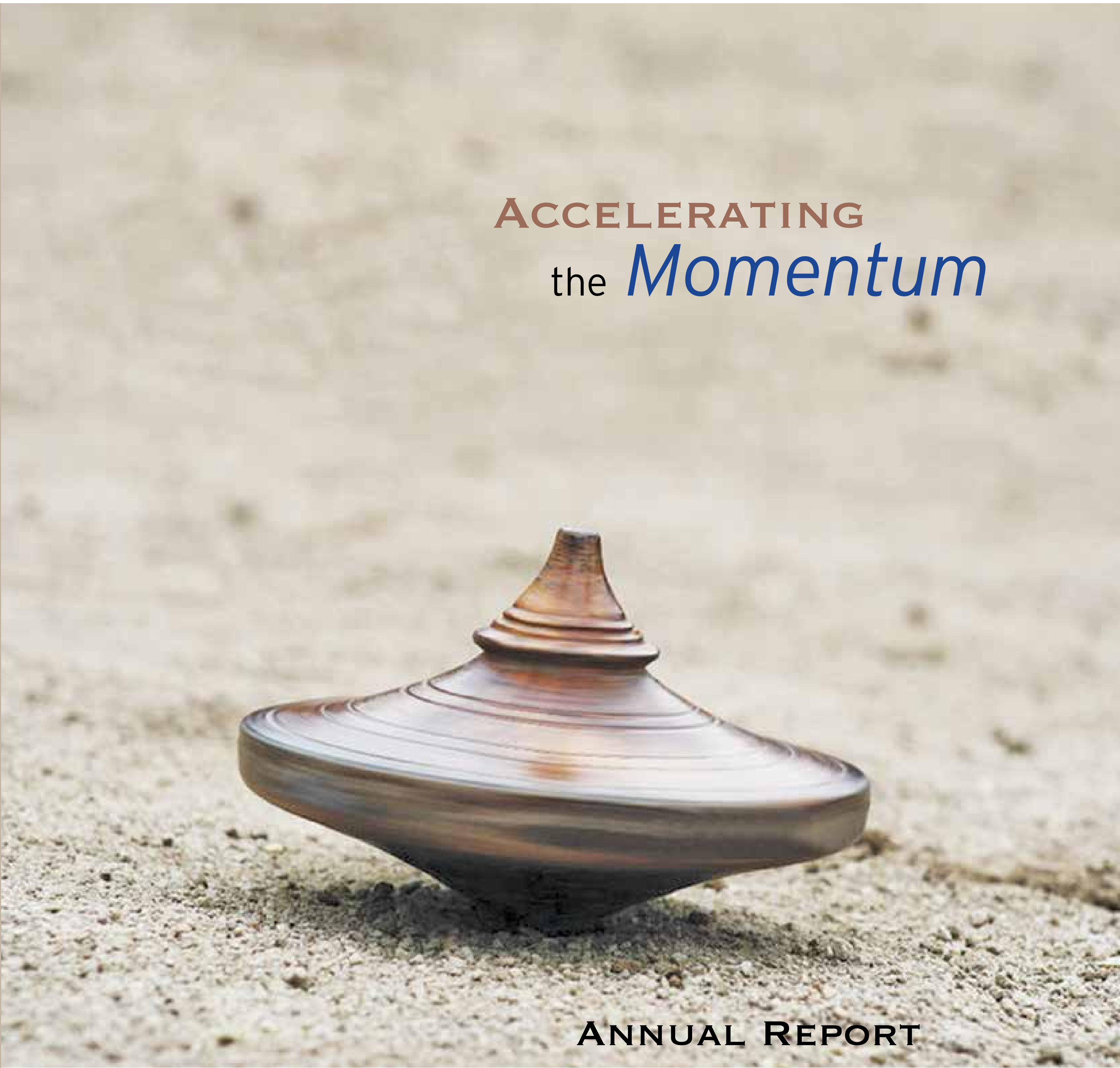
GHL

GHL SYSTEMS BERHAD (293040-D)
INCORPORATED IN MALAYSIA

ACCELERATING the *Momentum*



ANNUAL REPORT

2015

Contents

Financial Statements:

Vision and Mission

to be the leading end-to-end payment services enabler in ASEAN by deploying world-class payment infrastructure, technology and services

Corporate Profile

GHL Systems Berhad
the ASEAN payment people

GHL Systems Berhad (Main market, Bursa Malaysia; Stock Code GHLSYS0021; Bloomberg: GHLS) ("GHL" or "the Group") is a leading payment services provider in ASEAN with key business operations in Malaysia, Philippines, Thailand and Australia. GHL also has software development centres in Wuhan (China), Philippines and Malaysia.

The Group provides world-class payment services and solutions encompassing physical, Internet and mobile payments on a sale, rental or transactional basis and is one of the top merchant acquirers in the region. Other than serving the traditional banking and financial sector, the Group also serves major telecommunications, petrol/gas retailing, loyalty, retail, and airlines companies in ASEAN.

GHL manages more than 140,000 point of sales devices in ASEAN that enable credit card, debit card, prepaid contactless payment, loyalty, prepaid top up as well as bill payment collection services. Beyond ASEAN, GHL has, through its distribution partners, successfully sold its proprietary software and payment network products to more than 20 countries, which includes Singapore, China, Taiwan, Australia, Romania, Holland, South America and Middle East.

GHL has been listed on Bursa Malaysia since 2003.

For more information on GHL Group kindly visit www.ghl.com

Corporate Structure

GHL SYSTEMS BERHAD (293040-D)
Incorporated In Malaysia

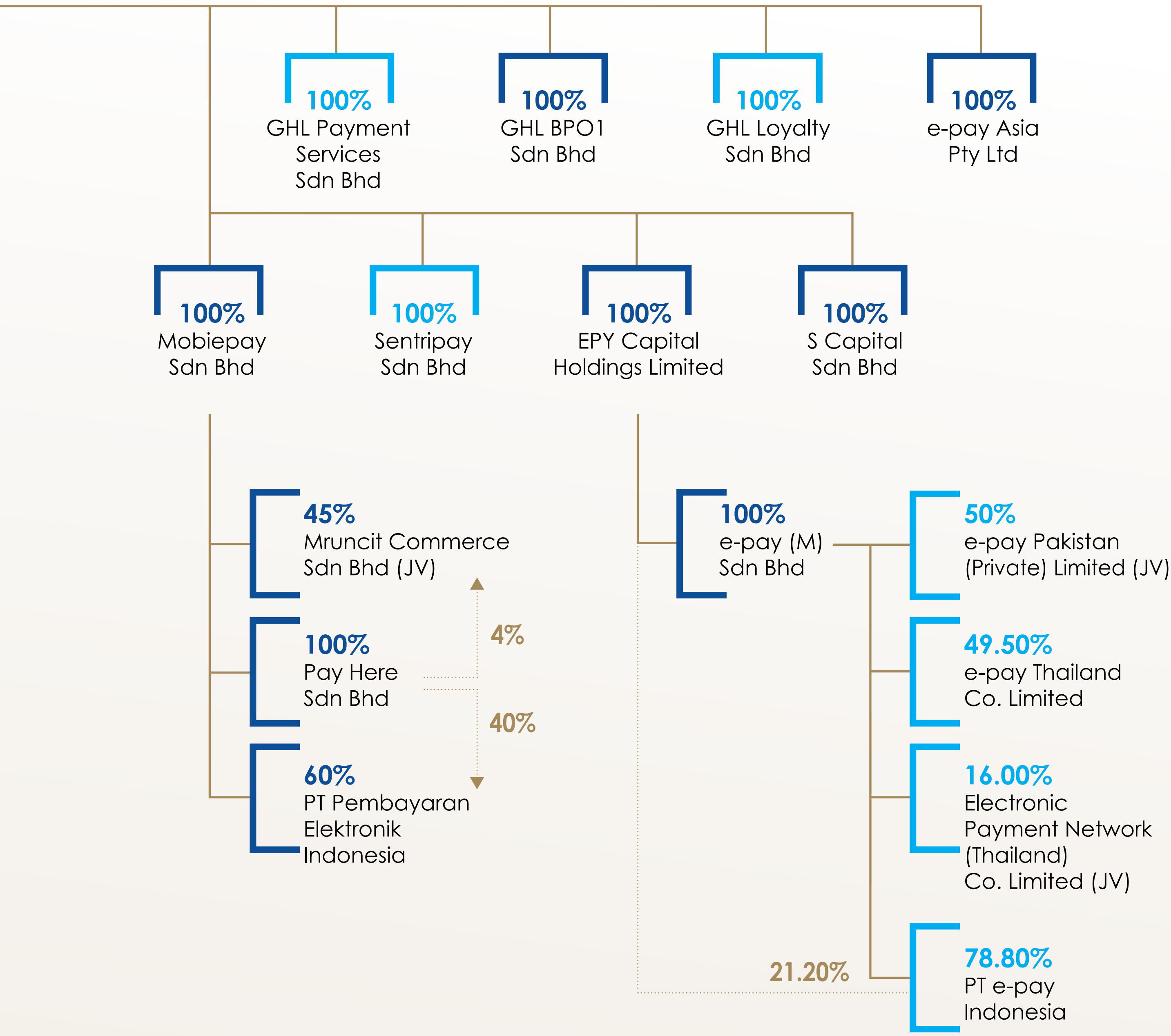
- 100% GHL CardPay Sdn Bhd
- 100% GHL International Sdn Bhd
- 100% GHL Transact Sdn Bhd
- 100% GHL Payments Sdn Bhd
- 100% GHL Asia Pacific Limited
  - 100% GHL Systems Australia Pty Ltd
  - 99.99% GHL Systems Philippines, Inc
    - 40% Pinoytek Solusyon, Inc
  - 95.45% GHL (Thailand) Co. Ltd
    - 95.45% Concious Object Development Co. Ltd.
  - 99% PT Spotpay Indonesia (1% held by GHL Systems Berhad)
- 100% GHL Global Sdn Bhd
- 100% GHL EFTPOS Sdn Bhd
- 100% GHL ePayments Sdn Bhd
  - 99.99% GHL ePayments Co. Ltd
  - 99.99% GHL ePayments Philippines, Inc

Dormant: PT Spotpay Indonesia; GHL ePayments Co. Ltd; GHL ePayments Philippines, Inc

Active: all other companies

Dormant   Active

Corporate Structure



Corporate Information

BOARD OF DIRECTORS

DATUK KAMARUDDIN BIN TAIB
(Independent Non-Executive Chairman)

LOH WEE HIAN
(Executive Vice Chairman)

KANAGARAJ LORENZ
(Group Chief Executive Officer)

FONG SEOW KEE
(Senior Independent Non-Executive Director)

BRAHMAL A/L VASUDEVAN
(Non-Independent Non-Executive Director)

LIM SZE MEI
(Non-Independent Non-Executive Director)

NG KING KAU
(Non-Independent Non-Executive Director)
(Resigned on 1st June 2015)

GOH KUAN HO
(Independent Non-Executive Director)
(Resigned on 3rd March 2015)

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)
Lim Poh Yen (MAICSA 7009745)
Kuan Hui Fang (MIA 16876)

AUDIT AND RISK COMMITTEE

Fong Seow Kee (Chairman)
Goh Kuan Ho (Resigned on 3rd March 2015)
Datuk Kamaruddin Bin Taib
Lim Sze Mei

NOMINATION AND REMUNERATION COMMITTEE

Fong Seow Kee (Chairman)
Goh Kuan Ho (Resigned on 3rd March 2015)
Datuk Kamaruddin Bin Taib
Brahmal a/l Vasudevan

AUDITORS

BDO (AF0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur.

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Berhad
CIMB Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

Corporate Information

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +6(03) 2783 9299
Fax : +6(03) 2783 9222

REGISTERED OFFICE

Tricor Corporate Services Sdn Bhd
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +6(03) 2783 9191
Fax : +6(03) 2783 9111

LEGAL ADVISORS

Wong Beh & Toh
Peti #30, Level 19, West Block,
Wisma Selangor Dredging,
142-C Jalan Ampang,
50450 Kuala Lumpur.

Chalermchat Law Office Co., Ltd.
518/5, Maneeya Centre,
16 Floor, Ploenchit Road, Lumpini,
Pathumwan, Bangkok 10330 Thailand.

Fortun Narvasa Salazar Law Offices
23rd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, 1
226 Makati City Philippines.

STOCK EXCHANGE LISTING

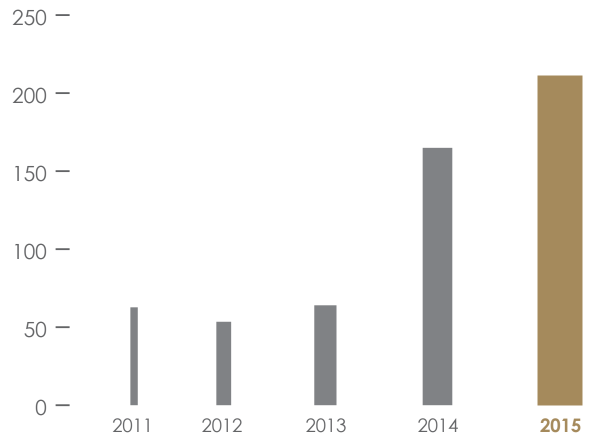
Main Market of Bursa Malaysia Securities Bhd (BMSB)
BMSB Code : 0021
Reuters Code : GHLS.KL
Bloomberg Code : GHLS MK

WEBSITE

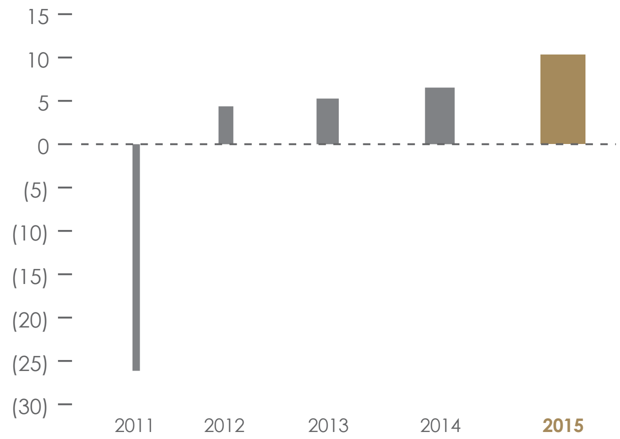
www.ghl.com

Financial Highlights

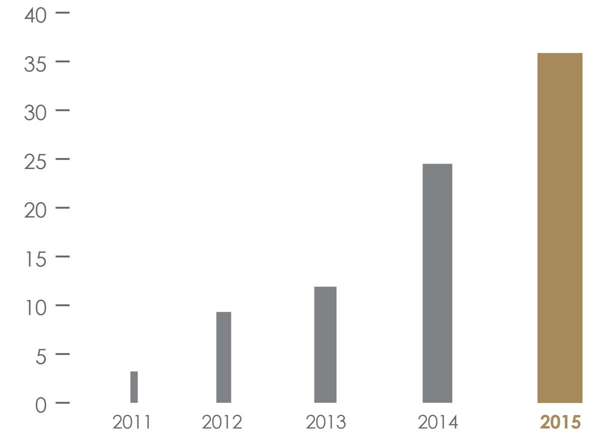
REVENUE (RM'million)



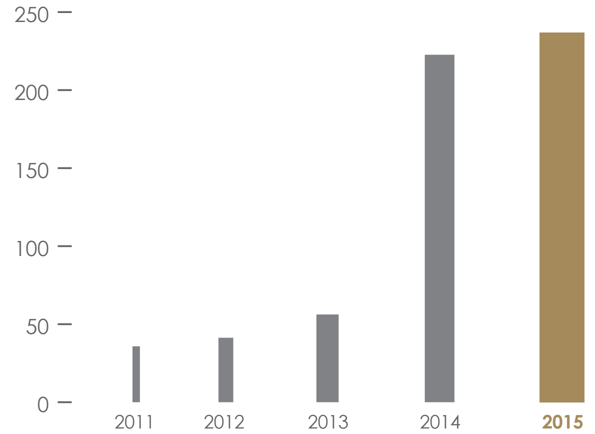
PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS (RM'million)



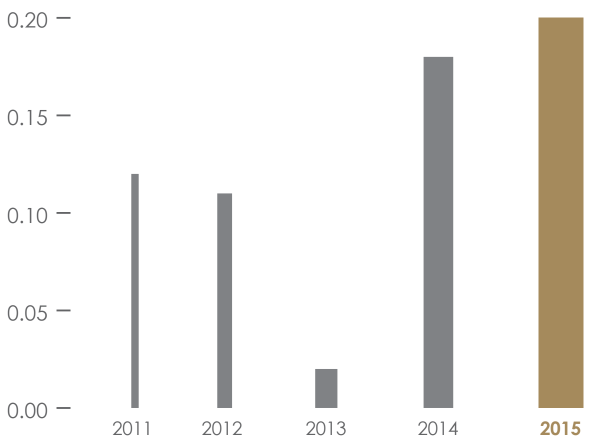
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA) (RM'million)



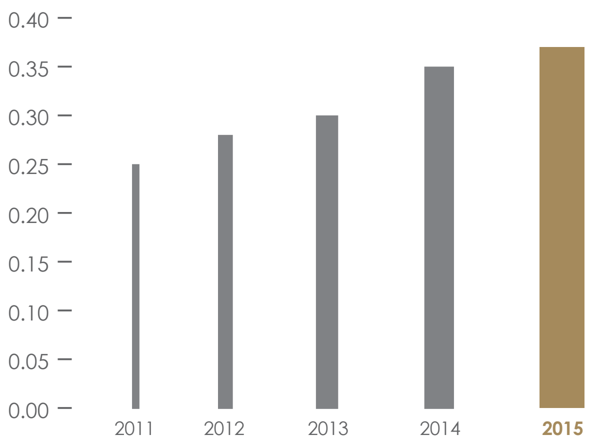
SHAREHOLDERS' EQUITY (RM'million)



GEARING RATIO (Times)



NET ASSETS PER SHARE (RM)



Key Performance Indicators

FINANCIAL HIGHLIGHTS		Year				
Financial Year Ended 31st December		2011	2012	2013	2014	2015
Revenue	RM'000	62,726	53,475	64,031	164,933	211,380
Gross Profit	RM'000	42,936	40,336	40,352	67,137	82,786
Gross Profit Margin	%	68.45	75.43	63.02	40.71	39.16
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	RM'000	3,213*	9,317	11,904	24,505	35,855
Profit / (Loss) Attributable To Owners of the Parent	RM'000	(26,049)	4,370	5,264	6,529	10,340
Shareholders' Equity	RM'000	35,818	41,311	56,228	222,658	236,940
Net Operating Cash Flow	RM'000	13,481	(1,603)	(4,888)	(9,487)	15,167
Net Assets Per Share	RM	0.25	0.28	0.30	0.35	0.37
Basic Earnings Per Share	sen	(18.04)	2.87	2.06	1.19	1.61
Total Borrowings	RM'000	4,469	4,372	974	40,466	46,513
Gearing Ratio	times	0.12	0.11	0.02	0.18	0.20
Net Gearing Ratio		Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Note:
* EBITDA exclude the exceptional items.

DEAR SHAREHOLDERS

I am pleased to present GHL System Berhad's Annual Report and Financial Statements for the year ended 31st December 2015.

Chairman's Statement

The Group performed well despite 2015 being a challenging year for the retail trade industry. The introduction of the Goods and Service Tax (GST) and the depreciating Ringgit did, to some extent, negatively impact consumer confidence, spending and hence, the payments industry.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

GHL saw Group revenues grow to RM211.38 million for the year ended 31st December 2015 from RM164.93 million a year ago (+28% yoy). Pretax profits grew strongly by 45% yoy to RM16.12 million from RM11.12 million in 2014. 2015 pretax margins were also up 7.6% as compared to 6.7% in the prior year.

2015 marks the fourth consecutive year of growing profitability since the Group turned the corner from the loss making years of 2008 to 2011.

SIGNIFICANT EVENTS

Commencement of TPA partnership with a major local Bank.

In April 2015, the Group signed a TPA agreement with a major local Bank to provide small merchants with card payment acceptance in Malaysia. The small merchant segment is relatively underserved by the banking industry and this presents GHL with an opportunity to grow our merchant base. Resultant from this TPA agreement, GHL successfully contracted with approximately 2,500 merchants in the second half of 2015.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Fun & Clarity Walk on 17th May 2015 at Taman Lembah Kiara, TTDI, a total 100 GHL employees participated in the event. GHL collected cash amounting to RM1,605 which was then donated to Persatuan Kebajikan WargaTua Wilayah Persekutuan, a registered welfare organisation, that has been in existence since 1998. The organisation helps abused, abandoned, neglected or at-risk children and adults.

Foot Massage on 18th and 19th November 2015, we engaged blind masseurs from Shujin Reflexology for both our Sunway and Sri Damansara branches employees. We donated RM8,800 to Shujin Reflexology, an organisation that employs and trains blind masseurs to help them earn a living. The objective of the initiative was to assist staff de-stress and at the same time support the disabled.

A VISIT TO KANLUNGAN NI MARIA

On 14th August 2015, GHL Systems Philippines, Inc. visited Kanlungan ni Maria (Shelter of Maria), a home for the elderly. These are elders who were either abandoned at the hospital by their family because they could not pay the medical bills or support them anymore. Some were simply left to be cared by the shelter because there was just no one who would take responsibility.

This activity was part of the bi-annual CSR activity that our Philippines subsidiary has been religiously carrying out for the last three years. Selected GHL employees participated in the event; headed by GHL Philippines Country Head, Mr. Rey Chumacera. The elders were treated to a haircut, manicure and pedicure, karaoke, gift giving and a bingo game, courtesy of the GHL Philippines staffs.

GHL Philippines donated adult diapers, face mask, sanitary gloves, and multi-vitamins to the shelter.

Chairman's Statement

The Children's Joy Foundation, Inc. serenaded the GHL Philippines employees and board members last 4th December 2015 as a second CSR Activity 2015. The Foundation cares for neglected, abandoned, and orphaned children in the Philippines. The little children performed an ensemble encompassing; singing of carol songs and dancing, accompanied by various musical instruments. GHL employees donated Christmas gifts to the children and GHL Philippines donated cash to the Foundation.

OUTLOOK AND PROSPECTS

The Group commenced implementing its TPA growth strategy in 2015 with a major local Bank in Malaysia. We quickly added approximately 2,500 merchants in the 6 months ended 31st December, 2015. In 2016, we hope to expand the acquiring base in Malaysia as well as commence TPA activities in the Philippines. We will, of course, continue to seed opportunities in other neighboring ASEAN markets.

Although the Group has signed up TPA partner banks in all our three key markets, we expect to further strengthen our position by adding more TPA partner banks in order to take advantage of opportunities, especially in the small merchant segment.

As the regulatory bodies continue to encourage the migration from cash to e-payments, our Group strategy of enabling the small merchant segment to accept e-payments is congruent with Bank Negara Malaysia's objectives. We certainly hope to play our part in meeting the national merchant acquisition targets that have been set.

Since the government's push for more e-payments, industry statistics show that e-payment per capita has grown from 49 in 2011 to 82 in 2015. This is, however, quite someway away from the Central Bank's target of 200 e-payments per capita. With growing consumer awareness of e-payments, so too will the adoption and demand for e-payment acceptance points. The delivery of these merchant payment acceptance points is core to GHL Group's business.

APPRECIATION AND THANK YOU

The Board and I wish to thank all our shareholders for your continued support and encouragement as demonstrated at our shareholder general meetings. We hope our shareholders will continue to support and remain with the Company as we strive to strengthen our position as ASEAN's leading payments company.

I would also like to register my appreciation and admiration for the board members, managements and staffs of the GHL family across our operations in Malaysia, Thailand, Philippines and Australia. I thank them for their tireless commitment and hard work in turning in another successful year in 2015. Let us keep our focus on our goal to be the market leader in our space as we continue this exciting journey. We are and will always be, "ASEAN's Payment People".

Terima Kasih

DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Chairman

CEO Report

TO OUR SHAREHOLDERS

2015 was a momentous year for GHL Systems Berhad ("GHL") with several key turning points for the company this year.

The transformation of the Group's business from non-annuity based, hardware sales to annuity based revenue streams began in 2012. The objective then was to ensure greater predictability and sustainability in our revenue streams. Today, with about 94% of our group revenue being annuity in nature, that objective has been clearly achieved (See Figure 2 on page 14).

Secondly, with respect to the transformation of the Group into the TPA business (direct merchant acquirer), this is well underway. The TPA business has two components; (a) the provision of Telco prepaid reload services and bill payment and collections and, (b) the provision of electronic payment services for the retail market. The Group acquired e-pay in 1Q2014 which jumpstarted its entry into the TPA business. e-pay is the market leader in in respect of (a) and this component of the TPA business continues to grow strongly year on year. This growth is propelled by the Group's continued emphasis on expanding e-pay's bill payment and collection services as well as widening its distribution across the nation. e-pay's progress can be seen in Figure 4 on page 16. In terms of the card payment services, this is relatively newer. Post 2012, the Group operated as an independent sales organisation (ISO) for acquiring banks under revenue sharing terms. While this activity contributed to an increase in the company's annuity revenue, growth was limited by acquiring banks' preference to contract with larger merchants only. This year however, the Group implemented its TPA business (See definition of business segments) with a major bank in Malaysia in June 2015. This TPA business specifically targets the small business segment which we internally estimate to be over 90% of the total business population. The progress of 6 months of this TPA activity in 2015 can be seen in Figure 5 on page 16. Given that the Group will expand its acquiring relationships in Malaysia and Philippines in 2016, we expect growth in the TPA business to continue to be strong in the years ahead.

EVOLUTION OF YOUR COMPANY

PAST
- Hardware reseller
- Software developer

PRESENT
- ISO for Banks
- End-to end POS deployment for Banks on a rental and revenue share model
- Provider of telco prepaid reloads and bill collection services in Malaysia
- TPA Business (1 Bank in Malaysia)

FUTURE
- TPA Business (Malaysia 3 Banks, Philippines 2 Banks, 2 Telcos)
- Telco prepaid and other reloads and bill collection services in Malaysia

A more detailed description of the year's performance is as follows:-

DEFINITION OF BUSINESS SEGMENTS

The core revenue of the Group comprises; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the sales, rental and maintenance of EDC terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services comprises mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards, internet payment processing, and the development of card management systems.

Transaction Payment Acquisition ("TPA") comprises revenue derived from 2 distinct components

i) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and

ii) GHL's direct merchant acquiring and card payment services ("card payment services")

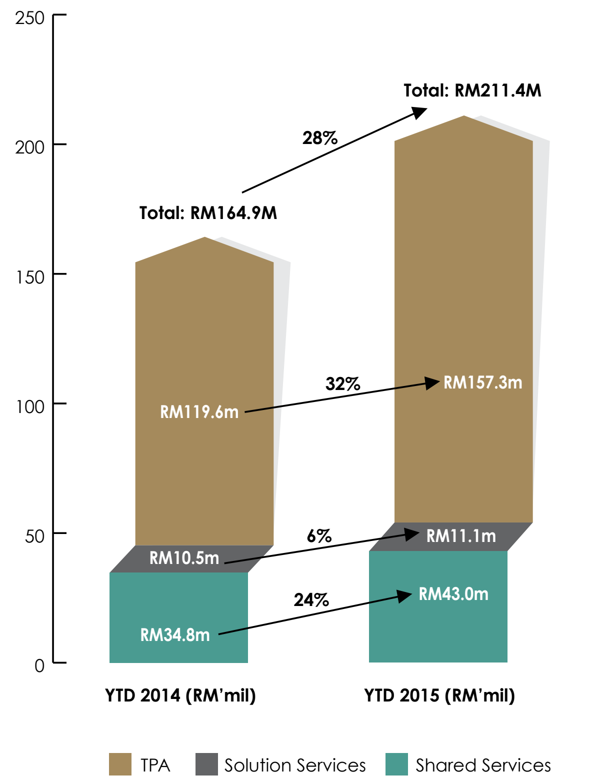
CEO Report

Group turnover for the 12 months in 2015 grew +28% yoy to RM211.38 million (2014 – RM164.93 million) driven by growth in all three segments; Shared Services (+24% yoy), Solutions Services (+6% yoy) and TPA (32% yoy). Pre-tax profits grew 45% to RM16.12 million as compared to RM11.12 million a year ago and pre-tax margins improved to 7.6% over 2014's pre-tax margins of 6.7%.

Net profit after tax grew by +61% yoy to RM10.24 million (2014 – RM6.37 million). Net profits grew at a higher rate than pre-tax profits due to lower taxation charges in 2015. The effective taxation charge in 2015 was 35% as compared to 43% in 2014 resulting from deferred tax provisions in that financial year. Also, the full year's net profit result for 2015 would have been much improved had the Group not incurred a charge of RM1.21 million for unrealised forex losses arising from an unexpected ringgit devaluation in 3Q2015. The small US$ loan that caused this loss will be fully repaid by the first half of 2016.

The chart in Figure 1 illustrates the significant changes in business composition that occurred between 2014 and 2015.

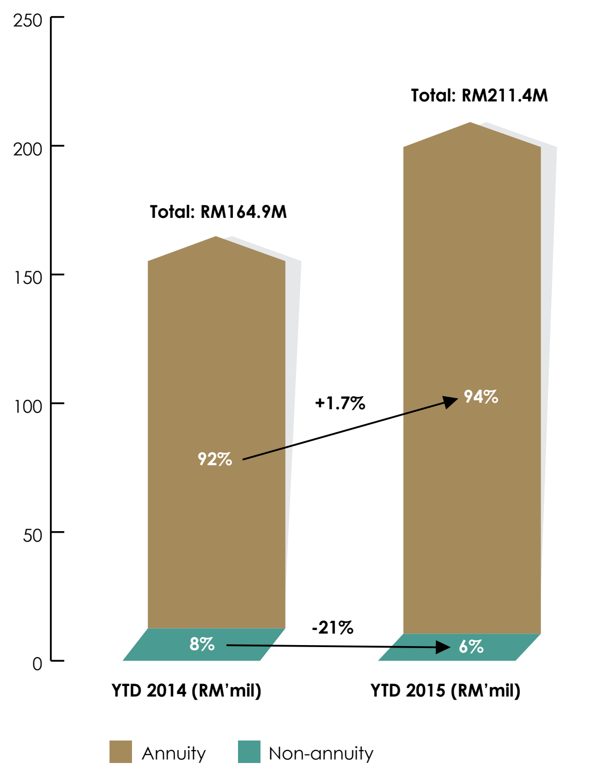
Figure 1 - Revenue By Business Segment



(Note: The 2014 TPA Revenue component only includes 10 months of e-pay's post acquisition revenue)

Shared Services and TPA recorded strong growth whereas Solutions Services revenue grew more modestly due to fewer non-annuity software and hardware sales in 2015 as compared to the same period last financial year.

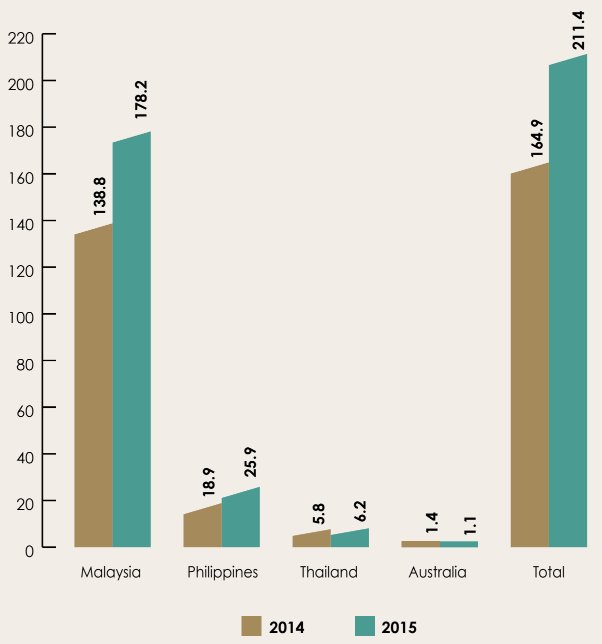
Figure 2 - Annuity vs Non-Annuity Revenue



(Note: The 2014 Annuity Revenue component only includes 10 months of e-pay's post acquisition revenue)

The annuity based component of the Group's total revenue grew from 92% of total revenue in 2014 to 94% of total revenue in 2015. The Group has now clearly weaned itself of its previous dependency on non-annuity based revenue streams. The non-annuity component of the Group's revenue has now shrunk to 6% reflecting lower hardware and software sales principally from Philippines operations in 2015. While the Group's strategy remains focussed on accelerating the annuity based TPA businesses across the region, the Group will continue to opportunistically contract non-annuity based deals particularly if these support the needs of our acquirers and our larger merchants. On balance, it is likely that the mix between annuity and non-annuity revenue will stabilise at these levels in the near future.

Figure 3 - Revenue by Country 2015 (RM'm)



2015 VS 2014 REVENUE BY COUNTRY (RM MILLION)

2015 Group turnover grew +28% yoy to RM211.38 million (2014 – RM164.93 million). Pre-tax profits grew +45% to RM16.12 million compared to RM11.12 million a year ago with pre-tax margins better at 7.6% compared to 2014's pre-tax margins of 6.7%.

Malaysian operations contributed 84% of Group turnover (2014 – 84%) and revenue grew 28% yoy mainly due to higher EDC sales and rental revenues and, growth of TPA transaction fee income and volumes. EBIT margins were 9.4% for 2015, an improvement from 7.8% in 2014.

Philippines turnover grew 37% yoy to RM25.92 million (2014 - RM18.89 million) but EBIT margins were lower at 12.3% in 2015 vs 16.9% in 2014 due to lower hardware sales (which had higher margins) as compared to the annuity based rental, which continued to outperform. Both Shared Services and TPA registered growth of +24% and +32% respectively with Solutions Services showing the highest growth at 6% but off a much lower base in 2014. Philippines contributed 12.3% to Group revenue in 2015.

Thailand recorded a small growth of 7% in revenue due to an improvement in TPA revenues in 2015. This was, tempered by a reduction in Shared Services and Solutions services revenue of -6% and -39% respectively. The business climate remains challenging in Thailand due to the lacklustre economy and competitive pressures from some of the Thai commercial banks. The Group continues to be cautious in its investment pending an improvement in the macro environment. EBIT remained in negative territory with losses before interest of RM2.18 million as compared to RM1.84 million losses in 2014. The loss increased slightly due to the effect of weaker Ringgit when consolidating Thai Bhat losses.

Australia remains the smallest contributor to Group operations at RM1.05 million or 1% of group turnover compared to 2014 turnover of RM1.39 million. This led to a small EBIT contribution of RM0.21 million as compared to the loss of RM0.11 million in the same period for the previous year.

TRANSACTION PAYMENT ACQUISITION ("TPA")

TPA revenue overall grew +32% in 2015 to RM157.25 million (2014 – RM119.64 million) driven primarily by higher volume sales and terminal population growth. The Bank TPA segment is relatively new and only started growing in 3Q15 and 4Q15 after GHL signed a TPA agreement with a major Malaysian banking group in 2Q2015.

e-pay (Reload and Collection Services)

The e-pay, reload and bill collections business constitutes the largest component within the TPA segment (86% of 2015 TPA segment revenue). While the reload and bill collections business constitutes the most mature component within the overall TPA segment, its gross revenue continues to grow strongly - 20% to RM134.50 million in 2015 (2014 – RM118.30 million). To enable easier comparison, the values shown in the 2014 column in Figure 4 are for the full year rather than just the post-acquisition period of 10 months.

CEO Report

Figure 4

e-pay *(All stated in RM' Millions unless stated otherwise)*	**2014**	**2015**	**% change**
Transaction Value Processed	2,757.60	3,313.11	20.1%
Gross Revenue	118.30	134.50	13.7%
Revenue/Transaction Value *(Note 1)*	4.30%	4.10%	-0.2%
Gross Margin	35.31	43.54	23.3%
Margin/Transaction Value *(Note 1)*	1.30%	1.30%	0.0%
Number of Merchant Acceptance Points *(Thousands) (Note 2)*	23.17	28.70	23.9%

Note 1 - Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a percentage.
Note 2 - Merchant Acceptance Points means the number of merchant point of sales that accept e-pay products and services.

GHL (Card Payment Services)

Gross revenue from the TPA Bank Card Payment Services business grew 16% to RM22.75 million in 2015 (RM19.6 million in 2014).

Figure 5

TPA Bank Card Payment Services – *See Note 3* *(All stated in RM' Millions unless stated otherwise)*	**2014**	**2015**	**% change**
Transaction Value Processed	1,349.60	1,888.38	39.9%
Gross Revenue	19.60	22.75	16.1%
Revenue/Transaction Value *(Note 1)*	1.50%	1.20%	-0.3%
Gross Margin	10.14	10.75	6.0%
Margin/Transaction Value *(Note 1)*	0.80%	0.60%	-0.2%
Number of Merchant Acceptance Points *(Thousands) (Note 2)*	37.20	45.84	23.2%

Note 1 - Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a percentage.
Note 2 - Merchant Acceptance Points means the number of merchant outlets that accept GHL TPA products and services.
Note 3 - The TPA Bank card payment services business is relatively new. The existing TPA Bank card payment services business comprises of the following activities (listed in order of size);
- *(i) Various revenue sharing arrangements under direct contracts with merchants and banks in Malaysia and Philippines (Since 2008)*
- *(ii) Malaysian domestic debit card ("MyDebit") merchant acquisition (since 2003)*
- *(iii) Internet TPA ("eGHL") in Malaysia (Since 2Q 2014) and Thailand (Since 2013), and*
- *(iv) "Card Present" TPA (i.e. non-internet TPA) in Thailand (Since 2Q 2014).*

CEO Report

GOING FORWARD (2016 PROSPECTS)

The Group's strategy of growing its TPA business is well underway. Through e-pay, the Group now has a consistent and high level of earnings from the reload and bill collections which are component of the TPA business. This core business continues to perform strongly. The Card Payment Services business is, however, still in the early stages of development. The Malaysian business entered into a TPA agreement with a large local Bank and effectively commenced merchant acquisition activities for card payment services in the second half of 2015 . In the 6 months ended December 2015, there was a sizeable and promising number of merchant acquisitions closed under this TPA arrangement. Two other acquirers in Malaysia under a similar TPA program we have been delayed in their implementation due to system integration issues. These are likely to commence only in 2Q2016.

Aside from delays in systems integration, the domestic market in Malaysia has been somewhat affected by the bearish disposition and consumer sentiment arising from macro economic factors such as the drop in oil prices, the depreciating Ringgit and the introduction of GST (Goods & Services Tax). These factors have impacted consumer demand which has somewhat affected our TPA business.

While the Philippines accounts for only 12% of group revenue, it is the fastest growing business within the Group. Our Philippine business has signed up several acquirers including banks and Telcos and is presently in the process of integrating its systems with these acquirers. While delays have occurred due to unavoidable systems upgrade issues caused by changes in card payment security standards, we are nevertheless encouraged by the traction in the TPA business thus far. This Bank Card Payment Services business is likely to commence only in the 2Q2016 and should provide a good platform to significantly increase our market share in the Philippines. Peso has also strengthened against the Ringgit and this has helped the Group better balance its portfolio.

Despite the delays, together with the other components of the card payments services TPA (see Figure 5, Note 3 for a description of the components) our total TPA gross revenue grew 32% in 2015 vs 2014. This is highly encouraging given that there was only one acquirer in Malaysia for TPA Bank Card Payment Services in 2015. With the introduction of several new acquirers in Malaysia and the Philippines in 2016, we should see much faster growth in this component of the TPA business. Malaysia is expected to be the largest contributor to group earnings in the near future particularly due to the strength of e-pay earnings. However, we expect that Philippine's share of Group revenues will increase as we start to commence our TPA business in that country in the coming year.

From a financial perspective, the Group has minimal foreign currency borrowings. Nevertheless, the Group had to provide for an unrealised forex translation loss of RM1.32 million in 2015 due to a significant depreciation of the Ringgit in 3Q2015. The small US$1.00 million loan as at end December 2015 that caused the unrealised loss is expected to be fully repaid in 2016.

We expect 2016 prospects to remain positive and the recent TPA tie-ups will contribute strongly to the Group's results in the coming years. The Group is well positioned within ASEAN and should benefit as the region moves from its present low e-payments penetration and adoption rate to a higher level.

KANAGARAJ LORENZ
Group Chief Executive Officer

Directors' Profile

DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Chairman

Datuk Kamaruddin Bin Taib, 59, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 26th April 2012. He is a member of the Audit and Risk Committee and Nomination and Remuneration Committee. He is currently the Executive Chairman of Germanischer Lloyd GLM Sdn. Bhd. a leading technical service provider for the Oil and Gas Industry. He holds a Bachelor of Science degree in Mathematics from the University of Salford, United Kingdom.

He started his career in 1980 with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private Companies and Companies listed on Bursa Malaysia.

Apart from his vast experience of serving on the Board of Companies Listed on Bursa Malaysia, his experience also included serving on the Board of Companies listed on the Stock Exchange of India as well as those listed on the Nasdaq (U.S.A.). Throughout his tenure on the Board of Companies, he has had significant experience in merchant banking, corporate finance, mergers and acquisitions.

Currently, he is as an Independent & Non-Executive Director of Great Eastern Assurance (Malaysia) Berhad as well as an Independent & Non-Executive Chairman of Great Eastern Takaful Berhad.

Directors' Profile

LOH WEE HIAN
Executive Vice Chairman

Loh Wee Hian Simon, 54, was appointed as Non-Independent Non-Executive Director on 28th December 2010. Subsequently on 18th January 2011, he was redesignated as Non-Independent Non-Executive Chairman, and as Executive Chairman on 3rd March 2011. On 1st September 2012, Simon was designated to Executive Vice Chairman, a position that he holds to the present time.

Simon's background in the telecommunications industry. He successfully secured the master distributor license for Ericsson mobile phones in Malaysia in 1989 through Telemas Corporation, a company that he controls. As the market for mobile phone distribution matured, Simon ventured out in 1999 to co-found e-pay (M) Sdn. Bhd. ("e-pay"), a company that provides electronic top-ups for prepaid mobile phones. In the ensuing years, e-pay became a leading electronic top-up processor in South East Asia and the largest in Malaysia in that category. In 2006, e-pay was listed on the Australian Stock Exchange (ASX) and Simon became its Executive Chairman.

In 2010, as the market for electronic top-ups started maturing, Simon ventured out again to take a 30% stake in GHL. He replaced the existing Board and management team with experienced professionals and within 2 years returned the company to profitability after 4 consecutive years of losses. In 2014, GHL successfully acquired the whole of e-pay when its general offer was accepted by e-pay's shareholders. Since then, e-pay and GHL have consolidated to become a significant merchant acquirer in ASEAN. Today, GHL group entities serve over 140,000 merchants in Malaysia, Philippines and Thailand with card payments as well as telco prepaid top-up and bill collection services.

He is one of the founder members of the Young Entrepreneurs Organization Malaysia Chapter, a global, non-profit educational organisation for business owners.

In recognition of his contributions in the technology sector, he won the prestigious Ernst & Young Entrepreneur of The Year Malaysia Award under the Technology Category in 2006.

Directors' Profile

KANAGARAJ LORENZ
Group Chief Executive Officer

Raj Lorenz, 59, a Malaysian, joined GHL Systems Berhad as the Group Chief Executive Officer on 8th September 2011 and later became a Board member on 4th November 2011.

Since then, GHL has transformed itself from a hardware and software reseller into a payment services company. GHL's market capitalisation increased by more than fivefold during this time through organic growth as well as the acquisition of e-Pay Asia Limited (currently known as e-pay Asia Pty. Ltd.), a payment services company that primarily serves the Telco and bill collection segments.

GHL is now implementing its long term growth strategy of providing credit card payment services to the hitherto untapped small merchant segment. This business, called Transaction Payment Acquisition ("TPA"), entails GHL contracting directly with merchants for credit card payment services in partnership with an underlying Bank member of VISA and Mastercard.

Prior to GHL, Raj worked for Citibank for 14 years in Malaysia and Australia in various positions in the Investment and Corporate Bank, covering risk management, CFO, and Corporate Bank Marketing Head. He left Citibank in 2000 to create an internet payment startup which eventually was purchased by NETS Pte Ltd, a large payments company in Singapore and branded "eNETS". Raj was employed by NETS for 10 years during which time he built "eNETS" into the leading online payments company in Singapore. He also brought NETS into China through a joint venture in Shanghai and China Unionpay into Singapore through interoperability arrangements between the two parties. Raj is a fellow of the Institute of Chartered Accountants in England and Wales having qualified in London in 1983.

Directors' Profile

FONG SEOW KEE

Senior Independent Non-Executive Director
Audit and Risk Committee Chairman
Nomination and Remuneration Committee Chairman

Fong Seow Kee, 59, a Malaysian, was appointed to the Board on 28th December 2010. He is the Chairperson of the Audit and Risk Committee and the Nomination and Remuneration Committee. He holds a BA (Hons) Economics & Social Studies from University of Manchester, England, is a Fellow of the Institute of Chartered Accountants in England & Wales and a Chartered Accountant of the Malaysian Institute of Accountants.

He has over 30 years experience in the finance industry, primarily in investment banking and private equity. After completing his articleship with Ernst & Young, UK in 1983, he worked with several leading investment banks in Malaysia, Hong Kong and Singapore where he advised companies on a variety of corporate finance transactions including M&A, Fund Raising and Corporate Restructuring. In 1992, he joined a US venture capital firm in Singapore where he managed a pan-Asian venture capital fund investing in the US and across Asia. In 2000, he co-founded iSpring Capital Group, a Malaysia based investment management and advisory firm which currently manages a Government owned venture capital fund.

Since returning to Malaysia in 1996, he has been active in the development of the venture capital and private equity in Malaysia. During that time, he has been involved in the Malaysia Venture Capital & Private Equity Association in various capacities and was Chairman from 2008 to 2010. He has also been invited to sit on various government working committees to provide Industry Feedback on regulatory policies, including that pertaining to the Capital Market reforms announced in 2009.

Directors' Profile

Brahmal a/l Vasudevan
Non-Independent Non-Executive Director

Brahmal a/l Vasudevan, 48, a Malaysian, was appointed as Non-Independent Non-Executive Director on 16th April 2014. He holds a Bachelor of Aeronautical Engineering from Imperial College of Science, Technology and Medicine, University of London and received a Masters in Business Administration from Harvard University Graduate School of Business Administration. He is the Founder and Chief Executive Officer of Creador, a Non-Executive Director of Usaha Tegas Sdn Bhd and PT MNC Sky Vision Tbk and Founder of Pacific Straits Foundation.

Brahmal previously spent 11 years at General Partner and Managing Director of ChrysCapital, a leading private equity firm focused on growth capital investments in India. Prior to ChrysCapital, Brahmal was a Director of Marketing at ASTRO Malaysia Holdings Berhad where he was involved in strategy, marketing and expansion into neighbouring countries. Brahmal started his career with British American Tobacco and also worked at the Boston Consulting Group.

Directors' Profile

Lim Sze Mei

Non-Independent Non-Executive Director

Lim Sze Mei, 41, was appointed as Non-Independent Non-Executive Director on 16th April 2014. She received a BSc in Finance and International Business with summa cum laude honours from University of Bridgeport, U.S.A.

She is an Executive Director at Creador. Prior to joining Creador in 2011, Sze Mei spent 4 years at Parkway Holdings, a leading healthcare group in Singapore, where as Vice-President, she was responsible for various corporate development functions, including acquisition of new assets and the IPO of Parkway Life REIT. She was previously Vice-President, Investments at Khazanah Nasional Berhad, Malaysia's sovereign wealth fund where she was involved in several large transactions. Sze Mei also led the IPO process for Air Asia, a leading low-cost carrier in South East Asia and was previously at JP Morgan where she held roles in investment banking and corporate lending. She started her career in equity research at SG Securities Asia.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   Other than Loh Wee Hian who is a major shareholder of GHL, none of the other Directors has any family relationship with any director and/or major shareholder of GHL.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with GHL Group.

3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

Corporate Directory

MALAYSIA

Headquarters / Corporate Office
GHL Systems Berhad
C-G-15, Block C,
Jln Dataran SD1, Dataran SD, PJU 9,
Bandar Sri Damansara,
52200 Kuala Lumpur, Malaysia.
Tel : +603-6286 3388
Fax : +603-6280 2999
Email : enquiry@ghl.com

Helpdesk (Customer Service):
Tel : +603-6286 5222
Email : hdesk@ghl.com

Innovation Centre
GHL Systems Berhad
L5-E-7B Enterprise 4,
Technology Park Malaysia, Bukit Jalil,
57000 Kuala Lumpur, Malaysia.
Tel : +603-8998 3600
Fax : +603-8998 3301
Email : enquiry@ghl.com

GHL Systems Philippines, Inc.
6F One Corporate Plaza,
845 Arnaiz Avenue,
Legaspi Village,
1224 Makati City, Philippines.
Tel : +63-2-7449449
Fax : +63-2-8560825
Email : enquiryph@ghl.com

GHL (Thailand) Co. Ltd.
77/161, 37th floor, Sinn Sathorn Tower,
Krungthonburi Road, Klongtonsai,
Klongsan Bangkok 10600 Thailand.
Tel : +66(0)2 440 0111&
1800 788137 (Toll-Free)
Fax : +66(0)2 440 0577
Email : enquiryth@ghl.com

e-pay (M) Sdn Bhd.
16-18, Jalan PJS 11/28A,
Bandar Sunway,
46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : +603-5632 2488
Fax : +603-5623 6000
Email : info@e-pay.com.my

GHL Systems Australia Pty. Ltd.
Level 1, 530 Little Collins Street,
Melbourne, Vic 3000,
Australia.
Email : enquiryau@ghl.com

Statement on Corporate Governance

The Board of Directors ("Board") of GHL Systems Berhad ("GHL" or "the Company") recognises that maintaining good corporate governance is critical to GHL and its subsidiaries ("the Group") long-term sustainable business growth and for the safeguard and enhancement of shareholders' interest. The Board is committed to continuously strive for the highest standards of corporate governance in cultivating a responsible organisation that adopts practices in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG") and the relevant provisions in the Bursa Malaysia Securities Berhad ("Bursa") Main Market Listing Requirements ("MMLR").

The Board reviews and enhances the Group's corporate governance standards on a continuous basis to ensure that its business and affairs are in strict adherence to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. The Board evaluates and, where appropriate, implements relevant proposals to ensure that the Group continues to maintain good corporate governance.

In drafting the Corporate Governance statement for financial year ended 31st December 2015 ("FY 2015"), considerations were given to the report *"Analysis of Corporate Governance Disclosures in Annual Reports"* published by Bursa in December 2015 that discusses the level and quality of disclosures made by numerous listed issuers in their annual reports of 2014. The findings and recommendations from this report were analysed and taken into consideration to ensure additional disclosures, where applicable are included.

The Board is pleased to report to the shareholders the manner in which GHL has applied the Principles and Recommendations of MCCG and Bursa's MMLR during the financial year.

ESTABLISH CLEAR ROLES & RESPONSIBILITIES

Board Charter

A Board Charter (the "Charter") that clearly sets out the role, functions, composition, operation and process of the Board was adopted by the Board in 2012. The Charter ensures that all Directors are aware of their duties and responsibilities as Board members. It acts as a source of reference and primary induction literature for prospective Board members and Senior Management on good corporate governance. It also acts as a guideline to assist the Board in assessing its collective performance and that of each individual Director.

The Board Charter will be reviewed at least annually to ensure consistency with the Board's objectives and responsibilities and adherence to the relevant rules and regulations as well as latest standards or guidelines of corporate governance. The Charter is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

Roles and Responsibilities

The Charter delineates the functions of the Board and the Management while maintaining a symbiotic relationship between the two groups, enabling effective execution of their respective roles and responsibilities. The Board's principal focus is the overall strategic direction, development and control of the Group in an effective and responsible manner.

Statement on Corporate Governance

The Board is constantly mindful of safeguarding the interests of shareholders in discharging its stewardship and duties. Followings are the Board's core responsibilities:

- Review and approve the Group's strategic plan to build a sustainable business.
- Oversee and evaluate the Group's business conduct, including the smooth functioning of core processes.
- Identify principal risks and ensure implementation of appropriate systems and processes to manage these risks.
- Monitor succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management.
- Maintain an effective investor relations programme.
- Review the adequacy and integrity of the Group's internal control systems.

The Board has delegated certain responsibilities to dedicated Board Committees with clear Terms of Reference to discharge these responsibilities more effectively.

Code of Conduct and Whistle-Blowing Policy

The Board acknowledges and emphasises the importance for all Directors to embrace the highest standards of corporate governance practices and ethical standards.

In view of this, the Board has formalised ethical standards and systems of compliance through the Company's code of conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations, use of confidential information and retention of records.

The Board has also established a Whistle-Blowing Policy that enables any employee of the Group to bring to the attention of the Board any concerns regarding integrity and misconduct. Procedures are also in place for investigations and appropriate follow-up actions.

Information for the Board

Board papers are provided to the Directors in a timely manner prior to the Board meeting to enable them to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issues. The Board has unrestricted access to the Group Chief Executive Officer ("CEO"), Group Chief Financial Officer ("CFO") and senior management and all information on the affairs of the Group. The Management is obliged to supply all relevant information relating to the business and operations of the Group and governance matters at the request of the Board.

The Directors also have full and unrestricted access to the advice and services of Internal Audit Function, External Auditors and Company Secretary. Members of the Board may collectively or individually consult advisers and, where necessary, seek external and independent professional advice and assistance from experts to carry out to their duties.

Company Secretary for the Board

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations. The Company Secretary attends all Board and Board Committee meetings to ensure that meetings are properly convened, that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Removal of Company Secretary, if any, is a matter for the Board to decide collectively.

Statement on Corporate Governance

STRENGTHEN COMPOSITION

Board Composition

During the financial year, the Board consisted of six members, comprising two Executive Directors and four Non-Executive Directors (of which two were independent, including the Chairman). During FY 2015, two members of the Board, Ms. Goh Kuan Ho and Mr. Ng King Kau resigned from their positions as Independent Non-Executive Director and Non-Independent Non-Executive Director, effective 3rd March 2015 and 1st June 2015 respectively.

Gender Diversity

The Board is cognisant of the recommendation on boardroom diversity in MCCG. Although the Company does not have any boardroom diversity policy, the board believes that recruitment of directors should not be based on any gender discrimination or preferences, as it is equally important to have the right mix of skills at the board in order to enable the board and its committees to carry out its duties effectively.

A brief profile of each Director is presented on pages 18 to 23 of this annual report.

Board Committees

The Board delegates certain responsibilities to the dedicated Committees of the Board. Both these committees, which are the Audit and Risk Committee ("ARC") and Nomination and Remuneration Committee ("NRC"), comprise exclusively non-executive directors. These committees operate within clearly defined terms of reference and have the authority to examine particular issues and report their proceedings, deliberations and where appropriate, make recommendations to the Board. On Board reserved matters, the Committees shall deliberate and thereafter make their recommendations to the Board for its approval.

During Board meetings, the Chairman of the Committees provides summary reports of the decisions and recommendations made at respective committee meetings, and highlight to the Board any further deliberation that is required at Board level.

The Board had previously resolved to combine the Nomination Committee and Remuneration Committee to form the NRC to better carry out the best practices in MCCG Guide and new requirements in MMLR by Bursa more efficiently.

Both ARC and NRC have presented their respective reports highlighting their composition, and summary of activities during FY 2015 as laid out on pages 33 to 37 and pages 42 to 44 respectively. Terms of Reference and composition of all Board Committees are available on the Company's official website at www.ghl.com

Board Evaluation

The Board and its Committees evaluate their performance and governance processes annually to improve the collective and individual contributions and effectiveness. For FY 2015, a self-assessment of the performance of the Board as a whole, its Committees and their individual directors was facilitated by the NRC. The assessment included a review of the administration and operation of the Board and its Committees, agendas, reports and information produced for consideration of the Board. The assessment results were considered by the NRC, which then made recommendations to the Board on the identified areas for improving the effectiveness of the Board.

Statement on Corporate Governance

DIRECTORS' REMUNERATION

The Company has in place a fair and competitive remuneration packages for its directors in order to attract and retain directors of an appropriate calibre. Executive Directors' basic salaries are fixed for the duration of their contract. Any revision to the basic salary will be reviewed and recommended by NRC, taking into account the individual and the Company's performance, the inflation price index, the affordability, and benchmarking to the industry's rate.

Other benefits in kind such as car, driver, petrol allowance and phone allowance are made available as appropriate. Contribution is made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of the Executive Directors. Executive Directors are not entitled to receive directors' fees as well as meeting allowances.

Directors' fees are recommended by the NRC to the Board after taking into consideration of the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. The Company reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties.

The final decision on any remuneration package offered to the Executive Directors and the fees payable to Non-Executive Directors are the responsibility of the entire Board. Individual Directors do not participate in decisions regarding their own remuneration package. Fees payable to Directors are for approval by the shareholders at the Annual General Meeting.

For FY 2015, a total sum of RM1,617,994 was paid to the Directors of the Company. The breakdown of the Directors' remuneration and the number of directors in the remuneration as follows:

MYR, Gross	Salary and Other Emoluments	Fees	EPF & Socso	Grand Total
Datuk Kamaruddin Bin Taib	13,500	84,000	-	97,500
Loh Wee Hian	600,000	-	72,620	672,620
Kanagaraj Lorenz	510,133	-	61,836	571,969
Ng King Kau *(resigned wef. 1st June 2015)*	124,500	25,167	15,802	165,469
Fong Seow Kee	15,000	84,000	-	99,000
Goh Kuan Ho *(resigned wef. 3rd March 2015)*	4,500	6,919	-	11,419
Brahmal A/L Vasudevan	7	-	-	7
Lim Sze Mei	10	-	-	10
Total	**1,267,650**	**200,086**	**150,258**	**1,617,994**

The Directors' remuneration in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

MYR, Gross	Executive Directors	Non-Executive Directors
Salaries and other emoluments	1,110,133	157,517
Directors Fees	-	200,086
EPF & SOSCO	134,456	15,802
Total	**1,244,589**	**373,405**

The number of Directors of the Company whose remuneration band falls within the following successive bands is as follows:

Ranges of Remuneration (MYR, Gross)	Executive Directors	Non-Executive Directors
1 – 50,000	-	3
50,001 – 100,000	-	2
150,001 – 200,000	-	1
550,001 – 600,000	1	-
650,001 – 700,000	1	-
Total	**2**	**6**

REINFORCE INDEPENDENCE

Board Balance and Independence

The Board comprises a mixture of Executive and Non-executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs.

Although all Directors have equal responsibility for the Group's business, the Independent Non-Executive Directors provide an independent view, advice and judgement to take into account the interest of the Group, shareholders, employees and communities in which the Group conducts its business.

Annual Assessment of Independence

The Board, via the NRC, assesses Independent Directors annually. In administering this, the Independent Directors are required to perform a yearly self-assessment/declaration based upon a series of questionnaire which is driven from definitions/criteria of independent directors as defined in Chapter 1 of the MMLR. For the financial year, the board via the NRC has reviewed and deliberated the annual assessment performed and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

In tandem with the MCCG the Board requires independence of any director who has served more than nine (9) years should be subject to particularly rigorous review by the Board prior to justifying/recommending to the shareholders for their approval to retain the particular Board member as an independent director, if necessary. During the financial year under review, none of the Independent Directors have served for a cumulative term of nine (9) years.

Chairman and CEO

A clear division of responsibility between the Chairman and the CEO exists to ensure a balance of power and authority as no one individual director has unfettered powers over decision making. Formal position descriptions of the Chairman and the CEO outlining their respective roles and responsibilities are set out in the Board Charter.

The Board is satisfied that the current board composition provides the appropriate, diversity, balance and size necessary to promote all shareholders and govern the Group effectively. It also fairly represents the ownership structure of GHL, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Board will continue to monitor and review the board size and composition as may be needed to maximise the shareholders' value.

Statement on Corporate Governance

FOSTER COMMITMENT

Board Meeting

The Board meets at least 5 times a year, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. Due notice is given of proposed dates of meetings during the financial year together with the agenda and matters to be tabled to the Board.

Five Board Meetings were held during FY 2015 and details of the attendance of each Director are as follows:

Name of Directors	Designation & Directorate	Number of Meetings Attended During the year
Datuk Kamaruddin Bin Taib	Independent Non-Executive Chairman	4 out of 5
Loh Wee Hian	Executive Vice Chairman	5 out of 5
Kanagaraj Lorenz	Group Chief Executive Officer/ Executive Director	5 out of 5
Ng King Kau *(resigned wef. 1st June 2015)*	Non-Independent Non-Executive Director	3 out of 3
Fong Seow Kee	Senior Independent Non-Executive Director	5 out of 5
Goh Kuan Ho *(resigned wef. 3rd March 2015)*	Independent Non-Executive Director	1 out of 1
Brahmal a/l Vasudevan	Non-Independent Non-Executive Director	5 out of 5
Lim Sze Mei	Non-Independent Non-Executive Director	5 out of 5

Directors' Training

The Directors are mindful that they are to devote sufficient time and effort to carry out their responsibilities and to maintain their competency as a member of the Board. The Board, via the NRC on a continuous basis, evaluates and determine the training needs of its members and ensure that their training needs are met to aid the directors in discharging their duties as a director of the Company.

In their effort to keep abreast with the changes in the industry, legislation and regulations affecting the Company, the Directors have during the course of the year attended the following briefing, conferences and seminars:

Director	Training Programme / Conference Seminar
Datuk Kamaruddin Bin Taib	Board Chairman Series Part 2: Leadership Excellence From The Chair
Loh Wee Hian	World Entrepreneur Of The Year 2015, Monaco
Kanagaraj Lorenz	Invest ASEAN 2015: CAP 10 ASEAN CEO Summit Invest Malaysia Kuala Lumpur 2015 in Partnership with CIMB Special Summit Power Address
Brahmal a/l Vasudevan	Super Return Asia 2015 Conference World Capital Markets Symposium 2015
Lim Sze Mei	Audit Committee Conference 2015
Fong Seow Kee	Audit Committee Conference 2015 Walking The Ethical Tightrope

In addition, all Directors are, from time to time, provided with reading materials and internal briefing pertaining to the latest developments in areas relating to the Directors' roles and responsibilities by Company Secretary or by its members who attended relevant conferences and seminars. The External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the financial performance and prospects in all the disclosure made to the stakeholders and the regulatory authorities. The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group as at the end of the reporting period and of their results and cash flows for the period then ended.

The Board is assisted by the Audit and Risk Committee in governing the Group's financial reporting processes and the quality of its financial reporting such as in compliance with Malaysian Financial Reporting Standards.

Relationship with the Auditors

Through Audit and Risk Committee, the Group has established transparent and appropriate relationships with the Group's auditors, both external and internal. The total fee incurred for non-audit services rendered by the external auditors during the financial year is disclosed in Note 28 of the Financial Statements section of this annual report.

The statements on roles, duties and responsibilities of the Audit and Risk Committee in relation to both the internal and external auditors is described in the Audit and Risk Committee Report as set out on pages 33 to 37 of this Annual Report.

RECOGNISE AND MANAGE RISKS

The Board acknowledges its responsibility for the Group's system of internal controls which covers financial, operational and compliance controls as well as risk management. The Board has delegated to the Audit and Risk Committee the responsibility of reviewing the effectiveness of control procedures and risk management framework and to report to the Board on all its findings and recommendations for deliberations.

The Statement on Risk Management and Internal Control furnished in pages 38 to 41 of the Annual Report provides an overview of the state of risk management and internal controls within the Group.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Timely release of announcements on quarterly and annual financial statements, annual report and analyst presentations reflects the Board's commitment to provide transparent and up-to-date disclosure to the public.

Leveraging on information technology for effective dissemination of information, the Group maintains a corporate website, www.ghl.com; which provides a comprehensive avenue for the shareholders and public to access up-to-date information including the Company's announcements, financial information, share prices, and press releases of the Group.

Statement on Corporate Governance

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Dialogue between the Company and Investors

The Company values dialogue with investors and recognises the importance of being transparent and accountable to its shareholders. Effective communication with shareholders provides a better appreciation of the Company's objectives, while also makes the Management more aware of the expectations and concern of the shareholders.

As such, the Company adheres strictly to the disclosure requirements under Bursa's MMLR to announce results of the Group quarterly via Bursa Link and material transactions and events accordingly. Investor information of the Company, the Annual Report, financial results, Board Charter and terms of reference of Board Committees can be accessed on the Company's website at www.ghl.com.

Mr Fong Seow Kee, the ARC and NRC Chairman, is the Board appointed Senior Independent Non-Executive Director. He is available to investors who have concerns that cannot be addressed through the Chairman and CEO.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. At each AGM, the Board presents to the shareholders, the performance of the business for the financial year. All Directors are available to respond to shareholders' questions during the AGM.

Each special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved. Separate resolution are proposed for separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

The Board takes note of the recommendation 8.2 by MCCG on the adoption of electronic voting and encourage poll voting to facilitate greater shareholder participation. The Board is of the view that with the current level of shareholders' attendance at AGMs, voting by way of a show of hands continues to be efficient. However, for agenda that requires poll voting in accordance to listing rules, the Board will inform shareholders in advance and poll voting will be conducted manually. Nevertheless, the shareholders will be informed on their right to demand a poll vote at the commencement of general meeting and voting by way of poll voting will be carried out if required by Bursa's MMLR and other relevant rules and regulations.

The Board has deliberated, reviewed and approved this Statement in accordance with Board's Resolution dated 29th March 2016.

Audit and Risk Committee Report

The Audit and Risk Committee Report provides insights into the manner in which the Audit and Risk Committee has discharged its function for the Group in financial year ended 31st December 2015 ("FY 2015") and also a summary of its various activities.

FORMATION

The Audit Committee was established as a committee of the Board of Directors of GHL Systems Bhd on 11th February 2003.

On 8th April 2013, the Board of Directors resolved that the Audit Committee be renamed as the Audit and Risk Committee ("ARC" or the "Committee").

COMPOSITION

The ARC comprises three members, all of whom are Non-Executive Directors with the majority being independent, during FY 2015 as follows:

1. FONG SEOW KEE – Chairman
   (Senior Independent Non-Executive Director)

2. DATUK KAMARUDDIN BIN TAIB
   (Independent Non-Executive Director)

3. LIM SZE MEI
   (Non-Independent Non-Executive Director)

(Note: Ms Goh Kuan Ho resigned as a director of the Company and from the ARC wef. 3rd March 2015)

TERMS OF REFERENCE ("TOR")

The Terms of Reference for the ARC is accessible to the public on the Company's official website at www.ghl.com. During the FY, the ARC had obtained approval of the Board to amend the committee's TOR. Amendments that were made are in relation to the quorum requirements whereby the previous "a minimum of three members shall form the quorum, majority of whom shall be Independent Directors" was changed to "a minimum of two members shall form the quorum, both of whom shall be Independent Directors".

The committee believes that the amendments to the quorum was appropriate following the resignation of Goh Kuan Ho from the committee effective 3rd March 2015, and in upholding the requirements of paragraph 15.09(1)(a) and (b) of the MMLR.

Audit and Risk Committee Report

ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during FY 2015. The Company Secretary is responsible for distributing the notice of the meetings to the Committee members prior to their meetings and recording the proceedings of the meetings there at. The details of attendance of the ARC members are as follows:

Name Of The Committee Member	Total Attendance Of Meetings
Fong Seow Kee	5/5
Goh Kuan Ho (resigned wef. 3rd March 2015)	1/1
Datuk Kamaruddin Bin Taib	5/5
Lim Sze Mei	5/5

The Group Chief Financial Officer ("CFO") was invited to all ARC meetings to facilitate direct communication in relation to the Group financial results while the Risk Management Committee ("RMC") Chairman i.e. Group Chief Executive Officer ("CEO") was invited to all ARC meetings to provide information regarding the Group's Risk Management activities. The Head of Group Internal Audit ("GIA"), relevant members of Management, and the External Auditors were also invited to attend the meetings of the Committee, where appropriate, to brief the ARC on the relevant audit findings.

The ARC held two private meetings with the External Auditors in 2014 without the presence of the Management. At these meetings, the ARC enquired about Management's co-operation with the external auditors, their sharing of information and the competencies and adequacy of resources in the financial reporting functions, particularly in relation to the applicable Malaysian Financial Reporting Standards. The ARC Chairman also permitted the External Auditors to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of the ARC or Board. No such contacts were made during FY 2015.

Minutes of each ARC meeting were recorded and tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31ST DECEMBER 2015

The ARC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities as set out in its terms of reference, which the Committee has reviewed to ensure it is in line with the Main Market Listing Requirements of Bursa Malaysia ("MMLR"), and the Malaysian Code on Corporate Governance 2012 ("MCCG").

The main activities undertaken by the Committee during the year are as below:

Regarding financial reporting:

a. Reviewed the Annual Report and the audited financial statements of the Group and the Company for FY 2015 together with the external auditors and Group CFO to ensure compliance of the financial statements with the provisions of the Companies Act 1965 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB") prior to recommending the same to the Board for approval.
b. Reviewed the quarterly unaudited financial results of the Company and the Group for FY 2015 together with the Group CFO, focusing particularly on significant changes to accounting policies and practices, compliance with accounting standards and other legal requirements prior to recommending the same to the Board of Directors for approval and release to Bursa Malaysia.
c. Reviewed with the Management of the Group to ensure corporate disclosure policies and procedures of the Group (pertaining to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

Regarding external audit:

a. The Committee carried out an annual review of the performance of the external auditors, including an assessment of their independence in fulfilling their responsibilities.
b. Reviewed the external audit scope, audit plan and proposed fees for the statutory audit and other non-audit services based on the external auditors' presentation of audit strategy and plan to ensure that their scope of work adequately covered the activities of the Group.
c. Reviewed the audit results, audit reports, the issues and resolution highlighted in the management letter and the response from the Management. The Committee also considered the external auditors' suggestions to improve the accounting procedures and internal control measures.

Regarding risk management and internal control:

a. Reviewed the progress of Risk Management Committee ("RMC") in its on-going identification and monitoring of key risks and the controls and processes implemented in managing these risks.
b. Reviewed the risk assessment results and the mitigation actions reported by RMC and regularly review the update on the action plans to ensure significant internal controls are promptly implemented to mitigate the risks identified.
c. Evaluated, together with Group CEO and Group CFO, the overall adequacy and effectiveness of the system of internal controls during the financial year through a review of the results of work performed by internal and external auditors and the RMC.
d. Continuously monitored whistleblowing program and procedures as part of the risk management structure and good corporate governance practice.

Regarding internal audit:

a. Reviewed the adequacy of resources and reporting structure of GIA to execute the audit plan effectively and independently.
b. Approved the annual internal audit plan for the financial year and reviewed the plan each quarter to identify any requirement of changes; that commensurate with the evolving risk landscape of the organisation.
c. Reviewed internal audit findings arising from the work carried out by the GIA and other outsourced service providers for special engagements. The ARC also sought Management's commitment for corrective actions as recommended in internal audit reports.
d. Reviewed the status of audit findings in ensuring appropriate action plans are implemented by the Management; with no audit issues left unaddressed.

Regarding related party transaction:

a. Reviewed quarterly the related party transactions and recurrent related party transactions undertaken by the Group for compliance with the MMLR and the appropriateness of such transactions entered into by the Company and its subsidiaries to avoid potential or actual conflict of interest to ensure the decisions are based on the best interest of the Company and its shareholders.
b. Reviewed the procedures for securing the shareholders' mandate for recurrent related party transactions.

Other activities:

a. Members of the Committee attended various seminars and conferences to enhance and update their knowledge as part of discharging their duties as ARC members and as a director of the Group. The seminars and conferences attended by the Committee members during FY 2015 are reported under the Statement on Corporate Governance.
b. Reviewed the Statement of Risk Management and Internal Control and Corporate Governance Statement prior to their inclusion in the Company's Annual Report for FY 2015.
c. Reviewed a revised delegation of authority proposed by the Management to ensure completeness of business decisions listed and the reasonableness of the spending approval thresholds; prior to recommending to the Board for approval
d. Reviewed a revised bank signatory proposed by the Management to ensure reasonableness of the payment approval thresholds; prior to recommending to the Board for approval.
e. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities.
f. Obtained update on Executives Share Scheme ("ESS") from ESS Committee and verified allocation of ESS to executives during FY 2015 as being in compliance with the ESS By-Law 5.2.

INTERNAL AUDIT FUNCTION

The Group has established an internal audit function as a key component of its internal control appraisal process. The Group Internal Audit ("GIA") reports independently to the ARC and is guided by a formalised Internal Audit Charter.

The main responsibility of the GIA function is to undertake independent assessments on the adequacy and effectiveness of internal controls pertaining to key areas as below:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with applicable laws, and regulations.

In attaining this, the GIA undertakes Internal Audit reviews for the Group based on an annual internal audit plan approved by the ARC. The GIA has also incorporated a structured internal audit rating methodology that appraises an overall rating of an audit report by a scoring system. The said system provides the Management and the ARC a consistent and concise assessment of the risks posed by the area or function being reviewed.

The results of all internal audit reviews together with recommendations are presented to the Management for discussion and agreement on necessary corrective action plans. At each ARC meeting, the Head of Internal Audit updates the ARC of the status of ongoing audits and where appropriate, presents internal audit reports and observations. Relevant Management personnel are invited to be present to during such presentations. Periodic follow up audits are also performed by the GIA in ensuring corrective actions arising from the previous internal audit findings had been implemented accordingly.

During FY 2015, the major activities undertaken by the internal audit function were as follows:

- Developed an annual internal audit plan.
- Continuous monitoring of the Group's compliance with the MCCG Guide.
- Reviewed the adequacy and effectiveness of internal controls pertaining to key business processes of the Group's subsidiaries. Key areas audited include merchant recruitment process, fixed assets management and human resource management.
- Undertake follow up audits on the implementation of action plans committed by Management to ensure all previous audit findings highlighted are adequately addressed.
- Assisted the Committee and RMC in risk management function and facilitated the risk assessment of the Group.

The Group has allocated a reasonable budget to enable the GIA team to attend briefings, conferences and seminars organised by relevant professional bodies in order for the GIA team to stay abreast with the latest developments in auditing standards globally.

The total cost incurred by GIA in discharging its functions and responsibilities, in respect of the financial year was approximately MYR 175,564.

Statement on Risk Management and Internal Control

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of a sound framework of risk management and internal controls for good corporate governance and to safeguard the Group's assets and shareholders' interests. Towards this end, the Board is committed to maintaining a sound risk management framework and internal control system for the Group and ensuring its continued effectiveness, adequacy and integrity through a process of periodic review. The Board has delegated the responsibility of undertaking this process of periodic review to the Audit and Risk Committee ("ARC"), whose responsibilities and duties are detailed in the ARC Report section of this Annual Report. However, the Board as a whole remains ultimately responsible for the effectiveness, adequacy and integrity of the system of risk management and internal controls.

The Board's risk management approach has continued to evolve in line with the Group's expanding activities. In recent years, the Group's business has rapidly expanded beyond its traditional Shared Services segment into areas such as Solutions and Transaction Payment Acquisition ("TPA") which are expected to contribute significantly to the Group's business in the coming years. The Group is also committed to grow its overseas markets and to identify suitable Merger and Acquisition ("M&A") opportunities in ASEAN.

The Board is aware that expansion into new areas of business, operating in different countries and M&A activity can involve new and different risk considerations. Whenever these events occur, the Board will, in addition to its normal risk management process, pay particular attention to whether the overall risk profile of the Group has been impacted and whether existing internal controls are sufficient to address additional risks, if any. The Board has during financial year ended 31st December 2015 ("FY 2015"), continued to strengthened the Groups' governance and risk management framework to identify, assess, mitigate, report and monitor significant risks in an effective manner.

The Board recognises the integral role of key management in the risk management and internal control process. The Board had established the Risk Management Committee ("RMC") comprising senior management to identify and assess the Group's risks and thereafter to design, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks.

KEY INTERNAL CONTROL PROCESSES

The Group's internal control system comprises the following key processes:

1. **Authority and Responsibility**

   a) **Board Committees**
   Board Committees are established and operate under clearly defined Terms of Reference, which are reviewed regularly, to objectively and independently focus on certain responsibilities delegated by the Board.

   b) **Delegation of Authority**
   In the financial year, the Management has implemented a revised Delegation of Authority, which is in line with the growth of the business and minor restructuring of the organisation. The revised delegation of authority clearly defines the authority and authorisation limits of the Management in all aspects of the Company's key business decisions.

Statement on Risk Management and Internal Control

2. **Monitoring and Reporting**
   Monthly management meetings are led by the respective country heads for various lines of operations and business units, on key business performance, operating statistics and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget. The Board is also kept appraised on the Company's performance during the scheduled board meetings with the Company's business performance and plans being reviewed and deliberated.

3. **Policies and Procedures**
   The Group has defined and documented internal policies and standard operating procedures to ensure inter alia sound internal controls are embedded and compliance with applicable laws and regulations. The policies and procedures are also being reviewed on a regular basis to ensure its relevance and effectiveness.

4. **Internal Audit Function**
   As part of the Group's effort to establish a sound framework for risk management and internal control, an in-house audit function is established as a key component of its internal control processes. The Group Internal Audit ("GIA") reports independently to the ARC and is guided by a formalised Internal Audit Charter.

   Acting as the third layer of defence in internal control, the GIA undertakes Internal Audit reviews for the Group based on an annual internal audit plan approved by the ARC. The results of all internal audit reviews, together with the findings and recommendations, are presented to Management for discussion and formulation of the necessary corrective action plans prior to finalisation of the internal audit reports. At each ARC meeting, the Head of Internal Audit updates the ARC of all the status of ongoing audits and where appropriate, presents Internal Audit Reports and observations. Relevant parties are invited to be present during such presentations.

5. **Risk Management**

   a. **Risk Management Committee ("RMC")**
      The RMC was established by the Board in 2012 as a key component of the Risk Management Framework. The RMC, which is headed by the Group's Chief Executive Officer ("CEO"), comprises the Group's Chief Financial Officer ("CFO") and country heads and financial controllers from each countries. The responsibilities of RMC are as follows:
      - To identify and assess on an ongoing basis, the risks faced by the Group and thereafter to design and implement appropriate risk management processes or internal controls to address or mitigate such risks in an effective manner;
      - To periodically assess and review the continued effectiveness and appropriateness of risk management processes;
      - To determine and recommend to the Board the Group's risk appetite and tolerance;
      - To continuously promote an effective risk awareness culture throughout the Group with written policies and other forms of communication to employees and stakeholders;
      - To be accountable and periodically report to the Board, through the ARC, for the design, implementation and monitoring of the risk management system.

      The Head of Internal Audit was invited to attend meetings of the RMC as an observer and provides the ARC with an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies.

      The RMC met twice a year to conduct a formalised half-yearly risk assessment and reported the findings to the ARC. On a quarterly basis, the RMC Chairman, i.e. Group CEO and the Group CFO are invited to the ARC meeting to formally brief the ARC of any risks related events and/or new risks faced by the Group and the corresponding action plans taken to mitigate the risks.

5. Risk Management (Cont'd)

b. Risk Department

The Group Risk Department currently monitors the merchant performance risks of its two active Transaction Payment Acquisition ("TPA") businesses in Malaysia and Thailand. The Group Risk Department performs this function by firstly determining the risk acceptance criteria, followed by measuring, classifying and monitoring merchant activities at a transactional level using predetermined risk rules and finally instituting remedial and exit procedures for errant merchants. This approach is embodied in the Group's Credit Policy manual and is heavily automated in the Group's M-Cube Risk Management system.

During the year, the Group Risk Department exited certain high risk merchants as a result of its review of transaction exceptions, evidencing the veracity of the M-Cube Risk Management system in detecting errant merchant behaviour. Management has continuously kept abreast of these reviews and findings via the monthly Business Reviews. The Group Risk Department also continues to fine tune its policies and procedures to stay in line with changes in the marketplace and business objectives and plans.

6. Information Technology Controls and Security

a. Disaster Recovery Backup Plan

A Disaster recovery ("DR") backup policy and procedure has been established group wide in order to ensure continuity of the business operations in the event of IT-disabling disaster strikes. DR drills are conducted at least once a year with the technology divisions continued effort to enhance the DR capability to cover all key aspects of the businesses.

b. Payment Card Industry Data Security Standard ("PCIDSS")

PCI DSS is an actionable framework established by Payment Card Industry Security Standards Council ("PCISSC") to ensure the safe handling of cardholder information at every step. PCI DSS covers systems, policies and procedures around the following:

- Building and maintaining a secure network and systems
- Protect cardholder data
- Maintaining a vulnerability management program
- Implementation of strong access control measures
- Regularly monitor and test networks
- Maintain an information security policy

The Malaysian operations obtained its first Certificate of PCIDSS compliance in 2012 by meeting all the requirements set by the standards. During the year, the Company was reassessed by a qualified security assessor from PCISSC; as part of the annual certification exercises and continues to be PCIDSS compliant on the latest 3.1 version. During the year, the Company's overseas subsidiaries in the Philippines and Thailand were both certified PCIDSS version 3.1 compliant. The Company acknowledges that maintaining high information technology security controls is indispensable to its business operations and will continue implement best practices embedded within the security standard.

7. Human Capital

a. Performance appraisal & employee trainings

Annual appraisal systems are implemented for the employees at all levels within the Group, enforcing dialogue between management and subordinates for continuous improvement on employees' performance. Arising from this appraisal, training need analysis is performed to identify the required training for employees to address the areas of improvement identified.

7. **Human Capital (Cont'd)**

   b. **Code of ethics**
   A set of code of ethics setting out expected ethical standards and code of conduct has been established, which is binding on all employees in the Group.

   c. **Whistleblowing policy**
   The Group has implemented a whistleblowing policy to provide an avenue for employees; to report any suspected acts that are in breach of the Group's code of ethics, internal policy and applicable laws or regulations in a confidential manner.

   The policy also guarantees an employee making a report of improper conduct in good faith shall not be subject to reprisal action or discrimination of any kind by the Company. The Board Chairman and ARC Chairman are primarily responsible to ensure that all whistleblowing reports are properly followed up.

   d. **Fraud policy**
   The Group has implemented a policy on acts of Fraud, Misconduct and Dishonesty, which provides the specific procedures or instructions regarding the appropriate actions needed to be undertaken in cases of suspected violations.

8. **Insurance**
Adequate insurance for major assets; building and machinery in all operating divisions and subsidiaries are in place to ensure the Group's assets are sufficiently covered against any calamity that will result in material losses to the Group.

BOARD ASSESSMENT

The Board is of the view that the Group's overall risk management and internal control system was adequate and effective in all material aspects during FY 2015. Both the Group CEO and Group CFO have given the same assurance to the Board. The Board however recognises that risk management is an evolving process in a changing business environment and is committed to continuously monitor the adequacy and effectiveness of and, where appropriate, enhancing the Groups' risk management framework and internal control system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Recommended Practice Guide 5 (Revised): Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("RPG 5") issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

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

This statement is approved by the Board of Directors on 29th March 2016.

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee Report provides information on the manner in which the Nomination and Remuneration Committee has carried out its duties and responsibilities for the Group in financial year ended 31st December 2015 ("FY 2015") and also a summary of its various activities.

FORMATION

The first Nomination Committee meeting of GHL Systems Bhd was held on February 2003.

On 8th April 2013, the Board of Directors resolved that the Nomination Committee and Remuneration Committee be combined and renamed as the Nomination and Remuneration Committee ("NRC" or "the Committee").

COMPOSITION

The NRC comprises of three members who are exclusively non-executive directors, during FY 2015 as follows:

1. FONG SEOW KEE (appointed as Chairman on 21st February 2013)
   (Senior Independent Non-Executive Director)

2. DATUK KAMARUDDIN BIN TAIB
   (Independent Non-Executive Director)

3. BRAHMAL a/l VASUDEVAN
   (Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference for NRC is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

ATTENDANCE OF MEETINGS

The NRC held three (3) meetings during FY 2015. The details of attendance of the NRC members are as follows:

Name Of The Committee Member	Total Attendance Of Meetings
Fong Seow Kee	3/3
Goh Kuan Ho (resigned wef. 3rd March 2015)	1/1
Datuk Kamaruddin Bin Taib	3/3
Brahmal a/l Vasudevan	3/3

Nomination and Remuneration Committee Report

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31ST DECEMBER 2015

The Committee reports regularly to the Board on its activities, deliberations and recommendations in the discharge of its duties and responsibilities as set out in its terms of reference.

The main activities undertaken by the Committee during the year are as below:

1. **Review terms of reference of the Committee.**

   The Terms of reference was reviewed to ensure it is still in line with the recommendations of the MCCG and remain consistent with the Committee's objectives and responsibilities.

2. **Review size, structure and composition of Board and Board Committees.**

   The Committee carried out a review on the size, structure and composition of Board and Board committees based on the following criteria:

   - The Chairman of the Board should be an Independent Non-Executive Director.
   - There is a Senior Independent Non-Executive Director.
   - There is balance and diversity of gender as well as skills, experience and knowledge on business / management, industry, overseas market, strategic planning, sales, marketing and customer, production and quality assurance, legal, finance and accounting, information technology, human resources management, corporate governance and risk management and internal control.
   - MMLR's rules and MCCG's recommendation and best practices are adhered to.

   Based on the evaluation of a matrix of skill sets, the Committee recommended strengthening the Board composition with a new member who is experienced in Information Technology (IT). Overall, the Committee was satisfied with the current size of the Group's Board and that there was an appropriate mix of knowledge, skills, attributes and core competencies in the Board's composition.

3. **Facilitate Board, Board Committee and Directors assessment and review the results.**

   The Committee carried out an annual assessment of the Board and Board Committees as a whole and of each Director. Assessment of the Board as a whole and Board Committees covered four main areas, namely structure, roles and responsibilities, risk management and standard of conduct. Assessment of each individual Director included their respective skills and knowledge, contribution to business strategies and Group's performance, contribution to Board processes, time commitment and standard of conduct. In addition for Non-Executive Directors, independence was assessed based on their annual declaration and other requirements stated in MMLR.

   The FY 2015 assessments were considered to be satisfactory.

Nomination and Remuneration Committee Report

4. **Facilitate Board discussion on key management's annual appraisal results**

   The renewal of CEO's service contract was made during FY 2015. In facilitating this, the NRC considered the CEO's contributions, achievements and deliverables for the past year. In accordance with its TOR, the NRC would also consider and recommend to the Board of the remuneration packages, together with the detailed fringe benefits and Executive Share Scheme ("ESS").

5. **Review Board's service contract and succession plan.**

   The Committee reviewed each Executive Director's service contract based on the Board Charter's guideline and their respective contribution to the Group. As noted above, the Committee recommended to renew the service contract of the CEO, which had expired during the financial year, for two years. The tenure of each contract is for a maximum continuous period of three years, consistent with the Board Charter.

   The Committee also reviewed the succession plan of key management based on the individual's willingness to continue and necessity. The Committee was satisfied with current succession planning.

6. **Review induction and training needs of directors.**

   The Committee reviewed and recommended the necessary training suitable for individual director based on annual assessment result, skill sets and past training record. The Committee concluded that all Directors have received sufficient and appropriate training during FY 2015 that is relevant and would serve to enhance their effectiveness in the Board and the Board Committees. The details of the Directors' training are set out on page 30 to 31.

7. **Review nomination and election process.**

   The Committee has reviewed the nomination and election process and established a clear and transparent nomination and election policy:
   - The Committee could outsource director candidate search to professional firms to ensure that a diverse range of candidates are considered or accept recommendations by any Board member but the Committee should not be influenced by major controlling / dominant shareholders or the CEO / executive directors.
   - The director candidate should be interviewed by the Board Chairman and the NRC Chairman, and should meet all Board members.
   - The number of director candidates recommended by the nominating committee should be greater than the available board seats, where possible.
   - Newly appointed Directors are subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment.
   - At least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM and all directors shall retire from office at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.
   - An independent director who had served on the Board for a period of nine years or more shall submit a Declaration of Independence if she or he wishes to continue to serve as an Independent Director. NRC shall consider the re-appointment based on the Declaration of Independence, assessment criteria and guidelines set out in the policy and make the appropriate recommendation to the Board. This is also subject to re-election by shareholder in the next AGM.

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding, developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance. The principal activities of the subsidiaries are disclosed in Note 10 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/(Loss) for the financial year	10,242,363	(131,071,924)
Attributable to:		
Owners of the parent	10,339,648	(131,071,924)
Non-controlling interests	(97,285)	-
	10,242,363	(131,071,924)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company has been increased by way of issuance of 8,257,700 new ordinary shares of RM0.20 each for cash pursuant to the exercise of Executives' Share Scheme ("ESS").

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There were no issues of debentures during the financial year.

Directors' Report

TREASURY SHARES

At the Annual General Meeting held on 25 June 2015, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and/or share premium account of the Company based on the latest audited financial statement and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s);

(c) the Directors of the Company may decide to:

(i) retain the shares purchased as treasury shares for distribution as dividend to the shareholders; and/or;

(ii) resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

(iii) cancel the shares so purchased; and/or

(iv) retain part of the shares so purchased as treasury shares and cancel the remainder.

The Company has the right to retain, cancel, resell the shares it purchased and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 649,847,192 (2014: 641,589,492) issued and fully paid ordinary shares of RM0.20 each as at 31 December 2015, 1,415,901 (2014: 1,415,901) ordinary shares amounting to RM638,221 (2014: RM638,221) are held as treasury shares by the Company.

The number of outstanding ordinary shares of RM0.20 each in issue after deducting the treasury shares is 648,431,291 (2014: 640,173,591) as at 31 December 2015.

OPTIONS GRANTED OVER UNISSUED SHARES

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

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows:

(a) Eligible Executive Directors and executives are those who meet the following criteria:

(i) if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;

(ii) if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;

(iii) if his employment has been confirmed in writing;

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows: (continued)

(a) Eligible Executive Directors and executives are those who meet the following criteria: (continued)

  (iv) if he is an Executive Director of the Company, the specific allocation of Scheme Shares and Options granted by the Company to him in his capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting;

  (v) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and

  (vi) if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.

(b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2015, excluding treasury shares held, is 97,264,694 (2014: 96,026,039);

(c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;

(d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Securities immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.20 each, whichever is higher;

(e) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company;

(f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and

(g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The details of the options over the ordinary shares of the Company are as follows:

	Option price RM	Number of options over ordinary shares of RM0.20 each					
		Outstanding as at 1.1.2015	Movements during the financial year: Granted	Exercised	Forfeited *	Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
Date of offer							
3 September 2013							
- first tranche	0.227	1,566,066	-	(1,516,059)	(50,007)	-	-
- second tranche	0.227	1,641,625	-	(1,089,421)	(52,107)	500,097	500,097
- third tranche	0.227	7,450,009	-	(5,152,220)	(349,986)	1,947,803	1,947,803
		10,657,700	-	(7,757,700)	(452,100)	2,447,900	2,447,900
20 June 2014							
- first tranche	0.574	2,000,001	-	(500,000)	-	1,500,001	1,500,001
- second tranche	0.574	2,000,001	-	-	-	2,000,001	-
- third tranche	0.574	1,999,998	-	-	-	1,999,998	-
		6,000,000	-	(500,000)	-	5,500,000	1,500,001
8 September 2015							
- first tranche	0.860	-	600,000	-	-	600,000	600,000
- second tranche	0.860	-	600,000	-	-	600,000	-
- third tranche	0.860	-	600,000	-	-	600,000	-
		-	1,800,000	-	-	1,800,000	600,000

* Forfeited due to resignation.

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 6 November 2015 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 in Malaysia except for information of executives who were granted 500,000 options and above.

Other than the Directors' options disclosed under the Directors' interests, the following executives were granted 500,000 options and above under the ESS during the financial year:

	Number of options over ordinary shares of RM0.20 each: Balance as at 1.1.2015	Granted	Exercised	Balance as at 31.12.2015
Leong Kah Chern	3,000,000	-	-	3,000,000
Tham Kah Fook	1,500,000	-	-	1,500,000
Rey Maria R. Chumacera	1,500,000	-	(500,000)	1,000,000
Sam Eng Sun	1,500,000	-	(500,000)	1,000,000

Directors' Report

DIRECTORS

The Directors who have held for office since the date of the last report are:

Loh Wee Hian
Fong Seow Kee
Kanagaraj Lorenz
Datuk Kamaruddin Bin Taib
Brahmal A/L Vasudevan
Lim Sze Mei
Ng King Kau (resigned on 1 June 2015)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.20 each			
	Balance as at 1.1.2015	Bought	Sold	Balance as at 31.12.2015
Shares in the Company				
Direct interests:				
Loh Wee Hian	229,137,425	-	-	229,137,425
Kanagaraj Lorenz	4,395,900	900,000	-	5,295,900
Fong Seow Kee	593,250	1,268,700	-	1,861,950
Indirect interests:				
Loh Wee Hian	6,110,250	-	-	6,110,250
Fong Seow Kee	635,175	-	-	635,175

	Number of options over ordinary shares of RM0.20 each			
	Balance as at 1.1.2015	Granted	Exercised	Balance as at 31.12.2015
Share options in the Company				
Loh Wee Hian	900,000	-	-	900,000
Kanagaraj Lorenz	900,000	1,800,000	(900,000)	1,800,000

DIRECTORS' INTERESTS (continued)

	Number of ordinary shares of PHP100 each			
	Balance as at 1.1.2015	Bought	Sold	Balance as at 31.12.2015
Shares in a subsidiary, GHL Systems Philippines, Inc.				
Loh Wee Hian	1	-	-	1
Kanagaraj Lorenz	1	-	-	1

By virtue of his interest in the shares of the Company, Loh Wee Hian is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESS disclosed in Note 32 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

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

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

Loh Wee Hian
Director

Kanagaraj Lorenz
Director

Kuala Lumpur
29 March 2016

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 56 to 156 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 to the financial statements on page 157 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Loh Wee Hian
Director

Kanagaraj Lorenz
Director

Kuala Lumpur
29 March 2016

Statutory Declaration

I, Yap Chih Ming, being the Officer primarily responsible for the financial management of GHL Systems Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 157 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
29 March 2016)

Before me:

PESURUHJAYA SUMPAH
No. W 663
Nama: BALOO A/L T.PICHAI
MALAYSIA

NO. 102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

Independent Auditors' Report

to the members of GHL System Berhad

Report on the Financial Statements

We have audited the financial statements of GHL Systems Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 156.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with 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 that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report
to the members of GHL System Berhad

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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.

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

Other Reporting Responsibilities

The supplementary information set out in Note 37 to the financial statements 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

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

BDO	**Rejeesh A/L Balasubramaniam**
AF : 0206	2895/08/16 (J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur
29 March 2016

Statements of Financial Position

As at 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	56,796,646	49,449,133	5,605,880	6,063,365
Intangible assets	8	3,351,224	3,888,147	850,405	1,667,542
Goodwill	9	105,629,787	105,629,787	-	-
Investments in subsidiaries	10	-	-	7,041,895	129,869,958
Investments in joint ventures	11	71,457	86,860	-	-
Available-for-sale investments	12	8,000,000	8,000,000	-	-
Trade and other receivables	13	-	-	-	5,813,845
Deferred tax assets	14	1,156,306	1,262,866	-	-
		175,005,420	168,316,793	13,498,180	143,414,710
Current assets					
Inventories	15	62,781,739	51,766,562	1,228,750	1,177,039
Trade and other receivables	13	69,035,477	51,969,392	57,865,229	42,211,841
Current tax assets		1,241,934	1,288,585	288,390	471,750
Cash and bank balances	16	59,103,983	45,327,322	4,444,483	15,520,857
		192,163,133	150,351,861	63,826,852	59,381,487
TOTAL ASSETS		367,168,553	318,668,654	77,325,032	202,796,197
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	129,969,438	128,317,898	129,969,438	128,317,898
Treasury shares		(638,221)	(638,221)	(638,221)	(638,221)
Reserves	18	72,615,686	70,326,209	71,568,977	70,699,872
Retained earnings/(Accumulated losses)		34,993,442	24,652,474	(131,569,852)	(499,248)
		236,940,345	222,658,360	69,330,342	197,880,301
Non-controlling interests		41,626	132,957	-	-
TOTAL EQUITY		236,981,971	222,791,317	69,330,342	197,880,301

Statements of Financial Position
As at 31 December 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	19	18,004,775	11,315,915	102,369	214,901
Deferred tax liabilities	14	807,498	369,628	-	-
Deferred income	23	184,188	3,104	-	-
		18,996,461	11,688,647	102,369	214,901
Current liabilities					
Borrowings	19	28,508,028	29,149,881	4,406,032	107,614
Deferred income	23	255,371	370,181	67,780	-
Trade and other payables	24	78,689,295	53,604,876	3,418,509	4,593,381
Current tax liabilities		3,737,427	1,063,752	-	-
		111,190,121	84,188,690	7,892,321	4,700,995
TOTAL LIABILITIES		130,186,582	95,877,337	7,994,690	4,915,896
TOTAL EQUITY AND LIABILITIES		367,168,553	318,668,654	77,325,032	202,796,197

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	27	211,379,867	164,933,038	13,066,525	11,443,495
Cost of sales		(128,593,980)	(97,796,191)	(4,095,434)	(5,184,753)
Gross profit		82,785,887	67,136,847	8,971,091	6,258,742
Other operating income		4,286,955	4,187,985	19,917,343	16,921,164
Administrative expenses		(40,151,527)	(38,519,394)	(8,824,637)	(8,469,555)
Distribution expenses		(18,384,725)	(13,855,826)	(645,106)	(732,972)
Other operating expenses		(9,448,876)	(6,272,372)	(150,270,239)	(3,976,227)
Finance costs		(2,910,719)	(1,568,977)	(187,103)	(17,342)
Share of (loss)/profit of joint ventures		(59,503)	13,418	-	-
Profit/(Loss) before taxation	28	16,117,492	11,121,681	(131,038,651)	9,983,810
Taxation	29	(5,875,129)	(4,750,422)	(33,273)	177,176
Profit/(Loss) for the financial year		10,242,363	6,371,259	(131,071,924)	10,160,986
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		1,426,326	975,309	-	-
Total other comprehensive income, net of tax		1,426,326	975,309	-	-
Total comprehensive income/(loss)		11,668,689	7,346,568	(131,071,924)	10,160,986
Profit/(Loss) attributable to:					
Owners of the parent		10,339,648	6,529,458	(131,071,924)	10,160,986
Non-controlling interests		(97,285)	(158,199)	-	-
		10,242,363	6,371,259	(131,071,924)	10,160,986

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		11,760,020	7,387,281	(131,071,924)	10,160,986
Non-controlling interests		(91,331)	(40,713)	-	-
		11,668,689	7,346,568	(131,071,924)	10,160,986
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	30	1.61	1.19		
Diluted	30	1.59	1.17		

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2015

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2014		37,077,370	(638,221)	1,989,688	(1,215,009)	646,207	18,368,309	56,228,344	(116,755)	56,111,589
Profit for the financial year		-	-	-	-	-	6,529,458	6,529,458	(158,199)	6,371,259
Foreign currency translations, net of tax		-	-	-	857,823	-	-	857,823	117,486	975,309
Total comprehensive income		-	-	-	857,823	-	6,529,458	7,387,281	(40,713)	7,346,568
Transactions with owners:										
Accretion of interest in a subsidiary	10	-	-	-	(16,477)	-	(273,948)	(290,425)	290,425	-
Share options granted under ESS	32	-	-	-	-	962,066	-	962,066	-	962,066
ESS forfeited		-	-	-	-	(28,655)	28,655	-	-	-
Ordinary shares issued pursuant to:										
- special issue	17	16,825,371	-	18,507,908	-	-	-	35,333,279	-	35,333,279
- acquisition of subsidiaries	17	30,120,457	-	90,361,369	-	-	-	120,481,826	-	120,481,826
- ESS	17	1,644,700	-	2,139,159	-	(1,035,487)	-	2,748,372	-	2,748,372
- bonus issue	17	42,650,000	-	(42,650,000)	-	-	-	-	-	-
Share issuance expenses		-	-	(192,383)	-	-	-	(192,383)	-	(192,383)
Total transactions with owners		91,240,528	-	68,166,053	(16,477)	(102,076)	(245,293)	159,042,735	290,425	159,333,160
Balance as at 31 December 2014		128,317,898	(638,221)	70,155,741	(373,663)	544,131	24,652,474	222,658,360	132,957	222,791,317

Statements of Changes in Equity

For the Financial Year Ended 31 December 2015 (continued)

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2015		128,317,898	(638,221)	70,155,741	(373,663)	544,131	24,652,474	222,658,360	132,957	222,791,317
Profit for the financial year		-	-	-	-	-	10,339,648	10,339,648	(97,285)	10,242,363
Foreign currency translations, net of tax		-	-	-	1,420,372	-	-	1,420,372	5,954	1,426,326
Total comprehensive income		-	-	-	1,420,372	-	10,339,648	11,760,020	(91,331)	11,668,689
Transactions with owners:										
Share options granted under ESS	32	-	-	-	-	473,967	-	473,967	-	473,967
ESS forfeited		-	-	-	-	(1,320)	1,320	-	-	-
Ordinary shares issued pursuant to ESS	17	1,651,540	-	921,412	-	(524,954)	-	2,047,998	-	2,047,998
Total transactions with owners		1,651,540	-	921,412	-	(52,307)	1,320	2,521,965	-	2,521,965
Balance as at 31 December 2015		129,969,438	(638,221)	71,077,153	1,046,709	491,824	34,993,442	236,940,345	41,626	236,981,971

Statements of Changes in Equity

For the Financial Year Ended 31 December 2015 (continued)

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2014		37,077,370	(638,221)	1,989,688	646,207	(10,688,889)	28,386,155
Profit for the financial year		-	-	-	-	10,160,986	10,160,986
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	10,160,986	10,160,986
Transactions with owners:							
Share options granted under ESS	32	-	-	-	962,066	-	962,066
ESS forfeited		-	-	-	(28,655)	28,655	-
Ordinary shares issued pursuant to:							
- special issue	17	16,825,371	-	18,507,908	-	-	35,333,279
- acquisition of subsidiaries	17	30,120,457	-	90,361,369	-	-	120,481,826
- ESS	17	1,644,700	-	2,139,159	(1,035,487)	-	2,748,372
- bonus issue	17	42,650,000	-	(42,650,000)	-	-	-
Share issuance expenses		-	-	(192,383)	-	-	(192,383)
Total transactions with owners		91,240,528	-	68,166,053	(102,076)	28,655	159,333,160
Balance as at 31 December 2014		128,317,898	(638,221)	70,155,741	544,131	(499,248)	197,880,301

Statements of Changes in Equity

For the Financial Year Ended 31 December 2015 (continued)

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2015		128,317,898	(638,221)	70,155,741	544,131	(499,248)	197,880,301
Loss for the financial year		-	-	-	-	(131,071,924)	(131,071,924)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(131,071,924)	(131,071,924)
Transactions with owners:							
Share options granted under ESS	32	-	-	-	473,967	-	473,967
ESS forfeited		-	-	-	(1,320)	1,320	-
Ordinary shares issued pursuant to ESS	17	1,651,540	-	921,412	(524,954)	-	2,047,998
Total transactions with owners		1,651,540	-	921,412	(52,307)	1,320	2,521,965
Balance as at 31 December 2015		129,969,438	(638,221)	71,077,153	491,824	(131,569,852)	69,330,342

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		16,117,492	11,121,681	(131,038,651)	9,983,810
Adjustments for:					
Amortisation of:					
- intangible assets	8	1,065,472	1,193,883	827,683	1,017,976
- deferred income	23	(661,091)	(730,760)	(253,782)	(344,592)
Bad debts written off		44,346	85,886	-	-
Depreciation of property, plant and equipment	7	15,965,653	10,770,192	873,147	993,349
Dividend income	28	-	-	(6,200,000)	-
Impairment losses on:					
- property, plant and equipment	7	-	277,818	-	-
- trade and other receivables	13	1,120,739	927,485	24,504,463	189,030
- investment in a subsidiary	10	-	-	123,102,509	-
Intangible assets written off	8	271,855	852,939	-	852,939
Interest expense		2,647,150	1,432,327	187,103	17,342
Interest income		(1,153,338)	(648,293)	(575,732)	(687,472)
Inventories written off	15	339,917	840,931	296,625	837,221
Inventories written back		-	(41,154)	-	(41,154)
(Gain) / Loss on disposal of:					
- available-for-sale investments		-	(76,424)	-	-
- property, plant and equipment		(222,571)	12,481	835	5,071
Loss/(Gain) on foreign exchange - unrealised		1,322,651	385,028	(8,742,785)	(615,253)
Property, plant and equipment written off	7	564,133	1	2,940	-
Property, plant and equipment written back	7	-	(616)	-	-
Reversal of impairment losses on trade and other receivables	13	(182,007)	(184,073)	(4,109,522)	(15,361,331)
Share options granted under ESS	31	473,967	962,066	199,521	220,480
Share of loss/(profit) of joint ventures		59,503	(13,418)	-	-
Operating profit/(loss) before changes in working capital		37,773,871	27,167,980	(925,646)	(2,932,584)

Statements of Cash Flows

For the Financial Year Ended 31 December 2015 (continued)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before changes in working capital:		37,773,871	27,167,980	(925,646)	(2,932,584)
(Increase)/Decrease in inventories		(24,999,457)	(23,754,601)	(348,336)	527,974
(Increase)/Decrease in trade and other receivables		(16,990,196)	(22,945,669)	(1,278,869)	687,902
Increase/(Decrease) in trade and other payables		22,419,369	12,694,118	967,784	(297,080)
Advance receipts for deferred income	23	727,365	373,285	321,562	-
Cash generated from/(used in) operations		18,930,952	(6,464,887)	(1,263,505)	(2,013,788)
Dividend received		-	-	1,200,000	-
Interest received		1,153,338	648,293	481,733	674,241
Interest paid		(2,647,150)	(1,432,327)	(187,103)	(17,342)
Tax paid		(2,761,170)	(2,253,612)	(104,913)	(304,636)
Tax refunded		491,491	15,849	255,000	-
Net cash from/(used in) operating activities		15,167,461	(9,486,684)	381,212	(1,661,525)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of:					
- property, plant and equipment	7	(5,640,235)	(8,573,729)	(419,813)	(430,186)
- intangible assets	8	(800,404)	(1,585,356)	(10,546)	(271,122)
Proceeds from disposal of:					
- available-for-sale investments		-	1,118,795	-	-
- property, plant and equipment		280,250	691,798	376	270
Acquisitions of:					
- subsidiaries for cash, net of cash acquired	10	-	19,069,228	-	(2,620,683)
- additional interests in subsidiaries	10	-	-	-	(3,750,000)
(Placement)/Withdrawal in deposits pledged		(913,490)	(5,785,764)	100,000	-
Advances to subsidiaries		-	-	(16,671,487)	(18,782,651)
Net cash (used in)/from investing activities		(7,073,879)	4,934,972	(17,001,470)	(25,854,372)

Statements of Cash Flows

For the Financial Year Ended 31 December 2015 (continued)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
- term loans		12,410,283	3,900,600	3,703,500	-
- bankers' acceptance and Islamic facility		2,500,000	3,000,000	-	-
Proceeds from issuance of shares:					
- ordinary shares pursuant to ESS	17	2,047,998	2,748,372	2,047,998	2,748,372
- special issue	17	-	35,333,279	-	35,333,279
Share issuance expenses		-	(192,383)	-	(192,383)
Repayments of:					
- hire purchase creditors		(1,963,993)	(1,851,930)	(107,614)	(129,107)
- term loans		(9,314,351)	(12,695,937)	-	-
Net cash from financing activities		5,679,937	30,242,001	5,643,884	37,760,161
Net increase/(decrease) in cash and cash equivalents		13,773,519	25,690,289	(10,976,374)	10,244,264
Effect of exchange rate changes on cash and cash equivalents		(910,348)	(246,153)	-	-
Cash and cash equivalents at beginning of financial year		39,441,558	13,997,422	15,420,857	5,176,593
Cash and cash equivalents at end of financial year	16	52,304,729	39,441,558	4,444,483	15,420,857

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

Notes to the Financial Statements

31 December 2015

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 December 2015 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 March 2016.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding, developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 56 to 156 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 37 to the financial statements set out on page 157 has been prepared 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Long term leasehold land	99 years
Buildings	50 years
Computer equipment	3 years
EDC equipment	5 years
Computer software	3 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 to 10 years
Renovation	2 to 5 years

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

The Group and the Company recognise in relation to its interest in a joint operation:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output buy the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(ii) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Joint arrangements (continued)

(ii) Joint venture (continued)

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(a) The structure of the joint arrangement;

(b) The legal form of joint arrangements structured through a separate vehicle;

(c) The contractual terms of the joint arrangement agreement; and

(d) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4.7 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets (continued)

(a) Goodwill (continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets (continued)

(b) Other intangible assets (continued)

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Research and development

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.

Capitalised development costs are amortised on a straight line basis over a period not exceeding ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development assets are tested for impairment annually.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, associates and joint ventures), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and 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. Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

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

Cost is determined using the first-in, first-out formula. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials and other direct cost.

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.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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 marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

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 reliable estimate can be made of the amount of the obligation.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national and local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, 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 impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the current market rate of return for a similar financial asset.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary, a joint venture or a joint operation on distributions to the Group and Company, and real property gains taxed payable on disposal of properties, if any.

Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Provisions

Provisions are recognised 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.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.16 Employee benefits (continued)

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

The Group, being a distributor in the sales of prepaid airtime top-ups, is in substance acting as an agent for the operators. The revenue associated with the sales of prepaid airtime top-ups to end-users is recognised on a net basis, which represents the margin earned.

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of each reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurements

The 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 fair value 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material effect upon the adoption of the above amendments during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(c) Operating lease commitments - the Group as lessor

The Group has entered into leases on its EDC equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the equipment which are leased out as operating leases due to the lease term is not for the major part of the economic life of the asset.

(d) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institution to call upon the corporate guarantees are remote.

(f) Impairment of available-for-sale financial assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

6. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

6.2 Critical judgements made in applying accounting policies (continued)

(g) Consolidation of an entity in which the Group holds less than majority of voting rights

The Group controls Pinoytek Solusyen, Inc. ("Pinoytek") and e-pay Thailand Co. Limited ("e-pay Thailand") even though it owns less than fifty percent (50%) of the voting rights. These are because the key management personnel of Pinoytek and e-pay Thailand, who have the ability to direct the relevant activities, are current employees of the Group. Furthermore, significant portion of Pinoytek's and e-pay Thailand's activities are conducted on behalf of the Group.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions on goodwill are disclosed in Note 9 to the financial statements.

(b) Depreciation of EDC equipment

The cost of EDC equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these equipment to be within five (5) years, which are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. A ten percent difference (10%) in the average useful lives of these assets from the management's estimates would result in approximately thirteen percent (13%) variance in profit for the financial year.

(c) Impairment of intangible assets

The Group reviews the carrying amounts of the intangible assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of intangible assets requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Significant judgement is required in the estimation of the present value of future cash flows generated by the intangible assets, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of intangible assets.

6. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

6.3 **Key sources of estimation uncertainty (continued)**

(d) Impairment of investments in subsidiaries

The Directors review the investment in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investment in subsidiaries are assessed by reference to the value in use of the subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(e) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(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 could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(h) Executives' share scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The Group is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 32 to the financial statements.

(i) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 36 to the financial statements.

(j) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial instruments at fair value, as disclosed in Note 35 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2015 RM	Additions RM	Transferred from inventories (Note 15) RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2015 RM
Carrying amount								
Long term leasehold land	1,477,271	-	-	-	-	(16,414)	-	1,460,857
Buildings	6,803,733	-	-	-	-	(156,911)	675,338	7,322,160
Computer equipment	1,813,588	2,254,104	-	-	(3,928)	(1,423,887)	85,465	2,725,342
EDC equipment	35,911,868	567,310	14,254,794	(560,725)	(51,885)	(12,829,261)	3,084,238	40,376,339
Computer software	1,021,880	766,403	-	-	-	(366,987)	33,349	1,454,645
Motor vehicles	1,155,584	113,270	-	-	-	(445,009)	17,954	841,799
Furniture, fittings and office equipment	1,082,827	596,064	-	(3,408)	(1,866)	(413,391)	24,170	1,284,396
Renovation	182,382	1,456,354	-	-	-	(313,793)	6,165	1,331,108
	49,449,133	5,753,505	14,254,794	(564,133)	(57,679)	(15,965,653)	3,926,679	56,796,646

	At 31.12.2015			
Group	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(164,143)	-	1,460,857
Buildings	7,854,763	(532,603)	-	7,322,160
Computer equipment	19,853,860	(17,128,518)	-	2,725,342
EDC equipment	92,784,655	(41,480,856)	(10,927,460)	40,376,339
Computer software	4,734,986	(2,951,888)	(328,453)	1,454,645
Motor vehicles	2,514,790	(1,479,103)	(193,888)	841,799
Furniture, fittings and office equipment	5,478,980	(4,194,584)	-	1,284,396
Renovation	2,962,583	(1,631,475)	-	1,331,108
Total	137,809,617	(69,563,170)	(11,449,801)	56,796,646

Notes to the Financial Statements

31 December 2015 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2014 RM	Acquisition of subsidiaries (Note 10) RM	Additions RM	Transferred from inventories (Note 15) RM	Written off RM	Disposals RM	Impairment RM	Written back RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2014 RM
Carrying amount											
Long term leasehold land	1,493,686	-	-	-	-	-	-	-	(16,415)	-	1,477,271
Buildings	2,949,966	-	3,924,004	-	-	-	-	-	(70,237)	-	6,803,733
Computer equipment	1,458,646	715,647	1,010,678	-	-	(989)	-	-	(1,387,864)	17,470	1,813,588
EDC equipment	23,939,289	1,849,550	9,155,376	8,933,213	-	(501,492)	-	616	(8,056,739)	592,055	35,911,868
Computer software	1,194,210	-	342,847	-	-	-	(277,818)	-	(259,685)	22,326	1,021,880
Motor vehicles	672,017	1,021,583	133,456	-	-	(185,539)	-	-	(485,031)	(902)	1,155,584
Furniture, fittings and office equipment	962,194	236,537	282,177	-	-	(5,342)	-	-	(400,067)	7,328	1,082,827
Renovation	137,372	-	149,279	-	(1)	(10,917)	-	-	(94,154)	803	182,382
	32,807,380	3,823,317	14,997,817	8,933,213	(1)	(704,279)	(277,818)	616	(10,770,192)	639,080	49,449,133

Group	At 31.12.2014 Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(147,729)	-	1,477,271
Buildings	7,174,004	(370,271)	-	6,803,733
Computer equipment	17,413,133	(15,599,545)	-	1,813,588
EDC equipment	85,756,565	(37,154,437)	(12,690,260)	35,911,868
Computer software	3,757,920	(2,458,222)	(277,818)	1,021,880
Motor vehicles	2,615,469	(1,265,997)	(193,888)	1,155,584
Furniture, fittings and office equipment	5,136,663	(4,053,836)	-	1,082,827
Renovation	1,447,805	(1,265,423)	-	182,382
Total	124,926,559	(62,315,460)	(13,161,966)	49,449,133

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Balance as at 1.1.2015 RM	Additions RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount						
Long term leasehold land	1,477,272	-	-	-	(16,414)	1,460,858
Buildings	2,879,729	-	-	-	(70,238)	2,809,491
Computer equipment	411,153	316,195	-	(907)	(303,371)	423,070
Computer software	436,842	37,448	-	-	(127,816)	346,474
Motor vehicles	284,562	-	-	-	(117,407)	167,155
Furniture, fittings and office equipment	526,047	57,376	(2,940)	(304)	(190,363)	389,816
Renovation	47,760	8,794	-	-	(47,538)	9,016
	6,063,365	419,813	(2,940)	(1,211)	(873,147)	5,605,880

	At 31.12.2015			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(164,142)	-	1,460,858
Buildings	3,250,000	(440,509)	-	2,809,491
Computer equipment	4,199,072	(3,776,002)	-	423,070
Computer software	1,432,700	(1,086,226)	-	346,474
Motor vehicles	780,923	(419,880)	(193,888)	167,155
Furniture, fittings and office equipment	2,142,262	(1,752,446)	-	389,816
Renovation	693,408	(684,392)	-	9,016
Total	14,123,365	(8,323,597)	(193,888)	5,605,880

7. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Company	Balance as at 1.1.2014 RM	Additions RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2014 RM
Carrying amount					
Long term leasehold land	1,493,686	-	-	(16,414)	1,477,272
Buildings	2,949,966	-	-	(70,237)	2,879,729
Computer equipment	554,696	230,598	-	(374,141)	411,153
Computer software	474,501	103,542	-	(141,201)	436,842
Motor vehicles	401,969	-	-	(117,407)	284,562
Furniture, fittings and office equipment	650,218	80,989	(5,341)	(199,819)	526,047
Renovation	106,833	15,057	-	(74,130)	47,760
	6,631,869	430,186	(5,341)	(993,349)	6,063,365

	At 31.12.2014			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(147,728)	-	1,477,272
Buildings	3,250,000	(370,271)	-	2,879,729
Computer equipment	3,885,389	(3,474,236)	-	411,153
Computer software	1,395,252	(958,410)	-	436,842
Motor vehicles	780,923	(302,473)	(193,888)	284,562
Furniture, fittings and office equipment	2,166,209	(1,640,162)	-	526,047
Renovation	684,614	(636,854)	-	47,760
Total	13,787,387	(7,530,134)	(193,888)	6,063,365

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Purchases of property, plant and equipment	5,753,505	14,997,817	419,813	430,186
Financed by hire purchase arrangement	(113,270)	(6,424,088)	-	-
Cash payments on purchases of property, plant and equipment	5,640,235	8,573,729	419,813	430,186

7. **PROPERTY, PLANT AND EQUIPMENT (continued)**

(b) The carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase arrangement as at the end of the reporting period are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Motor vehicles	872,872	1,006,230	148,119	236,976
EDC equipment	5,750,578	7,984,328	-	-
	6,623,450	8,990,558	148,119	236,976

Details of the finance lease arrangements are disclosed in Note 21 to the financial statements.

(c) As at the end of the reporting period, long term leasehold land and buildings with the carrying amount of RM5,936,118 (2014 RM5,376,337) have been charged to a bank for credit facilities to the Group as disclosed in Note 20 to the financial statements.

8. **INTANGIBLE ASSETS**

Group	Balance as at 1.1.2015	Additions	Written off	Reclassification	Amortisation charge for the financial year	Balance as at 31.12.2015
	RM	RM	RM	RM	RM	RM
Carrying amount						
Completed development costs	2,021,830	148,036	-	2,246,830	(1,065,472)	3,351,224
Development-in-progress	1,866,317	652,368	(271,855)	(2,246,830)	-	-
	3,888,147	800,404	(271,855)	-	(1,065,472)	3,351,224

	At 31.12.2015		
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	18,374,053	(15,022,829)	3,351,224
Development-in-progress	-	-	-
	18,374,053	(15,022,829)	3,351,224

8. INTANGIBLE ASSETS (continued)

Group	Balance as at 1.1.2014	Additions	Acquisition of subsidiaries (Note 10)	Written off	Reclassification	Amortisation charge for the financial year	Balance as at 31.12.2014
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Completed development costs	2,225,526	79,678	130,793	(852,939)	1,632,655	(1,193,883)	2,021,830
Development-in-progress	1,993,294	1,505,678	-	-	(1,632,655)	-	1,866,317
	4,218,820	1,585,356	130,793	(852,939)	-	(1,193,883)	3,888,147

	At 31.12.2014		
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,979,187	(13,957,357)	2,021,830
Development-in-progress	1,866,317	-	1,866,317
	17,845,504	(13,957,357)	3,888,147

Company	Balance as at 1.1.2015	Additions	Reclassification	Amortisation charge for the financial year	Balance as at 31.12.2015
	RM	RM	RM	RM	RM
Carrying amount					
Completed development costs	1,396,420	-	281,668	(827,683)	850,405
Development-in-progress	271,122	10,546	(281,668)	-	-
	1,667,542	10,546	-	(827,683)	850,405

	At 31.12.2015		
Company	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,329,078	(12,478,673)	850,405
Development-in-progress	-	-	-
	13,329,078	(12,478,673)	850,405

8. INTANGIBLE ASSETS (continued)

Company	Balance as at 1.1.2014	Additions	Written off	Reclassification	Amortisation charge for the financial year	Balance as at 31.12.2014
	RM	RM	RM	RM	RM	RM
Carrying amount						
Completed development costs	2,053,751	-	(852,939)	1,213,584	(1,017,976)	1,396,420
Development-in-progress	1,213,584	271,122	-	(1,213,584)	-	271,122
	3,267,335	271,122	(852,939)	-	(1,017,976)	1,667,542

	At 31.12.2014		
	Cost	Accumulated amortisation	Carrying amount
Company	RM	RM	RM
Completed development costs	13,047,410	(11,650,990)	1,396,420
Development-in-progress	271,122	-	271,122
	13,318,532	(11,650,990)	1,667,542

(a) Intangible asset represents proprietary software developed internally. The costs incurred on development projects are recognised as intangible asset when it is probable that the projects have commercial and technological feasibility, and only if the cost can be measured reliably. Development costs that have been capitalised are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected useful life, not exceeding 10 years.

(b) Included in the additions of intangible assets of the Group and of the Company are employee benefits capitalised amounting to RM652,368 (2014: RM1,084,084) and RM10,546 (2014: RM109,362) respectively.

9. GOODWILL

Group	Balance as at 1.1.2015	Additions	Balance as at 31.12.2015
	RM	RM	RM
Carrying amount			
Goodwill	105,629,787	-	105,629,787

	At 31.12.2015		
	Cost	Accumulated impairment	Carrying amount
	RM	RM	RM
Goodwill	108,597,816	(2,968,029)	105,629,787

9. GOODWILL (continued)

Group	Balance as at 1.1.2014 RM	Acquisition of subsidiaries (Note 10) RM	Balance as at 31.12.2014 RM
Carrying amount			
Goodwill	-	105,629,787	105,629,787

	At 31.12.2014		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	108,597,816	(2,968,029)	105,629,787

The carrying amount of goodwill allocated to the cash-generating units ("CGU") of the Group is as follows:

	Group	
	2015 RM	2014 RM
e-Pay group of companies	105,629,787	105,629,787

E-Pay group of companies represents all subsidiaries of e-Pay Asia Pty. Ltd., which were subsequently transferred and directly held by the Company.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

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

(a) Growth rate

The anticipated annual revenue growth rates used in the cash flows are 3.0% (2014: 3.0%) for the financial budget period.

(b) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 10.5% (2014: 10.5%) used for cash flows discounting purpose is the Group's weighted average cost of capital. This is the benchmark used by management to assess the operating performance of the Group and to evaluate future investment proposals.

9. GOODWILL (continued)

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

(c) Terminal value

Terminal growth rate of 3.0% (2014: 3.0%).

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the remaining goodwill assessed as at 31 December 2015 as its recoverable amount is in excess of its carrying amount.

Management is not aware of any reasonably possible changes in the assumptions above that could cause any impairment loss on goodwill.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	144,472,627	144,472,627
Equity contributions in subsidiaries in respect of ESS	1,511,774	1,237,328
	145,984,401	145,709,955
Less: Accumulated impairment losses	(138,942,506)	(15,839,997)
	7,041,895	129,869,958

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activities
GHL Transact Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL Payments Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL EFTPOS Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2015 %	2014 %	Principal activities
GHL CardPay Sdn. Bhd. #	Malaysia	100.00	100.00	Issuing and/or acquiring all credit card, debit card, prepaid card, loyalty card and electronic cash transactions carried out by the card holders at acquired merchants on behalf of the card issuer and for that purpose to provide the necessary facilities and infrastructure that facilitates the transactions electronically.
GHL International Sdn. Bhd. #	Malaysia	100.00	100.00	Investment holding, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL Asia Pacific Limited #	Labuan, Malaysia	100.00	100.00	Investment holding.
GHL Global Sdn. Bhd. #	Malaysia	100.00	100.00	Developing and selling of Net. Point software solution; software programmes and other related products and services.
GHL Loyalty Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
GHL BPO1 Sdn. Bhd. #	Malaysia	100.00	100.00	Provide card-related outsourcing services for all business processes, sub-processes, transactions, activities and all other card related works performed by business in various Industries.
GHL ePayments Sdn. Bhd. #	Malaysia	100.00	100.00	Provide electronic payment services and online and mobile merchant acquisition as well as other related activities.

10. **INVESTMENTS IN SUBSIDIARIES (continued)**

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activities
GHL Payment Services Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
PT. Spotpay Indonesia ^	Indonesia	1.00	1.00	Dormant.
e-pay Asia Pty. Ltd. #	Australia	100.00	100.00	Dormant.
EPY Capital Holdings Limited	British Virgin Islands	100.00	100.00	Investment holding.
Mobiepay Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of developing and selling software.
Sentripay Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
S Capital Sdn. Bhd. #	Malaysia	100.00	100.00	Investment holding.
Subsidiaries of GHL Asia Pacific Limited				
GHL Systems Philippines, Inc.	Philippines	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services.
GHL Systems Australia Pty. Ltd.	Australia	100.00	100.00	Sales of hardware, software and professional.
GHL (Thailand) Co., Ltd.	Thailand	95.45	95.45	Sale, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems.
PT. Spotpay Indonesia ^	Indonesia	99.00	99.00	Dormant.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activities
Subsidiaries of GHL ePayments Sdn. Bhd.				
GHL ePayments Co. Ltd	Thailand	99.99	99.99	Dormant.
GHL ePayments Philippines, Inc.	Philippines	99.99	99.99	Dormant.
Subsidiaries of e-pay Asia Pty. Ltd.				
SkyNetGlobal (South-East-Asia) Pte. Ltd.	Singapore	-	79.00	It was a dormant and has been liquidated during the financial year.
Subsidiary of GHL Systems Philippines, Inc.				
Pinoytek Solusyen, Inc. @	Philippines	40.00	40.00	Dormant.
Subsidiary of GHL (Thailand) Co., Ltd.				
Conscious Object Development Co. Ltd.	Thailand	95.45	95.45	Dormant.
Subsidiaries of EPY Capital Holdings Limited				
e-pay (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and on-line top-ups for various prepaid services in Malaysia and investment holding.
PT e-pay Indonesia *	Indonesia	21.20	21.20	Dormant.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activities
Subsidiaries of e-Pay (M) Sdn. Bhd.				
PT e-pay Indonesia *	Indonesia	78.80	78.80	Dormant.
e-pay Thailand Co. Limited	Thailand	49.50	49.50	Dormant.
Subsidiaries of Mobiepay Sdn. Bhd.				
Pay Here Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of developing and selling software.
PT Pembayaran Elektronik Indonesia	Indonesia	100.00	100.00	Engaged in the business of developing and selling software.

Subsidiaries audited by BDO in Malaysia.

^ Effective interest of the Group in PT. Spotpay Indonesia ("Spotpay") is 100% taking into account 99% interest in equity of Spotpay held by a wholly-owned subsidiary of the Company, GHL Asia Pacific Limited.

@ The Group controls Pinoytek Solusyen, Inc. ("Pinoytek") and e-pay Thailand Co. Limited ("e-pay Thailand") even though it owns less than fifty percent (50%) of the voting rights. This is due to the key management personnel of Pinoytek and e-pay Thailand, who have the ability to direct the relevant activities, are employees of the Group. Furthermore, a significant portion of Pinoytek's and e-pay Thailand activities are conducted on behalf of the Group.

* Effective interest of the Group in PT e-Pay Indonesia ("e-Pay Indo") is 100% taking into account 22% interest in equity of e-Pay Indo held by a wholly-owned subsidiary of the Company, EPY Capital Holdings Limited and 78% interest in equity of e-Pay Indo held by an indirect subsidiary of the Company, e-Pay (M) Sdn. Bhd.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Impairment loss on investments in subsidiaries amounting to RM123,102,509 (2014: NIL) relating to a subsidiary, e-Pay Asia Pty. Ltd., has been recognised during the financial year due to cessation of its operating activities.

(c) During the financial year, the Group recognised share options granted under shares options scheme of RM473,967 (2014: RM962,066) in profit or loss, out of which an amount of RM274,446 (2014: RM741,586) was in respect of employees of subsidiaries. At Company level, the amount of RM274,446 (2014: RM741,586) was recorded as an increase in investments in subsidiaries with a corresponding credit to equity as disclosed in Note 32 to the financial statements.

(d) In the previous financial year, the Company subscribed for additional 3,750,000 ordinary shares of RM1.00 each in GHL CardPay Sdn. Bhd. ("GHLCP"), a wholly-owned subsidiary of the Company, for total cash consideration of RM3,750,000.

(e) Acquisition of e-pay Asia Limited ("e-pay Asia")

On 4 October 2013, the Company announced to Bursa Malaysia Securities Berhad its intention to undertake a takeover offer to acquire all of the ordinary shares in e-pay Asia Limited ("e-pay Asia"), a public company listed on the Australian Securities' Exchange for the basis of RM1.21 per e-pay Asia ordinary share for cash ("Cash consideration") or 2.75 ordinary shares of the Company for each e-pay Asia ordinary share at issue price of RM0.44 per ordinary share of the Company, being the five days volume weighted average market price of the ordinary shares of the Company up to 2 October 2013 ("Shares consideration").

On 21 February 2014 ("Acquisition Date"), the Company acquired 55,080,447 ordinary shares in e-pay Asia, representing 96.75% of the issued and paid-up share capital of e-pay Asia and subsequently acquired the remaining 3.25% in e-pay Asia not already owned by the Company. The total consideration of the acquisition amounted to RM123,102,509 comprising Cash consideration of RM2,620,683 and Shares consideration of RM120,481,826. The Shares consideration was based on a fair value of RM0.80 per ordinary share of the Company at Acquisition Date.

The fair value of the net assets acquired and cash flow arising from the above acquisition was as follows:

	Note	At date of acquisition RM
Property, plant and equipment	7	3,823,317
Prepaid lease payments	23	4,293,213
Investments in joint ventures		73,442
Intangible assets	8	130,793
Available-for-sale investments		9,042,371
Inventories		30,916,264
Trade and other receivables		15,441,985
Current tax assets		752,705
Cash and bank balances		21,689,911
		86,164,001

10. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Acquisition of e-pay Asia Limited ("e-pay Asia") (continued)

The fair value of the net assets acquired and cash flow arising from the above acquisition was as follows: (continued)

	Note	At date of acquisition RM
Trade and other payables		(28,181,800)
Borrowings		(40,149,479)
Deferred tax liabilities	14	(360,000)
Total identifiable net assets		17,472,722
Goodwill arising from acquisition	9	105,629,787
		123,102,509

The consideration transferred for the acquisition of e-pay Asia was as follows:

	RM
Cash consideration	2,620,683
Shares consideration	120,481,826
	123,102,509

The effects of the acquisition on cash flows:

	RM
Total consideration for equity interest acquired	123,102,509
Less: Shares consideration	(120,481,826)
Cash consideration	2,620,683
Less: Cash and cash equivalents of subsidiaries acquired	(21,689,911)
Net cash inflow of the Group on acquisition	(19,069,228)

Goodwill of RM105,629,787 comprises the value of the strengthening of the market position of the Group in the country and the cost reduction synergies expected to arise from the acquisition. It also includes the value of its distribution channel, which had not been recognised separately. The distribution channel had been established since past years, which was not separable and therefore does not meet the criteria for recognition as an intangible asset under MFRS 138.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(f) In the previous financial year, a wholly-owned subsidiary of the Company, GHL Asia Pacific Limited ("GHL Asia Pacific") subscribed an additional 72,237 ordinary shares or 5.46% equity interest of THB100 each and an additional 249,360 preference shares of THB100 each in GHL (Thailand) Co., Ltd. ("GHL (Thailand)"), a subsidiary of the GHL Asia Pacific. Accordingly, the Group's equity interest in GHL Thailand increased from 89.99% to 95.45%. The total consideration for the subscription of THB32,159,700 was settled by offsetting the amount owing by GHL (Thailand) to GHL Asia Pacific. The Group had recorded a debit difference of RM290,425 arising from this accretion of interest.

(g) In the previous financial year, the Company:

(i) acquired one hundred (100) ordinary shares of RM1.00 each in S Capital Sdn. Bhd. from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of S Capital Sdn. Bhd. for cash consideration of RM100;

(ii) acquired two (2) ordinary shares of RM1.00 each in Sentripay Sdn. Bhd. from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of Sentripay Sdn. Bhd. for cash consideration of RM2;

(iii) acquired one (1) ordinary shares of USD1.00 each in EPY Capital Holdings Limited from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of EPY Capital Holdings Limited for cash consideration of RM1,080,012; and

(iv) acquired five hundred thousand (500,000) ordinary shares of RM1.00 each in Mobiepay Sdn. Bhd. from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of Mobiepay Sdn. Bhd. for cash consideration of RM500,000.

(h) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 December 2014 and 31 December 2015.

11. INVESTMENTS IN JOINT VENTURES

	Group	
	2015	2014
	RM	RM
Unquoted equity shares, at cost	2,017,542	1,973,442
Share of post-acquisition reserves	(1,074,191)	(1,014,688)
Foreign exchange reserve	(46,900)	(46,900)
Accumulated impairment losses	(824,994)	(824,994)
	71,457	86,860

11. INVESTMENTS IN JOINT VENTURES (continued)

(a) The details of the joint ventures are as follows:

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activities
MRuncit Commerce Sdn. Bhd.#	Malaysia	49	49	Engaged in the business of developing and selling software and e-commerce.
e-pay Pakistan (Private) Limited^	Pakistan	50	50	Dormant.
Electronic Payment Network (Thailand) Co. Limited^	Thailand	16	16	Dormant.

Joint venture audited by BDO in Malaysia.

^ The unaudited financial statements were used in the consolidation of the results of the joint ventures.

(b) During the financial year, the Company acquired an additional of 44,100 ordinary shares in MRuncit Commerce Sdn. Bhd., a joint velnture of Mobiepay Sdn. Bhd., a wholly owned subsidiary of the Company by way of set-off of intercompany balances amounting to RM44,100.

(c) The Group does not have any joint venture, which is individually material to the Group for both financial years ended 31 December 2014 and 31 December 2015.

12. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2015 RM	Group 2014 RM
Available-for-sale financial assets	8,000,000	8,000,000

(a) As at the end of the reporting period, available-for-sale investments with carrying amount of RM8,000,000 have been pledged to a bank for credit facilities to the Group as disclosed in Note 22 to the financial statements.

(b) Information on the fair value hierarchy is disclosed in Note 35(d) to the financial statements.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current				
Other receivables				
Amounts owing by subsidiaries	-	-	-	5,813,845
Current				
Trade receivables				
Third parties	41,192,459	41,595,302	3,409,254	3,133,997
Subsidiaries	-	-	6,035,041	6,359,436
	41,192,459	41,595,302	9,444,295	9,493,433
Less: Accumulated impairment losses				
- third parties	(7,113,435)	(6,876,391)	(1,303,180)	(1,785,977)
- subsidiaries	-	-	(3,182,858)	(4,848,585)
	(7,113,435)	(6,876,391)	(4,486,038)	(6,634,562)
	34,079,024	34,718,911	4,958,257	2,858,871
Other receivables				
Other receivables	7,951,434	2,240,307	408,168	209,657
Amounts owing by subsidiaries	-	-	99,551,310	64,535,473
Deposits	2,231,503	2,482,933	155,940	310,829
	10,182,937	4,723,240	100,115,418	65,055,959
Less: Accumulated impairment losses				
- other receivables	(159,766)	(509,444)	(158,866)	(158,866)
- amounts owing by subsidiaries	-	-	(47,553,061)	(25,751,953)
	(159,766)	(509,444)	(47,711,927)	(25,910,819)
	10,023,171	4,213,796	52,403,491	39,145,140
Loans and receivables	44,102,195	38,932,707	57,361,748	42,004,011
Prepayments	24,933,282	13,036,685	503,481	207,830
	69,035,477	51,969,392	57,865,229	42,211,841
Grand total	69,035,477	51,969,392	57,865,229	48,025,686

13. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from 30 to 180 days (2014: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) In the previous financial year, amounts owing by subsidiaries under non-current assets represented advances, which bore interest at rates ranging from 4% to 6% per annum. The advances were repayable in instalments over a period of up to five (5) years.

(c) Amounts owing by subsidiaries under current assets are unsecured, payable upon demand in cash and cash equivalents and interest-free except for amounts of RM14,999,187 in the previous financial year, which bore interest at rates ranging from 4.0% to 6.0% per annum.

(d) Included in amounts owing by subsidiaries are dividend receivable from a subsidiary amounted to RM5,000,000 (2014: NIL).

(e) The currency exposure profiles of receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Ringgit Malaysia	30,076,698	27,990,700	44,222,588	42,153,070
Philippines Peso	10,669,959	9,139,253	-	-
Thai Baht	3,238,625	959,408	-	-
Australian Dollar	116,593	585,525	153,313	-
US Dollar	320	257,821	12,985,847	5,664,786
	44,102,195	38,932,707	57,361,748	47,817,856

(f) The ageing analysis of trade receivables of the Group and of the Company are as follow:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Neither past due nor impaired	18,170,745	19,244,591	614,670	709,927
Past due not impaired:				
Less than 30 days	4,945,496	3,158,146	705,642	566,185
31 to 60 days	921,160	931,331	-	120,457
61 to 90 days	2,563,305	1,293,761	651,250	-
More than 90 days	4,239,093	539,359	-	-
	12,669,054	5,922,597	1,356,892	686,642
	30,839,799	25,167,188	1,971,562	1,396,569
Past due and impaired	10,352,660	16,428,114	7,472,733	8,096,864
	41,192,459	41,595,302	9,444,295	9,493,433

13. TRADE AND OTHER RECEIVABLES (continued)

(f) The ageing analysis of trade receivables of the Group and of the Company are as follow: (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the trade receivables of the Group and the Company that are neither past due not impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relate to a number of third party customers with no recent history of default.

Receivables that are past due and impaired

Trade receivables of the Group and of the Company that are past due and impaired at the end of each reporting period are as follows:

	Collectively impaired		Individually impaired	
	2015	2014	2015	2014
	RM	RM	RM	RM
Group				
Trade receivables, gross	3,762,638	9,811,024	6,590,022	6,617,090
Less: Accumulated impairment losses	(523,413)	(259,301)	(6,590,022)	(6,617,090)
	3,239,225	9,551,723	-	-
Company				
Trade receivables, gross	6,234,805	3,377,737	1,237,928	4,719,127
Less: Accumulated impairment losses	(3,248,110)	(1,915,435)	(1,237,928)	(4,719,127)
	2,986,695	1,462,302	-	-

(g) The reconciliation of movement in the impairment losses are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables				
At 1 January	6,876,391	4,763,812	6,634,562	21,061,140
Acquisition of subsidiaries	-	1,416,774	-	-
Charge for the financial year	1,120,739	927,485	438,411	189,030
Reversal of impairment losses	(182,007)	(184,073)	(1,844,578)	(14,615,608)
Written off	(917,863)	(63,973)	(742,357)	-
Exchange differences	216,175	16,366	-	-
At 31 December	7,113,435	6,876,391	4,486,038	6,634,562

13. TRADE AND OTHER RECEIVABLES (continued)

(g) The reconciliation of movement in the impairment losses are as follows: (continued)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other receivables				
At 1 January	509,444	487,272	25,910,819	26,656,542
Charge for the financial year	-	-	24,066,052	-
Reversal of impairment losses	-	-	(2,264,944)	(745,723)
Written off	(349,678)	-	-	-
Exchange differences	-	22,172	-	-
At 31 December	159,766	509,444	47,711,927	25,910,819
	7,273,201	7,385,835	52,197,965	32,545,381

Impairment loss for the financial year is an amount of RM24,066,052 (2014: NIL) relating to a subsidiary, e-Pay Asia Pty. Ltd., recognised during the financial year due to cessation of its operating activities.

Trade and other receivables that are collectively determined to be impaired at the end of each reporting period relate to those debtors that are not individually assessed for impairment and share similar credit risk characteristics. These receivables are not secured by any collateral or credit enhancements.

(h) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

14. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Balance as at 1 January		(893,238)	(2,148,399)	-	278,293
Acquisition of subsidiaries	10	-	360,000	-	-
Recognised in profit or loss	29	582,903	907,191	-	(278,293)
Exchange differences		(38,473)	(12,030)	-	-
Balance as at 31 December		(348,808)	(893,238)	-	-

14. DEFERRED TAX (continued)

(a) The deferred tax assets and liabilities are made up of the following (continued):

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Presented after appropriate offsetting:				
Deferred tax assets, net	(1,156,306)	(1,262,866)	-	-
Deferred tax liabilities, net	807,498	369,628	-	-
	(348,808)	(893,238)	-	-

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2015	4,026,806	443,970	47,085	4,517,861
Recognised in profit or loss	1,485,315	(274,958)	136,561	1,346,918
Balance as at 31 December 2015 (before offsetting)	5,512,121	169,012	183,646	5,864,779
Offsetting	(4,704,623)	(169,012)	(183,646)	(5,057,281)
Balance as at 31 December 2015 (after offsetting)	807,498	-	-	807,498
Balance as at 1 January 2014	3,036,850	556,382	2,044	3,595,276
Acquisition of subsidiaries (Note 10)	360,000	-	-	360,000
Recognised in profit or loss	629,956	(112,412)	44,868	562,412
Recognised in other comprehensive income	-	-	173	173
Balance as at 31 December 2014 (before offsetting)	4,026,806	443,970	47,085	4,517,861
Offsetting	(3,657,178)	(443,970)	(47,085)	(4,148,233)
Balance as at 31 December 2014 (after offsetting)	369,628	-	-	369,628

14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2015	(4,063,642)	(604,398)	(743,059)	(5,411,099)
Recognised in profit or loss	(140,202)	(353,965)	(269,848)	(764,015)
Recognised in other comprehensive income	-	-	(38,473)	(38,473)
Balance as at 31 December 2015 (before offsetting)	(4,203,844)	(958,363)	(1,051,380)	(6,213,587)
Offsetting	4,161,025	109,390	786,866	5,057,281
Balance as at 31 December 2015 (after offsetting)	(42,819)	(848,973)	(264,514)	(1,156,306)
Balance as at 1 January 2014	(4,433,629)	(760,158)	(549,888)	(5,743,675)
Recognised in profit or loss	369,987	155,760	(180,968)	344,779
Recognised in other comprehensive income	-	-	(12,203)	(12,203)
Balance as at 31 December 2014 (before offsetting)	(4,063,642)	(604,398)	(743,059)	(5,411,099)
Offsetting	3,439,549	187,390	521,294	4,148,233
Balance as at 31 December 2014 (after offsetting)	(624,093)	(417,008)	(221,765)	(1,262,866)

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2015	217,079	315,938	43,221	576,238
Recognised in profit or loss	(71,398)	(197,500)	(38,690)	(307,588)
Balance as at 31 December 2015 (before offsetting)	145,681	118,438	4,531	268,650
Offsetting	(145,681)	(118,438)	(4,531)	(268,650)
Balance as at 31 December 2015 (after offsetting)	-	-	-	-

14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Company (continued)

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2014	246,019	513,438	405	759,862
Recognised in profit or loss	(28,940)	(197,500)	42,816	(183,624)
Balance as at 31 December 2014 (before offsetting)	217,079	315,938	43,221	576,238
Offsetting	(217,079)	(315,938)	(43,221)	(576,238)
Balance as at 31 December 2014 (after offsetting)	-	-	-	-

Deferred tax assets of the Company

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2015	(228,378)	(172,302)	(175,558)	(576,238)
Recognised in profit or loss	206,167	110,698	(9,277)	307,588
Balance as at 31 December 2015 (before offsetting)	(22,211)	(61,604)	(184,835)	(268,650)
Offsetting	22,211	61,604	184,835	268,650
Balance as at 31 December 2015 (after offsetting)	-	-	-	-
Balance as at 1 January 2014	(110,010)	(179,732)	(191,827)	(481,569)
Recognised in profit or loss	(118,368)	7,430	16,269	(94,669)
Balance as at 31 December 2014 (before offsetting)	(228,378)	(172,302)	(175,558)	(576,238)
Offsetting	228,378	172,302	175,558	576,238
Balance as at 31 December 2014 (after offsetting)	-	-	-	-

14. DEFERRED TAX (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unused tax losses	12,918,021	11,801,949	-	-
Unabsorbed capital allowances	1,699,588	461,370	1,168,780	368,279
Other deductible temporary differences	2,989,406	2,956,557	-	-
	17,607,015	15,219,876	1,168,780	368,279

Deferred tax assets of certain subsidiaries and of the Company have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries and of the Company would be available against which the deductible temporary differences could be utilised.

15. INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At cost				
EDC equipment	7,451,032	12,908,827	-	-
Prepaid airtime PINS	51,498,693	36,111,340	-	-
Others	3,832,014	2,746,395	1,228,750	1,177,039
	62,781,739	51,766,562	1,228,750	1,177,039

(a) During the financial year, inventories of the Group and of the Company other than prepaid airtime PINS recognised as cost of sales amounted to RM7,756,782 and RM1,205,480 (2014: RM6,913,046 and RM2,699,608) respectively. The cost of inventories of prepaid airtime PINS is recognised on a net basis as disclosed in Note 4.18 to the financial statements. In addition, the amounts recognised in the other operating expenses include the following:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Inventories written off	339,917	840,931	296,625	837,221

(b) During the financial year, inventories of the Group amounting to RM14,254,794 (2014: RM8,933,213) have been capitalised as property, plant and equipment as disclosed in Note 7 to the financial statements as the inventories are no longer held for sale.

16. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	52,256,435	38,224,772	4,444,483	14,799,152
Deposits with licensed banks	6,847,548	7,102,550	-	721,705
	59,103,983	45,327,322	4,444,483	15,520,857

(a) Included in the deposits of the Group and of the Company are amount of RM6,799,254 (2014: RM5,885,764) and RM Nil(RM100,000) respectively pledged to licensed banks as securities for credit facilities granted to a subsidiary and the Company respectively as disclosed in Note 20 and Note 22 to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Australian Dollar	1,824,733	1,540,563	975,236	625,119
Ringgit Malaysia	48,490,844	38,378,459	2,256,106	14,598,066
Philippines Peso	4,209,837	3,125,496	-	-
Thai Baht	2,096,898	1,672,476	-	-
Singapore Dollar	337,928	88,221	-	-
Indonesia Rupiah	4,890	15,172	-	-
US Dollar	2,138,853	506,935	1,213,141	297,672
	59,103,983	45,327,322	4,444,483	15,520,857

(c) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	52,256,435	38,224,772	4,444,483	14,799,152
Deposits with licensed banks				
- not more than three months	48,294	1,216,786	-	621,705
- more than three months	6,799,254	5,885,764	-	100,000
	59,103,983	45,327,322	4,444,483	15,520,857
Less: Deposits pledged to licensed banks	(6,799,254)	(5,885,764)	-	(100,000)
	52,304,729	39,441,558	4,444,483	15,420,857

(d) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

17. SHARE CAPITAL

		Group and Company			
		2015		2014	
	Note	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.20 each:					
Authorised					
Balance as at 31 December		2,500,000,000	500,000,000	2,500,000,000	500,000,000
Issued and fully paid					
Balance as at 1 January:		641,589,492	128,317,898	185,386,850	37,077,370
Issuance of ordinary shares pursuant to:					
- ESS	(a)& (b)(iii)	8,257,700	1,651,540	8,223,500	1,644,700
- acquisition of subsidiaries	(b)(ii)	-	-	150,602,283	30,120,457
- special issue	(b)(i)	-	-	84,126,858	16,825,371
- bonus issue	(b)(iv)	-	-	213,250,001	42,650,000
Balance as at 31 December		649,847,192	129,969,438	641,589,492	128,317,898

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of issuance of 8,257,700 new ordinary shares of RM0.20 each for cash pursuant to the exercise of Executives' Share Scheme ("ESS").

(b) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of:

(i) special issue of 84,126,858 new ordinary shares of RM0.20 each at RM0.42 per ordinary share for cash pertaining to the Share Subscription Agreement ("SSA") with Cycas for cash consideration paid for e-pay Asia Limited acquisition and related acquisition expenses and general working capital purposes;

(ii) issuance of 150,602,283 new ordinary shares of RM0.20 each at RM0.44 per ordinary share and remeasured to fair value of RM0.80 per ordinary share for share swap to acquire e-pay Asia Limited;

(iii) issuance of 8,223,500 new ordinary shares of RM0.20 each for cash pursuant to the exercise of Executives' Share Scheme ("ESS"); and

(iv) bonus issue of 213,250,001 new ordinary shares of RM0.20 each to be credited as fully paid, on the basis of one (1) bonus share for every two (2) existing shares held ("Bonus Issue").

(c) Repurchased shares were held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia and none of the treasury shares were re-sold or cancelled during the financial year.

17. SHARE CAPITAL (continued)

(d) Of the total 649,847,192 (2014: 641,589,492) issued and fully paid ordinary shares of RM0.20 each as at 31 December 2015, 1,415,901 (2014: 1,415,901) ordinary shares amounting to RM638,221 (2014: RM638,221) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.20 each in issue after deducting the treasury shares is 648,431,291 (2014: 640,173,591) ordinary shares as at 31 December 2015.

(e) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-distributable				
Share premium	71,077,153	70,155,741	71,077,153	70,155,741
Exchange translation reserve	1,046,709	(373,663)	-	-
Share options reserve	491,824	544,131	491,824	544,131
	72,615,686	70,326,209	71,568,977	70,699,872

(a) Share premium

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

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

19. BORROWINGS

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-current liabilities					
Term loans	20	8,245,827	6,685,325	-	-
Hire purchase creditors	21	3,258,948	4,630,590	102,369	214,901
Islamic facility	22	6,500,000	-	-	-
		18,004,775	11,315,915	102,369	214,901
Current liabilities					
Term loans	20	9,357,765	6,398,203	4,293,500	-
Hire purchase creditors	21	2,150,263	1,751,678	112,532	107,614
Bankers' acceptance	22	15,000,000	15,000,000	-	-
Islamic facility	22	2,000,000	6,000,000	-	-
		28,508,028	29,149,881	4,406,032	107,614
Total borrowings					
Term loans	20	17,603,592	13,083,528	4,293,500	-
Hire purchase creditors	21	5,409,211	6,382,268	214,901	322,515
Bankers' acceptance	22	15,000,000	15,000,000	-	-
Islamic facility	22	8,500,000	6,000,000	-	-
		46,512,803	40,465,796	4,508,401	322,515

20. TERM LOANS

(a) The term loans of the Group and of the Company are secured by the following:

(i) fixed charge over the long term leasehold land and buildings of the Group and of the Company as disclosed in Note 7 to the financial statements;

(ii) pledge of deposits with licensed banks of the Group as disclosed in Note 16 to the financial statements; and

In addition, the term loans are guaranteed by the Company.

20. TERM LOANS (continued)

(b) The currency exposure profile of term loans are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Ringgit Malaysia	9,581,765	-	-	-
Philippines Peso	3,728,327	3,992,768	-	-
US Dollar	4,293,500	9,090,760	4,293,500	-
	17,603,592	13,083,528	4,293,500	-

(c) Information on financial risk of term loans and its remaining maturity are disclosed in Note 36 to the financial statements.

21. HIRE PURCHASE CREDITORS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Minimum hire purchase payments				
- not later than one (1) year	2,525,263	2,176,881	119,507	119,508
- later than one (1) but not later than five (5) years	3,407,148	4,788,186	104,504	224,011
Total minimum hire purchase payments	5,932,411	6,965,067	224,011	343,519
Less: Future interest charges	(523,200)	(582,799)	(9,110)	(21,004)
Present value of hire purchase payments	5,409,211	6,382,268	214,901	322,515
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	2,150,263	1,751,678	112,532	107,614
Non-current liabilities				
- later than one (1) year and not later than five (5) years	3,258,948	4,630,590	102,369	214,901
	5,409,211	6,382,268	214,901	322,515

21. HIRE PURCHASE CREDITORS (continued)

(a) The currency exposure profile of hire purchase creditors are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Ringgit Malaysia	576,340	700,935	214,901	322,515
Philippines Peso	4,832,871	5,681,333	-	-
	5,409,211	6,382,268	214,901	322,515

(b) Information on financial risk of hire purchase creditors and its remaining maturity disclosed in Note 36 to the financial statements.

22. BANKERS' ACCEPTANCE AND ISLAMIC FACILITY

(a) Bankers' acceptance and Islamic facility of the Group are secured by:

(i) A pledge of the deposits with licensed banks as disclosed in Note 16 to the financial statements; and

(ii) A pledge of the available-for-sale investments as disclosed in Note 12 to the financial statements;

In addition, the bankers' acceptance and Islamic facility are guaranteed by the Company.

(b) The bankers' acceptance and Islamic facility are denominated in Ringgit Malaysia.

(c) Information on financial risk of bankers' acceptance and Islamic facility and their remaining maturities are disclosed in Note 36 to the financial statements.

23. DEFERRED INCOME

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current portion	184,188	3,104	-	-
Current portion	255,371	370,181	67,780	-
	439,559	373,285	67,780	-

(a) Deferred income represents advance receipts from NetAccess maintenance arrangements. These arrangements ranged from 1 month to 2 years (2014: 1 month to 2 years) for the Group and the Company. Deferred income is recognised in profit or loss upon the commencement of the arrangement and is amortised on a straight line basis over the arrangement period.

23. DEFERRED INCOME (continued)

(b) Movements of deferred income during the financial year are as follows:

	Group RM	Company RM
At 1 January 2014	5,023,973	344,592
Advance receipts during the financial year	373,285	-
Recognised in profit or loss	(730,760)	(344,592)
Acquisition of subsidiaries (Note 10)	(4,293,213)	-
At 31 December 2014	373,285	-
Advance receipts during the financial year	727,365	321,562
Recognised in profit or loss	(661,091)	(253,782)
At 31 December 2015	439,559	67,780

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables				
Third parties	11,818,704	16,176,127	226,663	111,706
Other payables				
Other payables	50,034,373	22,812,592	632,560	264,256
Amounts owing to subsidiaries	-	-	1,773,958	3,916,614
Deposits	12,398,494	10,278,957	151,879	1,879
Accruals	4,437,724	4,337,200	633,449	298,926
	66,870,591	37,428,749	3,191,846	4,481,675
	78,689,295	53,604,876	3,418,509	4,593,381

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 1 to 90 days and 30 to 60 days (2014: 1 to 90 days and 30 to 60 days) respectively.

(b) Amounts owing to subsidiaries represent payments on behalf are unsecured, interest free and payable upon demand in cash and cash equivalents.

24. TRADE AND OTHER PAYABLES

(c) The currency exposure profile of payables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Australian Dollar	1,192,892	1,153,945	-	-
Great Britain Pound	4,000	2,600	-	-
Ringgit Malaysia	67,347,264	41,602,391	3,418,509	4,333,109
Philippines Peso	4,200,573	5,220,661	-	-
Thai Baht	1,770,398	1,146,561	-	-
US Dollar	4,174,168	4,477,392	-	260,272
Indonesia Rupiah	-	1,326	-	-
	78,689,295	53,604,876	3,418,509	4,593,381

(d) Information on financial risk of trade and other payables are disclosed in Note 36 to the financial statements.

25. CONTINGENT LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Secured				
Bank guarantee in favour of third party				
- performance bond	-	100,000	-	100,000
Unsecured				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	90,500,000	89,000,000
Guarantees given to a third party in respect of trade and contract	24,000,000	-	24,000,000	-
	24,000,000	100,000	114,500,000	89,100,000

(a) The bank guarantee was secured by pledge of deposits with licensed banks of the Group and of the Company as disclosed in Note 16 to the financial statements.

(b) The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for the banking facilities are negligible.

26. COMMITMENTS

(a) Operating lease commitments

(i) The Group and the Company as lessee

The Group and the Company had entered into lease agreements for premises.

	Group	
	2015	2014
	RM	RM
Not later than one (1) year	1,024,589	2,376,693
Later than one (1) year and not later than five (5) years	654,826	4,506,864
	1,679,415	6,883,557

	Company	
	2015	2014
	RM	RM
Not later than one (1) year	-	37,805
Later than one (1) year and not later than five (5) years	-	37,805
	-	75,610

(ii) The Group as lessor

The Group has entered into lease arrangements on EDC equipment.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2015	2014
	RM	RM
Not later than one (1) year	18,887,220	18,199,899
Later than one (1) year and not later than five (5) years	16,564,898	4,005,705
Later than five (5) years	-	24,026,239
	35,452,118	46,231,843

27. REVENUE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Rental of EDC equipment	41,145,191	32,203,822	174,250	187,392
Sales of value-added solutions	26,924,328	23,694,883	7,676,757	7,467,787
Sales of goods	11,000,168	10,139,849	2,670,873	3,788,316
Sales of prepaid air-time top-ups	132,310,180	98,894,484	-	-
Management fees	-	-	2,544,645	-
	211,379,867	164,933,038	13,066,525	11,443,495

28. PROFIT/(LOSS) BEFORE TAXATION

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit/(Loss) before taxation is arrived after charging:					
Amortisation of intangible assets	8	1,065,472	1,193,883	827,683	1,017,976
Auditors' remuneration					
- statutory audit		357,309	249,361	85,100	50,000
- non-audit services		21,000	89,252	21,000	31,500
Bad debts written-off		44,346	85,886	-	-
Directors' fees paid and payable to the Directors of the Company		200,086	231,602	200,086	231,602
Directors' other emoluments paid and payable to the Directors of the Company		1,417,908	2,411,868	1,417,908	1,778,217
Depreciation of property, plant and equipment	7	15,965,653	10,770,192	873,147	993,349
Impairment losses on:					
- trade and other receivables	13	1,120,739	927,485	24,504,463	189,030
- property, plant and equipment	7	-	277,818	-	-
- investment in a subsidiary	10(b)	-	-	123,102,509	-
Interest expense on:					
- hire purchase creditors		40,135	52,654	11,894	17,342
- term loans		1,439,601	637,753	175,209	-
- bankers' acceptance		1,167,414	741,920	-	-
Inventories written off	15	339,917	840,931	296,625	837,221
Intangible assets written off	8	271,855	852,939	-	852,939
Loss on foreign exchange:					
- realised		1,333,069	-	372,692	-
- unrealised		1,322,651	385,028	-	-
Loss on disposal of property, plant and equipment		-	12,481	835	5,071
Property, plant and equipment written off	7	564,133	1	2,940	-
Rental of premises		1,338,566	1,651,997	40,442	2,363

28. PROFIT/(LOSS) BEFORE TAXATION (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
And crediting:					
Dividend income from a subsidiary		-	-	6,200,000	-
Gain on disposal of property, plant and equipment		222,571	-	-	-
Gain on disposal of - available-for-sale investment		-	76,424	-	-
Gain on foreign exchange: - realised		-	169,876	-	135,314
- unrealised		-	-	8,742,785	615,253
Interest income from:					
- deposits with licensed banks		1,153,338	648,293	481,734	188,164
- advances to subsidiaries		-	-	93,998	499,308
Inventories written back		-	41,154	-	41,154
Property, plant and equipment written back	7	-	616	-	-
Reversal of impairment losses on trade and other receivables	13	182,007	184,073	4,109,522	15,361,331

29. TAXATION

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Current tax expense based on profit for the financial year:					
Malaysia income tax		3,633,726	1,968,654	-	-
Foreign income tax		1,194,049	1,672,853	32,512	87,886
Under provision in prior years		463,690	168,048	-	-
		5,291,465	3,809,555	32,512	87,886
Withholding tax		761	33,676	761	13,231
Deferred tax:	14				
Relating to origination and reversal of temporary differences		970,438	909,360	-	(278,293)
Over provision in prior years		(387,535)	(2,169)	-	-
		582,903	907,191	-	(278,293)
Taxation for the financial year		5,875,129	4,750,422	33,273	(177,176)

29. TAXATION (continued)

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2014: 25%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate will be reduced to twenty-four percent (24%) for the fiscal year of assessment 2016 onwards. The computation of deferred tax as at 31 December 2015 has reflected these changes.

(b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

(c) The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	4,029,373	2,780,420	(32,759,663)	2,495,953
Tax effects in respect of:				
Tax incentive	-	(1,148,647)	-	-
Non-allowable expenses	2,649,012	2,071,660	37,529,016	956,165
Non-taxable income	(1,640,240)	(571,984)	(4,940,736)	(4,131,717)
Deferred tax assets not recognised	596,784	1,206,992	200,125	502,423
Different tax rate in foreign jurisdictions	159,705	246,102	-	-
Reduction in deferred taxes as a result of reduction in tax rate	4,340	-	4,531	-
	5,798,974	4,584,543	33,273	(177,176)
Under provision of income tax expense in prior years	463,690	168,048	-	-
Over provision of deferred tax in prior years	(387,535)	(2,169)	-	-
Taxation for the financial year	5,875,129	4,750,422	33,273	(177,176)

(d) Tax savings of the Group and the Company are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Arising from utilisation of current year tax losses	23,754	-	-	-

29. TAXATION (continued)

(e) Tax on each component of other comprehensive income is as follows:

	Group					
		2015			2014	
	Before tax RM	Tax effect RM	After tax RM	Before tax RM	Tax effect RM	After tax RM
Foreign currency translations	1,426,326	-	1,426,326	975,309	-	975,309

30. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

	Group	
	2015	2014
Profit attributable to equity holders of the parent (RM)	10,339,648	6,529,458
Weighted average number of ordinary shares in issue	644,157,562	547,753,645
Basic earnings per ordinary share for profit for the financial year (sen)	1.61	1.19

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2015	2014
Profit attributable to equity holders of the parent (RM)	10,339,648	6,529,458
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	644,157,562	547,753,645
Effect of dilution:		
- employee share options	4,372,256	9,772,445
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	648,529,818	557,526,090
Diluted earnings per ordinary share for profit for the financial year (sen)	1.59	1.17

31. EMPLOYEE BENEFITS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries and bonuses	32,099,213	26,576,914	5,580,760	5,094,983
Contributions to defined contribution plan	3,421,063	3,113,913	661,203	410,086
Social security contributions	395,130	148,061	24,617	19,982
Share options granted under ESS	473,967	962,066	199,521	220,480
Other benefits	5,146,972	4,379,176	692,489	480,084
	41,536,345	35,180,130	7,158,590	6,225,615

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration is an amount of RM1,244,589 (2014: RM1,748,256).

32. EXECUTIVES' SHARE SCHEME ("ESS")

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows:

(a) Eligible Executive Directors and executives are those who meet the following criteria:

(i) if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;

(ii) if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;

(iii) if his employment has been confirmed in writing;

(iv) if he is an Executive Director of the Company, the specific allocation of Scheme Shares and Options granted by the Company to him in his capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting;

(v) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and

(vi) if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.

(b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2015, excluding treasury shares held, is 97,264,694 (2014: 96,026,039);

(c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;

32. **EXECUTIVES' SHARE SCHEME ("ESS") (continued)**

(d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.20 each, whichever is higher;

(e) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company;

(f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and

(g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares of RM0.20 each					
	Outstanding as at 1.1.2015	Movements during the financial year: Granted	Exercised	Forfeited	Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
2015						
3 September 2013						
- first tranche	1,566,066	-	(1,516,059)	(50,007)	-	-
- second tranche	1,641,625	-	(1,089,421)	(52,107)	500,097	500,097
- third tranche	7,450,009	-	(5,152,220)	(349,986)	1,947,803	1,947,803
	10,657,700	-	(7,757,700)	(452,100)	2,447,900	2,447,900
Weighted average exercise prices (RM)	0.23	-	0.23	0.23	0.23	0.23
Weighted average remaining contractual life (months)	20					8

32. EXECUTIVES' SHARE SCHEME ("ESS") (continued)

The details of the options over ordinary shares of the Company are as follows (continued):

	Number of options over ordinary shares of RM0.20 each					
	Outstanding as at 1.1.2015	Movements during the financial year Granted	Exercised	Forfeited	Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
2015						
20 June 2014						
- first tranche	2,000,001	-	(500,000)	-	1,500,001	1,500,001
- second tranche	2,000,001	-	-	-	2,000,001	-
- third tranche	1,999,998	-	-	-	1,999,998	-
	6,000,000	-	(500,000)	-	5,500,000	1,500,001
Weighted average exercise prices (RM)	0.57	-	0.57	-	0.57	0.57
Weighted average remaining contractual life (months)	30					18

	Number of options over ordinary shares of RM0.20 each					
	Outstanding as at 1.1.2015	Movements during the financial year Granted	Exercised	Forfeited	Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
2015						
8 September 2015						
- first tranche	-	600,000	-	-	600,000	600,000
- second tranche	-	600,000	-	-	600,000	-
- third tranche	-	600,000	-	-	600,000	-
	-	1,800,000	-	-	1,800,000	600,000
Weighted average exercise prices (RM)	-	0.86	-	-	0.86	0.86
Weighted average remaining contractual life (months)	-					32

32. EXECUTIVES' SHARE SCHEME ("ESS") (continued)

The details of the options over ordinary shares of the Company are as follows (continued):

	Number of options over ordinary shares of RM0.20 each						
	Outstanding as at 1.1.2014	Movements during the financial year				Outstanding as at 31.12.2014	Exercisable as at 31.12.2014
		Granted	Bonus issue	Exercised	Forfeited		
2014							
3 September 2013							
- first tranche	4,128,366	-	532,910	(2,895,210)	(200,000)	1,566,066	1,566,066
- second tranche	6,266,667	-	680,148	(4,895,056)	(410,134)	1,641,625	1,641,625
- third tranche#	6,266,667	-	2,633,342	(433,234)	(1,016,766)	7,450,009	900,100
	16,661,700	-	3,846,400	(8,223,500)	(1,626,900)	10,657,700	4,107,791
Weighted average exercise prices (RM)	0.34	-	0.23	0.33	0.31	0.23	0.23
Weighted average remaining contractual life (months)	32						20

The ESS granted becomes exercisable with the approval from ESS committee.

	Number of options over ordinary shares of RM0.20 each						
	Outstanding as at 1.1.2014	Movements during the financial year				Outstanding as at 31.12.2014	Exercisable as at 31.12.2014
		Granted	Bonus issue	Exercised	Forfeited		
2014							
20 June 2014#							
- first tranche	-	1,333,333	666,668	-	-	2,000,001	2,000,001
- second tranche	-	1,333,333	666,668	-	-	2,000,001	-
- third tranche	-	1,333,334	666,664	-	-	1,999,998	-
	-	4,000,000	2,000,000	-	-	6,000,000	2,000,001
Weighted average exercise prices (RM)	-	0.86	0.57	-	-	0.57	0.57
Weighted average remaining contractual life (months)	-						30

The grant was made to eligible employees from the newly acquired subsidiaries.

During the financial year, the Group recognised share options granted under shares options scheme of RM473,967 (2014: RM962,066) in profit or loss, out of which an amount of RM274,446 (2014: RM741,586) was in respect of employees of subsidiaries. At Company level, the amount of RM274,446 (2014: RM741,586) was recorded as an increase in investments in subsidiaries (Note 10) with a corresponding credit to equity.

32. EXECUTIVES' SHARE SCHEME ("ESS") (continued)

The details of share options outstanding at the end of the reporting period are as follows:

	Weighted average exercise price		Exercise period
	2015	2014	
Offer date	RM	RM	
3 September 2013			
- first tranche	0.23	0.23	3.9.2013 - 2.9.2016
- second tranche	0.23	0.23	3.9.2014 - 2.9.2016
- third tranche	0.23	0.23	3.9.2015 - 2.9.2016
20 June 2014			
- first tranche	0.57	0.57	20.6.2014 - 19.6.2017
- second tranche	0.57	0.57	2.1.2016 - 19.6.2017
- third tranche	0.57	0.57	2.1.2017 - 19.6.2017
8 September 2015			
- first tranche	0.86	-	8.9.2015 - 2.9.2018
- second tranche	0.86	-	8.9.2016 - 2.9.2018
- third tranche	0.86	-	6.8.2017 - 2.9.2018

Share options exercised during the financial year resulted in the issuance of RM8,257,700 (2014: 8,223,500) ordinary shares at an average price of RM0.248 (2014: RM0.334) each. The related weighted average ordinary share price at the date of exercise was RM1.00 (2014: RM0.79).

The fair value of share options granted during the financial year was estimated by using the Trinomial option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair value of share options measured at grant date and the assumptions are as follows:

	ESS Grant date		
	8.9.2015	20.6.2014	3.9.2013
Fair value of share options at the following grant dates (RM):			
3 September 2013			
- first tranche	-	-	0.10
- second tranche	-	-	0.08
- third tranche	-	-	0.06
20 June 2014			
- first tranche	-	0.26	-
- second tranche	-	0.19	-
- third tranche	-	0.13	-
8 September 2015			
- first tranche	0.21	-	-
- second tranche	0.16	-	-
- third tranche	0.09	-	-
Weighted average share price (RM)	0.95	0.95	0.38
Weighted adjusted average exercise price (RM)	0.86	0.57	0.23
Expected volatility (%)	25	25	25
Expected life (years)	3	3	3
Risk free rate (%)	3.29	3.88	3.29
Expected dividend yield (%)	Nil	Nil	Nil

33. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Direct and indirect joint ventures as disclosed in Note 11 to the financial statements;

(iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Group; and

(iv) Microtree Sdn. Bhd. ("Microtree") whereby a substantial shareholder of the Company, Goh Kuan Ho, is also the General Manager of Microtree.

(v) Telemas Corporation Sdn Bhd. ("Telemas") whereby a Director of the Company, Loh Wee Hian is also the Director of Telemas.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Subsidiaries:				
Sales of other hardware	-	-	1,491,106	1,226,077
Rental and license fees	-	-	3,821,020	3,570,550
Hosting services	-	-	402,000	319,500
Purchase of goods and services	-	-	1,318,386	1,302,252
Management fees	-	-	2,544,645	-
Share options granted under ESS	-	-	274,446	741,586
Related parties:				
Supply of EuroPay chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services to e-pay (M)	-	308,995	-	304,344

33. RELATED PARTIES DISCLOSURES (continued)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Related parties (continued):				
Purchase of EuroPay chip-based cards and/or date preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the Group from Microtree	24,666	464,016	24,666	461,520
Rental expenses	438,000	323,000	-	-

The related party transactions were carried out on terms and conditions agreed between parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group and Company	
	2015	2014
	RM	RM
Short term employee benefits	1,494,133	2,208,959
Contributions to defined contribution plans	191,273	233,096
Share options granted under ESS	163,561	173,215
	1,848,967	2,615,270

33. RELATED PARTIES DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Executive Directors of the Group and of the Company and other key management personnel have been granted the following number of options under the Executives' Share Scheme ("ESS") during the financial year:

	Group and Company	
	2015	2014
As at 1 January	3,202,500	5,800,000
Adjusted for Bonus Issue	-	1,067,500
Granted	1,800,000	-
Exercised	(2,102,500)	(3,665,000)
As at 31 December	2,900,000	3,202,500

The terms and conditions of the share options are detailed in Note 32 to the financial statements.

34. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the strategic business units of the Group. The strategic business units offer different geographical locations and are managed separately. For each of the strategic business units, the Chief Executive Officer of the Group reviews internal management reports on at least a quarterly basis.

The following summary described the geographical locations units in each of the reportable segments of the Group:

(a) Malaysia
(b) Philippines
(c) Thailand
(d) Australia

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses and also excluding the effects of share-based payments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

34. OPERATING SEGMENTS (continued)

2015	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
REVENUE							
External sales							
Shared services	21,641,187	17,466,488	3,869,957	-	42,977,632	-	42,977,632
Solution services	5,902,110	3,767,395	428,305	1,050,973	11,148,783	-	11,148,783
Transaction payment acquisition	150,674,491	4,681,594	1,897,367	-	157,253,452	-	157,253,452
Inter-segment sales	21,999,000	-	-	-	21,999,000	(21,999,000)	-
Revenue from external customers	200,216,788	25,915,477	6,195,629	1,050,973	233,378,867	(21,999,000)	211,379,867
RESULTS							
Segment results	14,891,514	3,193,680	(2,182,649)	214,948	16,117,493	1,757,380	17,874,873
Interest income							1,153,338
Finance costs							(2,910,719)
Profit before taxation							16,117,492
Taxation							(5,875,129)
Profit for the financial year							10,242,363
Assets							
Additions to non-current assets	15,076,766	3,877,920	1,916,459	4,366	20,875,511	(22,708)	20,852,803
Segment assets	292,564,015	43,772,376	12,211,434	310,836	348,858,661	18,309,892	367,168,553
Liabilities							
Segment liabilities	209,590,682	25,671,621	14,075,161	1,350,492	250,687,956	(120,501,374)	130,186,582

34. OPERATING SEGMENTS (continued)

2015	Malaysia	Philippines	Thailand	Australia	Total for reportable segments	Adjustment and elimination	Per consolidated financial statements
	RM	RM	RM	RM	RM	RM	RM
OTHER MATERIAL NON-CASH ITEMS							
Amortisation of intangible assets	1,065,472	-	-	-	1,065,472	-	1,065,472
Bad debts written off	44,346	-	-	-	44,346	-	44,346
Depreciation of property, plant and equipment	8,024,917	6,666,491	1,270,059	4,186	15,965,653	-	15,965,653
Gain on disposal of property, plant and equipment	(149,961)	(4,616)	(67,994)	-	-	-	(222,571)
Impairment losses on trade and other Receivables	887,762	-	232,977	-	1,120,739	-	1,120,739
Intangible assets written off	271,855	-	-	-	271,855	-	271,855
Inventories written off	296,625	-	43,292	-	339,917	-	339,917
Property, plant and equipment written off	457,576	-	106,557	-	564,133	-	564,133
Reversal of impairment losses on trade and other receivables	(182,007)	-	-	-	(182,007)	-	(182,007)
Share options granted under ESS	444,153	14,410	9,441	5,963	473,967	-	473,967
Unrealised (gain)/loss on foreign exchange	(3,313,475)	378,134	796,318	(5,157)	(2,144,180)	3,466,831	1,322,651

34. OPERATING SEGMENTS (continued)

2014	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
REVENUE							
External sales							
Shared services	17,796,220	12,853,052	4,106,002	-	34,755,274	-	34,755,274
Solution services	5,988,084	2,461,633	700,212	1,390,868	10,540,797	-	10,540,797
Transaction payment acquisition	115,038,688	3,577,427	1,020,852	-	119,636,967	-	119,636,967
Inter-segment sales	16,391,624	-	-	-	16,391,624	(16,391,624)	-
Revenue from external customers	155,214,616	18,892,112	5,827,066	1,390,868	181,324,662	(16,391,624)	164,933,038
RESULTS							
Segment results	34,035,453	3,199,349	(1,839,082)	(105,012)	35,290,708	(23,248,343)	12,042,365
Interest income							648,293
Finance costs							(1,568,977)
Profit before taxation							11,121,681
Taxation							(4,750,422)
Profit for the financial year							6,371,259
Assets							
Additions to non-current assets	21,920,911	14,124,322	1,615,191	(1)	37,660,423	105,538,243	143,198,666
Segment assets	362,705,028	36,794,881	10,144,308	820,590	410,464,807	(91,796,153)	318,668,654
Liabilities							
Segment liabilities	155,514,504	23,223,188	10,194,913	2,001,395	190,934,000	(95,056,663)	95,877,337

34. OPERATING SEGMENTS (continued)

2014	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
OTHER MATERIAL NON-CASH ITEMS							
Amortisation of intangible assets	1,193,883	-	-	-	1,193,883	-	1,193,883
Bad debts written off	85,886	-	-	-	85,886	-	85,886
Depreciation of property, plant and equipment	5,909,660	3,988,567	867,982	3,983	10,770,192	-	10,770,192
Share options granted under ESS	766,795	84,294	73,454	37,523	962,066	-	962,066
Loss/(Gain) on disposal of property, plant and equipment	48,555	(33,944)	(2,130)	-	12,481	-	12,481
Impairment losses on trade and other receivables	493,676	-	433,809	-	927,485	-	927,485
Unrealised (gain)/loss on foreign exchange	(290,621)	(10,026)	135,132	5,189	(160,326)	545,354	385,028
Intangible assets written off	852,939	-	-	-	852,939	-	852,939
Inventories written off	796,067	-	44,864	-	840,931		840,931
Impairment losses on property, plant and equipment	-	-	277,818	-	277,818	-	277,818
Reversal of impairment losses on trade receivables	(184,073)	-	-	-	(184,073)	-	(184,073)

Major customers

There are no major customers with revenue equal or more than ten (10) percent of the Group revenue. As such, information on major customers is not presented.

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base and safeguard the ability of the Group to continue as a going concern whilst maintaining an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital. The overall strategy of the Group remains unchanged from that in the previous financial year.

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

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

The gearing ratios are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Total borrowings	46,512,803	40,465,796
Less: Cash and cash equivalents	(52,304,729)	(39,441,558)
(Net cash)/ Net debt	(5,791,926)	1,024,238
Total equity	236,940,345	222,658,360
Gearing ratio	-	>0.01

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement for the financial year ended 31 December 2015.

The Group is not subject to any other externally imposed capital requirements.

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group	Loans and receivables RM	Available-for-sale RM	Total RM
31 December 2015			
Financial assets			
Available-for-sale investments	-	8,000,000	8,000,000
Trade and other receivables, excluding prepayments	44,102,195	-	44,102,195
Cash and bank balances	59,103,983	-	59,103,983
	103,206,178	8,000,000	111,206,178

	Other financial liabilities RM
Financial liabilities	
Borrowings	46,512,803
Trade and other payables	78,689,295
	125,202,098

Company	Loans and receivables RM	Available-for-sale RM	Total RM
31 December 2015			
Financial assets			
Trade and other receivables, excluding prepayments	57,361,748	-	57,361,748
Cash and bank balances	4,444,483	-	4,444,483
	61,806,231	-	61,806,231

	Other financial liabilities RM
Financial liabilities	
Borrowings	4,508,401
Trade and other payables	3,418,509
	7,926,910

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Group	Loans and receivables RM	Available-for-sale RM	Total RM
31 December 2014			
Financial assets			
Available-for-sale investments	-	8,000,000	8,000,000
Trade and other receivables, excluding prepayments	38,932,707	-	38,932,707
Cash and bank balances	45,327,322	-	45,327,322
	84,260,029	8,000,000	92,260,029

	Other financial liabilities RM
Financial liabilities	
Borrowings	40,465,796
Trade and other payables	53,604,876
	94,070,672

Company	Loans and receivables RM	Available-for-sale RM	Total RM
31 December 2014			
Financial assets			
Trade and other receivables, excluding prepayments	47,817,856	-	47,817,856
Cash and bank balances	15,520,857	-	15,520,857
	63,338,713	-	63,338,713

	Other financial liabilities RM
Financial liabilities	
Borrowings	322,515
Trade and other payables	4,593,381
	4,915,896

35. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

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

The carrying amounts of financial assets and liabilities, such as trade and other receivables under current assets, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of hire purchase creditors and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the risk-free MGS rates with a credit spread added to reflect the default risk of the Group.

(ii) Non-current amounts owing by subsidiaries and hire purchase creditors

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

(iii) Available-for-sale investment

The fair value of the investments are determined by reference to the exchange quoted market bid price at the close of the business at the end of the reporting period.

(d) Fair value hierarchy

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

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair values of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2015										
Group										
Financial assets										
Financial assets at available-for-sale										
- Available-for-sale investments	-	8,000,000	-	8,000,000	-	-	-	-	8,000,000	8,000,000
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	-	-	-	-	5,408,647	-	5,408,647	5,408,647	5,409,211
Company										
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	-	-	-	-	213,970	-	213,970	213,970	214,901

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued).

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2014										
Group										
Financial assets										
Financial assets at available-for-sale										
- Available-for-sale investments	-	8,000,000	-	8,000,000	-	-	-	-	8,000,000	8,000,000
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	-	-	-	-	6,409,085	-	6,409,085	6,409,085	6,382,268
Company										
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	-	-	-	-	319,001	-	319,001	319,001	322,515

(e) The following table shows sensitivity analysis for the Level 3 fair values measurements:

Company	2015 RM	2014 RM
Profit after tax		
Discount rate		
- Increase by 0.1%	-	(3,733)
- Decrease by 0.1%	-	3,733

(f) The Group has guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Credit risk

Cash deposits and trade and other receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy counterparties. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. Overdue balances are reviewed regularly by senior management.

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	2015		2014	
	RM	% of total	RM	% of total
By country				
Malaysia	23,193,725	68	27,629,291	78
Philippines	8,679,621	25	5,764,292	16
Thailand	2,078,644	6	740,008	4
Australia	127,034	1	585,320	2
	34,079,024	100	34,718,911	100

At the end of each reporting period, approximately twenty-one percent (21%) (2014: 34%) of the trade receivables of the Group were due from five (5) (2014: 5) customers.

At the end of each reporting period, the Company does not have significant concentration of credit risk other than amounts owing by subsidiaries of RM54,850,432 (2014: RM46,108,216), which contributes 95% (2014: 96%) of total receivables.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with licensed banks and investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(b) Liquidity and cash flow risk

The funding requirements of the Group and of the Company and their liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor their cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2015	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Borrowings	28,883,028	18,152,975	-	47,036,003
Trade and other payables	78,689,295	-	-	78,689,295
Total undiscounted financial liabilities	107,572,323	18,152,975	-	125,725,298
Company				
Financial liabilities				
Borrowings	4,413,007	104,504	-	4,517,511
Trade and other payables	3,418,509	-	-	3,418,509
Total undiscounted financial liabilities	7,831,516	104,504	-	7,936,020

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

As at 31 December 2014	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Borrowings	29,812,279	11,933,818	-	41,746,097
Trade and other payables	53,604,876	-	-	53,604,876
Total undiscounted financial liabilities	83,417,155	11,933,818	-	95,350,973
Company				
Financial liabilities				
Borrowings	119,508	224,011	-	343,519
Trade and other payables	4,593,381	-	-	4,593,381
Total undiscounted financial liabilities	4,712,889	224,011	-	4,936,900

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from their borrowings.

Sensitivity analysis for interest rate risk

The exposure to interest rate risk of the Group and of the Company is not significant and therefore, sensitivity analysis is not presented.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of Group and of the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group									
At 31 December 2015									
Fixed rates									
Deposits with licensed banks	16	3.12	6,847,548	-	-	-	-	-	6,847,548
Hire purchase creditors									
- RM	21	4.77	236,000	220,247	120,093	-	-	-	576,340
- PHP	21	6.45	1,914,263	2,918,608	-	-	-	-	4,832,871
Bankers' acceptance	22	3.56	15,000,000	-	-	-	-	-	15,000,000
Islamic facility	22	5.80	8,500,000	-	-	-	-	-	8,500,000
Term loans	20	5.68	4,453,958	4,400,423	1,911,736	1,323,361	-	-	12,089,478
Floating rates									
Term loans									
- USD	20	3.53	4,293,500	-	-	-	-	-	4,293,500
- PHP	20	5.00	610,307	610,307	-	-	-	-	1,220,614
At 31 December 2014									
Fixed rates									
Deposits with licensed banks	16	2.95	7,102,550	-	-	-	-	-	7,102,550
Hire purchase creditors									
- RM	21	4.45	218,213	228,134	201,582	53,006	-	-	700,935
- PHP	21	6.45	1,533,465	1,754,033	2,393,835	-	-	-	5,681,333
Bankers' acceptance	22	3.99	15,000,000	-	-	-	-	-	15,000,000
Islamic facility	22	5.08	6,000,000	-	-	-	-	-	6,000,000
Term loans	20	3.29	5,878,123	3,813,615	341,226	350,866	1,139,458	-	11,523,288
Floating rates									
Term loans	20	5.00	520,080	520,080	520,080	-	-	-	1,560,240

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

	Note	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Company									
At 31 December 2015									
Fixed rates									
Hire purchase creditors	21	4.45	112,532	98,652	3,717	-	-	-	214,901
Floating rates									
Term loans	20	3.53	4,293,500	-	-	-	-	-	4,293,500
At 31 December 2014									
Fixed rates									
Amounts owing by subsidiaries	13	4.70	14,999,187	3,215,493	1,665,048	611,267	322,037	-	20,813,032
Deposits with licensed banks	16	2.95	721,705	-	-	-	-	-	721,705
Hire purchase creditors	21	4.63	107,614	112,533	98,651	3,717	-	-	322,515

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in Australia, Philippines and Thailand have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk (continued)

The following table demonstrates the sensitivity analysis of the Group and Company to a reasonably possible change in the AUD, PHP, THB and USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit after tax				
AUD/RM - strengthen by 10% (2014: 10%)	56,133	72,911	84,641	46,884
AUD/RM - weaken by 10% (2014: 10%)	(56,133)	(72,911)	(84,641)	(46,884)
PHP/RM - strengthen by 10% (2014: 10%)	158,852	197,251	-	-
PHP/RM - weaken by 10% (2014: 10%)	(158,852)	(197,251)	-	-
THB/RM - strengthen by 10% (2014: 10%)	267,384	111,399	-	-
THB/RM - weaken by 10% (2014: 10%)	(267,384)	(111,399)	-	-
USD/RM - strengthen by 10% (2014: 10%)	(474,637)	960,255	742,912	427,664
USD/RM - weaken by 10% (2014: 10%)	474,637	(960,255)	(742,912)	(427,664)

37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings/(accumulated losses) as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- Realised	(181,596,942)	(53,935,300)	(122,827,067)	116,005
- Unrealised	1,671,459	508,210	(8,742,785)	(615,253)
	(179,925,483)	(53,427,090)	(131,569,852)	(499,248)
Less: Consolidation adjustments	214,918,925	78,079,564	-	-
Total retained earnings/(accumulated losses) as per Consolidated/Company financial statements	34,993,442	24,652,474	(131,569,852)	(499,248)

List of Properties

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Net Book Value as at 31.12.2015 (RM)	Date of Acquisition
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-13, C-G-15 & C-G-17 Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office space	GHL Systems Berhad	10	570 square meters	Leasehold Expired on 27 August 2102	4,270,349	1.7.2005
One (1) Floor Office Space (6 Condominium units) at 6th Floor One Corporate Plaza, 845 Arnaiz Avenue, Legaspi Village, Makati City, Philippines	Office Space	GHL Systems Philippines, Inc.	24	979 square meters	Freehold	4,512,668	25.11.2014

Shareholding Statistics
As at 31 March 2016

Authorized Share Capital	RM 2,500,000,000.00
Issued and Fully Paid-up Capital	RM 130,101,438.40
Class of Shares	Ordinary shares of RM0.20 each fully paid
Voting Rights	One vote per RM0.20 share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of holders	%	No. of shares	%
Less than 100	1,706	24.30	65,853	0.01
100 - 1,000 shares	1,062	15.13	461,762	0.07
1001 - 10,000 shares	2,788	39.72	13,882,044	2.14
10,001 - 100,000 shares	1,267	18.05	39,106,644	6.02
100,001 to less than 5% of issued shares	193	2.75	181,646,245	27.98
5% and above of issued shares	4	0.06	413,928,743	63.77
Total	**7,020**	**100**	**649,091,291**	**100**

SUBSTANTIAL SHAREHOLDERS AS AT 31 March 2016

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

Substantial Shareholders	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
CIMB Group Nominees (Asing) Sdn Bhd Cycas	185,239,518	28.54	-	-
HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISEE (SG BR-TST-ASING)	144,987,141	22.34		
CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)	45,000,000	6.93	-	-
CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	39,471,184	6.08	6,110,250	0.94

DIRECTORS' SHAREHOLDINGS AS AT 31 March 2016

Name of Directors	Note	No. of shares Held			
		Direct Interest	%	Indirect Interest	%
Loh Wee Hian	1	229,137,425	35.30	6,110,250	0.94
Kanagaraj Lorenz		4,395,900	0.68	-	-
Fong Seow Kee		1,861,950	0.29	635,175	0.10
Ng King Kau		5,295,900	0.82	-	-

Notes:

1) 84,471,184 held under CIMSEC Nominees (Tempatan) Sdn. Bhd. and 144,666,241 held under HSBC Nominees (Asing) Sdn. Bhd.

Shareholding Statistics
As at 31 March 2016 (continued)

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 31 March 2016

No	Shareholders	Holdings	%
1	CIMB GROUP NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CYCAS (CREADOR-CBD-GR4)	184,470,418	28.42%
2	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISEE (SG BR-TST-ASING)	144,987,141	22.34%
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)	45,000,000	6.93%
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	39,471,184	6.08%
5	GOH KUAN HO	18,878,520	2.91%
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	15,502,900	2.39%
7	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	13,801,100	2.13%
8	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR APERIOS EMERGING CONNECTIVITY MASTER FUND LIMITED	13,511,700	2.08%
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH HIN YAW (PB)	6,110,250	0.94%
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	5,900,000	0.91%
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	5,600,500	0.86%
12	KANAGARAJ LORENZ	5,295,900	0.82%
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	5,126,500	0.79%
14	YAP CHIH MING	4,570,049	0.70%
15	HSBC NOMINEES (ASING) SDN BHD SMTBUSA FOR DAIWA EMERGING ASEAN MID-SMALL CAP EQUITY FUND -FIVE SPROUTS-	3,923,200	0.60%
16	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	3,319,200	0.51%
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	2,869,500	0.44%
18	TAN AH LOY @ TAN MAY LING	2,850,000	0.44%
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG YOKE YUNG (MP0265)	2,500,000	0.39%
20	TAN AH LOY @ TAN MAY LING	2,300,000	0.35%
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	2,158,200	0.33%
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN HUAT YEAN @ CHIN CHUN YEAN (M01)	2,000,000	0.31%

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 31 March 2016 (continued)

No	Shareholders	Holdings	%
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD STATE STREET AUSTRALIA FUND UAB6 FOR FUH HWA GLOBAL BALANCED FUND	1,970,000	0.30%
24	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,897,602	0.29%
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SEOW KEE	1,861,950	0.29%
26	ONG HOCK LON	1,740,000	0.27%
27	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BANK SIMPANAN NASIONAL	1,463,100	0.23%
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC MUTUAL PRS ISLAMIC GROWTH FUND	1,413,100	0.22%
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE YUNG (03MG00018)	1,300,000	0.20%
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD MIDF AMANAH ASSET MANAGEMENT BERHAD FOR TAKAFUL IKHLAS SDN BHD (JS487)	1,290,000	0.20%

Notice of Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of GHL Systems Berhad ("GHL" or "the Company") will be held at Center Lobby, 1st Floor Kuala Lumpur Golf & Country Club, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on **Wednesday, 29 June 2016** at **10.00 a.m.** for the following purposes:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. (See Note 2)

2. To re-elect the following Directors who are retiring in accordance with Article 127 of the Articles of Association of the Company:-

   2.1 Mr Loh Wee Hian (Ordinary Resolution 1)

   2.2 Mr Brahmal a/l Vasudevan (Ordinary Resolution 2)

3. To approve the Directors' fees in respect of the financial year ended 31 December 2015. (Ordinary Resolution 3)
4. To approve the Directors' fees in respect of the financial year ending 31 December 2016. (Ordinary Resolution 4)
5. To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. (Ordinary Resolution 5)

B. Special Business

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** (Ordinary Resolution 6)

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

7. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO 10% OF THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 ("Proposed Renewal of Share Buy-Back Authority")** (Ordinary Resolution 7)

"THAT, subject always to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase(s); and

(c) the Directors of the Company may decide to:-

    i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

    ii. cancel the shares so purchased; and/or

    iii. retain part of the shares so purchased as treasury shares and cancel the remainder.

THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

8. **PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY** (Special Resolution)

"THAT the proposed amendment to the Articles of Association of the Company as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendment to the Articles of Association of the Company."

C. Other Business

9. 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, 1965.

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)
LIM POH YEN (MAICSA 7009745)
KUAN HUI FANG (MAICSA 16876)
Company Secretaries

Kuala Lumpur
28 April 2016

NOTES:-

1. **Notes on Appointment of Proxy**

   i. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his place. There shall be no restriction as to the qualification of the proxy.

   A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

   Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

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

   iii. Where a member of the Company 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.

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

   iv. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

   v. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

   vi. The Proxy Form or other instruments of appointment must be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

   vii. In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 23 June 2016 shall be eligible to attend, speak and vote at the Meeting.

2. **Audited Financial Statements for the financial year ended 31 December 2015**

   The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. **Explanatory Notes on Ordinary Business:**

i. Ordinary Resolution 4 – Approval of the Directors' Fees in respect of the Financial Year Ending 31 December 2016

The Board of Directors would like to propose the following monthly fees to be paid to the Directors for the year ending 31 December 2016.

1.	Datuk Kamaruddin Bin Taib	RM10,000	
2.	Fong Seow Kee	RM9,000	
3.	Brahmal a/l Vasudevan	RM8,000	*
4.	Lim Sze Mei	RM8,000	*

* Brahmal a/l Vasudevan and Lim Sze Mei are waiving their rights to the proposed fees as they would like to channel these funds back to the Group to fund the Group's marketing activities.

4. **Explanatory Notes on Special Business**

i. Ordinary Resolution 6 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 6 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty-First Annual General Meeting held on 25 June 2015 and which will lapse at the conclusion of the Twenty-Second Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

ii. Ordinary Resolution 7 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the issued and paid-up ordinary share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority attached in the Annual Report 2015 of the Company for further details.

iii. Special Resolution – Proposed Amendment to Articles of Association of The Company

The proposed Special Resolution, if passed, will give authority to amend its Articles of Association to be aligned with the Main Market Listing Requirements of Bursa Securities.

Appendix A

PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

ARTICLE	EXISTING ARTICLE	AMENDED ARTICLE
176	A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (not later than six (6) Months after the close of the financial year and at least twenty-one (21) days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed four (4) Months. The required number of copies of each of these documents shall at the same time be sent to Bursa Securities.	A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent to all Members entitled to receive notices of general meetings under the Act or these Articles or Listing Requirements.

Statement of Shareholders

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

PROPOSED SHARES BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of the document.

2. INTRODUCTION

2.1 Renewal of Authority for GHL to Purchase its Own Shares (Proposed Shares Buy-Back)

At the last Annual General Meeting of the Company held on 25 June 2015, the Company had obtained the shareholders' approval to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of ordinary shares purchased and/or held does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits and/or share premium account. Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2015, the Company's accumulated losses and share premium account were RM131,569,852 and RM71,077,153, respectively.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing shares buy-back by listed companies, will lapse at the conclusion of the forthcoming 22nd Annual General Meeting to be held on 29 June 2016, unless renewed by an ordinary resolution.

On 29 March 2016, the Company announced its intention to seek shareholders' approval at the forthcoming 22nd Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

2.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 22nd Annual General Meeting. The notice of Annual General Meeting together with the Proxy Form is set out in this Annual Report.

3. DETAILS OF THE PROPOSED SHARES BUY-BACK

3.1 Details of the Proposed Share Buy-Back

The Board proposes to seek the approval from the shareholders of GHL for the Company to purchase up to ten percent (10%) of its prevailing issued and paid-up ordinary share capital at any time through its appointed stockbroker.

3. DETAILS OF THE PROPOSED SHARES BUY-BACK (continued)

3.1 Details of the Proposed Share Buy-Back (continued)

The Proposed Share Buy-Back, once approved by the shareholders of the Company, shall be effective from the date of the passing of the ordinary resolution pertaining to the Proposed Share Buy-Back at the forthcoming 22nd AGM and shall remain in force until:-

(a) the conclusion of the next AGM of GHL following the forthcoming 22nd AGM at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of GHL in a general meeting,

whichever occurs first.

The actual number of GHL Shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained profits, share premium and financial resources available to the Company at the time of the purchase(s).

GHL will ensure that the purchase of its own Shares will not result in the Company's public shareholding spread falling below the minimum public shareholding spread of twenty-five percent (25%) of its total listed Shares (excluding treasury shares).

If the Board decides to cancel the purchased GHL Shares, the Company's issued and paid-up share capital shall be diminished by the cancellation of the purchased GHL Shares.

4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Shares Buy-Back will enable GHL to utilise its surplus financial resources to buy-back GHL shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

The purchased GHL shares can be held as treasury shares and resold on Bursa Securities to realise potential gain without affecting the total issued and paid-up capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the shareholders of the Company.

5. SOURCE OF FUND

The Proposed Share Buy-Back, if implemented, will be funded through internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration and availability of internal funds of GHL. In the event bank borrowings are required for the purchase of GHL Shares, the Board will ensure that the Company has the capability to repay the bank borrowings and the repayment will not have any material impact on the Company's cash flow.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL

The potential advantages of the Proposed Shares Buy-Back are as follows:

(i) the Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of the GHL Shares traded on Bursa Securities and thereby support its fundamental value and to maintain investors' confidence in GHL;
(ii) if the Shares are bought back as treasury shares, it will provide the Directors of GHL an option to sell the purchased GHL Shares at a higher price and generate capital gain for the Company.
(iii) the purchased GHL Shares can be distributed as share dividends to reward its shareholders.

The potential disadvantages of the Proposed Shares Buy-Back are as follows;

(i) The Proposed Renewal can only be made out of retained profits and/or share premium account of the Company resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders;
(ii) The Proposed Renewal will reduce the financial resources of the Company which may result in the Company foregoing better investment opportunities that may emerge in the future;
(iii) The cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance a Share Buy-Back.

7. DIRECT AND INDIRECT INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The effects of the Proposed Shares Buy-Back on the Substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 31 March 2016 are as follow:

	Before the Proposed Shares Buy-Back *(a)				After the Proposed Shares Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	229,137,425	35.30	6,110,250	0.94	229,137,425	39.22	6,110,250	1.05
Cycas	185,239,518	28.54	-	-	185,239,518	31.71	-	-

Notes:
**(a) Adjusted for the number of treasury shares held as at 31 March 2016*
**(b) Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

	Before the Proposed Shares Buy-Back *(a)				After the Proposed Shares Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
Directors	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	229,137,425	35.30	6,110,250	0.94	229,137,425	39.22	6,110,250	1.05
Kanagaraj Lorenz	5,295,900	0.82	-	-	5,295,900	0.75	-	-
Fong Seow Kee	1,861,950	0.29	635,175	0.10	1,861,950	0.32	635,175	0.11

Notes:
**(a) Adjusted for the number of treasury shares held as at 31 March 2016*
**(b) Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

8. EFFECTS OF PROPOSED SHARES BUY-BACK

Assuming that the Company buys back up to 64,909,129 GHL Shares representing 10% of its issued and paid-up share capital as at 31 March 2016 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the financial effects of the Proposed Share Buy-Back on the share capital of the Company, Net Assets, working capital, earnings and dividends of GHL are as follows:

8.1 Share Capital

In the event that all GHL shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid up share capital of GHL as at 31 March 2016 to be reduced from RM129,818,258 comprising 649,091,291 GHL Shares to RM116,836,432 comprising 584,182,162 GHL Shares. It is not expected to have any effect on the issued and paid up capital if all GHL Shares purchased are to be retained as treasury shares.

The effect of the Proposed Shares Buy-Back on the issued and paid up share capital of GHL are illustrated below:

	No of Shares	RM
Issued and paid up share capital as per audited account as at 31 December 2015	649,847,192	129,969,438
Issued and paid up share capital as at 31 March 2016	649,091,291	129,818,258
After share purchase and cancellation	584,182,162	# 116,836,432

Notes:
\# *Assuming up to 10% of the issued and paid up capital of GHL or 64,909,129 GHL Shares are purchased and cancelled.*

8.2 Net Assets

The Proposed Share Buy-Back, if implemented may increase or decrease the net assets and net assets per Share depending on the purchase prices of GHL Shares pursuant to the Proposed Share Buy-Back. The consolidated net assets per Share will increase if the purchase price is less than the audited consolidated net assets per Share and conversely, the consolidated net assets per share will decrease if the purchase price exceeds the consolidated net assets per Share at the time when the GHL Shares are purchased.

In the event the purchased GHL Shares which are retained as treasury shares are resold, the consolidated Net Assets per Share of GHL will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in net assets will depend on the actual selling price and the number of the treasury shares resold to the market.

8.3 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital of the GHL Group, the quantum of which will depend on the actual purchase price and number of purchased GHL Shares as well as any associated costs incurred in relation to the share buy-back pursuant to the Proposed Share Buy-Back. However, it is not expected to have a material adverse effect on the working capital of the Company.

The working capital and the cash flow of the Company will also increase accordingly when the Proposed Share Buy-Back which are retained as treasury shares are resold. The quantum of the increase in working capital and cash flow will depend on the actual selling price and the number of the treasury shares resold to the market.

8. EFFECTS OF PROPOSED SHARES BUY-BACK (continued)

8.4 Earnings

The effect of the Proposed Share Buy-Back on the EPS of GHL will depend on, inter-alia, the actual number of purchased GHL Shares and the effective cost of funding to the GHL Group, or any loss in interest income to GHL or opportunity cost in relation to other investment opportunity. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the EPS of GHL for the financial year ending 31 December 2015.

8.5 Dividends

The above Proposed Share Buy-Back is not expected to have any impact on the dividend payment as the Board will take into considerations the Company's profit, cash flow and the capital commitments before proposing any dividend payment.

9. MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 (CODE)

The Proposed Shares Buy-Back, if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under Paragraph 10 of Practice Note 9 of the Code.

In the event that GHL decides to purchase its own Shares which will result in Loh Wee Hian's shareholdings in GHL increasing by more than 2% in any period of six (6) months. Loh Wee Hian will seek a waiver from the Securities Commission Malaysia under Paragraph 24 of Practice Note 9 of the Code before the Company purchases its own Shares.

10. PURCHASES MADE IN LAST FINANCIAL YEAR

The Company did not undertake any Share Buy-Back during the financial year ended 31 December 2015.

11. PUBLIC SHAREHOLDING SPREAD

The Proposed Share Buy-Back will be carried out in accordance with the prevailing law at the time of the purchase including compliance with 25% public shareholding spread in the hands of public shareholders as required under Paragraph 12.14 of the Listing Requirements.

As at the 31 March 2016, the public shareholding spread of the Company was 33.19%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with

12. DIRECTOR STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposed Shares Buy-Back, your Board of Directors is of the opinion that the Proposed Shares Buy-Back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Shares Buy-Back to be tabled at the forthcoming 22nd Annual General Meeting.

Proxy Form

GHL SYSTEMS BERHAD (293040-D)
(Incorporated in Malaysia)

No. of ordinary shares held	CDS Account No.

Telephone no. (During office hours) ____________________

I/We ____ NRIC No. ____________________
(PLEASE USE BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being a member(s) of **GHL SYSTEMS BERHAD (293040-D)** hereby appoint* ____________________
(FULL NAME)

NRIC No. ____________________ of ____
(FULL ADDRESS)

____________________ or failing him ____________________ NRIC No. ____________________
(FULL NAME)

of ____
(FULL ADDRESS)

or THE CHAIRMAN OF THE MEETING as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Twenty-Second Annual General Meeting of the Company to be held at Center Lobby, 1st Floor Kuala Lumpur Golf & Country Club, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on **Wednesday, 29 June 2016** at **10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

Ordinary Business		For	Against
Ordinary Resolution 1	Re-election of Mr Loh Wee Hian as Director pursuant to Article 127 of the Company's Articles of Association		
Ordinary Resolution 2	Re-election of Mr Brahmal a/l Vasudevan as Director pursuant to Article 127 of the Company's Articles of Association		
Ordinary Resolution 3	Approval of Directors' fees for the financial year ended 31 December 2015		
Ordinary Resolution 4	Approval of Directors' fees for the financial year ending 31 December 2016		
Ordinary Resolution 5	Re-appointment of Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
Ordinary Resolution 6	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority		
Special Resolution	Proposed Amendment to Articles of Association of the Company		

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

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

First named Proxy ____________________ %

Second named Proxy ____________________ %

100%

Dated this __________ day of ____________________ 2016

____
Signature of Member(s) or/ Common Seal

Notes:-

i. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his place. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

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

iii. Where a member of the Company 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.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

iv. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

v. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

vi. The Proxy Form or other instruments of appointment must be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

vii. In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 23 June 2016 shall be eligible to attend, speak and vote at the Meeting.

Please fold here

Affix
Stamp

The Company Secretary

GHL Systems Berhad (Company No. 293040-D)
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

GHL SYSTEMS BERHAD (293040-D)

C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur
Tel : 603-6286 3388 Fax : 603-6280 2999

WWW.GHL.COM