58,455,869	60,646,690	44,070,540
Operating profit	3,786,025	9,812,299	10,761,310	10,307,378	7,319,503
Profit before tax	3,307,849	9,356,900	9,901,552	8,894,795	5,764,637
Profit after Tax	2,192,234	6,438,729	5,417,821	4,990,308	5,119,367
Net profit attributable to equity holders	3,119,771	6,482,425	5,361,259	4,939,068	4,841,072
Total Assets	122,226,411	114,762,313	102,981,495	109,146,991	103,622,297
Total Liabilities	41,390,425	34,723,061	27,786,372	38,195,089	35,415,180
Shareholders equities	81,445,466	79,721,195	74,913,370	70,971,720	67,573,432
Net Assets Per Share (RM)	0.15	0.14	0.13	0.13	0.12
Earnings per Share (sen)	0.56	1.16	0.96	0.88	0.87
Gross dividend per share (sen)	0.20	0.25	0.30	0.30	0.20

** Restated*

CHAIRMAN'S STATEMENT

Dear Shareholders,
On behalf of the Board of Privasia Technology Berhad (Privasia or the Group), I present to you the Group's Annual Report and audited financial statements for the financial year ended 31 December 2015 (FY2015).

The Malaysian ICT industry continued on its growth trajectory as its total value expanded from RM62 billion in 2014 to RM71 billion in 2015, increasing at a faster rate of 14% in the year under review versus 12% previously. This expansion was largely driven by the increasing usage of mobile devices, cloud solutions, e-commerce and Big Data analytics.

Conversely, 2015 also saw the Malaysian Gross Domestic Product (GDP) grow at a slower rate of 5%, as compared to 6% in 2014. This was largely due to economic uncertainties faced by oil-producing countries such as Malaysia who were greatly affected by the global decline of crude oil prices.

With anticipation of lower revenue, Malaysia faced fears of an economic slowdown which resulted in the Malaysian Ringgit (MYR) weakening against major currencies including the US Dollar (USD).

Despite that, the Group rallied to achieve a commendable performance in FY2015.

OPERATIONS HIGHLIGHTS

In the year under review, we strengthened our position as a leading player in IT outsourcing and consulting as we consistently delivered on our ongoing contracts. At the same time, we secured new contracts from the ports and telecommunications sectors, bolstering our outsourcing order book.

Privasia also continued to provide E-Procurement solutions to our clients in FY2015, reinforcing the Group's stance as a frontrunner in providing easy and reliable e-bidding solutions to Corporate Malaysia.

As demand for satellite-related services continued to rise, we undertook the decision to invest approximately RM3 million in June 2015 to set up our own satellite hub in Cyberjaya in anticipation of this growth and to expand our market reach. Additionally, the new satellite hub also enables the Group to enjoy cost savings compared to incurring bandwidth leasing costs denominated in USD.

Supported by the leader in broadband satellite services and solutions, Hughes Network Services LLC, the new hub effectively expanded the range of services to include C-band satellite services in addition to our existing KU-band.

C-band satellite services are typically ideal for corporations with offsite bases in remote areas, while KU-band caters mainly for fixed and broadcast services. With the new hub completed and commissioned in June 2015, we would not only host our existing customers but also target new clientele from the oil and gas, maritime, hospitality and tourism, and security sectors.

FY2015 FINANCIAL PERFORMANCE

Privasia recorded a commendable 10.1% increase in group revenue to RM81.3 million in FY2015 from RM73.9 million a year ago. This was mainly attributable to the Group's ICT segment which leaped 62% to RM26.2 million in FY2015, from RM16.3 million previously.

The IT segment remained the Group's largest revenue contributor where sales was sustained at RM46.3 million in FY2015, as compared to RM46.4 million in FY2014. Revenue from the Satellite-based network services (SAT) segment dipped in the year under review with RM8.9 million versus RM11.2 million in the previous year, on lower billings.

However, Privasia recognised RM1.1 million in foreign exchange losses largely due to the USD-denominated bandwidth leasing costs from an existing service provider.

This, together with the increased headcount and expenditure pertaining to the new satellite hub, led to lower profit before tax of RM3.3 million in FY2015 from RM9.4 million in FY2014. Net profit declined to RM3.1 million from RM6.5 million previously, while basic earnings per share reduced to 0.6 sen in FY2015 versus 1.2 sen last year.

It must be noted that these strategies undertaken are in tandem with the Group's ongoing commitment towards revenue expansion and cost optimisation to achieve long-term business sustainability.

Our robust balance sheet made this possible, with higher retained earnings leading to a healthy increase in shareholders' equity to RM81.4 million from RM79.7 million in the previous year.

Privasia's SAT business expansion led to an increase in borrowings to RM12.5 million in the year under review from RM10.4 million previously. Nonetheless we were able to maintain a manageable net gearing level of below 0.1 time.

In growing our business in the year under review, we are mindful of our shareholders' confidence in us. Therefore, the Board proposed a first and final single-tier dividend of 0.2 sen per share in respect of FY2015 as a reward for their enduring support. If approved at the upcoming Annual General Meeting, this would translate to a total dividend payout of RM1.1 million or 35.8% of total FY2015 net profit.

INDUSTRY OUTLOOK AND BUSINESS STRATEGIES

2016 is expected to remain challenging, as reflected in Bank Negara Malaysia forecasting tepid growth of between 4.0 to 4.5% in the Malaysian GDP. To add to that, the International Data Corporation anticipates that Malaysia's overall ICT spending would see slower expansion of 4.7% in 2016, compared to the double digit rise in 2015.

Despite the bleak outlook, Privasia will continue to focus on growing our business throughout the year. Our growth strategies in place for FY2016 include:

i) **Strengthening our client portfolio**

With our very own satellite hub up and running, the Group has begun marketing our expanded range of satellite services to potential customers in the oil and gas, maritime, hospitality and tourism, and security sectors.

We believe that with our expanded range of services, it would go a long way to capture opportunities within these sectors that would require offshore or offsite communications.

Additionally, the Group intends to make further headway into the domestic telecommunications sector by providing engineering services to mobile operators, leveraging on our successful track record.

In light of the dampened economic outlook, we believe that there would be opportunities for IT outsourcing in the public and private sectors. This prospect bodes well as the Group has the right set of tools to fulfil the requirements of potential clientele.

We believe that our years of experience and deep knowledge of the latest technologies position us favourably to grow our portfolio in the coming years.

ii) **Enhancing our position in the regional market**

Our new range of services, particularly from the SAT segment does not constrain us to the local market, but also transcends borders to reach a wider audience as well.

Hence, the Group will work hand-in-hand with our regional partners to seek out new opportunities to penetrate the South East Asia market. We believe that we have a robust system in place that is able to handle additional clientele going forward.

Furthermore, we would sustain our cost optimisation plans across the Group to enhance our operational efficiency further in the future. These strategies, coupled with our total orderbook of about RM110.0 million up to 2020, will continue to elevate the Group to the next level.

At the same time, the Group will focus on enhancing human capital in order to hone our competitive edge. To this end, we are committed to training and developing our existing employees, as well as encouraging new pools of talent to participate in and accelerate the Group's growth going forward.

CORPORATE GOVERNANCE

Since our listing, Privasia has ensured that shareholders' value is constantly protected by adhering to the highest level of corporate governance. We will continue to maintain this level of transparency in the coming year for the betterment of our shareholders.

These activities are further elaborated in the Corporate Governance Statement in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Our role as a listed entity does not constrict our responsibility to our shareholders, but also extends it to the community around us. We have constantly ensured that we give back through numerous CSR activities organised throughout the year.

The Group continues to be advocates of sporting clubs through our sponsorships of the Westports Malaysia Dragons, who celebrated their first-ever Asean Basketball League title in March 2016, and the Dream Chaser car racing team that clinched first place in the Sepang 1,000 km 2015 (Independent Cup) tournament.

Additionally, the Group began sponsoring the Victoria Institution Rugby Club in hopes of inspiring the younger generation to achieve teamwork and success.

APPRECIATION

At this point, I would like to extend my gratitude to the members of the Board, the management team and the invaluable employees of Privasia for their relentless commitment during the year. While mindful of the challenges that lie ahead, I am confident that we will remain resilient.

To our valued shareholders, suppliers, business associates, regulatory bodies and other parties, on behalf of Privasia, I thank you for your continued support and look forward to working with you in the coming year.

Thank you.

Datuk Ali Bin Abdul Kadir
Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognises Corporate Governance as being vital and important to the success of Privasia Technology Berhad Group of Companies ("the Group") businesses. The Board is therefore committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance 2012 ("Code") and ensures that standards of corporate governance are being observed to realise the objective of increasing the shareholders' value and continued sustainability and long-term performance of the Group. All recommendations of the Code are fully adopted, save for recommendations 2.2 and 8.2, in which the Board having duly considered the rationale for the deviation as set out in this statement.

The Board is pleased to present the following statement which outlines the key aspects of how the Group has applied the Principles set out in the Code during the year under review.

BOARD CHARTER

The Board has formalised a Board Charter to ensure that the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company. The Board Charter serves not only as a reminder of the Board's roles and responsibilities but also acts as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities. The Board Charter is available on the Company's website at www.privasia.com.

THE BOARD OF DIRECTORS AND BOARD STRUCTURES

The Group is governed by the Board who is accountable to stakeholders for the strategic direction and the pursuit of value creation for shareholders. An effective Board leads and controls the Company. In maintaining a competitive advantage, the Board recognises the importance of having a range of different skills, background and experience among its Directors. The Directors are from diverse professional and business backgrounds with a wide range of academic and professional qualifications, business and financial experience relevant to lead the Group's business activities and as such, are able to effectively discharge their duties and responsibilities on the matters or issues of strategic planning, performance evaluation, resource allocation, setting of standards of conduct, identifying principal risks, reviewing internal control systems etc.

The Board has delegated certain responsibilities to Board Committees with clearly defined terms of reference to assist in discharging its duties. The Board Committees include the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Investment Committee. The Chairman of the respective Board Committees will report and table to the Board their respective recommendations for consideration and adoption.

The Board meets on a quarterly basis, with additional meetings convened as and when required. There were five (5) meetings held during the financial year and the attendances are as follows:

Name of Directors	No. of Meeting Attended
■ Datuk Ali bin Abdul Kadir	5 / 5
■ Puvanesan a/l Subenthiran	5 / 5
■ Andre Anthony a/l Hubert Rene	5 / 5
■ Brian Wong Wye Pong	5 / 5
■ Asgari bin Mohd Fuad Stephens	5 / 5
■ Datuk Mohd Aqliff Shane Abdullah	5 / 5

A. DIRECTORS

i) Board Composition and Balance

The Board currently comprises six (6) members; of whom two are Executive Directors, one Non-Independent Non-Executive Director and three are Independent Non-Executive Directors. The size and composition of the Board are adequate to provide for a diversity of views and facilitate effective decision making. The Board members, with different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise to lead the Company. The high proportion of Independent Directors ensures a balanced and objective consideration of issues and enhanced accountability in the decision-making process and mitigates any possible conflict of interest.

With the different backgrounds and specializations of the Board members, the balance in the Board is achieved and such balance enables the Board to provide effective leadership in all aspects, as well as maintaining a high standard of governance and integrity.

There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure a proper balance of power and authority, as well as to enhance governance and transparency. The Chairman leads the Board in setting values and standards of the Group and is responsible for the effective conduct of the Board. He ensures that information relating to issues on agenda is disseminated to all Directors well before deliberation at Boards meetings and facilitates the constructive relations between the Executive and Non-Executive Directors whilst the Managing Director has overall responsibility over the operating units, organisational effectiveness, coordinating the development and implementation of business and corporate strategies as well as the implementation of Board policies and decisions.

In accordance to Recommendation 2.2 of the Code, which requires the establishment of policy formalising its approach to boardroom diversity and to ensure that women candidates are sought as part of the recruitment exercise, the Board has yet to implement gender diversity policies as we have yet to find a suitable candidate. The Board will also take into consideration the candidate's merits and industry experience.

ii) Roles and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

a) reviewing and adopting the overall strategic plans and programmes for the Company and Group;
b) overseeing and evaluating the conduct of business of the Company and Group;
c) identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
d) establishing a succession plan;
e) developing and implementing a shareholder communication policy for the Company;
f) reviewing the adequacy and the integrity of the management information and internal controls systems of the Company and Group;
g) declaration of dividends;
h) approval of financial results; and
i) the board delegates certain responsibilities to the various board committees with clearly defined terms of reference to assist the board in discharging its responsibilities.

The following are matters which are specifically reserved for the Board:

a) approval of corporate plans and programmes;
b) approval of annual budgets, including major capital commitments;
c) approval of new ventures;
d) approval of material acquisition and disposals of undertakings and properties;
e) change to the management and control structure within the Company and its subsidiaries ("the Group"), including key policies, delegated authority limits; and
f) review and update the whistle-blowing policy.

iii) Code of Ethics and Conduct

The Board recognises its role in establishing ethical values that support a culture of integrity, fairness, forthrightness, trust and pursuit of excellence. The formalised Code of Ethics and Conduct is to be observed by all Directors and employees of the Group, and the core areas of conducts under the Code include the followings:

a) conflict of interest;
b) confidential information;
c) inside information and securities trading;
d) protection of assets;
e) business records and control;
f) compliance to the law;
g) personal gifting and contribution;
h) health and safety;
i) sexual harassment;
j) outside interest;
k) fair and courteous behaviour; and
l) misconducts.

iv) Supply of Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, in discharging their duties, the Directors need to have full and timely access to all information concerning the Company and the Group. All Board meetings held were preceded by a notice issued by the Company Secretaries. Prior to each Board meeting, the agenda together with relevant reports and Board papers would be circulated to all Directors in sufficient time to enable effective discussions and decision-making during Board meetings. In addition, the Board is also notified of any corporate announcements released to Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Directors have full access to the advice and services of the Company Secretaries, the senior management staff, the external auditors and other independent professionals at all times in discharging their duties and responsibilities.

v) Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia ACE Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened and those accurate and proper records of the proceeding and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committee, and between the Non-Executive Directors and Management.

vi) Appointment to the Board

Having reviewed the assessments in respect of the financial year ended 31 December 2015, the Board is satisfied that the Board and Board Committees have continued to operate effectively in discharging their duties and responsibilities. The Directors have also fulfilled their responsibilities as members of the Board and are suitably qualified to hold their positions.

vii) Re-election of Directors

Pursuant to Section 129 (6) of the Companies Act, 1965, directors who are over the age of seventy (70) years old shall retire at every Annual General Meeting ("AGM") and may offer themselves for re-appointment as directors of the Company to hold office until the conclusion of the next AGM.

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every AGM. Further, all Directors of the Company shall retire at least once every three (3) years.

A retiring director is eligible for re-election. This provides an opportunity for shareholders to renew their mandate. The election of every director is voted on separately.

viii) Directors' Training

Directors' training is an on-going process as Directors recognise the need to continually refresh and develop their knowledge and skills, and to update themselves on developments in the industry and business landscape in order for the Group to remain competitive.

During the financial year ended 31 December 2015, the Directors of the Company attended various forums, programmes, workshops and seminars which covered the following topics:

1) Shariah In-house Training
2) Heart of Borneo Conference
3) Bank Negara Malaysia, CRR
4) YIEA KUIMB
5) KLBC in Jakarta
6) Anaplan
7) Huawei Malaysia ICT Roadshow
8) Sangfor End User Event
9) Global transformation forum
10) Young President Organisation
11) MDec Experiential Mission (Silicon Valley)
12) Finance for Non-Finance Manager
13) Financial Analysis : A Critical Approach
14) Global transformation forum
15) HE National Seminar on Trans-Pacific Partnership
16) Prospects for Global Oil Prices, World Trade and the Regional Outlook: Implications for the Private Sector
17) GST: From A to Z for Capital Market Services Industry
18) Invest Malaysia Conference 2015
19) Breakfast Series : Bringing the Best Out in Boardrooms
20) Audit Series : Workshop 5 – Going Concern Indicators and Managing Impairment of Assets and Restructuring Provisions
21) Real Estate Accounting & Financial Reporting
22) Corporate Fraud & Forensic Accounting
23) AGM Guide for Listed Issuer

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors for the financial year is as follows:

	Directors Fee and Allowances		Salaries and Others	
	Group	**Company**	**Group**	**Company**
Executive Directors	RM77,000	RM77,000	RM1,025,148	Nil
Non-Executive Directors	RM153,500	RM153,500	RM54,240	Nil

The number of Directors of the Company whose total remuneration during the year falling into the following bands are as follows:

	Number of Directors	
Range of remunerations during the year	**Executive**	**Non-Executive**
Below RM50,000	-	3
RM50,001 – RM100,000	-	1
RM500,001 – RM550,000	1	-
RM550,001 – RM600,000	1	-

C. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company strictly adheres to the disclosure requirements of Bursa Malaysia and recognises the importance of timely and equal dissemination of information to shareholders and stakeholders to fulfill transparency and accountability objectives. Another key channel of communication with the shareholders, investors and the investment community at large is the Group's investor relations function. The institutional shareholders, fund managers, research analysts and substantial shareholders have a direct channel and are able to enter into a dialogue with the Company's representatives.

The AGM remains the principal forum for communication and dialogue with the shareholders of the Company. Shareholders are notified of the AGM and provided with a copy of the Company's Annual Report at least twenty-one (21) days before the date of the AGM.

The Board members are prepared to respond to all queries and had undertaken to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Malaysia at the end of the meeting day. Proceedings of the AGM are properly minuted.

In accordance to Recommendation 8.2 of the Code, the Board is encouraged to put substantive resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast and against each resolution. Recommendation 8.2 of the Code further encourages the employment of electronic means for poll voting. The Board is of the view that voting by way of a show of hands is an effective method, given the current level of shareholders' attendance at the Group's AGMs. Poll voting is only carried out for related party transactions that require specific shareholders' approval.

The Company also maintains a website (www.privasia.com) through which shareholders and members of the public in general can gain access to information about the Group.

D. CORPORATE DISCLOSURE POLICY

Corporate Disclosure Policy was established to ensure that communications to the public regarding the Group are timely, factual, accurate and complete.

E. ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Board is aware of its responsibilities to the shareholders and the requirements to present a balanced and meaningful assessment of the Group's financial position, by means of the annual financial and quarterly report's statements and other published information. In this regard, the Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the requirements of the Companies Act, 1965 and the approved accounting standards set by the Malaysian Accounting Standards Board.

With assistance from the Audit and Risk Management Committee, the Board has reviewed both the financial and statutory compliance aspects of the Audited Financial Statements.

ii) Internal Control

The Statement on Risk Management and Internal control is set out in page 30 of this Annual Report.

iii) Relationship with External Auditor

Through the Audit and Risk Management Committee, the Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the Malaysian Financial Reporting Standards and Companies Act, 1965 in Malaysia. The interactions between the parties include the discussion of audit plan, audit findings and corrective actions, where appropriate and the conclusion of the financial statements. The Audit and Risk Management Committee meet at least two times with the external auditors without the presence of the Executive Directors and management.

F. DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to ensure that the financial statements of the Group and the Company are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965, in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year ended 31 December 2015.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates.

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

G. BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees with clearly defined terms of reference to assist in discharging its duties. The Board Committees include the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Investment Committee. The Chairman of the respective Committees will report and table to the Board their respective recommendations for consideration and adoption.

The Board Committees for the financial year under review are as follows:

i) Audit and Risk Management Committee

Audit and Risk Management Committee operates under a clearly defined Terms of Reference stating its roles and responsibility in ensuring the quality and integrity of the practices of the Group. The Audit and Risk Management Committee comprises exclusively of non-executive independent directors.

The terms of reference of the Audit and Risk Management Committee are set out under the Audit and Risk Management Committee Report on pages 27 and 28 of this annual report.

Members

- Datuk Ali bin Abdul Kadir (Independent Non-Executive Director) - Chairman
- Brian Wong Wye Pong (Independent Non-Executive Director)
- Asgari bin Mohd Fuad Stephens (Independent Non-Executive Director)

The Audit and Risk Management Committee has held a total of five (5) meetings during the course of the financial year ended 31 December 2015. The details of the attendance of each committee member at committee meetings held during the financial year ended 31 December 2015 are set out under the Audit and Risk Management Committee Report on page 29 of this annual report.

ii) Nomination Committee

The Nomination Committee comprises exclusively of independent non-executive directors.

Members

- Datuk Ali bin Abdul Kadir (Independent Non-Executive Director) - Chairman
- Brian Wong Wye Pong (Independent Non-Executive Director)
- Asgari bin Mohd Fuad Stephens (Independent Non-Executive Director)

The Nomination Committee is responsible for ensuring the Board has the appropriate balance and size, and recommending the right candidates with the necessary mix of skills, experience and competencies to be appointed to the Board. The membership of the Nomination Committee has not changed since the last report.

The Board through the Nomination Committee assessed the independence of the independent directors based on the criteria set out in the Listing Requirement on an annual basis. The Board is satisfied with the level of independency demonstrated by the three independent non-executive directors and their ability to act in the best interest of the Company.

Meeting of the Nomination Committee will be held at least once a year or as and when required.

The Terms of Reference of the Nomination Committee in relation to its authority and duties are as follows:

<u>Duties and Responsibilities</u>

- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

- Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Before making an appointment, evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
  a) use open advertising or the services of external advisers to facilitate the search;
  b) consider candidates from a wide range of backgrounds; and
  c) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the market place;
- Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
- Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.

The Committee will also make recommendations to the Board concerning:
- Plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
- Suitable candidates for the role of senior independent director;
- Membership of the Audit and Remuneration Committees, in consultation with the chairman of those committees;
- The re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- The re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's Article of Association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract;
- The appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the full board;
- Assessing the effectiveness of the Board and the contribution of individual directors;
- Shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- Shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used; and
- Shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority
- The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties; and
- The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

The Nomination Committee upon its annual assessment carried out for the financial year ended 31 December 2015, was satisfied that:
- The size and composition of the Company is optimum with appropriate mix of knowledge, skills, attributes and core competencies;
- The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the operations;
- All the Directors continue to uphold the highest governance standards in their conduct and that of the Board;
- All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors comply with the definition of Independent Directors as stated in the ACE Market Listing Requirements of Bursa Malaysia, where none of tenure of an independent director exceeds a cumulative of nine years, and therefore would be able to function as a check and balance and bring an element of objective to the Board; and
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as they hold either one or only a few directorship in public listed companies as described below:

  Holdings only one directorship : 3 directors
  Holdings two directorship : 1 director
  Holdings three directorship : 1 director
  Holdings four directorship : 1 director

Meetings

Details of the attendance of each Nomination Committee member at the Nomination Committee meeting held during the financial year ended 31 December 2015 are as follows:

Name of Directors	No. of Meeting Attended
■ Datuk Ali bin Abdul Kadir	1 / 1
■ Brian Wong Wye Pong	1 / 1
■ Asgari bin Mohd Fuad Stephens	1 / 1

The Company Secretary was present at the meeting.

iii) Remuneration Committee

The Remuneration Committee is made up majority of non-executive directors.

Members

- Brian Wong Wye Pong (Independent Non-Executive Director) – Chairman
- Puvanesan a/l Subenthiran (Chief Executive Officer / Managing Director)
- Datuk Mohd Aqliff Shane Abdullah (Non-Independent Non-Executive Director)

Meeting of the Remuneration Committee will be held at least once a year or as and when required.

The Terms of Reference of the Remuneration Committee in relation to its authority and duties are as follows:

Duties and Responsibilities

- Determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the Executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of Non-Executive Directors shall be a matter for the Chairman and the Executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- Determine the policy for, and scope of, pension arrangements for each Executive Director and other Senior Executive, if applicable;
- Ensure the contractual terms on termination, and any payment made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each Executive Director and other Senior Executives including bonuses, incentive payments and share options or other share awards;
- Review and note annually the remuneration trends across the Company or Group;
- Oversee any major changes in employee benefits structures throughout the Company or Group;
- Agree the policy for authorizing claims for expenses from the Chief Executive and Chairman;
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations;
- Provide a means for review of the Company's processes for producing financial data, its internal controls, and the independence of the Company's external auditor, and a forum for dialogue with the Company's external and internal auditors;
- To reinforce the objectivity of the internal auditing department;
- To deal with the issue relating to the presence of controlling shareholders and substantial shareholders;
- Shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
- Shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

- The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties; and
- In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.

All recommendations of the Remuneration Committee are subject to the endorsement of the Board.

Meetings

Details of the attendance of each Remuneration Committee member at the Remuneration Committee meeting held during the financial year ended 31 December 2015 are as follows:

Name of Directors	No. of Meeting Attended
■ Brian Wong Wye Pong	1 / 1
■ Puvanesan a/l Subenthiran	1 / 1
■ Datuk Mohd Aqliff Shane Abdullah	1 / 1

The Company Secretary was present at the meeting.

iv) Investment Committee

The Investment Committee is made up majority of non-executive directors.

Members

- Asgari bin Mohd Fuad Stephens (Independent Non-Executive Director) – Chairman
- Brian Wong Wye Pong (Independent Non-Executive Director)
- Puvanesan a/l Subenthiran (Chief Executive Officer / Managing Director)
- Andre Anthony a/l Hubert Rene (Deputy Chief Executive Officer / Executive Director) – alternate to Puvanesan a/l Subenthiran

Meeting of the Investment Committee will be held at times the Chairman of the committee shall require or upon requisition by any member of the Committee.

The Terms of Reference of the Investment Committee in relation to its authority and duties are as follows:

- To study/review/evaluate on an ongoing basis the appropriateness of the proposal in the light of economic and business conditions affecting the Company, and make recommendations for Board approval as may be appropriate. The Chief Executive Officer and/or Deputy Chief Executive Officer be authorised to sign the agreement;
- To assess the proposal/agreement recommended by the Board and make appropriate recommendation to Board;
- To monitor performance, including the performance of outside investments managers, to ensure that investment returns falls within acceptable limits;
- To review/evaluate and approve, at least annually, the investment strategy framework of the Group's investment portfolios;
- To examine current global investment portfolio dispositions and ensure these remain consistent with the Group's current strategy and risk framework and appetite;
- To review, challenge and approve (as appropriate) specific major investment strategy proposals;
- To review the operational framework of the global investment portfolios of the Group, including the use of both internal and external fund management resources; and
- To review the performance generated by the investment assets of the Group, both in absolute terms and relative to benchmark targets.

Authority

- The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties;
- The Committee is authorised to obtain, at the Company's expense, independent legal or other professional advice on any matters within its term of reference; and
- The Committee is authorised to delegate any of its duties as is appropriate to such persons or person as it thinks fit whilst retaining responsibility and oversight for any and all actions taken.

All recommendations of the Investment Committee are subject to the endorsement of the Board.

Meetings

Details of the attendance of each Investment Committee member at the Investment Committee meeting held during the financial year ended 31 December 2015 are as follows:

Name of Directors	No. of Meeting Attended
■ Asgari bin Mohd Fuad Stephens	1 / 1
■ Brian Wong Wye Pong	1 / 1
■ Puvanesan a/l Subenthiran	1 / 1

Compliance with the Code

The Board is satisfied that the Group has maintained high standards of Corporate Governance and had strived to achieve the highest level of integrity and ethical standard, in all its business dealings, including compliance with the Code through the financial year ended 31 December 2015.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 18 April 2016.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("the Committee") is pleased to present their report for the financial year ended 31 December 2015.

A. MEMBERSHIP

The present members of the Committee comprise:

■ Datuk Ali bin Abdul Kadir	Independent Non-Executive Director, the Chairman of the Committee
■ Brian Wong Wye Pong	Independent Non-Executive Director
■ Asgari bin Mohd Fuad Stephens	Independent Non-Executive Director

B. TERM OF REFERENCE

The terms of reference of the Committee are set out as below:

Composition

1. The Committee shall be appointed among the Board of Directors ("the Board"), a majority of whom shall be Independent Directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such qualification and/or experience as approved by Bursa Securities.

2. The Chief Executive Officer shall not be a member of the Committee.

Chairman

The Chairman, who shall be appointed by the Board, shall be an Independent Director.

Secretary

The Company Secretary shall be the Secretary of the Committee. The Secretary shall be responsible for keeping the minutes of the Committee's meetings and circulating them to the Committee members and to the other members of the Board.

Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Non-Executive Directors. All decisions at such meeting shall be decided by a show of hands on a majority of votes.

The Committee shall have the authority to convene meetings with external auditors when required, excluding the attendance of other Directors and employees of the Company.

Authority

The Committee is authorised by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorised to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.

The Committee is empowered to also obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

Duties and Responsibilities

1. To recommend the appointment of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.

2. To discuss with the external auditors, their audit plan.

3. To review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:

    - public announcements of results and dividend payment;
    - any changes in accounting policies and practices;
    - major judgmental areas;
    - significant adjustments resulting from the audit;
    - the going-concern assumption;
    - compliance with accounting standards; and
    - compliance with the stock exchange and legal requirements.

4. To discuss problems and reservations arising from the interim and final internal and external audits and any matters the auditors may wish to discuss (in the absence of management where necessary).

5. To keep under review the effectiveness of internal control system and, in particular, review external auditors' management letter and management's response.

6. To review any related party transactions that may arise within the Company or Group.

7. To verify the allocation of share options under the Employees Share Option Scheme of Privasia Technology Berhad.

8. To review and approve the statements of risk management and internal control to be included in the annual report concerning internal controls and risk management.

9. To monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.

10. Ensuring that a formalised risk management framework is established that identifies, evaluates, measures, manages, reports and monitors all of the material business risks across the Group.

11. To approve the appointment and removal of the internal auditor.

12. To consider and approve the scope of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

13. To ensure the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work and the function has adequate standing and is free from management or other restrictions.

14. To review and assess the annual internal audit plan.

15. To review promptly all reports on the Group from the internal auditors and review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

16. To monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company as compared to the overall fee income of the firm, office and partners and other related requirements.

17. To review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigations of such matters and appropriate follow-up actions.

18. Identifying and monitoring the key risks of the Group and evaluating the management.

19. Ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in the areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, e.g. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.

20. Ensuring action plan is in place to manage the key risks to which the Group is exposed.

21. Critically assessing the Group's business strategies and plans from a risk-based and enterprise-wide perspective.

22. To carry out such other functions and consider other topics, as may be agreed upon by the Board.

C. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2015, a total of five (5) meetings were held and the details of attendances are set out below:

Name of Directors	Attendance
■ Datuk Ali Bin Abdul Kadir	5 / 5
■ Brian Wong Wye Pong	5 / 5
■ Asgari Bin Mohd Fuad Stephens	5 / 5

The Company Secretary was present at all meetings. The meetings were appropriately structured throughout the use of agendas.

Summary of Activities
The following activities were carried out by the Committee during the financial year under review:

i. Reviewed the quarterly unaudited financial results and the annual audited financial statements for recommendation to the Board;

ii. Reviewed with the external auditors the Audit Planning Memorandum and the scope of work for the year;

iii. Considered the Internal Audit function of the Group;

iv. Reviewed the internal reports to ensure that appropriate and prompt remedial action has been taken by Management on lapses in controls or procedures identified by internal auditors;

v. Reviewed the changes in major accounting policies;

vi. Reviewed significant or unusual events;

vii. Reviewed the compliance with accounting standards and other legal requirements;

viii. Reviewed major audit findings raised by the external auditors and Management's response, including the status of previous audit recommendations;

ix. Considered and recommended the appointment of internal and external auditors for the Board's approval;

x. Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control; and

xi. Ensure outsourced internal audit function has adequate resources, consisting of people who are adequately skilled.

D. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Wensen Consulting Asia (M) Sdn. Bhd., a professional consulting firm, which provides support to the Committee in monitoring and managing risks and internal control systems of the Group.

The main role of the internal audit function is to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the internal control policies and procedures. All internal auditors' reports are deliberated by the Committee and recommendations made are acted upon.

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on page 31 and 32.

The total costs incurred for the internal audit function of the Company for the financial year was RM18,000.

This report was made in accordance with a resolution of the Board passed on 18 April 2016.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2015. This Statement is prepared pursuant to paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and in accordance with the Principles and Best Practices provisions relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("Code"). This Statement is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. This process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

The Board is assisted by management in implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

The key features of the risk management and internal control systems are described below:

Risk Management

The Board recognises that risk management should be an integral part of the business operation.

The Group has in place risk profiles of major business units. Key risks of major business units were identified, assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. Risk profiles for the major business units were identified.

The risk profile of the major business units of the Group are being monitored by its respective key management staff and existing Enterprise Risk Management ("ERM") Framework of the Group is continuously assessed to identify enhancement required, if any. Key risks of the Group are discussed at Management and Board Meetings.

Existing Enterprise Risk Management ("ERM") Framework of the Group has been assessed to identify enhancement required. This is to ensure a robust and sustainable ERM framework is aligned with the Group's vision and missions, as the Group firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value.

Internal Control

The Board receives and reviews quarterly reports from the management on key financial data, and regulatory matters. This is to ensure that matters that require the Board and management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a budgeting system that requires preparation of the annual budget by all major business units. The annual budgets which contain financial, operating targets and performance indicators are reviewed and approved by the Executive Directors together with the management before being presented to the Board for final review and approval.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. Further independent assurance is provided by the Group internal audit function and the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:

- Established organisation structure with clearly defined lines of responsibilities, authority limits, and accountability aligned to business and operations requirement;
- Quarterly review of the financial performance of the Group by the Board and the Audit and Risk Management Committee;
- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Management meetings are held where policies, decisions and expected operational performance targets and objectives set are communicated and executed;
- Risk management principles, policies, procedures are in place to reflect changing risks or resolve operational deficiencies, and to ensure relevance and compliance with current or applicable laws and regulations. Cases of non-compliance to policies and procedures are reported to the Board and Audit and Risk Committee by exception;
- Investment Committee is established to manage the Group's investment portfolios within the Group strategy and risk frameworks;
- The Group has maintained recruitment, appraisal, reward and training programmes as the Board considers the integrity of staff at all level is of utmost importance. The Group's culture and values, and the standard of ethical behaviour and conduct it expects from the directors and employees have been communicated to them via letter of appointment and employee handbook;
- Insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group;
- Adopts a whistle blowing policy, providing an avenue for employees to report actual or suspected misconduct, malpractices or violations of the Group's policies in a safe and confidential manner;
- Enhancing the quality and ability of employees through training and development;
- Standardised policies and procedures are implemented to the financial and operational controls of the Group; and
- As computers are used for transmitting information and storing data, the Group maintains IT security controls such as user and password access rights and backup of data.

External Audit

In the course of conducting quarterly limited review and annual statutory audit, the external auditor will highlight any significant review, audit, accounting and internal controls matters which require attention to the Board and Audit and Risk Management Committee. In the quarterly Audit and Risk Management Committee meetings, the external auditor will provide views on any related matters for the attention of the Audit and Risk Management Committee. At least twice a year, the Audit and Risk Management Committee shall meet the external auditor without the Executive Directors and management being present. This year, the Audit and Risk Management Committee met twice with the external auditor without the Executive Directors and management being present.

Internal Audit Function

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit function assists the Board and Audit and Risk Management Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls.

The internal audit function of the Group is carried out according to an annual audit plan approved by the Audit and Risk Management Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are reported periodically to the Audit and Risk Management Committee.

The audit reports are reviewed by the Audit and Risk Management Committee and forwarded to the Management so that any recommended corrective actions could be undertaken. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame.

A total of RM18,000 was spent on internal audit activities in 2015.

Review by Board

The Board considered the adequacy and effectiveness of the risk management and internal control process in the Group during the financial year.

A review on the adequacy and effectiveness of the risk management and internal control systems has been undertaken based on information from:

- Management within the organisation responsible for the development and maintenance of the risk management and internal control framework;
- Assessments of major business units and functional controls by respective management to complement the above input in providing a holistic view of the Group risk and control framework effectiveness; and
- The work by the internal audit function which submitted the Internal Audit Plan highlighting the key processes, which have been defined based on the Audit and Risk Management Committee's assessment on the Group's financial, operational, compliance, and information technology risks, and Internal Audit reports to the Audit and Risk Management Committee together with recommendations for improvement.

The Audit and Risk Management Committee will address and monitor the implementation of key action plans and any internal control weakness and ensure continuous process improvement.

In accordance to the Bursa's Guidelines, management is responsible to the Board for:

- identifying risks relevant to the business of the Group's objectives and strategies implementation;
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, taking action as appropriate and promptly bringing these to the attention of the Board.

There have been no significant weaknesses noted which have resulted in any material losses. The Group maintain on-going commitments to continue strengthening its risk management and internal control systems.

Before producing this Statement, the Board has also received assurance from the Chief Executive Officer and Chief Financial Officer of the Company that, to their best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

The Board considers the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

This statement is made in accordance with a resolution of the Board of Directors passed on 18 April 2016.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Privasia is committed to actively playing our role as a responsible corporate citizen. We believe a sustainable business should be carried out ethically, with integrity and enhances the value of all our stakeholders. We have identified three important pillars to support our initiative to build a sustainable business, namely the Workplace, the Environment and the Community.

Workplace

Our people form one of the core success factors of Privasia. In order to ensure the wellbeing of our employees, we strive to provide a safe and healthy workplace environment so that operations can be carried out efficiently. Annually, training and development programmes are held to enable employees realise their full potential.

Environment

We are also aware of the impact our operations have on the environment and being a responsible corporate citizen, we have taken active steps to reduce our carbon footprint. We have put in place policies to reduce energy consumption by switching off lights and air conditioning during non-peak hours, to print only when necessary, and to recycle used papers.

Community

Privasia is committed to supporting activities that enrich and enhance the lives of the larger community by promoting the spirit of sportsmanship.

Privasia is a proud sponsor of the Westports Malaysia Dragons, which is the current champion of the ASEAN Basketball League ("ABL"). For the 2015/ 2016 ABL season, the Westports Malaysia Dragons not only topped the standings in the ABL regular season but were also crowned champions in the ABL finals, the first ever in their franchise history. We hope that through this sponsorship we will be able to inspire the younger generation to adopt a healthy lifestyle and provide an avenue for these players to hone their skills and eventually become professional players.

The Dream Chaser program sponsored by us, serves as a platform for young talented drivers to develop their competitive racing skills and also to generate opportunities for them to progress to higher level of international racing. The Dream Chaser car racing team clinched their first maiden victory in the Sepang 1,000 km 2015, Independent Cup tournament.

Privasia began sponsoring the Victoria Institution Rugby Club in hopes of inspiring the younger generation to achieve teamwork and success. As in previous years, we continued to support the Selangor Hockey Association. Through our contributions, we look forward to the further development and growth of hockey in the Selangor state and the country.

In addition to the above, we supported numerous charitable programmes and bodies during the year.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. **Utilisation of Proceeds**
   During the financial year, the Group did not raise any funds from the public.

2. **Share Buy-Back**
   The Company does not have a scheme to buy-back its own shares.

3. **Options, Warrants or Convertible Securities**
   The approval of the shareholders for the employees' share option scheme of up to ten (10) percent of the issued and paid-up share capital of the Company ("ESOS") was obtained at the extraordinary general meeting of the Company which was held on 12 March 2009. There were no options allocated during the financial year under review. Further, the Company did not issue any warrants and convertible securities during the financial year under review.

4. **Depository Receipt Programme**
   During the financial year, the Company did not sponsor any depository receipt programme.

5. **Sanctions and/or Penalties**
   During the financial year, there were no public sanctions and/or penalties imposed on the Group and the Company, directors or management by the relevant authorities.

6. **Non-Audit Fees**
   During the financial year, the non-audit fees paid to the external auditors was RM59,000.

7. **Variation of Results**
   There were no variances of ten percent (10%) or more for the audited results of the Group from the unaudited results as previously announced on 29 February 2016.

8. **Material Contracts**
   There were no material contracts subsisting at the end of the financial year ended 31 December 2015 entered into by the Company and the Group, involving the interests of the Directors and major shareholders.

9. **Revaluation Policy on Landed Properties**
   The Group does not have a revaluation policy for its landed properties.

10. **Related Party Transactions**
    There are no significant related party transactions other than those disclosed in Note 12, 17, 20 and 27 in the financial statements.

11. **Profit Guarantee**
    During the financial year, there were no profit guarantees given in respect of the Company.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' Report for The Year Ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal Activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group (RM)	**Company** (RM)
Profit for the year attributable to:		
Owners of the Company	3,119,771	1,885,376
Non-controlling interests	(927,537)	-
Net profit for the year	**2,192,234**	**1,885,376**

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review, except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a final dividend of 0.25 sen per ordinary share totalling RM1,395,500 in respect of the financial year ended 31 December 2014 on 15 July 2015.

Subsequent to the financial year end, on 12 April 2016, the Directors proposed a final dividend of 0.20 sen per ordinary share totalling RM1,116,400 in respect of the financial year ended 31 December 2015. The financial statements for the current financial year do not reflect this dividend. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2016.

Directors of the Company

Directors who served since the date of the last report are:

- Andre Anthony a/l Hubert Rene
- Asgari bin Mohd Fuad Stephens
- Brian Wong Wye Pong
- Datuk Ali bin Abdul Kadir
- Datuk Mohd Aqliff Shane Abdullah
- Puvanesan a/l Subenthiran

Directors' Interests in Shares

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
In the Company:				
Direct interest				
Andre Anthony a/l Hubert Rene	10,828,700	-	-	**10,828,700**
Brian Wong Wye Pong	500,000	-	-	**500,000**
Datuk Ali bin Abdul Kadir	18,530,400	-	-	**18,530,400**
Datuk Mohd Aqliff Shane Abdullah	28,111,000	-	-	**28,111,000**
Puvanesan a/l Subenthiran	15,581,400	30,000	-	**15,611,400**
Deemed interest				
By virtue of shares held by				
Anyotech Sdn. Bhd.				
- Andre Anthony a/l Hubert Rene	79,713,220	-	-	**79,713,220**
- Puvanesan a/l Subenthiran	79,713,220	-	-	**79,713,220**
Pancarthiran Sdn. Bhd.				
- Puvanesan a/l Subenthiran	71,172,500	-	-	**71,172,500**
Radiant Principles Sdn. Bhd.				
- Andre Anthony a/l Hubert Rene	76,836,300	-	-	**76,836,300**
Rio Capital Sdn. Bhd.				
- Datuk Ali bin Abdul Kadir	1,666,000	-	-	**1,666,000**
Asgari bin Mohd Fuad Stephens*	4,000,000	-	(4,000,000)	**-**

* *Deemed interest under Section 122(A) of the Act by virtue of shares held by his spouse and parent.*

By virtue of their interests in the shares of the Company, all the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Privasia Technology Berhad has an interest.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any 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 or the fixed salary of a full time employee of the Company or of related corporations) 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, except as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of Shares and Debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options Granted Over Unissued Shares

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

Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provisions made for doubtful debts, and
ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Ali bin Abdul Kadir **Puvanesan a/l Subenthiran**

Petaling Jaya
Date: 18 April 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Assets					
Property, plant and equipment	3	**29,763,142**	30,760,129	**-**	-
Investment properties	4	**4,261,689**	4,309,456	**-**	-
Intangible assets	5	**37,313,581**	36,889,131	**-**	-
Investment in subsidiaries	6	**-**	-	**58,403,181**	58,403,181
Investment in an associate	7	**-**	-	**-**	-
Available-for-sale financial asset	8	**500,000**	500,000	**500,000**	500,000
Deferred tax assets	16	**1,073,987**	116,141	**-**	-
Total non-current assets		**72,912,399**	72,574,857	**58,903,181**	58,903,181
Inventories	9	**3,218,269**	2,670,296	**-**	-
Work-in-progress	10	**78,271**	927,719	**-**	-
Tax recoverable	11	**1,312,609**	518,758	**-**	-
Trade and other receivables	12	**35,479,636**	27,643,195	**5,144,896**	2,545,981
Cash and cash equivalents	13	**9,225,227**	10,427,488	**5,120**	94,063
Total current assets		**49,314,012**	42,187,456	**5,150,016**	2,640,044
Total assets		**122,226,411**	114,762,313	**64,053,197**	61,543,225
Equity					
Share capital	14	**55,820,002**	55,820,002	**55,820,002**	55,820,002
Reserve		**25,625,464**	23,901,193	**2,143,166**	1,653,290
Total equity attributable to owners of the Company		**81,445,466**	79,721,195	**57,963,168**	57,473,292
Non-controlling interests		**(609,480)**	318,057	**-**	-
Total equity		**80,835,986**	80,039,252	**57,963,168**	57,473,292
Liabilities					
Loans and borrowings	15	**9,448,752**	8,743,927	**-**	-
Deferred tax liabilities	16	**2,102,721**	2,363,347	**-**	-
Total non-current liabilities		**11,551,473**	11,107,274	**-**	-
Loans and borrowings	15	**3,021,053**	1,682,437	**-**	-
Trade and other payables	17	**26,784,899**	21,928,921	**6,090,029**	4,069,933
Taxation		**33,000**	4,429	**-**	-
Total current liabilities		**29,838,952**	23,615,787	**6,090,029**	4,069,933
Total liabilities		**41,390,425**	34,723,061	**6,090,029**	4,069,933
Total equity and liabilities		**122,226,411**	114,762,313	**64,053,197**	61,543,225

The notes on pages 45 to 83 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 (RM)	2014 (RM)	2015 (RM)	2014 (RM)
Revenue		**81,345,878**	73,891,677	**5,355,964**	4,587,416
Cost of sales		**(54,527,976)**	(47,534,320)	**-**	-
Gross profit		**26,817,902**	26,357,357	**5,355,964**	4,587,416
Other income		**235,353**	272,197	**372**	-
Other operating expenses		**(23,267,230)**	(16,817,255)	**(3,470,968)**	(3,077,185)
Results from operating activities		**3,786,025**	9,812,299	**1,885,368**	1,510,231
Finance income		**54,545**	164,897	**8**	-
Finance costs		**(532,721)**	(620,296)	**-**	-
Profit before tax	18	**3,307,849**	9,356,900	**1,885,376**	1,510,231
Tax expense	19	**(1,115,615)**	(2,918,171)	**-**	-
Net profit for the year and total comprehensive income for the year		**2,192,234**	6,438,729	**1,885,376**	1,510,231
Profit and total comprehensive income attributable to:					
Owners of the Company		**3,119,771**	6,482,425	**1,885,376**	1,510,231
Non-controlling interests		**(927,537)**	(43,696)	**-**	-
Net profit for the year		**2,192,234**	6,438,729	**1,885,376**	1,510,231
Basic earnings per ordinary share (sen)	21	**0.56**	1.16		

The notes on pages 45 to 83 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

		Attributable to owners of the Company				
		Non-distributable	Distributable			
	Note	Share capital (RM)	Retained earnings (RM)	Subtotal (RM)	Non-controlling interests (RM)	Total equity (RM)
At 1 January 2014		55,820,002	19,093,368	74,913,370	281,753	75,195,123
Net profit / Total comprehensive income for the year		-	6,482,425	6,482,425	(43,696)	6,438,729
Distribution to owners of the Company						
- Dividend paid	22	-	(1,674,600)	(1,674,600)	-	(1,674,600)
Changes in ownership interests in a subsidiary		-	-	-	80,000	80,000
Total transaction with owners of the Group		-	(1,674,600)	(1,674,600)	80,000	(1,594,600)
At 31 December 2014 / 1 January 2015		55,820,002	23,901,193	79,721,195	318,057	80,039,252
Net profit / Total comprehensive income for the year		-	3,119,771	3,119,771	(927,537)	2,192,234
Distribution to owners of the Company						
- Dividend paid	22	-	(1,395,500)	(1,395,500)	-	(1,395,500)
Total transaction with owners of the Group		-	(1,395,500)	(1,395,500)	-	(1,395,500)
At 31 December 2015		**55,820,002**	**25,625,464**	**81,445,466**	**(609,480)**	**80,835,986**
		Note 14				

The notes on pages 45 to 83 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Company	Note	Non-distributable	Distributable	
		Share capital (RM)	**Retained earnings** (RM)	**Total** (RM)
At 1 January 2014		55,820,002	1,817,659	57,637,661
Net profit / Total comprehensive income for the year		-	1,510,231	1,510,231
Distributions to the owners of the Company				
- Dividend paid	22	-	(1,674,600)	(1,674,600)
Total transactions with the owners of the Company		-	(1,674,600)	(1,674,600)
At 31 December 2014 / 1 January 2015		55,820,002	1,653,290	57,473,292
Net profit / Total comprehensive income for the year		-	1,885,376	1,885,376
Distributions to the owners of the Company				
- Dividend paid	22	-	(1,395,500)	(1,395,500)
Total transactions with the owners of the Company		-	(1,395,500)	(1,395,500)
At 31 December 2015		**55,820,002**	**2,143,166**	**57,963,168**
		Note 14		

The notes on pages 45 to 83 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Cash flows from operating activities				
Profit before tax	**3,307,849**	9,356,900	**1,885,376**	1,510,231
Adjustments for:				
Amortisation of intangible assets	**527,514**	454,930	**-**	-
Bad debts written off	**173,606**	-	**-**	-
Depreciation of investment properties	**47,767**	47,767	**-**	-
Depreciation of property, plant and equipment	**8,814,139**	7,728,597	**-**	-
Finance costs	**532,721**	620,296	**-**	-
Finance income	**(54,545)**	(164,897)	**(8)**	-
Loss on disposal of property, plant and equipment	**-**	8,197	**-**	-
Inventories written down	**129,492**	37,319	**-**	-
Impairment loss on trade receivables	**858,875**	938,305	**-**	-
Reversal of impairment loss on trade receivables	**-**	(98,761)	**-**	-
Property, plant and equipment written off	**6,916**	1,673	**-**	-
Impairment loss on goodwill	**-**	320,000	**-**	-
Unrealised loss on foreign exchange	**697,965**	19,090	**-**	-
Operating profit before changes in working capital	**15,042,299**	19,269,416	**1,885,368**	1,510,231
Changes in working capital:				
Inventories	**(677,465)**	(225,389)	**-**	-
Work-in-progress	**849,448**	2,775,665	**-**	-
Trade and other receivables	**(8,868,922)**	(8,961,091)	**(2,598,915)**	(1,499,650)
Trade and other payables	**4,158,013**	11,308,495	**2,020,096**	2,177,451

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

	Note	Group		Company	
		2015 (RM)	2014 (RM)	2015 (RM)	2014 (RM)
Cash generated from operations		**10,503,373**	24,167,096	**1,306,549**	2,188,032
Interest received		**54,545**	164,897	**8**	-
Tax refunded		**990**	60,734	**-**	-
Tax paid		**(3,100,356)**	(2,524,223)	**-**	-
Net cash generated from operating activities		**7,458,552**	21,868,504	**1,306,557**	2,188,032
Cash flows from investing activities					
Acquisition of intangible assets		**(951,964)**	(756,361)	**-**	-
Acquisition of property, plant and equipment	(i)	**(7,429,648)**	(10,834,974)	**-**	-
Acquisition of available-for-sale financial assets		**-**	(500,000)	**-**	(500,000)
Increase in investment in subsidiary		**-**	-	**-**	(120,002)
Proceeds from disposal of property, plant and equipment		**-**	11,648	**-**	-
Net cash used in investing activities		**(8,381,612)**	(12,079,687)	**-**	(620,002)
Cash flows from financing activities					
Dividends paid	22	**(1,395,500)**	(1,674,600)	**(1,395,500)**	(1,674,600)
Increase in pledged deposits		**(817,298)**	(418,048)	**-**	-
Interest paid		**(532,721)**	(620,296)	**-**	-
Proceeds from/(Repayment of) loan and borrowings		**1,856,794**	(5,657,188)	**-**	-
Net cash used in financing activities		**(888,725)**	(8,370,132)	**(1,395,500)**	(1,674,600)
Net (decrease)/increase in cash and cash equivalents		**(1,811,785)**	1,418,685	**(88,943)**	(106,570)
Cash and cash equivalents at beginning of year		**7,770,509**	6,351,824	**94,063**	200,633
Cash and cash equivalents at end of year	(ii)	**5,958,724**	7,770,509	**5,120**	94,063

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

(i) ***Acquisition of property, plant and equipment***
During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM7,824,068 (2014: RM10,957,172), of which RM394,420 (2014: RM122,198), were acquired by means of finance leases.

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

		Group		Company	
	Note	**2015** (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Deposits	13	**5,156,694**	5,597,072	**-**	-
Less: Pledged deposits with licensed banks	13.1	**(3,165,360)**	(2,348,062)	**-**	-
		1,991,334	3,249,010	**-**	-
Cash and bank balances	13	**4,068,533**	4,830,416	**5,120**	94,063
Bank overdraft	15	**(101,143)**	(308,917)	**-**	-
		5,958,724	7,770,509	**5,120**	94,063

The notes on pages 45 to 83 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Privasia Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The addresses of its principal place of business and registered office of the Company are as follows:

Principal place of business
Unit C-21-05
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

Registered office
13A, Jalan SS21/56B
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 18 April 2016 .

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12*, Disclosure of Interests in Other Entities and* MFRS 128*, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment and* MFRS 138*, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment and* MFRS 141*, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and* MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018; and,
- from the annual period beginning on 1 January 2019 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company except as mentioned below:

i) **MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

ii) **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

iii) **MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentive* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) 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 unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

i) Valuation of investment properties (Note 4)

ii) Impairment of goodwill and intangible assets (Note 5)

iii) Impairment losses on trade and other receivables (Note 12)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

i) **Subsidiaries**

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

The Group controls an entity when it is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

ii) **Business combination**

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

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

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

iii) **Acquisition of non-controlling interests**

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

iv) **Loss of control**

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

v) **Associates**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

vi) **Non-controlling interests**

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

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

vii) **Transactions eliminated on consolidation**

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

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

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

i) **Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

ii) **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

Financial assets

a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

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

iii) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

i) **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 between knowledgeable willing parties 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 available and replacement cost when appropriate.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other operating expenses" respectively in profit or loss.

ii) **Subsequent costs**

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	95 years
• Computer equipment	3 - 5 years
• Telecommunication and other equipment	3 - 5 years
• Renovation	3 - 5 years
• Motor vehicles	5 years
• Small value assets	1 year

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

i) **Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. 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 the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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 property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

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 the leased assets are not recognised on the statement of financial position.

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.

(f) Intangible assets

i) **Goodwill**

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

ii) **Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

iii) **Other intangible assets**

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

iv) **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

v) **Amortisation**

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- Software costs 3 - 5 years
- Development costs 3 - 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment property

Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 95 years for buildings.

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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.

(i) Work-in-progress

Work-in-progress is measured at the lower of cost and net realisable value. The cost of work-in-progress includes expenditure, license fees and other incidental costs incurred in developing the work-in-progress.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment

i) **Financial assets**

All financial assets (except for investment in subsidiaries and investment in associate) 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. Losses expected as a result of future events, no matter how likely, are not recognised.

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

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

ii) **Other assets**

The carrying amounts of other 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, then 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 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 an 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 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 to sell. In assessing value in use, the estimated 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 its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. 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 units (groups 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 if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) **Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

ii) **Ordinary shares**

Ordinary shares are classified as equity.

(m) Employee benefits

i) **Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) **State plans**

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue

i) **Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

ii) **Services**

Revenue from services rendered is recognised in proportion to the stage of completion, unless they are incidental to the sale of product in which case they are recognised when the goods are sold. The stage of completion is assessed by reference to surveys of work performed to date as percentage of total services to be performed. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

iii) **Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

iv) **Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from subleased property is recognised as other income in profit or loss.

v) **Finance income**

Finance income is recognised as it accrues using the effective interest method in profit or loss except for finance income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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.

(q) Tax expense

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

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

Deferred tax is recognised using the liability method, providing for 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 following temporary difference: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Operating segments

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

(t) Contingencies

i) **Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

ii) **Contingent assets**

Where it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow 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 unless the probability of inflow of economic benefits is remote.

(u) Fair value measurement

Fair value of an asset or a liability, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1:

quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2:

inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:

unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings (RM)	Computer equipment (RM)	Telecommunication and other equipment (RM)	Renovation (RM)	Motor vehicles (RM)	Small value assets (RM)	Total (RM)
Cost							
At 1 January 2014	10,000,000	23,991,588	18,073,822	608,793	87,355	85,705	52,847,263
Additions	-	6,579,559	4,366,072	-	-	11,541	10,957,172
Disposals	-	(125,733)	(32,230)	-	-	(481)	(158,444)
Written off	-	(7,030)	-	-	-	-	(7,030)
At 31 December 2014 / 1 January 2015	10,000,000	30,438,384	22,407,664	608,793	87,355	96,765	63,638,961
Additions	-	550,949	7,206,915	53,156	-	13,048	7,824,068
Written off	-	(90,655)	(9,449)	-	-	-	(100,104)
At 31 December 2015	**10,000,000**	**30,898,678**	**29,605,130**	**661,949**	**87,355**	**109,813**	**71,362,925**
Accumulated depreciation							
At 1 January 2014	317,282	13,961,646	10,340,638	573,443	21,467	79,715	25,294,191
Charge for the year	106,150	4,444,712	3,134,890	19,675	16,822	6,348	7,728,597
Disposals	-	(117,866)	(20,651)	-	-	(82)	(138,599)
Written off	-	(5,357)	-	-	-	-	(5,357)
At 31 December 2014 / 1 January 2015	423,432	18,283,135	13,454,877	593,118	38,289	85,981	32,878,832
Charge for the year	106,150	4,498,972	4,150,513	28,129	16,822	13,553	8,814,139
Written off	-	(87,113)	(6,075)	-	-	-	(93,188)
At 31 December 2015	**529,582**	**22,694,994**	**17,599,315**	**621,247**	**55,111**	**99,534**	**41,599,783**
Carrying amounts							
At 1 January 2014	9,682,718	10,029,942	7,733,184	35,350	65,888	5,990	27,553,072
At 31 December 2014 / 1 January 2015	9,576,568	12,155,249	8,952,787	15,675	49,066	10,784	30,760,129
At 31 December 2015	**9,470,418**	**8,203,684**	**12,005,815**	**40,702**	**32,244**	**10,279**	**29,763,142**

At 31 December 2015, buildings of the Group with carrying amount of RM9,470,418 (2014: RM9,576,568) have been pledged as security for term loans from a licensed bank (see Note 15).

At 31 December 2015, the carrying amount of leased computer equipment amounted to RM455,914 (2014: RM137,206).

4. INVESTMENT PROPERTIES

	Group (RM)
Cost	
At 1 January 2014 / 31 December 2014 / 1 January 2015 / 31 December 2015	**4,500,000**
Accumulated depreciation	
At 1 January 2014	142,777
Charge for the year	47,767
At 31 December 2014 / 1 January 2015	190,544
Charge for the year	47,767
At 31 December 2015	**238,311**
Carrying amount	
At 1 January 2014	4,357,223
At 31 December 2014 / 1 January 2015	4,309,456
At 31 December 2015	**4,261,689**

Investment properties comprise a number of commercial properties that are leased or available for lease to third parties. Each of the lease contains an initial non-cancellable period of six months (see Note 26). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

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

	Group	
	2015 (RM)	2014 (RM)
Rental income	**191,669**	189,869
Direct operating expenses	**(58,266)**	(57,095)

At 31 December 2015, investment properties of the Group with carrying amount of RM4,261,689 (2014: RM4,309,456) have been pledged as security for term loans from a licensed bank (Note 15).

Fair value information

Fair value properties are categorised as follows:

	<---------------- Fair value ---------------->		
	Level 3 (RM)	**Total** (RM)	**Carrying amount** (RM)
2015 Investment properties	**5,264,048**	**5,264,048**	**4,261,689**
2014 Investment properties	5,500,000	5,500,000	4,309,456

Policy on transfer between levels

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot.	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Changes in Level 3 fair values are analysed by the management after obtaining valuation report from the valuer.

5. INTANGIBLE ASSETS

Group	Goodwill (RM)	Development costs (RM)	Software costs (RM)	Total (RM)
Cost				
At 1 January 2014	36,005,230	7,330,342	2,984,976	46,320,548
Additions	-	150,402	605,959	756,361
At 31 December 2014 / 1 January 2015	36,005,230	7,480,744	3,590,935	47,076,909
Additions	-	750,636	201,328	951,964
At 31 December 2015	**36,005,230**	**8,231,380**	**3,792,263**	**48,028,873**
Accumulated amortisation and impairment loss				
At 1 January 2014				
Accumulated amortisation	-	7,221,991	2,190,857	9,412,848
Amortisation for the year	-	91,514	363,416	454,930
Impairment loss for the year	320,000	-	-	320,000
At 31 December 2014 / 1 January 2015				
Accumulated amortisation	-	7,313,505	2,554,273	9,867,778
Accumulated impairment loss	320,000	-	-	320,000
	320,000	7,313,505	2,554,273	10,187,778
Amortisation for the year	-	51,586	475,928	527,514
At 31 December 2015				
Accumulated amortisation	-	7,365,091	3,030,201	10,395,292
Accumulated impairment loss	320,000	-	-	320,000
	320,000	**7,365,091**	**3,030,201**	**10,715,292**
Carrying amounts				
At 1 January 2014	36,005,230	108,351	794,119	36,907,700
At 31 December 2014 / 1 January 2015	36,005,230	167,239	1,036,662	36,889,131
At 31 December 2015	**36,005,230**	**866,289**	**762,062**	**37,313,581**

5.1 Amortisation

The amortisation of development costs and software costs are recognised in cost of sales.

5.2 Impairment testing for cash-generating units ("CGU") containing goodwill

During the current financial year, management performed a realignment of the business segments of the Group (see Note 23). Goodwill is allocated to the Group's operating segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Following from the realignment of business segments, the aggregate carrying amounts of goodwill allocated to each unit and corresponding comparatives are as follows:

	2015		2014	
		Discount rate		Discount rate
Group	**RM**	**%**	**RM**	**%**
Cash-generating unit				
Information Technology ("IT")	**31,189,056**	**12.13**	31,189,056	13.90
Information and Communication Technology ("ICT")	**4,027,178**	**12.13**	4,027,178	13.90
Satellite-based network services ("SAT")	**468,996**	**12.13**	468,996	13.90
	35,685,230		35,685,230	

Prior to the realignment of the business segments, the cash-generating units of the Group as at 31 December 2014 were as follows:

	2014	
		Discount rate
Group	**RM**	**%**
Cash-generating unit		
Outsourcing and Consulting ("OSD")	24,043,836	13.90
E-procurement ("E-proc")	7,145,220	13.90
Information and Communication Technologies Distribution ("CDIST")	2,931,323	13.90
Information and Communication Technologies Services ("CSERV")	1,095,855	13.90
Satellite-based network services ("SAT")	468,996	13.90
	35,685,230	

The recoverable amount of the CGUs are based on their value in use, determined by discounting future cash flows to be generated by the respective CGUs. The following key assumptions are used:

- Cash flows are projected based on past experience, actual operating results and a 3 years business plan approved by management. Cash flows for a further 2 years period were extrapolated from this projection.

- Revenue growth rates are extrapolated using a constant growth rate of 5% for years 4 to 5 and a terminal growth rate of 3% for the remaining years, which does not exceed the long-term average growth rate of the ICT industry.

- Operating expenses are expected to increase based on an annual rates at 5%.

- A pre-tax discount rate of 12.13% (2014: 13.90%) has been applied in determining the recoverable amount of the unit.

The estimated recoverable amount of each CGU exceeded the carrying amount of the units (including goodwill).

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGU. Based on this review, there is no evidence of impairment on the Group's goodwill.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 (RM)	**2014** (RM)
At cost:		
Unquoted shares	**58,403,181**	58,403,181

Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of subsidiary	**Principal activities**	**Effective ownership interest 2015** %	**Effective ownership interest 2014** %
Privasia Sdn. Bhd.	Outsourcing, consultation, e-procurement and related functions	**100**	100
Privanet Sdn. Bhd.	Provision of total wireless and communication solutions	**100**	100
IPSAT Sdn. Bhd.	Providing high speed internet broadband access (satellite services)	**100**	100
Spring Reach Distribution Sdn. Bhd.	Trading of electronic and telecommunication equipment	**70**	70
Privagen Sdn. Bhd.	Trading of information technology equipment and software	**60**	60
Subsidiaries of Privasia Sdn. Bhd.:			
Privasia (Sabah) Sdn. Bhd.	Provision of supplying, testing and commissioning of IT active equipment	**100**	100
Privacom Sdn. Bhd.	Dealer in data processing equipment, computer systems and provision of telecommunication and computer network consultancy services, temporarily ceased operations	**100**	100
Subsidiary of Privanet Sdn. Bhd.:			
Privatel Sdn. Bhd.	Provision of mobile development and services multimedia content	**75**	75
Scantel Sdn. Bhd.	Provision of communication solutions	**100**	100

7. INVESTMENT IN AN ASSOCIATE

	Group	
	2015 (RM)	**2014** (RM)
At cost:		
Unquoted shares	**30**	30
Share of post-acquisition reserves	**(30)**	(30)
	-	-

Details of the associate, incorporated in Malaysia, is as follows:

		Effective ownership interest	
Name	**Principal activities**	**2015** %	**2014** %
Infocrats Sdn. Bhd.	Provision of systems development in computer software solutions and packages.	**30**	30

8. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2015 (RM)	**2014** (RM)
Unquoted shares in Malaysia, at cost	**500,000**	500,000

It was not practicable to estimate and reliably measure the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market.

9. INVENTORIES

	Group	
	2015 (RM)	**2014** (RM)
Finished goods	**3,218,269**	2,670,296
Recognised in profit or loss:		
Inventories recognised as cost of sales	**494,527**	157,466
Write-down to net realisable value	**129,492**	37,319

10. WORK-IN-PROGRESS

	Group	
	2015 (RM)	2014 (RM)
At cost:		
Work-in-progress	**78,271**	927,719

11. TAX RECOVERABLE

Tax recoverable is estimated and will be finalised upon submission of tax returns to the Inland Revenue Board of Malaysia.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2015 (RM)	2014 (RM)	2015 (RM)	2014 (RM)
Trade					
Trade receivables		**27,529,344**	24,460,406	**-**	-
Allowance for impairment loss		**(2,175,233)**	(1,316,358)	**-**	-
		25,354,111	23,144,048	**-**	-
Unbilled revenue		**3,273,209**	-	**-**	-
Non-trade					
Amount due from related companies	12.1	**-**	-	**1,274,110**	12,814
Amount due from subsidiaries	12.1	**-**	-	**3,788,286**	2,531,167
Other receivables		**1,370,023**	1,289,185	**80,500**	-
Deposits		**2,675,963**	1,974,439	**2,000**	2,000
Prepayments		**2,806,330**	1,235,523	**-**	-
		6,852,316	4,499,147	**5,144,896**	2,545,981
Total trade and other receivables		**35,479,636**	27,643,195	**5,144,896**	2,545,981

12.1 ***Amounts due from related companies and subsidiaries***

The amounts due from related companies and subsidiaries are unsecured, interest free and repayable on demand.

13. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	**2015** (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Deposits placed with licensed banks		**5,156,694**	5,597,072	**-**	-
Cash and bank balances	13.1	**4,068,533**	4,830,416	**5,120**	94,063
		9,225,227	10,427,488	**5,120**	94,063

13.1 ***Deposits placed with licensed banks pledged for a bank facility***

Included in the deposits placed with licensed banks of the Group as at 31 December 2015 is RM3,165,360 (2014: RM2,348,062) pledged for bank facilities granted to certain subsidiaries in the Group (Note 15).

14. SHARE CAPITAL

	Group and Company			
	Amount 2015 (RM)	**Number of shares 2015**	**Amount 2014** (RM)	**Number of shares 2014**
Ordinary shares of RM0.10 each				
Authorised	**100,000,000**	1,000,000,000	**100,000,000**	1,000,000,000
Issued and fully paid	**55,820,002**	558,200,020	**55,820,002**	558,200,020

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company without restriction.

15. LOANS AND BORROWINGS

		Group	
	Note	**2015** (RM)	**2014** (RM)
Non-current			
Secured term loans from licensed banks	15.1	**7,826,161**	8,698,907
Finance lease liabilities		**1,622,591**	45,020
		9,448,752	8,743,927
Current			
Secured term loans from licensed banks	15.1	**1,190,024**	1,296,342
Finance lease liabilities		**1,729,886**	77,178
Bank overdraft	15.1	**101,143**	308,917
		3,021,053	1,682,437
Total		**12,469,805**	10,426,364

15.1 ***Security***

The term loans are secured over buildings in property, plant and equipment with a carrying amount of RM9,470,418 (2014: RM9,576,568) (Note 3) and investment properties with a carrying amount of RM4,261,689 (2014: RM4,309,456) (Note 4).

As at 31 December 2015, deposits placed with licensed banks amounting to RM3,165,360 (2014: RM2,348,062) was pledged for term loans, bank overdrafts and bank guarantees granted to certain subsidiaries in the Group (Note 13).

In addition, the term loans are also secured on all contract proceeds from the major customers of the Group and debenture by way of a fixed and floating charge on all present and future assets of the Group.

15.2 ***Terms and debt repayment schedule***

Group	**Year of maturity**	**Carrying amount** (RM)	**Under 1 year** (RM)	**1 – 5 years** (RM)	**Over 5 years** (RM)
2015					
Secured term bank loans					
- licensed banks	2022	**9,016,185**	**1,190,024**	**5,318,928**	**2,507,233**
Finance lease liabilities	2016 - 2017	**3,352,477**	**1,729,886**	**1,622,591**	**-**
Bank overdraft	*	**101,143**	**101,143**	**-**	**-**
2014					
Secured term bank loans					
- licensed banks	2022	9,995,249	1,296,342	7,631,340	1,067,567
Finance lease liabilities	2016	122,198	77,178	45,020	-
Bank overdraft	*	308,917	308,917	-	-

** The bank overdraft is repayable on demand.*

15.3 ***Finance lease liabilities***

Finance lease liabilities are payable as follows:

	2015			**2014**		
Group	**Future minimum lease payments** (RM)	**Interest** (RM)	**Present value of minimum lease payments** (RM)	**Future minimum lease payments** (RM)	**Interest** (RM)	**Present value of minimum lease payments** (RM)
Less than one year	**1,742,825**	**12,939**	**1,729,886**	83,172	5,994	77,178
Between one and five years	**1,625,274**	**2,683**	**1,622,591**	48,517	3,497	45,020
	3,368,099	**15,622**	**3,352,477**	131,689	9,491	122,198

16. DEFERRED TAX ASSETS / (LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Group						
Property, plant and equipment	**-**	-	**(2,102,721)**	(2,363,347)	**(2,102,721)**	(2,363,347)
Provisions	**1,073,987**	116,141	**-**	-	**1,073,987**	116,141
Net tax assets / (liabilities)	**1,073,987**	116,141	**(2,102,721)**	(2,363,347)	**(1,028,734)**	(2,247,206)

Movement in temporary differences during the year

	At 1.1.2014 (RM)	**Recognised in profit or loss** (RM)	**At 31.12.2014/ 1.1.2015** (RM)	**Recognised in profit or loss** (RM)	**At 31.12.2015** (RM)
Group					
Property, plant and equipment	(1,400,440)	(962,907)	(2,363,347)	260,626	**(2,102,721)**
Provisions	54,877	61,264	116,141	957,846	**1,073,987**
	(1,345,563)	(901,643)	(2,247,206)	1,218,472	**(1,028,734)**
		Note 19		Note 19	

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2015 (RM)	**2014** (RM)
Unutilised tax losses	**21,288,967**	20,133,374
Other deductible temporary differences	**1,598,411**	1,246,058
	22,887,378	21,379,432

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2015 (RM)	2014 (RM)	2015 (RM)	2014 (RM)
Trade					
Trade payables		**18,936,262**	15,945,830	**-**	-
Non-trade					
Amount due to subsidiaries	17.1	**-**	-	**5,990,535**	3,853,056
Other payables and accruals		**7,848,637**	5,983,091	**99,494**	216,877
		7,848,637	5,983,091	**6,090,029**	4,069,933
		26,784,899	21,928,921	**6,090,029**	4,069,933

17.1 ***Amount due to subsidiaries***

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

18. PROFIT BEFORE TAX

	Group		Company	
	2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	**527,514**	454,930	**-**	-
Auditors' remuneration				
- Statutory audit services	**154,000**	120,000	**35,000**	25,000
- Other services	**59,000**	37,000	**55,000**	35,000
Depreciation of investment property	**47,767**	47,767	**-**	-
Depreciation of property, plant and equipment	**8,814,139**	7,728,597	**-**	-
Directors' remuneration	**2,225,416**	2,171,359	**230,500**	233,000
Finance costs				
- Term loan	**430,305**	612,840	**-**	-
- Finance lease	**11,067**	2,835	**-**	-
- Bank overdrafts	**38,381**	4,621	**-**	-
- Others	**52,968**	-	**-**	-
Inventories written off	**129,492**	37,319	**-**	-
Impairment loss on trade receivables	**858,875**	938,305	**-**	-
Personnel expenses				
- Contributions to Employees' Provident Fund	**1,181,831**	1,174,738	**-**	-
- Wages, salaries and others	**10,320,406**	8,950,976	**-**	-
Property, plant and equipment written off	**6,916**	1,673	**-**	-
Rental expenses	**300,439**	269,075	**-**	-
Impairment loss on goodwill	**-**	320,000	**-**	-
Unrealised loss on foreign exchange	**697,965**	19,090	**-**	-
Realised loss on foreign exchange	**441,552**	-	**-**	-
Loss on disposal of property, plant and equipment	**-**	8,197	**-**	-
Bad debts written off	**173,606**	-	**-**	-
and after crediting:				
Finance income	**54,545**	164,897	**8**	-
Reversal of impairment loss on trade receivables	**-**	98,761	**-**	-
Rental income	**191,669**	189,869	**-**	-
Management fees	**-**	-	**2,955,964**	2,427,416
Dividend income from subsidiary	**-**	-	**2,400,000**	2,160,000

19. TAX EXPENSE

	Group		Company	
	2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Current tax				
- Current year	**2,939,260**	2,286,456	**-**	-
- Prior year	**(605,173)**	(269,928)	**-**	-
	2,334,087	2,016,528	**-**	-
Deferred tax				
- Origination and reversal of temporary differences	**(991,974)**	1,128,338	**-**	-
- Over provision in prior year	**(226,498)**	(226,695)	**-**	-
	(1,218,472)	901,643	**-**	-
Tax expense	**1,115,615**	2,918,171	**-**	-
Reconciliation of tax expense				
Profit before tax	**3,307,849**	9,356,900	**1,885,376**	1,510,231
Income tax calculated using Malaysia tax rate of 25%	**826,962**	2,339,225	**471,344**	377,558
Effect of changes in tax rates	**17,929**	(92,713)	**-**	-
Non-deductible expenses	**740,488**	942,913	**73,559**	42,243
Effect of deferred tax not recognised	**361,907**	225,369	**55,097**	120,199
Taxation exempted	**-**	-	**(600,000)**	(540,000)
Over provision in prior years	**(831,671)**	(496,623)	**-**	-
	1,115,615	2,918,171	**-**	-

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Directors:				
Allowance	**74,500**	77,000	**14,500**	17,000
Fees	**216,000**	216,000	**216,000**	216,000
Salaries	**901,920**	901,920	**-**	-
Employees' Provident Fund	**117,468**	117,648	**-**	-
	1,309,888	1,312,568	**230,500**	233,000
Directors of the subsidiaries:				
Salaries	**730,368**	705,647	**-**	-
Employees' Provident Fund	**95,160**	75,144	**-**	-
Allowance	**90,000**	78,000	**-**	-
	915,528	858,791	**-**	-
Total short-term employee benefits	**2,225,416**	2,171,359	**230,500**	233,000

21. EARNINGS PER ORDINARY SHARE

Basic/Diluted earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015 (RM)	**2014** (RM)
Profit attributable to ordinary shareholders	**3,119,771**	6,482,425
Weighted average number of ordinary shares		
At 1 January / 31 December	**558,200,020**	558,200,020
Basic / Diluted earnings per ordinary share (sen)	**0.56**	1.16

The Group had no dilutive potential ordinary shares during the current and prior financial year.

22. Dividend

Dividend recognised by the Company:

	Sen per share	Total amount (RM)	Date of payment
2015 Final 2014 ordinary	**0.25**	**1,395,500**	**15 July 2015**
2014 Final 2013 ordinary	0.30	1,674,600	18 July 2014

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in the subsequent financial period upon approval by the shareholders.

	Sen per share	Total amount (RM)
2015 Final 2015 ordinary	**0.20**	**1,116,400**

The Directors do not recommend any other dividend was to be paid for the financial year under review.

23. OPERATING SEGMENTS

During the current financial year, management performed a realignment of the business segments of the Group. Following from the realignment of business segments, the Group has three reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's current reportable segments:

- Information Technology ("IT")
  Comprise of IT infrastructure outsourcing, consultancy and systems integration and procurement management.
- Information and Communications Technology ("ICT")
  Provision of wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for ICT and mobile solutions providers and enterprises.
- Satellite-based network services ("SAT")
  The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.

Prior to the realignment of the business segments, the reportable segments of the Group were as follows:

- Outsourcing and Consulting ("OSD")
  The OSD segment covers two main areas: IT infrastructure outsourcing and consultancy and systems integration.
- E-Procurement ("E-Proc")
  The E-Proc segment provides procurement management.
- Information and Communication Technologies Distribution ("CDIST")
  The CDIST segment provides wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for CDIST and mobile solutions providers and enterprises.
- Information and Communication Technologies Services ("CSERV")
  The CSERV segment provides Information and Communication Technologies.
- Satellite-based network services ("SAT")
  The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.

Performance is measured based on segment results, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets (including goodwill) and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

	IT (RM)	ICT (RM)	SAT (RM)	Eliminations (RM)	Total (RM)
2015					
Total segment revenue	**46,263,020**	**29,206,328**	**8,890,269**	**(3,013,739)**	**81,345,878**
Segment results	**18,423,916**	**7,914,405**	**479,581**	**-**	**26,817,902**
Other income	**224,462**	**4,813**	**6,078**	**-**	**235,353**
Other operating expenses	**(12,526,759)**	**(8,081,105)**	**(4,932,492)**	**2,273,126**	**(23,267,230)**
Results from operating activities	**6,121,619**	**(161,887)**	**(4,446,833)**	**2,273,126**	**3,786,025**
Interest income					**54,545**
Finance costs					**(532,721)**
Tax expense					**(1,115,615)**
Net profit for the year					**2,192,234**
Segment assets	**79,841,720**	**22,817,203**	**12,061,166**	**(56,648,018)**	**58,072,071**
Unallocated assets					**64,154,340**
Total assets					**122,226,411**
Segment liabilities	**28,881,323**	**30,425,651**	**12,076,738**	**(36,184,458)**	**35,199,254**
Unallocated liabilities					**6,191,171**
Total liabilities					**41,390,425**
2014					
Total segment revenue	46,391,301	18,429,707	11,158,857	(2,088,188)	73,891,677
Segment results	18,795,582	4,710,217	2,871,040	(19,482)	26,357,357
Other income	247,967	21,988	2,242	-	272,197
Other operating expenses	(8,110,541)	(5,832,325)	(2,893,871)	19,482	(16,817,255)
Results from operating activities	10,933,008	(1,100,120)	(20,589)	-	9,812,299
Interest income					164,897
Finance costs					(620,296)
Tax expense					(2,918,171)
Net profit for the year					6,438,729
Segment assets	69,890,910	18,619,926	8,213,959	(43,540,990)	53,183,805
Unallocated assets					61,578,508
Total assets					114,762,313
Segment liabilities	24,337,152	22,766,741	4,540,976	(21,113,723)	30,531,146
Unallocated liabilities					4,191,915
Total liabilities					34,723,061

Prior to the reorganisation of the operating segments, the operating segments of the Group were as follows:

	OSD (RM)	E-PROC (RM)	CDIST (RM)	CSERV (RM)	SAT (RM)	Eliminations (RM)	Total (RM)
2014							
Total segment revenue	37,304,390	9,086,911	201,235	18,228,472	11,158,857	(2,088,188)	73,891,677
Segment results	10,398,753	8,396,829	43,769	4,666,448	2,871,040	(19,482)	26,357,357
Other income	165,311	82,656	10,994	10,994	2,242	-	272,197
Other operating expenses	(5,407,027)	(2,703,514)	(3,236,162)	(2,596,163)	(2,893,871)	19,482	(16,817,255)
Results from operating activities	5,157,037	5,775,971	(3,181,399)	2,081,279	(20,589)	-	9,812,299
Interest income							164,897
Finance costs							(620,296)
Tax expense							(2,918,171)
Net profit for the year							6,438,729
Segment assets	60,829,820	9,061,090	4,356,398	14,263,528	8,213,959	(43,540,990)	53,183,805
Unallocated assets							61,578,508
Total assets							114,762,313
Segment liabilities	24,337,152	-	4,794,626	17,972,115	4,540,976	(21,113,723)	30,531,146
Unallocated liabilities							4,191,915
Total liabilities							34,723,061

Geographical segments

The Group operates in a single geographical location, and hence, no geographical segment reporting is presented.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a) Loans and receivables ("L&R");
b) Available for sale financial assets ("AFS"); and
c) Financial liabilities measured at amortised cost ("FL")

Group	Carrying amount (RM)	L&R/(FL) (RM)	AFS (RM)
2015			
Financial assets			
Available-for-sale financial assets	**500,000**	**-**	**500,000**
Trade and other receivables	**32,673,306**	**32,673,306**	**-**
Cash and cash equivalents	**9,225,227**	**9,225,227**	**-**
	42,398,533	**41,898,533**	**500,000**
Financial liabilities			
Loans and borrowings	**(12,469,805)**	**(12,469,805)**	**-**
Trade and other payables	**(26,784,899)**	**(26,784,899)**	**-**
	(39,254,704)	**(39,254,704)**	**-**
2014			
Financial assets			
Available-for-sale financial assets	500,000	-	500,000
Trade and other receivables	26,407,672	26,407,672	-
Cash and cash equivalents	10,427,488	10,427,488	-
	37,335,160	36,835,160	500,000
Financial liabilities			
Loans and borrowings	(10,426,364)	(10,426,364)	-
Trade and other payables	(21,928,921)	(21,928,921)	-
	(32,355,285)	(32,355,285)	-

Company	Carrying amount (RM)	L&R/(FL) (RM)	AFS (RM)
2015			
Financial assets			
Available-for-sale financial assets	**500,000**	**-**	**500,000**
Trade and other receivables	**5,144,896**	**5,144,896**	**-**
Cash and cash equivalents	**5,120**	**5,120**	**-**
	5,650,016	**5,150,016**	**500,000**
Financial liabilities			
Trade and other payables	**(6,090,029)**	**(6,090,029)**	**-**
2014			
Financial assets			
Available-for-sale financial assets	500,000	-	500,000
Trade and other receivables	2,545,981	2,545,981	-
Cash and cash equivalents	94,063	94,063	-
	3,140,044	2,640,044	500,000
Financial liabilities			
Trade and other payables	(4,069,933)	(4,069,933)	-

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 (RM)	2014 (RM)	2015 (RM)	2014 (RM)
Net gains/(losses) arising on:				
Loans and receivables				
- Impairment loss	**(858,875)**	(938,305)	**-**	-
- Reversal of impairment loss	**-**	98,761	**-**	-
- Bad debts written off	**(173,606)**	-		
- Unrealised loss on foreign exchange	**(697,965)**	(19,090)		
- Realised loss on foreign exchange	**(441,552)**	-	**-**	-
- Interest income	**54,545**	164,897	**8**	-
Other liabilities				
- Interest expense	**(532,721)**	(620,296)	**-**	-
	(2,650,174)	(1,314,033)	**8**	-

24.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 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. The Company's exposure to credit risk arise principally from advances to subsidiaries and related companies.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

As at 31 December 2015, the Group has significant concentration of credit risk in the form of outstanding balances from 4 trade customers which amounted to approximately RM12.9 million representing 51% of total receivables. The Directors are of the opinion that the outstanding balances from these customers are fully recoverable based on the following:

- Significant payments have subsequently been received from these 4 customers after the reporting period;
- The Directors have made assessments that all these customers have the ability to repay the balances outstanding; and
- The Directors have received correspondence and confirmation that all these customers will repay the balances outstanding within agreed timelines.

The Group is involved in the contracting business where the nature is such that the timing of receipts are uncertain for various reasons, including timing of certification of work done and timing of repayment from the main contractor. The Group has entered into a small number of contracts, all of which are monitored individually for completion and payment by the Directors and management. The Directors are confident that, based on their knowledge of payment patterns and subsequent payments received, the Group is able to fully recover the amounts due from its customers.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balance past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at end of the reporting period by geographic region was:

	Group	
	2015 (RM)	**2014** (RM)
Malaysia	**21,262,647**	16,052,748
Indonesia	**3,592,742**	6,747,392
Others	**498,722**	343,908
	25,354,111	23,144,048

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross (RM)	Individual impairment (RM)	Net (RM)
2015			
Not past due	**4,830,402**	**-**	**4,830,402**
Past due 1 - 30 days	**3,073,518**	**-**	**3,073,518**
Past due 31 - 120 days	**5,824,347**	**-**	**5,824,347**
Past due more than 120 days	**13,801,077**	**(2,175,233)**	**11,625,844**
	27,529,344	**(2,175,233)**	**25,354,111**
2014			
Not past due	7,247,976	-	7,247,976
Past due 1 - 30 days	9,352,564	-	9,352,564
Past due 31 - 120 days	2,320,624	-	2,320,624
Past due more than 120 days	5,539,242	(1,316,358)	4,222,884
	24,460,406	(1,316,358)	23,144,048

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2015 (RM)	2014 (RM)
At 1 January	**1,316,358**	476,814
Impairment loss recognised	**858,875**	938,305
Impairment loss reversed	**-**	(98,761)
At 31 December	**2,175,233**	1,316,358

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivables directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Group monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM9,117,328 (2014: RM10,304,166) representing the outstanding term loan and bank overdrafts of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured loans and advances to related companies. The Group monitors the results of the related companies regularly.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries by the Group.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the related companies are not recoverable. The Group does not specifically monitor the ageing of the advances to the subsidiaries.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Deposits with banks are placed with reputable financial institutions.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that cash and cash equivalents are not recoverable.

24.5 Liquidity risk

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

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The Company provides financial support to certain subsidiaries in the Group.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount (RM)	Effective interest rate (%)	Contractual cash flows (RM)	Under 1 year (RM)	1 - 5 years (RM)	More than 5 years (RM)
2015						
Term loan	**9,016,185**	**4.40%**	**10,419,517**	**1,562,928**	**6,251,710**	**2,604,879**
Finance lease liabilities	**3,352,477**	**7.50%**	**3,368,099**	**1,742,825**	**1,625,274**	**-**
Bank overdraft	**101,143**	**8.10%**	**109,336**	**109,336**	**-**	**-**
Trade and other payables	**26,784,899**	**-**	**26,784,899**	**26,784,899**	**-**	**-**
	39,254,704		**40,681,851**	**30,199,988**	**7,876,984**	**2,604,879**
2014						
Term loan	9,995,249	4.40%	11,701,388	1,526,268	6,105,072	4,070,048
Finance lease liabilities	122,198	7.50%	131,689	83,172	48,517	-
Bank overdraft	308,917	8.10%	333,939	333,939	-	-
Trade and other payables	21,928,921	-	21,928,921	21,928,921	-	-
	32,355,285		34,095,937	23,872,300	6,153,589	4,070,048
Company						
2015						
Trade and other payables	**6,090,029**	**-**	**6,090,029**	**6,090,029**	**-**	**-**
Financial guarantee	**-**	**8.10%**	**109,336**	**109,336**	**-**	**-**
2014						
Trade and other payables	4,069,933	-	4,069,933	4,069,933	-	-
Financial guarantee	-	8.10%	333,939	333,939	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's financial position or cash flows.

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group did not hedge any foreign trade receivables or payables denominated in foreign currencies during the year. In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
Group	**2015** (RM)	**2014** (RM)
Trade receivables	**4,091,464**	7,107,632
Trade payables	**(6,430,706)**	(3,945,725)
Net exposure	**(2,339,242)**	3,161,907

Currency risk sensitivity analysis

Foreign currency risk arises for transactions denominated in U.S Dollar. The exposure to currency risk for transactions other than U.S Dollar is not material and hence, sensitivity analysis is not presented.

A 10% (2014:10%) strengthening of the Ringgit Malaysia against the U.S Dollar at the end of the reporting period would have increased post-tax profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
Group	**2015** (RM)	**2014** (RM)
USD	**(175,443)**	237,143

A 10% (2014:10%) weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

24.6.2 Interest rate risk

The Group's borrowings are not exposed to a risk of change in their fair value due to changes in interest rates. The Group's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not engage in any hedging activities to manage interest risk fluctuations.

Exposure to interest rate risk

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

	Group	
	2015 (RM)	**2014** (RM)
Fixed rate instruments		
Deposits	**5,156,694**	5,597,072
Finance lease liabilities	**(3,352,477)**	(122,198)
Floating rate instruments		
Term loan	**(9,016,185)**	(9,995,249)
Bank overdraft	**(101,143)**	(308,917)

Interest rate risk sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below.

	Profit or loss	
	50 bp increase (RM)	**50 bp decrease** (RM)
2015		
Floating rate instruments	**(34,190)**	**34,190**
2014		
Floating rate instruments	(38,640)	38,640

24.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and others receivables, trade and other payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

24.7.1 Fair value hierarchy

The table below analyses financial instruments not carried at fair value for which fair value is disclosed and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value		
	Level 3 (RM)	**Total fair value** (RM)	**Carrying amount** (RM)
2015			
Financial liabilities			
Secured term loan	**(9,016,185)**	**(9,016,185)**	**(9,016,185)**
Finance lease liabilities	**(3,378,145)**	**(3,378,145)**	**(3,352,477)**
2014			
Financial liabilities			
Secured term loan	(9,995,249)	(9,995,249)	(9,995,249)
Finance lease liabilities	(129,644)	(129,644)	(122,198)

Level 3 fair value

Level 3 fair value is estimated using inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs). The fair value within Level 3 of the secured term loan and finance lease liabilities is determined by using estimated future cash flows discounted using market related rate for a similar instrument at the reporting date.

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2015 and 31 December 2014 were as follows:

		Group	
	Note	**2015** (RM)	**2014** (RM)
Total loans and borrowings	15	**12,469,805**	10,426,364
Less : Cash and cash equivalents	13	**(9,225,227)**	(10,427,488)
Net debt		**3,244,578**	(1,124)
Total equity		**80,835,986**	80,039,252
Debt-to-equity ratio		**0.04**	**

*** As at 31 December 2014, the Group was in a positive cash flow position.*

There was no change in the Group's approach to capital management during the financial year.

26. OPERATING LEASES

Leases as lessor

The Group leases out its investment properties under operating leases (see Note 4). The future minimum lease payments under non-cancellable leases are as follows:

	Group	
	2015 (RM)	**2014** (RM)
Under 1 year	**194,184**	126,579
1 – 5 years	**307,458**	-
	501,642	126,579

27. RELATED PARTIES

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	Group	
	2015 (RM)	**2014** (RM)
Subsidiaries		
Management fees	**2,955,964**	2,427,575
Secondment fees	**(2,791,878)**	(2,464,550)
Common Director		
Professional fees	**(160,000)**	(112,934)
Reimbursement of expenses	**(9,673)**	-

28. CONTINGENCIES

On 15 March 2013, Privasia Sdn. Bhd. was served with a letter from the Industrial Relations Department of Malaysia, informing that the case involving a claim of wrongful dismissal by a former employee had been referred to the Kuala Lumpur Industrial Court for adjudication. The matter was originally fixed for trial on 10 March 2016 and 11 March 2016. On 10 March 2016, both parties reached an agreement to end the dispute amicably, wherein a Consent Award was recorded before the Industrial Court Chairlady, handed down as Industrial Court Award No. 253/2016.

29. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Listing Requirements, are as follows:

	Group		Company	
	2015 (RM)	**2014** (RM)	**2015** (RM)	**2014** (RM)
Total retained earnings of the Company and its subsidiaries:				
- realised	**14,362,339**	14,086,142	**2,143,166**	1,653,290
- unrealised	**(1,881,827)**	(2,402,334)	**-**	-
	12,480,512	11,683,808	**2,143,166**	1,653,290
Total share of loss from associated company:				
- unrealised	**-**	(30)	**-**	-
Add: Consolidation adjustments	**13,144,952**	12,217,415	**-**	-
Total retained earnings	**25,625,464**	23,901,193	**2,143,166**	1,653,290

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 38 to 82 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial 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 at 31 December 2015 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 29 on page 83 to the financial statements has been compiled 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, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Ali bin Abdul Kadir

Puvanesan a/l Subenthiran

Petaling Jaya,
Date: 18 April 2016

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Aaron Loke Khy-Min**, the officer primarily responsible for the financial management of Privasia Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 83 are, to the best of my knowledge and belief, 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 above named in Petaling Jaya on 18 April 2016.

Aaron Loke Khy-Min

Before me:
Commissioner for Oaths
Petaling Jaya

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRIVASIA TECHNOLOGY BERHAD

Report on the Financial Statements

We have audited the financial statements of Privasia Technology 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, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 82.

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 the Companies Act, 1965 in Malaysia, and 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 at 31 December 2015 and of their financial performance and cash flows for the 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 following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries 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.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 on page 83 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, 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, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by 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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Thong Foo Vung
Approval number: 2867/08/16(J)
Chartered Accountant

Petaling Jaya
Date: 18 April 2016

ANALYSIS BY SIZE OF SHAREHOLDINGS
AS AT 18 MARCH 2016

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	17	0.40	650	0.00
100 – 1,000	222	5.17	140,950	0.02
1,001 – 10,000	1,387	32.31	9,526,000	1.71
10,001 – 100,000	2,241	52.20	90,795,500	16.26
100,001 – 27,910,000 *	423	9.85	230,014,900	41.21
27,910,001 and above **	3	0.07	227,722,020	40.80
Total	**4,293**	**100.00**	**558,200,020**	**100.00**

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

LIST OF SUBSTANTIAL SHAREHOLDERS
(5% AND ABOVE) AS AT 18 MARCH 2016

	Names of Substantial Shareholders	No. of Shares	%
1	**Anyotech Sdn. Bhd.**	**79,713,220**	14.28
2	**Radiant Principles Sdn. Bhd.**	**76,836,300**	13.77
3	**Pancarthiran Sdn. Bhd.**	**71,172,500**	12.75
4	**Datuk Mohd Aqliff Shane Abdullah**		
	Share held through:		
	Alliancegroup Nominees (Tempatan) Sdn. Bhd.:	611,000	0.11
	RHB Capital Nominees (Tempatan) Sdn. Bhd.:	17,500,000	3.14
	Kenanga Nominees (Tempatan) Sdn. Bhd.:	10,000,000	1.79
		28,111,000	5.04

LIST OF DIRECTORS' SHAREHOLDING
AS AT 18 MARCH 2016

	Names of Directors	Direct	%	Indirect	%
1	**** Datuk Ali bin Abdul Kadir**			1,666,000	0.30
	Share held through:				
	Individual Account:	1,525,000	0.27		
	Ambank (M) Berhad:	12,521,400	2.24		
	CIMSEC Nominees (Tempatan) Sdn. Bhd.:	4,484,000	0.80		
		18,530,400	3.32		
2	***** Puvanesan a/l Subenthiran**			150,885,720	27.03
	Share held through:				
	Individual Account:	15,581,400	2.79		
	Maybank Securities Nominees (Tempatan) Sdn. Bhd.:	30,000	0.01		
		15,611,400	2.80		
3	***** Andre Anthony a/l Hubert Rene**	**10,828,700**	1.94	156,549,520	28.05
4	**Brian Wong Wye Pong**	**500,000**	0.09	-	-
5	**Asgari bin Mohd Fuad Stephens**	-	-	-	-
6	**Datuk Mohd Aqliff Shane Abdullah**		5.04	-	-
	Share held through:				
	Kenanga Nominees (Tempatan) Sdn. Bhd.:	10,000,000			
	Alliancegroup Nominees (Tempatan) Sdn. Bhd.:	611,000			
	RHB Capital Nominees (Tempatan) Sdn. Bhd.:	17,500,000			
		28,111,000	5.04		

** Deemed interest under Section 6A(4) of the Act by virtue of shares held by Rio Capital Sdn. Bhd.

*** Deemed interest under Section 6A(4) of the Act by virtue of shares held by Anyotech Sdn. Bhd., Radiant Principles Sdn. Bhd. and Pancarthiran Sdn. Bhd.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
AS AT 18 MARCH 2016

No	Names	Shareholdings	%
1.	Anyotech Sdn. Bhd.	79,713,220	14.28
2.	Radiant Principles Sdn. Bhd.	76,836,300	13.77
3.	Pancarthiran Sdn. Bhd.	71,172,500	12.75
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Mohd Aqliff Shane Abdullah	17,500,000	3.14
5.	Puvanesan A/L Subenthiran	15.581,400	2.79
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yeow Kim (MG0000137)	12,700,000	2.28
7.	AmBank (M) Berhad Pledged Securities Account for Datuk Ali Bin Abdul Kadir (SMART)	12,521,400	2.24
8.	Andre Anthony A/L Hubert Rene	10,828,700	1.94
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Mohd Aqliff Shane Abdullah	10,000,000	1.79
10.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Choon Yoke Ying (M&A)	5,210,600	0.93
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Datuk Ali Bin Abdul Kadir (PB)	4,484,000	0.80
12.	Eminent Access Sdn. Bhd.	4,092,000	0.73
13.	Ulaganathan A/L Muthu Pandithan	3,499,400	0.63
14.	Firmansyah Aang Bin Muhamad	2,846,900	0.51
15.	Shaiful Zahrin Bin Subhan	2,846,900	0.51
16.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lok Huey Ming	2,600,000	0.47
17.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Kiat (Margin)	2,550,000	0.46
18.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeoh Cheng Lee	2,012,000	0.36
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Peng Kai (MG0000119)	1,938,000	0.35
20.	Rio Capital Sdn. Bhd.	1,666,000	0.30
21.	Tan Kim Neo	1,536,200	0.28
22.	Datuk Ali Bin Abdul Kadir	1,525,000	0.27
23.	Chu Yeping	1,300,000	0.23
24.	Ong Hoee Siong	1,300,000	0.23
25.	Lai Chie King	1,100,000	0.20
26.	Alina Binti Hashim	1,030,000	0.18
27.	Leong Mei Ling	1,015,600	0.18
28.	Ong Yew Beng	1,000,000	0.18
29.	Seo Teng Seng	1,000,000	0.18
30.	Sim Yi Chian	1,000,000	0.18

PROPERTY OF THE GROUP

Location	Description / Existing Use	Built up area of building (sq. ft)	Age of Building (years)	Tenure	Net Book Value as at 31.12.15	Date of Acquisition / Revaluation
Privasia Sdn. Bhd. Unit C-21-01 to 07, 3 Two Square, No. 2 Jalan 19/1 46300 Petaling Jaya, Selangor Darul Ehsan. Strata title held under PN50495, Bangunan M1-C/2/130, Lot 103, Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan.	1st Storey: Retail Lot – Tenanted 2nd -7th Storey: Office Use	1,798 23,508	7	99 years lease expiring on 6 September 2106	13,732,107	03.03.2016 revalued

PRIVASIA

PRIVASIA TECHNOLOGY BHD.
(Company No. 825092-U)
Incorporated in Malaysia

PROXY FORM

I/We (name) ____

of (address) ____

____

being a Member/Members of **PRIVASIA TECHNOLOGY BERHAD**, hereby appoint * the Chairman of the Meeting or (name)

____

of (address) ____

or failing him (name) ______________________________________

of (address) ____

____

as *my/our proxy/proxies to attend and vote for * me/us and on * my /our behalf at the Eighth (8th) Annual General Meeting of the Company to be held at Unit C-21-02, 2nd Floor, Dataran 3 Dua (3 Two Square), No. 2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 June 2016 at 10:00 a.m. and, at every adjournment thereof to vote as indicated below:

RESOLUTION		FOR		AGAINST
Resolution 1	Payment of a Single Tier Tax Exempt Final Dividend			
Resolution 2	Payment of Directors' Fees			
Resolution 3	Re-election of Director : Mr. Brian Wong Wye Pong			
Resolution 4	Re-election of Director : Datuk Mohd Aqliff Shane Abdullah			
Resolution 5	To appoint the Auditors and to authorise the Directors to fix their remuneration.			
Resolution 6	Authority under Section 132D of the Companies Act, 1965			

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

The Proportions of my holdings to be represented by my *proxy/proxies are as follows:

First named Proxy %
Second named Proxy %
100%

If the member is an individual or joint shareholder:

No. of shares held: ______________________

______________________ Date: ______________________

Signature

If the member is a corporation:
The Common Seal of ……………………………………..
was hereunto affixed in accordance with its Articles of Association in the presence of

SEAL

No. of shares held: ______________________

______________________ ______________________

Signature Director Director/Secretary Date:

NOTES TO PROXY FORM:

1. A member of the Company entitled to attend and vote at the above Meeting ("Member") may appoint not more than two (2) proxies to attend and vote instead of him/her.
2. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specified the proportions of his/her shareholdings to be represented by each proxy.
3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a Meeting shall have the same rights as the Member to speak at the Meeting.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5 Where a Member is an Exempt Authorised Nominee 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.
6. For a proxy form to be valid, it must be deposited at the Registered Office of the Company at 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before time appointed for the Meeting or any adjournments thereof.
7. 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 its common seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.
8. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 14 June 2016 pursuant to Article 79 and paragraph 7.16 (2) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

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AFFIX
STAMP
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The Company Secretary
PRIVASIA TECHNOLOGY BERHAD
(Company No. 825092-U)
No.13A Jalan SS21/56B
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

fold here

Privasia Technology Berhad

(Incorporated in Malaysia) (825092-U)

C-21-05, 3Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan

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