ANNUAL REPORT 2016

PRIVASIA

CORE VALUES

DO THE RIGHT THING

OUR PEOPLE FIRST

HAVE AN ENTREPRENEURIAL SPIRIT

PURPOSE

Simplifying business by always innovating & nurturing talent because everyone deserves the best value

CONTENTS

CORPORATE SECTION

FINANCIAL STATEMENTS

OTHER INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT THE NINTH (9TH) 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 TUESDAY, 20 JUNE 2017 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 2016 together with the Reports of the Directors and of the Auditors thereon. *Please refer to Explanatory Notes*	
2. To approve the payment of Directors' fees for the financial year ended 31 December 2016.	1
3. To re-elect Mr. Andre Anthony A/L Hubert Rene, who retires in accordance with Article 129 of the Articles of Association of the Company, and who being eligible offers himself for re-election. Mr. Asgari Bin Mohd Fuad Stephens retires by rotation as a Director in accordance with Article 129 of the Articles of Association at the conclusion of this 9th AGM. *(Please refer to Explanatory Notes)*	2
4. To approve the payment of Directors' fees and allowances from 1 January 2017 until the next Annual General Meeting of the Company to be held in 2018.	3
5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors for the financial year ending 31 December 2017 and to authorise the Directors to fix their remuneration.	4
As Special Business: To consider and, if thought fit, to pass the following Ordinary Resolution:	
6. Ordinary Resolution: Authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act, 2016. "THAT subject always to the Companies Act, 2016, 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 75 and 76 of the Companies Act, 2016, 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."	5
7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.	

By Order Of The Board,

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

Petaling Jaya
Date : 28 April 2017

NOTES

1. A member of the Company entitled to attend and vote at the 9th AGM ("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 13 June 2017 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.
9. Pursuant to Paragraph 8.31A(1) of the Ace Market Listing Requirement, all the resolutions at the 9th AGM of the Company shall be put to vote by way of poll.
10. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the members has obtained prior consent of such proxy/(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes on Ordinary Business

1. Audited Financial Statements for financial year ended 31 December 2016 – To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Reports of the Directors and of the Auditors thereon.

   This item is meant for discussion only as the provision of Section 340 (1)(a) of the Companies Act, 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.
2. Retirement of Director - Mr Asgari Bin Mohd Fuad Stephens who was appointed as Director of the Company on 4 May 2009 will retire in accordance with Article 129 of the Company's Articles of Association. He will not seek re-election pursuant to the tenure of his service as recommended under Recommendation 3.2 of the MCCG 2012. Hence, he will retain office until close of the 9th AGM.

3. Payment of Directors' fees and allowances – The Company is requesting shareholders' approval for the payment of Directors' fees and allowances to the Directors for the period commencing 1 January 2017 up till the next Annual General Meeting of the Company in 2018 as follows:

	Group	Company
Executive Directors	RM77,000	RM77,000
Non-Executive Directors	RM154,000	RM154,000

If passed, it will allow the Company to make payment of the Directors' fees and allowances to Directors on quarterly basis up till the next Annual General Meeting of the Company to be held in 2018.

Explanatory Notes on Special Business

Resolution 5 – Authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act, 2016.

The proposed Resolution 5, if passed, will authorize 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 24 June 2016 and which will lapse at the conclusion of the forthcoming annual general meeting.

STATEMENT ACCOMPANYING NOTICE OF THE

NINTH

ANNUAL GENERAL MEETING

1) Director who is standing for re-election
The Director who is standing for re-election at the Ninth Annual General Meeting ("AGM") is as follows:
a) Mr Andre Anthony A/L Hubert Rene

The details of the Director seeking re-election is set in his profile which appear on page 11 of this Annual Report.

2) Details of Attendance of Directors at Board Meetings
The details of attendance of Directors of the Company at Board Meetings held during the financial year ended 31 December 2016 are disclosed in the Statement on Corporate Governance set out on page 19 of this Annual Report.

3) Place, Date and Time of Ninth Annual General Meeting

The details of the place, date and time of the Ninth 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: Tuesday, 20 June 2017
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

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

BAKER TILLY MONTEIRO HENG (AF 0117)
Baker Tilly MH Tower,
Level 10, Tower 1 Avenue 5,
Jalan Kerinchi, Bangsar South,
59200 Kuala Lumpur.

Website

www.privasia.com

PRIVASIA
TECHNOLOGY BERHAD

- PRIVASIA
  PRIVASIA SDN. BHD.
  (100%)
  MSC
  - PRIVACOM
    PRIVACOM SDN. BHD.
    (100%)
  - PRIVASIA SABAH
    PRIVASIA (SABAH) SDN. BHD.
    (100%)
- PRIVASAT
  PRIVASAT SDN. BHD.
  (formerly known as 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

(including key senior management)

DATUK ALI BIN ABDUL KADIR

Chairman / Independent Non-Executive Director

(68 years of age, Male, Malaysian)

Datuk Ali Kadir, was appointed as an Independent Non-Executive Director of Privasia Group on 4 May 2009. He is the Chairman of 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 five (5) years other than traffic offences and has not been imposed by public sanctions and penalty by the relevant regulatory bodies during the financial year 2016.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2016.

PUVANESAN A/L SUBENTHIRAN

Chief Executive Officer / Managing Director

(41 years of age, Male, Malaysian)

Mr. Puvanesan is one of the founding members of Privasia Group, and

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 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.

(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

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

any public sanctions and penalty by the relevant regulatory bodies

year ended 31 December 2016.

ANDRE ANTHONY A/L HUBERT RENE

Deputy Chief Executive Officer / Executive Director

(41 years of age, Male, 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.

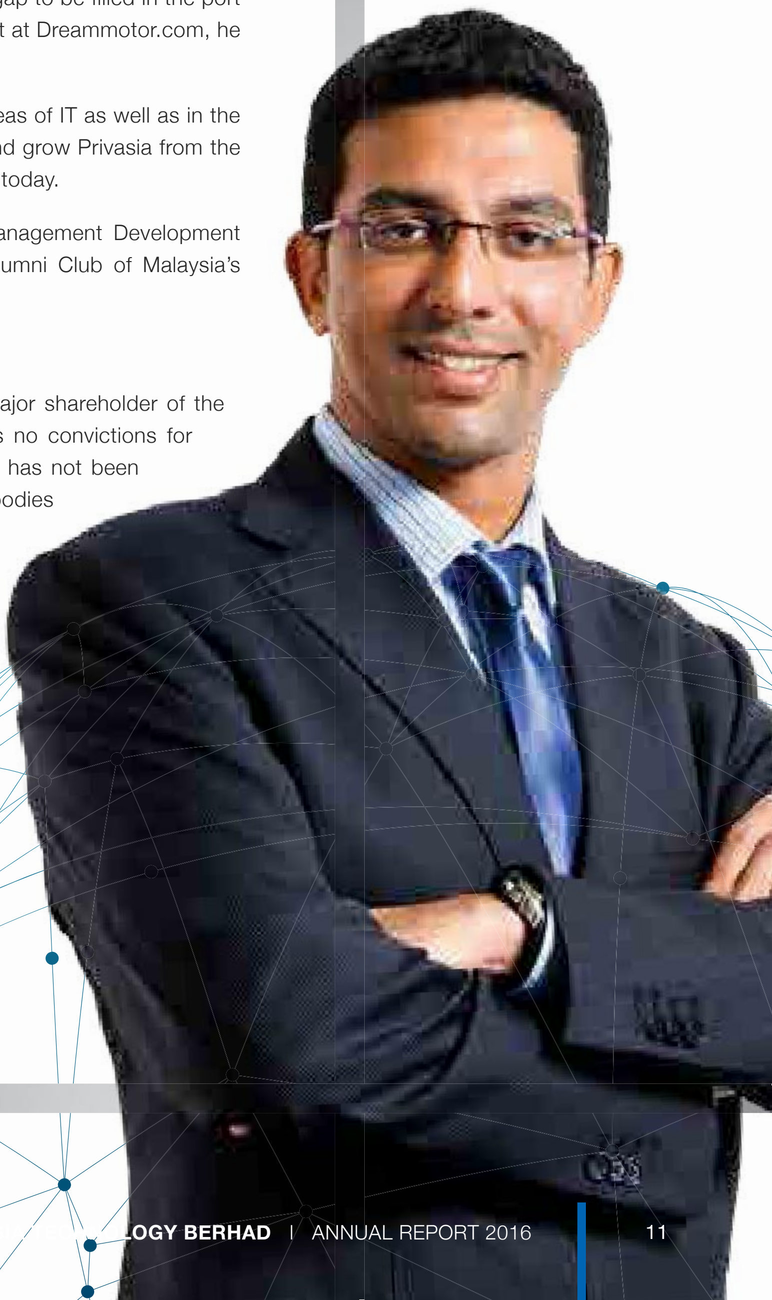
Once fully into the IT field, Mr. Andre harnessed his skills in various areas of IT as well as in the management and operation of running a business. He helped steer and grow Privasia from the small IT Company focused on a niche area to the large group that it is today.

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 five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2016.

He attended all the 5 Board Meetings which were held in the financial year ended 31 December 2016.



BRIAN WONG WYE PONG

Independent Non-Executive Director

(44 years of age, Male, Malaysian)

Mr Brian Wong was appointed as an Independent 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

Financial Planning Association of Malaysia.

He is a council member of the MIA, serving in the Investigation Committee, Risk Management and Audit Committee, and Technology Committee as committee chair.

He was previously with KPMG, Kuala Lumpur and a public company as their head of

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 incorporated in Jersey, UK.

He does not have any family relationship with any Director and/or major shareholder of

imposed any public sanctions and penalty by the relevant regulatory bodies during

31 December 2016.

ASGARI BIN MOHD FUAD STEPHENS

Independent Non-Executive Director

(57 years of age, Male, Malaysian)

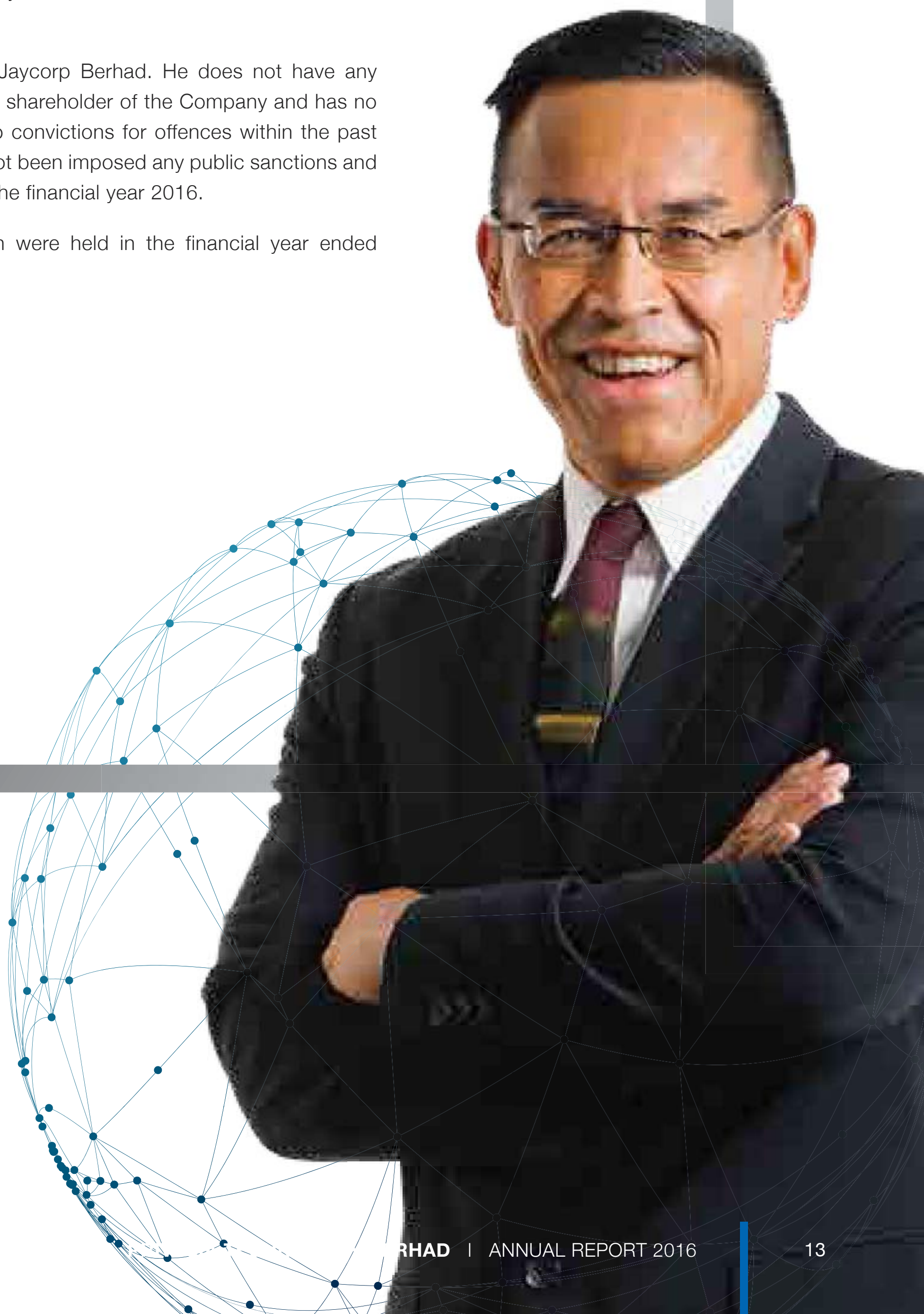
Mr. Asgari, was appointed as an Independent Non- Executive Director of Privasia Group on 4 May 2009. He is a member of the Audit and Risk Management Committee and the Nomination Committee. He also is the Chairman of the Investment Committee.

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 five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2016.

He attended 4 out of 5 Board Meetings which were held in the financial year ended 31 December 2016.



DATUK MOHD AQLIFF SHANE ABDULLAH

Non-Independent Non-Executive Director

(40 years of age, Male, Malaysian)

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

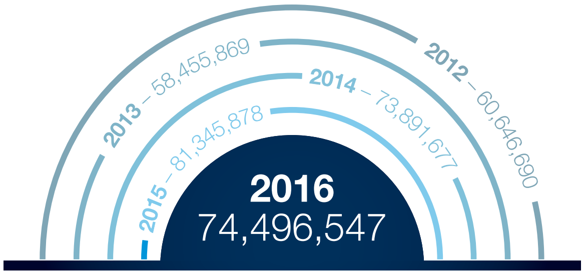
He graduated with a Bachelor of Science in Mechanical Engineering from University Tenaga National, PPP/UiTM Twinning Program American University Degree Program, Professional Consultation Certificate from Intergraph Process, Power and Offshore Huntsville, Alabama.

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.

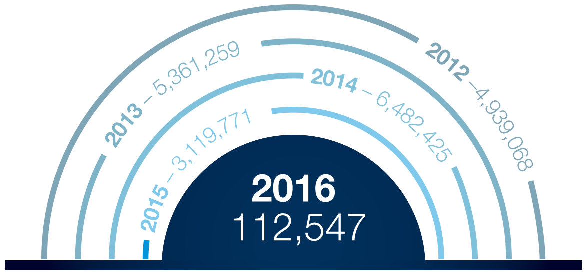
Datuk Mohd Aqliff does not hold any other directorship of public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offences within the past five (5) years other than traffic offences and has not been imposed any public sanctions and penalty by the relevant regulatory bodies during the financial year 2016.

He attended 4 out of 5 Board Meetings which were held in the financial year ended 31 December 2016.

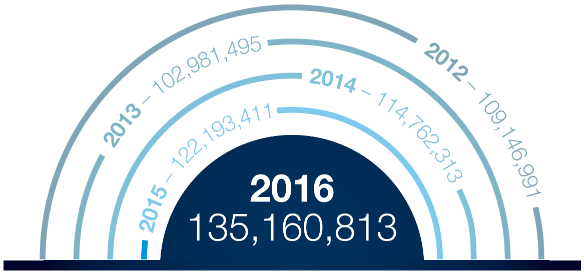
5 YEARS
GROUP FINANCIAL HIGHLIGHTS



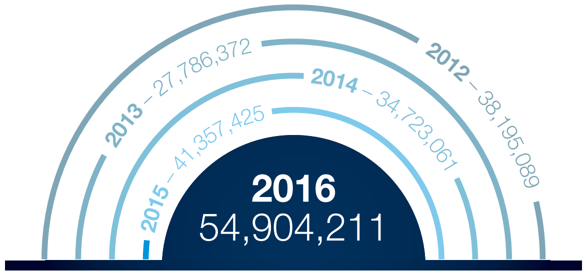
OPERATING REVENUE



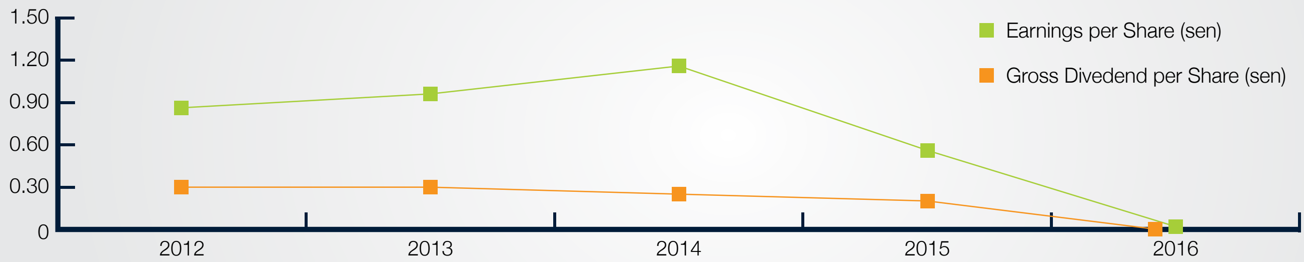
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS



TOTAL ASSETS



TOTAL LIABILITIES



	2016 (RM)	2015 (RM)	2014 (RM)	2013 (RM)	2012 (RM)
Operating Revenue	74,496,547	81,345,878	73,891,677	58,455,869	60,646,690
Operating Profit	4,100,653	3,840,570	9,812,299	10,761,310	10,307,378
Profit Before Tax	3,208,974	3,307,849	9,356,900	9,901,552	8,894,795
Profit After Tax	337,016	2,192,234	6,438,729	5,417,821	4,990,308
Net Profit Attributable to Equity Holders	112,547	3,119,771	6,482,425	5,361,259	4,939,068
Total Assets	135,160,813	122,193,411	114,762,313	102,981,495	109,146,991
Total Liabilities	54,904,211	41,357,425	34,723,061	27,786,372	38,195,089
Shareholders Equities	80,441,613	81,445,466	79,721,195	74,913,370	70,971,720
Net Assets per Share (RM)	0.14	0.15	0.14	0.13	0.13
Earnings per Share (sen)	0.02	0.56	1.16	0.96	0.88
Gross Dividend per Share (sen)	0.00	0.20	0.25	0.30	0.30

MANAGEMENT DISCUSSION AND ANALYSIS

Dear shareholders,
On behalf of the Board of Directors, I hereby present the Management Discussion and Analysis for the financial year ended 31 December 2016 (FY2016).

The year under review turned out to be a tough time, as the Malaysian economy reported slower Gross Domestic Product (GDP) growth of 4.2% in 2016, compared to 5.0% in 2015. This was the result of macroeconomic challenges including the shaky global demand and dampened crude oil prices, which influenced the domestic business spending.

The information and communication technology (ICT) sub sector grew at a slower pace of 8.2% in 2016 versus 9.4% in 2015, mainly due to constraints on relevant available human capital and the slowdown in the general economy.

OPERATIONS REVIEW

The headwinds in FY2016 did not deter the Group from delivering our projects at hand. At the same time, we kick started new initiatives to lay the foundation for future growth.

- **Information Technology (IT) segment**

  Our IT segment has been the core business for the Group since inception, providing business outsourcing solutions to corporations in the manufacturing, ports, and finance sectors, amongst others. Our long-term contracts with corporations seek to add value by building up their IT requirements to support their business expansion plans. More importantly, the segment opens the door for adoption of our Intellectual Property (IP) products, like the Port Management Solution and e-bidding ProcureHere solution.

  In spite of the difficult circumstances, we continued to deliver on our existing contracts, completing various projects in the year. The dampened economic outlook also resulted in fewer contracts tendered out, due to businesses adopting a cautious stance in commitments to near-term IT expansion. Crucially, the Group adopted a selective approach in favour of contracts that required higher-level of expertise, thus placing us in a space with fewer players and potentially resulting in enhanced returns and better brand equity in the long run.

  Therefore, revenue from the Group's IT segment experienced a decline of 17.0% to RM38.4 million in FY2016 from RM46.2 million a year ago. Despite a drop in revenue, the IT segment achieved significantly stronger operating profits of RM10.8 million in contrast to RM6.2 million previously, maintaining a higher-margin project mix.

- **Information Communications Technology (ICT) segment**

  The ICT segment undertakes the distribution and installation of network and communications equipment for enterprises, representing key global principals the likes of ZTE and Huawei.

  A major achievement for the ICT segment is our ability to move up the value chain: reducing our involvement ICT system integration works to undertake higher value projects for telecommunications providers (telcos). I am pleased to note that during the year, the Group secured more projects from major telcos, implementing key ICT engineering works such as telco network optimization projects, network engineering, and spectrum refarming.

  The segment still largely maintained revenue of RM27.2 million in FY2016, compared to RM26.1 million in the prior year. Still, the ICT segment took a small operating loss of RM0.4 million in FY2016, versus operating loss of RM0.2 million in the previous year, on account of higher costs of sales.

- **SAT segment**

  Our satellite-based (SAT) segment provides SAT internet services to enterprises whose operations typically span a large surface area. Since entering into this segment in recent years, we have always upheld our commitment to offer top-notch services, and have empowered many rural areas nationwide with high-quality wireless broadband services.

The SAT sector underwent a tough FY2016, being adversely impacted by the stronger US Dollar versus the Malaysian Ringgit. This resulted in the sector to consolidation phase where some players exited the industry, which opened up the opportunity for the Group to secure more customers and increase our market share. This was also made possible through our in-house satellite hub to cater to a larger customer base.

While FY2016 saw revenue improve to RM9.4 million from RM8.8 million a year ago, operating losses at the SAT segment widened to RM5.7 million from losses of RM4.4 million previously, partly due to the weakness of the Ringgit relative to the US Dollar in 2016. At the same time, we also identified areas of improvement within the operations, with a view toward rectification for enhanced efficiency and all-win scenario for all stakeholders.

FINANCIAL REVIEW

At the Group level, Privasia reported revenue of RM74.5 million in FY2016, an 8.4% decline from RM81.3 million in the previous year.

Despite lower revenue, it is observed that the Group enhanced overall profitability, where gross margin expanded to 36.2% in FY2016 from 32.9% a year ago. Profit from operations grew by 6.8% to RM4.1 million in FY2016 from RM3.8 million in the prior year. The resilience in the Group's profitability is due to higher margin project mix as well as increased operational efficiency.

However, the strenuous operating environment necessitated the Group's investments in equipment while balancing prudent financial policies. To this end, the Group recognized higher finance costs for equipment purchase. The Group also recognized impairment to trade receivables of RM2.2 million and higher deferred tax. Cumulatively, these factors resulted in net profit attributable to owners declining to RM0.1 million for FY2016, relative to RM3.1 million in the previous year.

The Group had basic earnings per share of 0.02 sen in FY2016, versus 0.56 sen in the prior year.

In all this, Privasia maintained a strong financial position, with RM10.9 million in deposits, cash and bank balances as at 31 December 2016, up from RM9.2 million as at 31 December 2015.

Loans and borrowings increased to RM30.2 million in FY2016 from RM12.5 million a year ago as the Group made the necessary investments to strategically position itself for future value creation and sustainability.

Against total equity of RM80.2 million at the end of FY2016 compared to RM80.8 million a year ago, equity attributable to owners of the Company remained relatively stable at RM80.4 million as at 31 December 2016, largely maintained compared to RM81.4 million as at 31 December 2015.

The Group had a net gearing ratio of 19% as at 31 December 2016. While that is above the gearing ratio of 4% as at 31 December 2015, the Group still stands on a very solid financial foundation to build our next phase of growth.

INDUSTRY OUTLOOK

According to Bank Negara Malaysia, the Malaysian economy is expected to record muted GDP growth of between 4.3% and 4.8% for 2017, driven by domestic demand and expected improvement of global GDP growth.

However, prospects in the ICT sector are promising, with the Malaysian Global Business Services sector, formerly known as Shared Services and Outsourcing Industry expected to achieve exemplary compounded annual growth of between 10 to 15 percent over the next 3 years. This anticipated uptrend is to be a result of increasing pressure on global companies to reduce cost whilst maintaining and/or improving productivity.

Another interesting trend is the growing proliferation of smartphone adoption in Malaysia, which has revolutionized the way people work and has resulted in a more productive, independent workforce that is able to create value wherever they are. There were 16.4 million smartphone users in Malaysia, and that number is projected to increase to 21.3 million users in 2021.

We plan to eventually expand our footprint to encompass the dynamic South East Asia region. South East Asia has a population of over 600 million people. The Association of South East Asian Nations (ASEAN) has a collective GDP surpassing US$2.5 trillion. According to FocusEconomics, The ASEAN economy is forecasted to grow 4.8% in 2017.

GROWTH STRATEGIES

The present state of the domestic economy points to a challenging outlook for the financial year ending 31 December 2017 (FY2017). While these obstacles are somewhat similar to those in our corporate history, we also recognize that these may spark a new evolution in our operating sectors, hence creating new opportunities.

Our orderbook as at 31 December 2016 stands at approximately RM115 million up to 2021. Going forward, we are resolute in our pursuit for growth to create value for shareholders, primarily by transforming the Group from a service-based to be product-focused, which would accord us greater capacity in entering the regional markets in a significant way. We believe that this would lead us into the next phase of exponential growth in the future.

- **To develop new products**

  One of Privasia's key strengths over the years has been our ability to develop new products that cater most appropriately to customers' requirements. This has enabled us to develop our own Intellectual Property (IP) products such as the e-bidding solution "Procure Here" and Port Management Solutions, which have been deployed in multiple sites across the logistics, education, finance, manufacturing, and fast moving consumer goods sectors.

  In light of the advanced penetration of smartphones and corporations' increased adoption of mobility devices for greater efficiency and real-time information, we are going back to our roots to develop new products to meet our target users' evolving demands.

  To this end, we intend to develop the mobile application or "app"-version of our port management solution by the end of FY2017 that would enable customers to keep track of operations data "live" from any location, to ensure smooth operations 24/7. We aim to launch this solution in early 2018.

  We have also run beta versions of our E-Procurement app to facilitate electronic tendering and bidding, especially among small and medium sized enterprises, and target to officially launch this solution in mid-2017. We are receiving encouraging response from our first batch of users, and are confident in the ultimate commercial potential of these solutions.

- **Tender for new telecommunications projects**

  With regards to our ICT segment, we aim to move up the value chain by directly tendering for projects with telecommunications companies in contrast to our previous role as a subcontractor. While the network engineering space is a relatively new endeavour, we are making steady progress in securing projects directly to build a critical mass, and are planning to replicate our success abroad.

  Backed by our vast experience in delivering projects nationwide in a timely manner, and our overall cost competitiveness due to our linkages with various principals, we are optimistic of our prospects in this respect.

- **To expand the SAT segment and overall clientele**

  We are confident that our SAT segment will eventually develop into a profit centre for the Group. The commissioning of our satellite hub since 2016 has afforded us the capabilities to target even more clients in oil and gas, plantation and tourism sectors. We would also look to undertake fewer ad-hoc projects in order to free up our capacity for longer-term servicing businesses that would enhance our recurring revenue stream.

  In all our segments, we intend to work closely with our partners to capitalize on opportunities to expand into the huge South East Asia region. We believe we have the capabilities and system in place to step up and serve new clients.

With this business realignment and transformation into a product-based player, we are readying the Group to weather the anticipated storms ahead. While we foresee future challenges in the coming year, we are also excited by the prospects as we know the strength of our product offering to grow market share.

The combination of our technical expertise to deliver relevant solutions to our clients, the strength of our balance sheet, and our ongoing initiatives to optimize the cost structure should ensure that the Group's best days are still ahead.

APPRECIATION

Finally, I would like to express my sincere gratitude to the members of the Board for their invaluable input, the management team for their prudent governance, and our employees for their tireless efforts in weathering the stormy year just past. Going forward, let us continue to work hand-in-hand to realize the fullest potential of Privasia together.

To our valued shareholders, I would like to offer my thanks for the confidence you have shown in Privasia. I assure you, we are doing everything we can to maximize long-term shareholder value. I would also like to extend my gratitude to our suppliers, business associates, regulatory bodies and other parties, and look forward to our continued productive relationship.

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	4 / 5
■ Datuk Mohd Aqliff Shane Abdullah	4 / 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.

As part of the Group's commitment in promoting and maintaining the highest possible standards of openness, transparency, corporate governance and accountability with regards to behaviour at work, quality service to the public and in its working practices, the Group has established a whistle-blowing policy. Employees and vendors are expected to conduct themselves with integrity, impartiality and honesty. A copy of this whistle-blowing policy is available in the Company's website (www.privasia.com).

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 Managements.

vi) Appointment to the Board

Having reviewed the assessments in respect of the financial year ended 31 December 2016, 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

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 2016, the Directors of the Company attended various forums, programmes, workshops and seminars. The details of Directors' training are summarised as follows:

Directors	Details of Training
Datuk Ali Bin Abdul Kadir	• Companies Act Updates • ACE LR Financial Statements • AML Training • Liquidity & Shariah Training • ICG Credit Risk Management Overview • Market Risk • The Labuan International Finance Lecture Series
Puvanesan A/L Subenthiran	• Breakfast Talk on Common Reporting Standard: Automatic Exchange of Financial Account Information • KLBC Roundtable Discussion with IDEAS • ACE LR Financial Statements • Team Building • CEO Roundtable • Malaysia/Domestic Financing Knowledge & Networking Event
Andre Anthony A/L Hubert Rene	• Common Reporting Standard: Automatic Exchange on Financial Account Information • Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom • ACE LR Financial Statements • Basic Accounting and Finance • Mergers and Acquisitions: A Holistic Perspective Directors Training

Asgari Bin Mohd Fuad Stephens	• Global Forum Kuala Lumpur • Digital Entrepreneurship: The Tsunami of Disruption • Future of Auditor Reporting – The Game Changer for Boardroom • ACE LR Financial Statements • 2016 Money Optimisation Summit
Brian Wong Wye Pong	• MIA Council Member • Audit Committee Conference 2016 • ACE LR Financial Statements • Special Audit & Risk Management Committee Meeting • Governance Symposium 2016: Driving Public-Private Governance Forward • Forum on Key Audit Matters • Agreed Upon Procedures
Datuk Mohd Aqliff Shane Abdullah	• CG Breakfast Series for Directors: Improving Board Risk Oversight Effectiveness • ACE LR Financial Statements • Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMS for Better Engagement with Shareholders

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	RM1,074,288	Nil
Non-Executive Directors	RM152,000	RM152,000	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 31 to 33 of this Annual Report.

iii) 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.

During the year in view of Messrs KPMG ("KPMG") being the external auditors of the Group for the past 10 years and for the purpose of maintaining good corporate governance practices, the Audit and Risk Management Committee had conducted a tender of audit process to evaluate KPMG and other audit firms on their independency, quality, effectiveness and competency.

KPMG had informed the Audit and Risk Management Committee that they will not be participating in the tender process and hence not seeking for re-appointment as external auditors of the Company. As a result of the evaluation exercise, Audit and Risk Management Committee had recommended Messrs Baker Tilly Monteiro Heng for appointment as the Company's new external auditors.

As part of its effort to uphold integrity in financial reporting, the Audit and Risk Management Committee has assessed the independence the external auditors including reviewing the level of non-audit services rendered by the external auditors to the Group and Company. In addition, the Audit and Risk Management Committee has obtained written assurance from the external auditor confirming that they are independent in accordance with the terms of all relevant professional and regulatory requirements.

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

The Board is 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 2016.

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

The Board 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 terms of reference of all the Board Committees are available on the Company's website, www.privasia.com.

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 28 and 29 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 2016. The details of the attendance of each committee member at committee meetings held during the financial year ended 31 December 2016 are set out under the Audit and Risk Management Committee Report on page 30 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:

Duties and Responsibilities

- 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 2016, was satisfied that:

- The size and composition of the Board is optimum with appropriate mix of knowledge, skills, attributes and core competencies;
- The Board, each Board Committee and each individual director 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 : 2 directors

Meetings

Details of the attendance of each Nomination Committee member at the Nomination Committee meeting held during the financial year ended 31 December 2016 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 2016 are as follows:

Name of Directors	No. of Meeting Attended
■ Puvanesan A/L Subenthiran	1 / 1
■ Datuk Mohd Aqliff Shane Abdullah	0 / 1
■ Brian Wong Wye Pong	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 2016 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 2016.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 25 April 2017.

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 2016.

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 2016, 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	4 / 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 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 32.

The total costs incurred for the internal audit function of the Company for the financial year was RM40,000.

This report was made in accordance with a resolution of the Board passed on 25 April 2017.

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 2016. 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 with details documented in Risks Registers. 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.

As part of the risks assessment process, specific risks are identified for each major business units including root causes for each specific risks. Gross risk for each specific risks is determined by assessing the combination of the likelihood and impact of these specific risks. Existing risk rating is determined based on key controls in place that manages the specific risks. Existing risk profile is then prioritise based on existing risks ratings.

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 RM40,000 was spent on internal audit activities in 2016.

Review by Board

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.

The external auditors have reviewed this Statement of Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement is made in accordance with a resolution of the Board of Directors passed on 25 April 2017.

CORPORATE SOCIAL RESPONSIBILITIES 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 defending 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. Amongst its achievement is winning the prestigious Sepang 1,000 km 2015, Independent Cup tournament.

Privasia is the official sponsor of Victoria Institution Rugby Club in hopes of inspiring the younger generation to achieve teamwork and success.

In support of the development of COBRATS, a rugby program which focuses on junior sports, health and fitness centred around junior rugby, Privasia is the proud sponsor of the COBRATHON 2016 run which includes an 8km and 4km run.

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 RM40,000.

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 24 February 2017.

8. Material Contracts
There were no material contracts subsisting at the end of the financial year ended 31 December 2016 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 26 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 2016

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 8 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 financial year	337,016	1,940,170
Attributable to:		
Owners of the Company	112,547	1,940,170
Non-controlling interests	224,469	-
	337,016	**1,940,170**

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM
Single tier tax exempt final dividend of 0.20 sen per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2015, paid on 18 August 2016	1,116,400

The dividend had been accounted for in equity as an appropriation of retained earnings during the financial year ended 31 December 2016.

The directors do not recommend the payments of any dividends in respect of the financial year ended 31 December 2016.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS OF THE COMPANY

The directors in office 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

According to the Register of Directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

Interest in the Company

	Number of ordinary shares of RM0.10 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Direct interests:				
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	15,611,400	-	-	**15,611,400**
Indirect interests:				
Andre Anthony A/L Hubert Rene *	156,549,520	-	-	**156,549,520**
Datuk Ali Bin Abdul Kadir *	1,666,000	-	-	**1,666,000**
Puvanesan A/L Subenthiran *	150,885,720	-	-	**150,885,720**

** Shares held through company in which the director has substantial financial interests.*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act 1965 in Malaysia, Andre Anthony A/L Hubert Rene and Puvanesan A/L Subenthiran are deemed to be interested in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, the other director in office at the end of the financial year does not have any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 21 the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are disclosed in Note 31 to the financial statements.

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

Datuk Ali bin Abdul Kadir
Director

Puvanesan A/L Subenthiran
Director

Date: 25 April 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Assets					
Non-current assets					
Property, plant and equipment	5	**41,425,238**	29,763,142	**-**	-
Investment properties	6	**2,273,936**	4,261,689	**-**	-
Goodwill and other intangible assets	7	**37,793,419**	37,313,581	**-**	-
Investment in subsidiaries	8	**-**	-	**58,403,181**	58,403,181
Investment in an associate	9	**-**	-	**-**	-
Other investment	10	**500,000**	500,000	**500,000**	500,000
Deferred tax assets	11	**1,073,987**	1,073,987	**-**	-
Total non-current assets		**83,066,580**	72,912,399	**58,903,181**	58,903,181
Inventories	12	**2,350,822**	3,218,269	**-**	-
Trade and other receivables	13	**37,478,805**	35,557,907	**7,805,552**	5,144,896
Current tax assets	14	**1,336,335**	1,279,609	**-**	-
Deposits, cash and bank balances	15	**10,928,271**	9,225,227	**18,676**	5,120
Total current assets		**52,094,233**	49,281,012	**7,824,228**	5,150,016
Total assets		**135,160,813**	122,193,411	**66,727,409**	64,053,197
Equity and Liabilities					
Equity attributable to owners of the Company					
Share capital	16	**55,820,002**	55,820,002	**55,820,002**	55,820,002
Retained earnings		**24,621,611**	25,625,464	**2,966,936**	2,143,166
		80,441,613	81,445,466	**58,786,938**	57,963,168
Non-controlling interests		**(185,011)**	(609,480)	**-**	-
Total equity		**80,256,602**	80,835,986	**58,786,938**	57,963,168
Liabilities					
Non-current liabilities					
Loans and borrowings	17	**18,652,377**	9,448,752	**-**	-
Deferred tax liabilities	11	**2,599,000**	2,102,721	**-**	-
Total non-current liabilities		**21,251,377**	11,551,473	**-**	-
Current liabilities					
Loans and borrowings	17	**11,573,912**	3,021,053	**-**	-
Trade and other payables	18	**22,078,922**	26,784,899	**7,940,471**	6,090,029
Total current liabilities		**33,652,834**	29,805,952	**7,940,471**	6,090,029
Total liabilities		**54,904,211**	41,357,425	**7,940,471**	6,090,029
Total equity and liabilities		**135,160,813**	122,193,411	**66,727,409**	64,053,197

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 (RM)	2015 (RM)	2016 (RM)	2015 (RM)
Revenue	19	**74,496,547**	81,345,878	**5,356,742**	5,355,964
Cost of sales		**(47,502,721)**	(54,527,976)	**-**	-
Gross profit		**26,993,826**	26,817,902	**5,356,742**	5,355,964
Other income		**1,428,540**	289,898	**-**	380
Other expenses		**(24,321,713)**	(23,267,230)	**(3,416,572)**	(3,470,968)
Operating profit		**4,100,653**	3,840,570	**1,940,170**	1,885,376
Finance costs		**(891,679)**	(532,721)	**-**	-
Profit before tax	20	**3,208,974**	3,307,849	**1,940,170**	1,885,376
Tax expense	22	**(2,871,958)**	(1,115,615)	**-**	-
Profit for the financial year, representing total comprehensive income for the financial year		**337,016**	2,192,234	**1,940,170**	1,885,376
Profit attributable to, representing total comprehensive income attributable to:					
Owners of the Company		**112,547**	3,119,771	**1,940,170**	1,885,376
Non-controlling interests		**224,469**	(927,537)	**-**	-
		337,016	2,192,234	**1,940,170**	1,885,376
Earnings per share attributable to owners of the Company (sen):					
Basic and diluted	23	**0.02**	0.56		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Note	Attributable to owners of the Company				
		Share capital (RM)	Distributable Retained earnings (RM)	Total (RM)	Non-controlling interests (RM)	Total equity (RM)
At 1 January 2016		55,820,002	25,625,464	81,445,466	(609,480)	80,835,986
Total comprehensive income for the financial year						
Profit for the financial year		-	112,547	112,547	224,469	337,016
Total comprehensive income		-	112,547	112,547	224,469	337,016
Transaction with owners						
Changes in ownership interests in a subsidiary		-	-	-	200,000	200,000
Dividends paid on shares	24	-	(1,116,400)	(1,116,400)	-	(1,116,400)
Total transactions with owners		-	(1,116,400)	(1,116,400)	200,000	(916,400)
At 31 December 2016		**55,820,002**	**24,621,611**	**80,441,613**	**(185,011)**	**80,256,602**
At 1 January 2015		55,820,002	23,901,193	79,721,195	318,057	80,039,252
Total comprehensive income for the financial year						
Profit for the financial year		-	3,119,771	3,119,771	(927,537)	2,192,234
Total comprehensive income		-	3,119,771	3,119,771	(927,537)	2,192,234
Transaction with owners						
Dividends paid on shares	24	-	(1,395,500)	(1,395,500)	-	(1,395,500)
Total transactions with owners		-	(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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

Company	Note	Share capital (RM)	Distributable Retained earnings (RM)	Total equity (RM)
At 1 January 2015		55,820,002	1,653,290	57,473,292
Total comprehensive income for the financial year				
Profit for the financial year		-	1,885,376	1,885,376
Total comprehensive income		-	1,885,376	1,885,376
Transaction with owners				
Dividends paid on shares	24	-	(1,395,500)	(1,395,500)
Total transaction with owners		-	(1,395,500)	(1,395,500)
At 31 December 2015		55,820,002	2,143,166	57,963,168
Total comprehensive income for the financial year				
Profit for the financial year		-	1,940,170	1,940,170
Total comprehensive income		-	1,940,170	1,940,170
Transaction with owners				
Dividends paid on shares	24	-	(1,116,400)	(1,116,400)
Total transaction with owners		-	(1,116,400)	(1,116,400)
At 31 December 2016		**55,820,002**	**2,966,936**	**58,786,938**

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Cash Flows from Operating Activities				
Profit before tax	**3,208,974**	3,307,849	**1,940,170**	1,885,376
Adjustments for:				
Amortisation of intangible assets	**259,039**	527,514	**-**	-
Bad debts written off	**6,060**	173,606	**-**	-
Depreciation of investment properties	**152,647**	47,767	**-**	-
Depreciation of property, plant and equipment	**8,303,900**	8,814,139	**-**	-
Impairment loss on:				
Trade receivables	**2,266,698**	858,875	**-**	-
Other receivables	**5,000**	-	**-**	-
Interest expense	**891,679**	532,721	**-**	-
Interest income	**(76,124)**	(54,545)	**-**	(8)
Inventories written down	**-**	129,492	**-**	-
Property, plant and equipment written off	**236**	6,916	**-**	-
Reversal of impairment loss on trade receivables	**(248,298)**	-	**-**	-
Unrealised (gain)/loss on foreign exchange	**(575,802)**	697,965	**-**	-
Operating profit before working capital changes	**14,194,009**	15,042,299	**1,940,170**	1,885,368
Changes in working capital:				
Inventories	**867,447**	(677,465)	**-**	-
Work-in-progress	**-**	849,448	**-**	-
Receivables	**(3,950,358)**	(8,868,922)	**(2,918,937)**	(2,598,915)
Payables	**(4,130,175)**	4,158,013	**52,724**	2,020,096
Net cash flows generated from/(used in) operations	**6,980,923**	10,503,373	**(926,043)**	1,306,549
Interest received	**76,124**	54,545	**-**	8
Income tax paid	**(2,432,405)**	(3,099,366)	**-**	-
Net cash flows from/(used in) operating activities	**4,624,642**	7,458,552	**(926,043)**	1,306,557

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

	Note	Group		Company	
		2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Cash Flows from Investing Activities					
Advances from subsidiaries		**-**	-	**2,055,999**	-
Issuance of ordinary shares to non-controlling interests of a subsidiary		**200,000**	-	**-**	-
Purchase of intangible assets		**(738,877)**	(951,964)	**-**	-
Purchase of property, plant and equipment		**(9,592,167)**	(2,996,317)	**-**	-
Net cash flows (used in)/from investing activities		**(10,131,044)**	(3,948,281)	**2,055,999**	-
Cash Flows from Financing Activities					
Dividends paid		**(1,116,400)**	(1,395,500)	**(1,116,400)**	(1,395,500)
Drawdown of bankers' acceptances		**324,326**	-	**-**	-
Interest paid		**(891,679)**	(532,721)	**-**	-
Placements of pledged deposits		**(859,430)**	(817,298)	**-**	-
Proceeds from term loans		**15,170,673**	-	**-**	-
Repayments of finance lease liabilities		**(2,323,563)**	(1,376,873)	**-**	-
Repayments of term loans		**(9,016,185)**	(1,199,664)	**-**	-
Net cash flows from/(used in) financing activities		**1,287,742**	(5,322,056)	**(1,116,400)**	(1,395,500)
Net (decrease)/increase in cash and cash equivalents		**(4,218,660)**	(1,811,785)	**13,556**	(88,943)
Cash and cash equivalents at the beginning of the financial year		**5,958,724**	7,770,509	**5,120**	94,063
Cash and cash equivalents at the end of the financial year	15	**1,740,064**	5,958,724	**18,676**	5,120

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Privasia Technology Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Unit C-21-05, 3 Two Square, No.2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 5	Non-current Asset Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate financial statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

Amendments to MFRS 7 Financial Instruments: Disclosures

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

Amendments to MFRS 116 Property, Plant and Equipment

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

Amendments to MFRS 127 Separate Financial Statements

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

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

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

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

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

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

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018 / Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

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

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

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The Amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The Amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

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

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

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

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

a. Subsidiaries and business combination

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

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

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

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

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

The accounting policy for goodwill is set out in Note 3.8(a).

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

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

b. Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

c. Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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 an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal 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 remeasured. 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 the 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.

d. Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and an associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

3.3 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

a. Subsequent measurement

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

i. Financial assets

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the two preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investment 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 less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

ii. Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

b. Financial guarantee contracts

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

c. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

i. the recognition of an asset to be received and the liability to pay for it on the trade date; and
ii. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

d. Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive 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 other comprehensive income 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 and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

e. Offsetting of financial instruments

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

3.5 Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are 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 cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

b. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

c. Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	95 years
Computer equipment	3 – 5 years
Telecommunication and other equipment	3 – 5 years
Renovation	3 – 5 years
Motor vehicles	5 years
Other assets	1 year

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

d. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

a. Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge 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 charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

b. Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group and the Company use the cost model to measure their investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

For buildings, depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of 95 years.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill and other intangible assets

a. Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

b. Development costs

An intangible asset arising from development is recognised when the following criteria are met:

i. it is technically feasible to complete the intangible asset so that it will be available for use or sale;
ii. management intends to complete the intangible asset and use or sell it;
iii. there is an ability to use or sell the asset;
iv. it can be demonstrated how the intangible asset will generate future economic benefits;
v. adequate resources to complete the development and to use or sell the intangible asset are available; and
vi. the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a systematic basis commencing from the time it yields commercial income on the straight line basis over the year of its expected benefits, but not exceeding five (5) years. The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.11(b).

c. Computer software

Computer software that are acquired by the Group which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Computer software are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets for 3 to 5 years. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.11(b).

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on weighted average costs basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.11 Impairment of assets

a. Impairment and uncollectibility of financial assets

At each reporting date, all financial assets are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

b. Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets 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 previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Share capital

a. Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Employee benefits

a. Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick level and non-monetary benefits are recognised as an expense in the financial year where the employee have rendered their services to the Group.

b. Defined contribution plan

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

3.14 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.15 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

a. Services

Revenue 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.

b. Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and when the significant risks and rewards of ownership have been transferred to the buyer, 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.

c. Interest income

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

d. Dividend income

Dividend income is recognised when the right to receive payment is established.

e. Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

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 that are 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, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current 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.

a. Current tax

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

b. Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair value measurements

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

For a 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 and the Company use observable market data as far as possible. Fair value is 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 Company 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
b. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

a. Classification between investment properties and property, plant and equipment

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group and the Company account for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such insignificant that a property does not qualify as an investment property.

b. Classification of finance and operating leases

The Group classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the remaining economic life of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the lessee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

c. Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.5, the Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 5.

d. Useful lives of other intangible assets

The Group estimates the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed in Note 7.

e. Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, goodwill is grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value in use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 7.

f. Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 11.

g. Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 12.

h. Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings (RM)	Computer equipment (RM)	Telecommunication and other equipment (RM)	Renovation (RM)	Motor vehicles (RM)	Other assets (RM)	Total (RM)
Cost							
At 1.1.2016	10,000,000	30,898,678	29,605,130	661,949	87,355	109,813	71,362,925
Additions	-	13,663,517	4,428,412	8,385	-	30,812	18,131,126
Written off	-	(12,803)	(11,625)	-	-	-	(24,428)
Transfer from investment properties (Note 6)	2,000,000	-	-	-	-	-	2,000,000
At 31.12.2016	**12,000,000**	**44,549,392**	**34,021,917**	**670,334**	**87,355**	**140,625**	**91,469,623**
Accumulated depreciation							
At 1.1.2016	529,582	22,694,994	17,599,315	621,247	55,111	99,534	41,599,783
Charge for the financial year	390,631	4,113,426	3,752,297	(2,455)	16,822	33,179	8,303,900
Written off	-	(12,800)	(11,392)	-	-	-	(24,192)
Transfer from investment properties (Note 6)	164,894	-	-	-	-	-	164,894
At 31.12.2016	**1,085,107**	**26,795,620**	**21,340,220**	**618,792**	**71,933**	**132,713**	**50,044,385**
Net carrying amount							
At 31.12.2016	**10,914,893**	**17,753,772**	**12,681,697**	**51,542**	**15,422**	**7,912**	**41,425,238**

Group	Buildings (RM)	Computer equipment (RM)	Telecommunication and other equipment (RM)	Renovation (RM)	Motor vehicles (RM)	Other assets (RM)	Total (RM)
Cost							
At 1.1.2015	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 31.12.2015	**10,000,000**	**30,898,678**	**29,605,130**	**661,949**	**87,355**	**109,813**	**71,362,925**
Accumulated depreciation							
At 1.1.2015	423,432	18,283,135	13,454,877	593,118	38,289	85,981	32,878,832
Charge for the financial 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 31.12.2015	**529,582**	**22,694,994**	**17,599,315**	**621,247**	**55,111**	**99,534**	**41,599,783**
Net carrying amount							
At 31.12.2015	**9,470,418**	**8,203,684**	**12,005,815**	**40,702**	**32,244**	**10,279**	**29,763,142**

a. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM18,131,126 (2015: RM7,824,068) which are satisfied by the following:

	Group	
	2016 (RM)	**2015** (RM)
Finance lease arrangements	**8,538,959**	4,827,751
Cash payments	**9,592,167**	2,996,317
	18,131,126	7,824,068

b. The carrying amount of assets of the Group under finance lease arrangements are as follows:

	Group	
	2016 (RM)	**2015** (RM)
Computer equipment	**8,053,840**	-
Telecommunication and other equipment	**261,065**	1,669,376
	8,314,905	1,669,376

c. Buildings of the Group with carrying amount of RM10,914,893 (2015: RM9,470,418) have been pledged as security to secure the term loans granted to a subsidiary as disclosed in Note 17.

6. INVESTMENT PROPERTIES

	Group	
	2016 (RM)	**2015** (RM)
At cost:		
At 1 January	**4,500,000**	4,500,000
Transfer to property, plant and equipment (Note 5)	**(2,000,000)**	-
At 31 December	**2,500,000**	4,500,000
Accumulated depreciation		
At 1 January	**238,311**	190,544
Charge for the financial year	**152,647**	47,767
Transfer to property, plant and equipment (Note 5)	**(164,894)**	-
At 31 December	**226,064**	238,311
Net carrying amount		
At 31 December	**2,273,936**	4,261,689

The Group's investment properties comprise a commercial property (2015: two commercial properties) that is leased to a third party.

The investment properties of the Group with carrying amount of RM2,273,936 (2015: RM4,261,689) has been pledged as security for term loans as disclosed in Note 17.

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

	Group	
	2016 (RM)	**2015** (RM)
Rental income	**194,184**	191,669
Direct operating expenses	**(103,742)**	(58,266)

Fair value of investment properties are categorised as follows:

	Group	
	Level 2 (RM)	**Total** (RM)
31.12.2016		
Leasehold buildings	**2,880,000**	2,880,000
31.12.2015		
Leasehold buildings	**5,264,048**	5,264,048

The valuation of investment property as at 31 December 2016 and 31 December 2015 is determined using open market method which was derived by way of independent valuation performed by the professional valuer. The valuation was generally derived using the sales comparison approach, where sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size and is therefore recognised under Level 2 of the fair value hierarchy.

The directors and the professional valuer consider that it is appropriate to use the sales comparison approach.

There were no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2016 and 31 December 2015.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Group	**Goodwill** (RM)	**Development costs** (RM)	**Computer software** (RM)	**Total** (RM)
Cost				
At 1.1.2015	36,005,230	7,480,744	3,590,935	47,076,909
Additions				
developed internally	-	750,636	-	750,636
acquired separately	-	-	201,328	201,328
	-	750,636	201,328	951,964
At 31.12.2015	**36,005,230**	**8,231,380**	**3,792,263**	**48,028,873**
Additions				
developed internally	-	274,750	-	274,750
acquired separately	-	-	464,127	464,127
	-	274,750	464,127	738,877
At 31.12.2016	**36,005,230**	**8,506,130**	**4,256,390**	**48,767,750**
Accumulated amortisation and impairment				
At 1.1.2015	320,000	7,313,505	2,554,273	10,187,778
Amortisation charge for the financial year	-	51,586	475,928	527,514
At 31.12.2015	320,000	7,365,091	3,030,201	10,715,292
Amortisation charge for the financial year	-	32,011	227,028	259,039
At 31.12.2016	**320,000**	**7,397,102**	**3,257,229**	**10,974,331**
Net carrying amounts				
At 31.12.2015	35,685,230	866,289	762,062	37,313,581
At 31.12.2016	**35,685,230**	**1,109,028**	**999,161**	**37,793,419**

a. Amortisation

The amortisation of development costs and computer software of the Group amounting to RM32,011 (2015: RM51,586) and RM227,028 (2015: RM475,928) are included in cost of sales and administrative expenses respectively.

b. Development costs

Development costs represent software under development and yet to be commercialised. It is reasonably anticipated that the costs will be recovered through future commercial activities.

c. Computer software

It represents software acquired that is not integral to the functionality of equipment.

d. Impairment of goodwill

Directors review the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGUs") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal reporting purposes.

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the following segments for impairment testing:

	Group	
	2016 (RM)	**2015** (RM)
Information Technology ("IT")	**31,189,056**	31,189,056
Information and Communication Technology ("ICT")	**4,027,178**	4,027,178
Satellite-based network services ("SAT")	**468,996**	468,996
	35,685,230	35,685,230

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budget and forecasts approved by Directors covering a five-year period. The same method has also been used in the previous financial year.

For each of the CGUs with significant amount of goodwill, the value-in-use calculation is most sensitive to the following key assumptions:

2016	
Revenue (% of annual growth rate)	**3% - 5%**
Operating expenses (% of annual growth rate)	**5% - 10%**
Gross margin (% of revenue)	**20% - 80%**
Discount rate	**9% - 15%**
2015	
Revenue (% of annual growth rate)	**3% - 5%**
Operating expenses (% of annual growth rate)	**5%**
Gross margin (% of revenue)	**20% - 80%**
Discount rate	**12%**

Revenue growth rate is extrapolated using a constant growth rate which does not exceed the long-term average growth rate of the respective CGUs.

Gross margin is the forecasted margin as a percentage of revenue over the five year projection period. These are increased over the projection period for anticipated efficiency improvements.

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects Directors' estimate of the risks specific to the CGUs at the date of assessment.

Directors believe that there is no reasonably possible change in the key assumptions that would cause the carrying value of the CGUs to exceed their recoverable amount. As a result of the analysis, Directors did not identify an impairment for the goodwill.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 (RM)	**2015** (RM)
At cost		
Unquoted shares	**58,403,181**	58,403,181

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

Name of Company	Ownership interest		Principal activities
	2016	**2015**	
Privasia Sdn. Bhd.	**100%**	100%	Outsourcing, consultation, e-procurement and related functions
Privanet Sdn. Bhd.	**100%**	100%	Provision of total wireless and communication solutions
Privasat Sdn. Bhd. (formerly known as IPSAT Sdn. Bhd.)	**100%**	100%	Providing high speed internet broadband access (satellite services)
Spring Reach Distribution Sdn. Bhd.	**70%**	70%	Trading of electronic and telecommunication equipment
Privagen Sdn. Bhd.	**60%**	60%	Trading of information technology equipment and software
Subsidiaries of Privasia Sdn. Bhd.			
Privasia (Sabah) Sdn. Bhd.	**100%**	100%	Provision of supplying, testing and commissioning of IT active equipment
Privacom Sdn. Bhd.	**100%**	100%	Dealer in data processing equipment, computer system and provision of telecommunication and computer network consultancy services, temporarily ceased operations
Subsidiaries of Privanet Sdn. Bhd.			
Privatel Sdn. Bhd.	**75%**	75%	Provision of network engineering services
Scantel Sdn. Bhd.	**100%**	100%	Provision of communication solutions

a. **Non-controlling interests ("NCI") in subsidiaries**

The financial information of the Group's subsidiaries that have NCI are as follows:

b. **Summarised financial information of non-controlling interests**

	Spring Reach Distribution Sdn. Bhd. (RM)	**Privagen Sdn. Bhd.** (RM)	**Privatel Sdn. Bhd.** (RM)	**Total** (RM)
2016				
NCI percentage of ownership	30%	40%	25%	
Carrying amount of NCI	**(296,371)**	**(178,899)**	**290,259**	**(185,011)**
Profit/(Loss) allocated to NCI	**3,630**	**(133,758)**	**354,597**	**224,469**
2015				
NCI percentage of ownership	30%	40%	25%	
Carrying amount of NCI	(300,001)	(45,141)	(264,338)	(609,480)
Loss allocated to NCI	(187,938)	(125,141)	(614,458)	(927,537)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have NCI are as follows:

9. INVESTMENT IN AN ASSOCIATE

	Spring Reach Distribution Sdn. Bhd. (RM)	Privagen Sdn. Bhd. (RM)	Privatel Sdn. Bhd. (RM)
Summarised statements of financial position			
As at 31 December 2016			
Non-current assets	599	374	1,141,440
Current assets	4,169,564	306,510	11,586,813
Non-current liabilities	-	-	(189,160)
Current liabilities	(5,160,469)	(754,133)	(11,333,058)
Net (liabilities)/assets	(990,306)	(447,249)	1,206,035
Summarised statements of comprehensive income Financial year ended 31 December 2016			
Revenue	33,838	1,497,290	14,457,554
(Loss)/Profit for the financial year	(37,158)	(251,047)	1,700,535
Total comprehensive (loss)/income	(37,158)	(251,047)	1,226,652
Summarised cash flow information Financial year ended 31 December 2016			
Cash flows from/(used in) operating activities	103,276	(11,855)	(1,372,124)
Cash flows used in investing activities	-	-	(751,207)
Cash flows from financing activities	-	-	747,064
Net increase/(decrease) in cash and cash equivalents	103,276	(11,855)	(1,376,267)
Dividends paid to NCI	-	-	-
Summarised statements of financial position As at 31 December 2015			
Non-current assets	6,314	820	698,817
Current assets	4,309,351	219,230	6,038,527
Non-current liabilities	-	-	(115,321)
Current liabilities	(5,268,813)	(416,252)	(7,442,640)
Net liabilities	(953,148)	(196,202)	(820,617)
Summarised statements of comprehensive income Financial year ended 31 December 2015			
Revenue	382,892	538,119	9,238,167
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income	(616,698)	(318,239)	402,395
Summarised statements of comprehensive income Financial year ended 31 December 2015			
Cash flows from/(used in) operating activities	37,926	(231,197)	773,015
Cash flows from/(used in) investing activities	-	204,013	(66,798)
Cash flows used in financing activities	-	-	(366,566)
Net increase/(decrease) in cash and cash equivalents	37,926	(27,184)	339,651
Dividends paid to NCI	-	-	-

	Group	
	2016 (RM)	**2015** (RM)
At cost		
Unquoted shares	**30**	30
Share of post acquisition reserves	**(30)**	(30)
	-	-

a. There is no quoted market price available for the associate as this is a private company.
b. Details of the associate, which is incorporated in Malaysia is as follows:

	Ownership interest		
Name of Company	**2016**	**2015**	**Principal activities**
Infocrats Sdn. Bhd.	**30%**	30%	Provision of systems development in computer software solutions and packages.

c. The summarised financial information of the Group's associate is as follows:

	2016 (RM)	**2015** (RM)
Infocrats Sdn. Bhd. **Liabilities**		
Current liabilities	**21,705**	15,051
Net liabilities	**21,705**	15,051
Results Loss for the financial year, representing total comprehensive loss for the financial year	**(6,654)**	(4,724)

d. The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is follows:

	2016 (RM)	**2015** (RM)
Infocrats Sdn. Bhd.		
Share of net assets at the acquisition date	**30**	30
Share of post-acquisition losses	**(30)**	(30)
Carrying amount in the consolidated statement of financial position	**-**	-
Group's share of results	**(1,996)**	(1,417)

The Group's share of accumulated losses in the associate is restricted to the Group's cost of investment in the associate. Accordingly, the Group has excluded its current year's share of losses of associate amounting to RM1,996 (2015: RM1,417) from its financial statements.

As at 31 December 2016, the cumulative unrecognised share of losses of the associate is RM3,383 (2015: RM1,387).

10. OTHER INVESTMENT

	Group / Company	
	2016 (RM)	**2015** (RM)
Non-current		
Unquoted shares, at cost	**500,000**	500,000

Fair value information has not been disclosed for the Group's and the Company's unquoted investment which is carried at cost because the fair value cannot be measured reliably. It represents investment in the ordinary shares of a company which is not quoted on any market and information on any comparable industry peer is not available.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2016 (RM)	**2015** (RM)
At 1 January	**(1,028,734)**	(2,247,206)
Recognised in profit or loss (Note 22)	**(496,279)**	1,218,472
At 31 December	**(1,525,013)**	(1,028,734)

Presented after appropriate offsetting as follows:

	Group	
	2016 (RM)	**2015** (RM)
Deferred tax assets	**1,073,987**	1,073,987
Deferred tax liabilities	**(2,599,000)**	(2,102,721)
	(1,525,013)	(1,028,734)

This is in respect of estimated deferred tax assets/(liabilities) arising from temporary differences as follows:

	Group	
	2016 (RM)	**2015** (RM)
Deferred tax assets		
Unutilised tax losses	**1,073,987**	1,073,987
Deferred tax liabilities		
Differences between carrying amounts of property, plant and equipment and their tax base	**(2,599,000)**	(2,102,721)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

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

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Unutilised tax losses	**29,036,709**	24,249,407	**1,184,026**	984,750
Unabsorbed capital allowances	**6,499,539**	3,672,228	**-**	-
	35,536,248	27,921,635	**1,184,026**	984,750

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

12. INVENTORIES

	Group	
	2016 (RM)	**2015** (RM)
At lower of cost and net realisable value:		
Finished goods	**2,350,822**	3,218,269

During the financial year, inventories of the Group recognised as cost of sales amounted to RM12,622,800 (2015: RM8,991,872).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Trade receivables				
Third parties	**32,955,187**	30,802,553	**-**	-
Subsidiaries	**-**	-	**4,501,167**	1,582,230
	32,955,187	30,802,553	**4,501,167**	1,582,230
Less: Impairment loss for trade receivables				
- Third parties	**(4,135,668)**	(2,175,233)	**-**	-
	28,819,519	28,627,320	**4,501,167**	1,582,230
Other receivables				
Amounts owing by subsidiaries	-	-	**3,282,397**	3,480,166
Other receivables	**2,637,170**	1,451,294	**19,988**	80,500
Deposits	**1,094,778**	2,675,963	**2,000**	2,000
Prepayments	**4,935,338**	2,806,330	**-**	-
	8,667,286	6,933,587	**3,304,385**	3,562,666
Less: Impairment loss for other receivables	**(8,000)**	(3,000)	**-**	-
	8,659,286	6,930,587	**3,304,385**	3,562,666
Total trade and other receivables	**37,478,805**	35,557,907	**7,805,552**	5,144,896

a. Trade receivables

The Group's and the Company's normal trade credit term extended to customers ranging from 7 to 90 days (2015: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The Group and the Company maintain an ageing analysis is respect of trade receivables only. The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Neither past due nor impaired	**13,091,453**	8,144,641	**330,201**	261,661
1 to 30 days past due not impaired	**4,993,944**	2,327,812	**260,908**	225,507
31 to 60 days past due not impaired	**1,692,591**	1,741,945	**263,309**	251,279
61 to 90 days past due not impaired	**1,441,113**	846,680	**153,304**	253,606
More than 91 days past due not impaired	**7,600,418**	15,566,242	**3,493,445**	590,177
	28,819,519	28,627,320	**4,170,966**	1,320,569
Impaired	**4,135,668**	2,175,233	**-**	-
	32,955,187	30,802,553	**4,501,167**	1,582,230

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
At 1 January	**2,175,233**	1,316,358	**-**	-
Charge for the financial year				
Individual impairment loss (Note 20)	**2,266,698**	858,875	**-**	-
Reversal of impairment loss (Note 20)	**(248,298)**	-	**-**	-
Written off	**(57,965)**	-	**-**	-
At 31 December	**4,135,668**	2,175,233	**-**	-

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

b. Other receivables

Amounts owing by subsidiaries represent advances which are unsecured, non-interest bearing and repayable on demand.

14. CURRENT TAX ASSETS

This amount is in respect of tax paid in advance to the tax authorities.

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Cash and bank balances	**6,599,555**	4,068,533	**18,676**	5,120
Deposits with licensed banks	**4,328,716**	5,156,694	**-**	-
Cash and cash equivalents as reported in the statements of financial position	**10,928,271**	9,225,227	**18,676**	5,120
Less - Bank overdrafts (Note 17)	**(5,163,417)**	(101,143)	**-**	-
Deposits pledged as security	**(4,024,790)**	(3,165,360)	**-**	-
Cash and cash equivalents as reported in the statements of cash flows	**1,740,064**	5,958,724	**18,676**	5,120

Deposits with licensed banks were placement with period of three months or less, depending on the immediate cash requirements of the Group and bear effective interest at rates ranging from 2.95% to 3.50% (2015: 2.95% to 3.20%) per annum.

Included in the deposits with licensed banks of the Group is an amount of RM4,024,790 (2015: RM3,165,360) pledged as security for term loans, bank overdrafts and bank guarantees granted to subsidiaries as disclosed in Note 17.

Included in deposits pledged as security of the Group are amounts of RM500,000 and RM66,600 (2015: RM500,000 and RM66,600) respectively held in trust by a director of a subsidiary and a director of the Company respectively as security for term loans granted to subsidiaries as disclosed in Note 17.

16. SHARE CAPITAL

	Group / Company			
	Number of shares		Amounts	
	2016 (Unit)	**2015** (Unit)	**2016** (RM)	**2015** (RM)
Ordinary shares of RM0.10 each				
Authorised: At beginning/end of the financial year	**1,000,000,000**	1,000,000,000	**100,000,000**	100,000,000
Issued and fully paid: At beginning/end of the financial year	**558,200,020**	558,200,020	**55,820,002**	55,820,002

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. LOANS AND BORROWINGS

	Note	Group 2016 (RM)	Group 2015 (RM)
Non-current:			
Term loan I	(a)	**-**	7,826,161
Term loan II	(a)	**3,561,935**	-
Term loan III	(a)	**8,942,704**	-
Finance lease liabilities	(b)	**6,147,738**	1,622,591
		18,652,377	9,448,752
Current:			
Bankers' acceptances	(c)	**324,326**	-
Bank overdrafts	(c)	**5,163,417**	101,143
Term loan I	(a)	**-**	1,190,024
Term loan II	(a)	**2,062,943**	-
Term loan III	(a)	**450,734**	-
Term loan IV	(a)	**152,357**	-
Finance lease liabilities	(b)	**3,420,135**	1,729,886
		11,573,912	3,021,053
Total loans and borrowings:			
Bankers' acceptances	(c)	**324,326**	-
Bank overdrafts	(c)	**5,163,417**	101,143
Term loans	(a)	**15,170,673**	9,016,185
Finance lease liabilities	(b)	**9,567,873**	3,352,477
		30,226,289	12,469,805

a. Term loans

Term loan I of a subsidiary had been fully repaid during the financial year and term loan interest was being charged at a rate of 4.40% per annum in the previous financial year. The term loan was secured and supported as follows:

i. All contract proceeds from the major customer of a subsidiary; and

ii. Debenture by way of a fixed and floating charge on all present and future assets of a subsidiary.

Term loans II and III of a subsidiary bear interest at rates of 5.27% and 4.74% per annum respectively and are repayable over 5 years and 15 years respectively commencing from the day of first drawdown and are secured and supported as follows:

i. Legal charge over the buildings of a subsidiary as disclosed in the Note 5;

ii. Legal charge over the investment property of a subsidiary as disclosed in Note 6;

iii. All contract proceeds from the major customer and its related companies of a subsidiary;

iv. Debenture by way of a fixed and floating charge over the specific assets of a subsidiary;

v. Corporate guarantee of the Company; and

vi. Joint and several guarantee of two directors.

Term loans II and III require the subsidiary to maintain a debt to equity ratio of not exceeding 1.25.

Term loan IV of a subsidiary bears interest rate at 8.25% per annum and is repayable over five years commencing from the day of first drawdown and is secured and supported as follows:

i. Debenture creating a first rank fixed and floating charge over the customer's assets of a subsidiary, present and future;
ii. General deed of assignment of the contract proceeds in relation to a project of a subsidiary;
iii. Assignment over the Insurance/Takaful Policy over the equipment in relation to a project of a subsidiary;
iv. Corporate guarantee of the Company; and
v. Memorandum of deposit of sinking fund to be built up to maximum amount of RM180,000 only by way of quarterly sinking fund of RM45,000 only.

b. Finance lease liabilities

Certain property, plant and equipment of the Group as disclosed in Note 5 are financed by finance lease arrangements. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases is 3.83% (2015: 3.83%) per annum.

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follow:

	Group	
	2016 (RM)	**2015** (RM)
Minimum lease payments		
Not later than one year	**3,845,725**	1,742,825
Later than one year and not later than 5 years	**6,410,304**	1,625,275
	10,256,029	3,368,100
Less: Future finance charges	**(688,156)**	(15,623)
Present value of minimum lease payments	**9,567,873**	3,352,477
Present value of minimum lease payments		
Not later than one year	**3,420,135**	1,729,886
Later than one year and not later than 5 years	**6,147,738**	1,622,591
	9,567,873	3,352,477
Less: Amount due within 12 months	**(3,420,135)**	(1,729,886)
Amount due after 12 months	**6,147,738**	1,622,591

c. Bank overdrafts and bankers' acceptances

The bank overdrafts and bankers' acceptances of the Group are secured by way of:

i. Corporate guarantee of the Company;
ii. Joint and several guarantee by directors;
iii. A deposit placed with licensed bank;
iv. Deed of assignment of Benefits of Contract Proceeds from all contracts of a subsidiary financed by Bank;
v. Charge over a subsidiary's Designated Escrow Account ("DEA"), fixed deposit and sinking fund account maintained; and
vi. Memorandum of Charge over Fixed Deposits by a subsidiary in respect of sinking fund in the form of fixed deposits via 5% deduction from each contract proceeds received up to RM500,000 together with all interest accruing from time to time.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 (RM)	2015 (RM)	2016 (RM)	2015 (RM)
Trade payables				
Third parties	**11,881,319**	18,936,262	**-**	-
Other payables				
Third parties	**2,811,456**	1,842,028	**26,106**	46,577
Amounts owing to subsidiaries	**-**	-	**7,848,765**	5,990,535
Deposits and accruals	**7,386,147**	6,006,609	**65,600**	52,917
	10,197,603	7,848,637	**7,940,471**	6,090,029
Total trade and other payables	**22,078,922**	26,784,899	**7,940,471**	6,090,029

a. The normal trade credit term granted by the trade creditors to the Group ranging from 30 to 60 days (2015: 30 to 60 days).

b. The amounts owing to subsidiaries are unsecured, non-interest bearing and repayable upon demand.

19. REVENUE

	Group		Company	
	2016 (RM)	2015 (RM)	2016 (RM)	2015 (RM)
Dividend income	**-**	-	**2,400,000**	2,400,000
Information technology	**38,396,619**	46,270,636	**-**	-
Information communication technology	**27,157,070**	26,184,973	**-**	-
Management fees	**-**	-	**2,956,742**	2,955,964
Satellite-based network services	**8,942,858**	8,890,269	**-**	-
	74,496,547	81,345,878	**5,356,742**	5,355,964

20. PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

	Group		Company	
	2016 (RM)	2015 (RM)	2016 (RM)	2015 (RM)
Amortisation of intangible assets	**259,039**	527,514	**-**	-
Auditors' remuneration:				
statutory audit				
current year	**127,600**	154,000	**35,000**	35,000
over provision in prior financial years	**(24,735)**	-	**-**	-
non-statutory audit fees	**40,000**	59,000	**36,000**	55,000
Bad debts written off	**6,060**	173,606	**-**	-
Depreciation of investment properties	**152,647**	47,767	**-**	-
Depreciation of property, plant and equipment	**8,303,900**	8,814,139	**-**	-
Employee benefits expense (Note 21)	**14,896,225**	13,727,653	**229,000**	230,500
Interest expenses:				
bankers' acceptances and bank overdrafts	**118,783**	38,381	**-**	-

finance lease payables	**165,558**	11,067	**-**	-
term loans	**369,474**	430,305	**-**	-
others	**237,864**	52,968	**-**	-
Impairment loss on:				
trade receivables	**2,266,698**	858,875	**-**	-
other receivables	**5,000**	-	**-**	-
Interest income	**(76,124)**	(54,545)	**-**	-
Inventories written off	**-**	129,492	**-**	-
Loss/(Gain) on foreign exchange				
realised	**6,101**	441,552	**-**	-
unrealised	**(575,802)**	697,965	**-**	-
Property, plant and equipment written off	**236**	6,916	**-**	-
Rental expenses	**196,289**	300,439	**-**	-
Rental income	**(194,184)**	(191,669)	**-**	-
Reversal on impairment on trade receivables	**(248,298)**	-	**-**	-

21. EMPLOYEE BENEFITS EXPENSE

	Group		**Company**	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Salaries and wages	**11,420,119**	10,320,406	**-**	-
Defined contribution plans	**1,001,455**	1,181,831	**-**	-
Directors' remuneration (Note (i))	**2,474,651**	2,225,416	**229,000**	230,500
	14,896,225	13,727,653	**229,000**	230,500

i. The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		**Company**	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Directors' fees	**216,000**	216,000	**216,000**	216,000
Directors' other emoluments	**2,258,651**	2,009,416	**13,000**	14,500
	2,474,651	2,225,416	**229,000**	230,500

22. TAX EXPENSE

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Current tax expense:				
Malaysian income tax:				
Based on results of the financial year	**2,537,000**	2,939,260	**-**	-
Over provision in prior financial year	**(161,321)**	(605,173)	**-**	-
	2,375,679	2,334,087	**-**	-
Deferred tax: (Note11)				
Reversal and origination of temporary differences	**375,272**	(991,974)	**-**	-
Over provision in prior financial year	**121,007**	(226,498)	**-**	-
	496,279	(1,218,472)	**-**	-
Tax expense recognised in profit or loss	**2,871,958**	1,115,615	**-**	-

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Profit before tax	**3,208,974**	3,307,849	**1,940,170**	1,885,376
Tax at Malaysian statutory income tax rate of 24% (2015: 25%)	**770,154**	826,962	**465,641**	471,344
Effect of changes in tax rates	**-**	17,929	**-**	-
Non-deductible expenses	**269,611**	740,488	**62,533**	73,559
Exempted income	**-**	-	**(576,000)**	(600,000)
Deferred tax not recognised on unutilised tax losses and unabsorbed capital allowances	**1,827,507**	361,907	**47,826**	55,097
Over provision in prior financial year				
current income tax	**(116,321)**	(605,173)	**-**	-
deferred tax	**121,007**	(226,498)	**-**	-
Tax expense recognised in profit or loss	**2,871,958**	1,115,615	**-**	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

23. EARNINGS PER SHARE

a. Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2016 (RM)	**2015** (RM)
Profit for the financial year attributable to owners of the Company	**112,547**	3,119,771
Weighted average number of ordinary shares for basic loss per share computation	**558,200,020**	558,200,020
Basic/Diluted earnings per ordinary share (sen)	**0.02**	0.56

b. The diluted earnings per share of the Group for the financial year ended 31 December 2016 and 31 December 2015 are the same as the basic earnings per share of the Group as the Group has no dilutive potential ordinary shares.

24. DIVIDENDS

	Group / Company	
	2016 (RM)	**2015** (RM)
Recognised during the financial year:		
Dividends on ordinary shares:		
Single tier final dividend for the financial year ended 31 December 2015: 0.20 sen per ordinary share of RM0.10 each, paid on 18 August 2016	**1,116,400**	-
Single tier final dividend for the financial year ended 31 December 2014: 0.25 sen per ordinary share of RM0.10 each, paid on 15 July 2015	**-**	1,395,500
	1,116,400	1,395,500

25. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Product and services
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.

Other non-reportable segment comprises investment holding which is below the quantitative thresholds for determining reportable segment.

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 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.

	Note	**IT** (RM)	**ICT** (RM)	**SAT** (RM)	**Adjustments and eliminations** (RM)	**Total** (RM)
2016						
Revenue:						
Revenue from external customers	(a)	38,396,619	27,157,070	8,942,858	-	74,496,547
Inter-segment revenue		370,776	2,876,618	480,080	(3,727,474)	-
Total revenue		38,767,395	30,033,688	9,422,938	(3,727,474)	74,496,547
Results:						
Included in the measure of segment profit are:						
Amortisation of intangible assets		(228,919)	(30,120)	-	-	(259,039)
Depreciation of property, plant and equipment		(6,474,443)	(1,154,905)	(674,552)	-	(8,303,900)
Depreciation of investment properties		(101,431)	(51,216)	-	-	(152,647)
Employee benefits expense		(7,132,932)	(9,460,793)	(1,032,092)	2,729,592	(14,896,225)
Interest income		58,487	133,042	56,991	(172,396)	76,124
Interest expense		(588,963)	(406,050)	(27,544)	130,878	(891,679)
Impairment loss on trade and other receivables		-	(1,142,978)	(1,128,720)	-	(2,271,698)
Rental expenses		(93,752)	(150,276)	(149,352)	197,091	(196,289)
Reversal on impairment on trade receivables		-	248,298	-	-	248,298
Unrealised gain on forex exchange		(9,610)	51,664	533,748	-	575,802
Segment profit		10,202,917	(809,924)	(5,727,188)	(456,831)	3,208,974
Tax expense		(2,355,579)	(516,379)	-	-	(2,871,958)
Profit for the financial year		7,847,338	(1,326,303)	(5,727,188)	(456,831)	337,016
Segment assets		93,890,388	27,595,369	10,607,919	(63,660,272)	68,433,404
Unallocated assets						66,727,409
Total assets						135,160,813
Segment liabilities		39,146,256	34,110,652	16,350,680	(42,643,848)	46,963,740
Unallocated liabilities						7,940,471
Total liabilities						54,904,211

	Note	IT (RM)	ICT (RM)	SAT (RM)	Adjustments and eliminations (RM)	Total (RM)
2015						
Revenue:						
Revenue from external customers	(a)	46,270,636	26,184,973	8,890,269	-	81,345,878
Inter-segment revenue		(7,616)	3,021,355	-	(3,013,739)	-
Total revenue		46,263,020	29,206,328	8,890,269	(3,013,739)	81,345,878
Results:						
Included in the measure of segment profit are:						
Amortisation of intangible assets		(524,230)	(3,284)	-	-	(527,514)
Bad debts written off		-	-	(173,606)	-	(173,606)
Depreciation of property, plant and equipment		(7,793,644)	(542,810)	(477,685)	-	(8,814,139)
Depreciation of investment properties		(47,767)	-	-	-	(47,767)
Employee benefits expense		(6,217,278)	(7,083,218)	(1,042,032)	614,875	(13,727,653)
Interest income		44,603	123	9,819	-	54,545
Interest expenses		(430,305)	(11,067)	(91,349)	-	(532,721)
Impairment loss on trade and other receivables		-	(31,959)	(826,916)	-	(858,875)
Inventories written off		-	(129,492)	-	-	(129,492)
Rental expenses		(122,229)	(211,808)	(154,911)	188,509	(300,439)
Rental income		388,758	-	-	(197,089)	191,669
Realised loss on forex exchange		(10,043)	(24,789)	(406,720)	-	(441,552)
Unrealised loss on forex exchange		-	(4,929)	(693,036)	-	(697,965)
Segment profit		5,735,917	(172,831)	(4,528,363)	2,273,126	3,307,849
Tax expense		(1,944,933)	(286,336)	1,115,654	-	(1,115,615)
Profit for the financial year		3,790,984	(459,167)	(3,412,709)	2,273,126	2,192,234
Segment assets		79,841,720	22,817,203	12,061,166	(56,681,018)	58,039,071
Unallocated assets						64,154,340
Total assets						122,193,411
Segment liabilities		28,881,323	30,425,651	12,076,738	(36,217,458)	35,166,254
Unallocated liabilities						6,191,171
Total liabilities						41,357,425

a. Inter-segment revenue are eliminated on consolidation.

b. The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

c. The following are major customers with revenue equal or more than 10% of the Group revenue:

	Revenue		Segment
	2016 (RM)	**2015** (RM)	
Customer A	35,333,000	33,500,000	IT
Customer B	6,648,000	12,140,000	IT

26. RELATED PARTIES

a. Identity of related parties

Parties are considered to be related to the Group if the Group has the ability to directly 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.

Related parties of the Group include:

i. Subsidiaries;

ii. Associate;

iii. Entities in which directors have substantial financial interests; and

iv Key management personnel of the Group and of the Company, comprise persons having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

b. Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2016 (RM)	**2015** (RM)
Subsidiaries		
Management fee	**(2,956,742)**	(2,955,964)
Secondment fee	**2,729,592**	2,791,878
A director's related company		
Professional fees	**27,800**	160,000

c. Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Short-term employee benefits	**1,702,792**	2,225,416	**229,000**	230,500

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

i. Loans and receivables

ii. Available-for-sale financial asset

iii. Other financial liabilities

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Financial assets **Loans and receivables**				
Trade and other receivables	**32,543,467**	32,751,577	**7,805,552**	5,144,896
Deposits, cash and bank balances	**10,928,271**	9,225,227	**18,676**	5,120
	43,471,738	41,976,804	**7,824,228**	5,150,016
Available-for-sale				
Other investment	**500,000**	500,000	**500,000**	500,000
Financial liabilities **Other financial liabilities**				
Loans and borrowings	**30,226,289**	12,469,805	**-**	-
Trade and other payables	**22,078,922**	26,784,899	**7,940,471**	6,090,029
	52,305,211	39,254,704	**7,940,471**	6,090,029

b. Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to 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 Group's and 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.

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2016 and 31 December 2015.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value of financial instruments not carried at fair value				
	Carrying amount (RM)	**Level 1** (RM)	**Level 2** (RM)	**Level 3** (RM)	**Total** (RM)
Group					
31 December 2016 **Financial liabilities**					
Other financial liabilities - finance lease liabilities	**9,567,873**	**-**	**10,256,029**	**-**	**10,256,029**
31 December 2015 **Financial liabilities**					
Other financial liabilities - finance lease liabilities	3,352,477	-	3,368,100	-	3,368,100

Level 2 fair value

Fair value of financial instruments not carried at fair value

The fair value of liability component of loans and borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities that do not have a conversion option.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are exercised by the Executive Directors and the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

i. Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at end of the reporting date, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of the trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 13. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the immediate holding company, subsidiaries and related companies in determining the recoverability of these intercompany balances.

<u>Credit risk concentration profile</u>

At the end of the reporting period, 41% (2015: 51%) of the Group's trade receivables was due from six (2015: four) major customers.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respects of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM20,658,416 (2015: RM9,117,328) representing the maximum amount the Company could pay if the guarantee is called. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

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

ii. Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables and borrowings.

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

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Carrying amount (RM)	<------Contractual cash flows------> On demand or within 1 year (RM)	Between 1 and 5 years (RM)	More than 5 years (RM)	Total (RM)
Group					
2016					
Trade and other payables	**22,078,922**	**22,078,922**	**-**	**-**	**22,078,922**
Loans and borrowings	**30,226,289**	**12,137,424**	**22,137,602**	**-**	**34,275,026**
	52,305,211	**34,216,346**	**22,137,602**	**-**	**56,353,948**
2015					
Trade and other payables	26,784,899	26,784,899	-	-	26,784,899
Loans and borrowings	12,469,805	3.042,918	9,882,182	-	12,925,100
	39,254,704	29,827,817	9,882,182	-	39,709,999
Company					
2016					
Trade and other payables	**7,940,471**	**7,940,471**	**-**	**-**	**7,940,471**
2015					
Trade and other payables	6,090,029	6,090,029	-	-	6,090,029

iii. **Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates related primarily to the Group's operating activities (when sales and purchases are denominated in a foreign currency).

The Group did not hedge any foreign trade receivables or payables denominated in foreign currencies during the financial year. The Group ensures that the net exposure is kept to an acceptable level.

The Group's unhedged financial assets of that are not denominated in their functional currency are as follows:

	Group 2016 (RM)	2015 (RM)
United States Dollar ("USD")		
Trade receivables	**1,629,283**	4,091,464
Trade payables	**(3,718,437)**	(6,430,706)
	(2,089,154)	(2,339,242)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates to United States Dollar ("USD").

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's profit for the financial year.

	Change in rate	**Effect on profit for the financial year** (RM)
2016		
- USD	**+10%**	**(156,687)**
	-10%	**156,687**
2015		
- USD	+10%	(175,443)
	-10%	175,443

iv. Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term borrowings with floating interest rates. The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Group does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's profit for the financial year.

	Change in basis point	**Effect on profit for the financial year** (RM)
Group		
31 December 2016	**+50**	**(77,469)**
	-50	**77,469**
31 December 2015		
	+50	(34,190)
	-50	34,190

29. OPERATING LEASES

a. Operating lease commitments – as lessee

The Group leases number of equipment under operating leases for average lease term between one to three years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2016 (RM)	**2015** (RM)
Not more than one year	**163,208**	23,624
Later than one year and not later than five years	**93,049**	2,154
	256,257	25,778

b. Operating lease commitments – as lessor

The Group leases an investment property which has remaining lease term of three years. There are no restrictions placed upon the Company by entering into this lease.

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2016 (RM)	**2015** (RM)
Not more than one year	**194,184**	194,184
Later than one year and not later than five years	**202,275**	307,458
	396,459	501,642

30. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2016 and 31 December 2015.

The Group and the Company monitor capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings, less deposits, cash and bank balances where total capital comprises the equity attributable to equity holders of the Group and of the Company. The gearing ratio at 31 December 2016 and 31 December 2015 are as follows:

		Group		Company	
	Note	**2016** (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Loans and borrowings	17	**30,226,289**	12,469,805	**-**	-
Less:					
Deposits, cash and bank balances	15	**(10,928,271)**	(9,225,227)	**(18,676)**	(5,120)
Net debts		**19,298,018**	3,244,578	**(18,676)**	(5,120)
Total equity		**80,256,602**	80,835,986	**58,786,938**	57,963,168
Total net debt plus equity		**99,554,620**	80,080,564	**58,768,262**	57,958,048
Gearing ratio		**19%**	4%	*****	*

* Not meaningful.

Other than as disclosed in Note 17(a), the Company is also required to comply with the disclosure and necessary capital requirement as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company has complied with these requirements for the financial years ended 31 December 2016 and 31 December 2015.

31. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 (RM)	**2015** (RM)	**2016** (RM)	**2015** (RM)
Total retained earnings of the Company and its subsidiaries				
- Realised	**10,402,835**	11,010,366	**2,966,936**	2,143,166
- Unrealised	**(2,100,815)**	(1,881,827)	**-**	-
	8,302,020	9,128,539	**2,966,936**	2,143,166
Add : Consolidation adjustments	**16,319,591**	16,496,925	**-**	-
Total retained earnings	**24,621,611**	25,625,464	**2,966,936**	2,143,166

STATEMENT BY DIRECTORS

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

We, **DATUK ALI BIN ABDUL KADIR** and **PUVANESAN A/L SUBENTHIRAN**, being two of the directors of Privasia Technology Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 39 to 85, 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 financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 86 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as 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
Director

Puvanesan A/L Subenthiran
Director

Kuala Lumpur

Date: 25 April 2017

STATUTORY DECLARATION

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

I, **AARON LOKE KHY-MIN**, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 39 to 85 and the supplementary information set out on page 86 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Aaron Loke Khy-Min

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25 April 2017.

Before me:
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRIVASIA TECHNOLOGY BERHAD

Report on the Audit Financial Statements

Opinion

We have audited the financial statements of Privasia Technology Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 85.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as 31 December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill (Note 7 to the financial statements)

The Group has significant balances of goodwill. The goodwill is tested for impairment annually. In performing the impairment assessment, the directors have identified the cash generating unit to which the goodwill is allocated.

We focused on this area because the impairment assessment requires the exercise of significant judgements and estimates by the director on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.

Our response:

Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the goodwill.

Trade Receivables (Note 13 to the financial statements)

We focused on this area because the Group made judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by the Group and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- evaluating the design and assessing the implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;

- obtaining confirmation of balances from selected samples of receivables;
- reviewing subsequent receipts, customer correspondence, and explanation on recoverability of significantly past due balances; and
- assessing the reasonableness of impairment charges for the identified credit exposures.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.

(b) We 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) Our auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were audited by another firm of chartered accountants whose report dated 18 April 2016 expressed an unmodified opinion on those financial statements.

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

Date: 25 April 2017

ANALYSIS BY SIZE OF SHAREHOLDINGS
AS AT 31 MARCH 2017

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	17	0.43	650	0.00
100 – 1,000	214	5.43	139,650	0.02
1,001 – 10,000	1,194	30.30	8,099,600	1.45
10,001 – 100,000	2,089	53.01	86,138,000	15.43
100,001 – 27,910,000 *	424	10.76	236,100,100	42.30
27,910,001 and above **	3	0.07	227,722,020	40.80
Total	**3,941**	**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 31 MARCH 2017

	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 31 MARCH 2017

	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		
	CIMSEC Nominees (Tempatan) Sdn. Bhd.	4,484,000	0.80		
	Ambank (M) Berhad	12,521,400	2.24		
		18,530,400	3.31		
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**			-	-
	Share held through:				
	Alliancegroup Nominees (Tempatan) Sdn. Bhd.	611,000	0.11		
	Kenanga Nominees (Tempatan) Sdn. Bhd.	10,000,000	1.79		
	RHB Capital Nominees (Tempatan) Sdn. Bhd.	17,500,000	3.14		
		28,111,000	5.04		

** Deemed interest under Section 8(4) of the Act by virtue of shares held by Rio Capital Sdn. Bhd.

*** Deemed interest under Section 8(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 31 MARCH 2017

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 Aqlif Shane Abdullah	17,500,000	3.14
5.	Puvanesan A/L Subenthiran	15,581,400	2.79
6.	AmBank (M) Berhad Pledged Securities Account for Datuk Ali Bin Abdul Kadir (SMART)	12,521,400	2.24
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yeow Kim (MG0000137)	11,500,300	2.06
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)	6,210,600	1.11
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Datuk Ali Bin Abdul Kadir (PB)	4,484,000	0.80
12.	Oh Kook Wah	4,300,000	0.77
13.	Ulaganathan A/L Muthu Pandithan	3,499,400	0.63
14.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lok Huey Ming	3,100,000	0.56
15.	Firmansyah Aang Bin Muhamad	2,846,900	0.51
16.	Shaiful Zahrin Bin Subhan	2,846,900	0.51
17.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Leong Tian (CCTS)	2,281,000	0.41
18.	Ong Yew Beng	1,900,000	0.34
19.	Chu Yeping	1,800,000	0.32
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Peng Kai (MG0000119)	1,730,000	0.31
21.	Ong Hoee Siong	1,700,000	0.30
22.	Rio Capital Sdn. Bhd.	1,666,000	0.30
23.	Datuk Ali Bin Abdul Kadir	1,525,000	0.27
24.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Soo Fong (E-KLC)	1,335,300	0.24
25.	Alina Binti Hashim	1,330,000	0.24
26.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Choon Nee Siew (M&A)	1,200,000	0.21
27.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lai Chie King (6000752)	1,100,000	0.20
28.	Tey Meng Seng	1,100,000	0.20
29.	Ha Tung Hua	1,010,000	0.18
30.	Choong Chor Lee	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.	1st Storey: Retail Lot – Tenanted	1,798	8	99 years lease expiring on 6 September 2106	13,188,829	03.03.2016 revalued
	2nd -7th Storey: Office Use	23,508				
Strata title held under PN50495, Bangunan M1-C/2/130, Lot 103, Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan.						

PRIVASIA

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

PROXY FORM

Number of Shares held	CDS Account No.
	- -

I/We (name) ______________________________ NRIC / Company No. ______________

(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

(Tel No. ______________) of (Full Address) ______________________________

____

being a member/members of **PRIVASIA TECHNOLOGY BERHAD**, hereby appoint the following:

Name of Proxy	NRIC/Passport No.	No. of Shares	Proportion of Shareholdings (%)
and/or failing him/her			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Ninth Annual General Meeting ("9th AGM") 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 Tuesday, 20 June 2017 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

	RESOLUTION	FOR	AGAINST
ORDINARY BUSINESS			
1	To approve the payment of Directors' Fees for the year ended 31 December 2016		
2	To re-elect Mr. Andre Anthony A/L Hubert Rene as Director of the Company		
3	To approve the payment of Directors' fees and allowances from 1 January 2017 until the next Annual General Meeting of the Company to be held in 2018		
4	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
5	To authorise the Directors to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

Dated this_____day of _______________ , 2017

____
Signature
(If Shareholder is a corporation, this part should be executed under seal)

NOTES TO FORM OF PROXY:

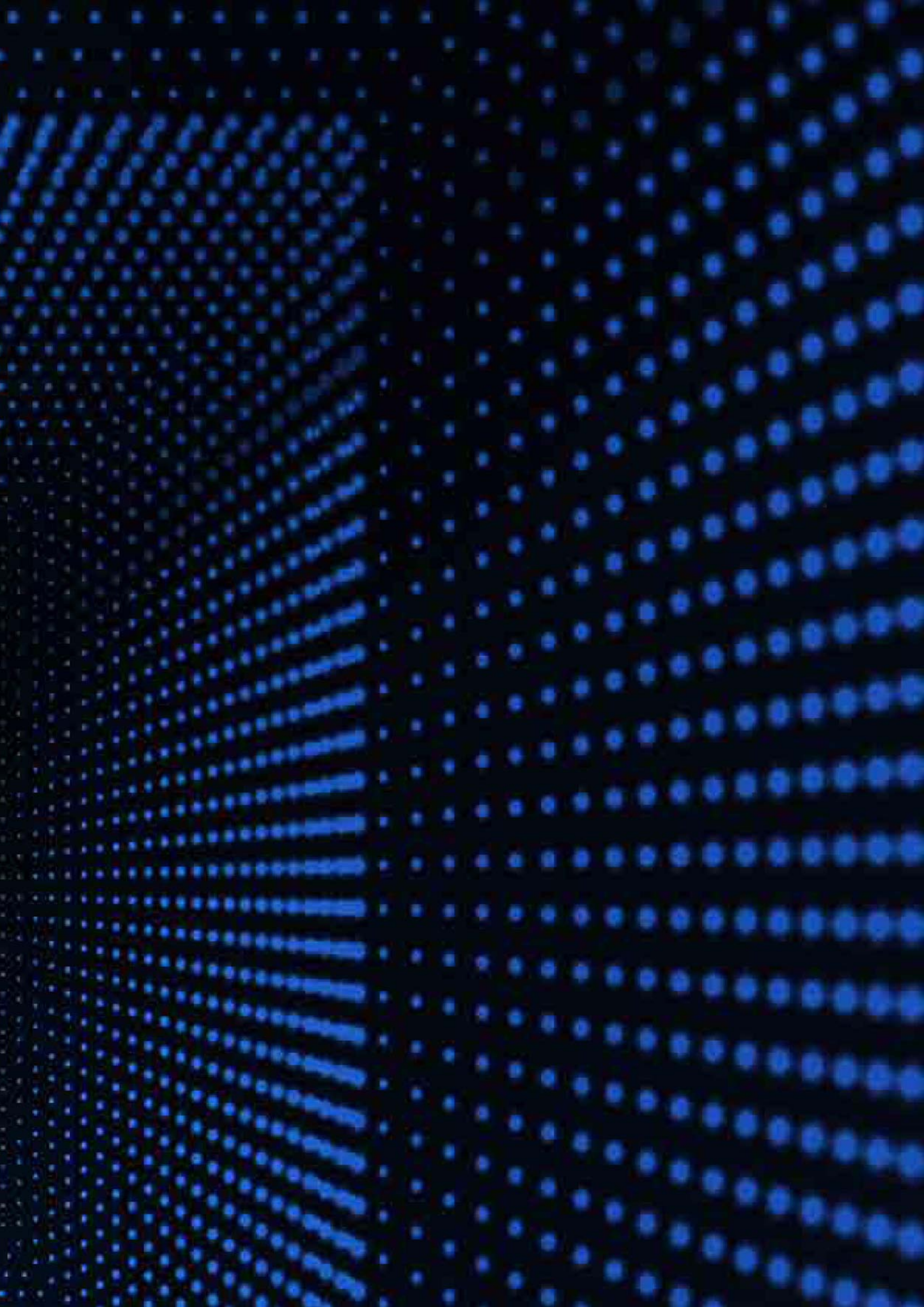
1. A member of the Company entitled to attend and vote at 9th AGM ("Member") may appoint not more than two (2) proxies to attend and vote instead of him/her.
2. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specified the proportions of his/her shareholdings to be represented 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 holding the Meeting or any adjournment thereof.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or 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 instruments 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 13 June 2017 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.
9. Pursuant to Paragraph 8.31A(1) of the Ace Market Listing Requirement, all the resolutions at the 9th AGM of the Company shall be put to vote by way of poll.
10. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the members has obtained prior consent of such proxy/(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

fold here

AFFIX
STAMP
HERE

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

Tel: +603 7967 9600
Fax: +603 7967 9797
Email: info@privasia.com

www.privasia.com