Privasia Technology Berhad

(Company No. 825092-U)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2013

Privasia Technology Berhad
(Company No. 825092-U)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

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

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	5,361,259	1,075,225
Non-controlling interests	56,562	-
Net profit for the year	5,417,821	1,075,225

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a single tier tax exempt final dividend of 0.3 sen per ordinary share totalling RM1,674,600 in respect of the year ended 31 December 2012 on 18 July 2013.

Subsequent to the financial year end, on 16 April 2014, the Directors proposed a single tier tax exempt final dividend of 0.3 sen per ordinary share totalling RM1,674,600 in respect of the financial year ended 31 December 2013. The financial statements for the current financial year do not reflect these dividends. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2014.

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

Company No. 825092-U

Directors of the Company

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

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

Directors' interests

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

	Number of ordinary shares of RM0.10 each			
	At 1.1.2013	**Bought**	**Sold**	**At 31.12.2013**
In the Company:				
Direct interest				
Andre Anthony a/l Hubert Rene	11,588,700	-	360,000	11,228,700
Asgari bin Mohd Fuad Stephens				
- others *	4,000,000	-	-	4,000,000
Brian Wong Wye Pong	500,000	-	-	500,000
Datuk Ali bin Abdul Kadir				
- own	18,530,400	-	-	18,530,400
- others **	1,666,000	-	-	1,666,000
Mohd Aqliff Shane Abdullah	40,728,100	-	12,617,100	28,111,000
Puvanesan a/l Subenthiran	15,981,400	-	400,000	15,581,400

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Directors' interests (continued)

	Number of ordinary shares of RM0.10 each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Indirect interest				
By virtue of shares held by				
Anyotech Sdn. Bhd.				
- Andre Anthony a/l Hubert Rene	79,713,220	-	-	79,713,220
- Puvanesan a/l Subenthiran	79,713,220	-	-	79,713,220
Pancarthiran Sdn. Bhd.				
- Puvanesan a/l Subenthiran	71,172,500	-	-	71,172,500
Radiant Principles Sdn. Bhd				
- Andre Anthony a/l Hubert Rene	76,836,300	-	-	76,836,300

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

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

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

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Other statutory information

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

i) all known bad debts have been written off and adequate provisions made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year other than as disclosed in Note 29 to the financial statements.

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

Other statutory information (continued)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

The significant events during the financial year are as disclosed in Note 27 to the financial statements.

Subsequent events

The subsequent events are disclosed in Note 28 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

....

Datuk Ali bin Abdul Kadir

....

Puvanesan a/l Subenthiran

Petaling Jaya

Date: 28 April 2014

Privasia Technology Berhad

(Company No. 825092-U)
(Incorporated in Malaysia)

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Statements of financial position as at 31 December 2013

		Group		Company	
	Note	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
Assets					
Property, plant and equipment	3	27,553,072	21,225,541	-	-
Investment properties	4	4,357,223	6,362,764	-	-
Intangible assets	5	36,907,700	38,280,246	-	-
Investment in subsidiaries	6	-	-	58,283,179	57,933,179
Investment in associate	7	-	-	-	-
Deferred tax assets	15	54,877	82,033	-	-
Total non-current assets		68,872,872	65,950,584	58,283,179	57,933,179
Inventories	9	2,482,226	1,654,320	-	-
Work-in-progress	10	3,703,384	1,856,888	-	-
Tax recoverable	11	135,033	9,248	-	-
Trade and other receivables	8	19,460,738	26,524,958	1,046,331	920,891
Cash and cash equivalents	12	8,327,242	13,150,993	200,633	2,253
Total current assets		34,108,623	43,196,407	1,246,964	923,144
Total assets		102,981,495	109,146,991	59,530,143	58,856,323
Equity					
Share capital	13	55,820,002	55,820,002	55,820,002	55,820,002
Reserve	13	19,093,368	15,151,718	1,817,659	2,417,034
Total equity attributable to owners of the Company		74,913,370	70,971,720	57,637,661	58,237,036
Non-controlling interests		281,753	(19,818)	-	-
Total equity		75,195,123	70,951,902	57,637,661	58,237,036
Liabilities					
Loans and borrowings	14	9,963,371	16,021,221	-	-
Deferred tax liabilities	15	1,400,440	126,925	-	-
Total non-current liabilities		11,363,811	16,148,146	-	-
Loans and borrowings	14	5,734,470	8,090,910	-	-
Trade and other payables	16	10,620,426	12,728,148	1,892,482	574,559
Taxation		67,665	1,227,885	-	44,728
Total current liabilities		16,422,561	22,046,943	1,892,482	619,287
Total liabilities		27,786,372	38,195,089	1,892,482	619,287
Total equity and liabilities		102,981,495	109,146,991	59,530,143	58,856,323

The notes on pages 13 to 73 are an integral part of these financial statements.

Privasia Technology Berhad
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Statements of profit or loss and other comprehensive income for the year ended 31 December 2013

		Group		Company	
	Note	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
Revenue		58,455,869	60,646,690	3,775,244	5,356,970
Cost of sales		(34,774,689)	(40,080,450)	-	-
Gross profit		23,681,180	20,566,240	3,775,244	5,356,970
Other income		465,805	328,091	-	-
Other operating expenses		(13,385,675)	(10,586,953)	(2,744,747)	(2,176,587)
Results from operating activities		10,761,310	10,307,378	1,030,497	3,180,383
Finance income		285,541	169,457	-	-
Finance costs		(1,145,269)	(1,582,040)	-	-
Share of loss of equity accounted associate		(30)	-	-	-
Profit before tax	17	9,901,552	8,894,795	1,030,497	3,180,383
Tax expense	18	(4,483,731)	(3,904,487)	44,728	(44,728)
Net profit for the year		5,417,821	4,990,308	1,075,225	3,135,655
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Change in fair value of available-for-sale financial assets		-	(20,553)	-	-
Total comprehensive income for the year		5,417,821	4,969,755	1,075,225	3,135,655
Profit attributable to:					
Owners of the Company		5,361,259	4,939,068	1,075,225	3,135,655
Non-controlling interests		56,562	51,240	-	-
Net profit for the year		5,417,821	4,990,308	1,075,225	3,135,655
Total comprehensive income attributable to:					
Owners of the Company		5,361,259	4,918,515	1,075,225	3,135,655
Non-controlling interests		56,562	51,240	-	-
Total comprehensive income for the year		5,417,821	4,969,755	1,075,225	3,135,655
Basic earnings per ordinary share (sen)	20	0.96	0.88		

The notes on pages 13 to 73 are an integral part of these financial statements.

Privasia Technology Berhad
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Consolidated statement of changes in equity for the year ended 31 December 2013

		<-------------*Attributable to owners of the Company*------------>					
		<-----*Non-distributable*----->		*Distributable*			
	Note	**Share capital RM**	**Fair value reserve RM**	**Retained earnings RM**	**Subtotal RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2012		55,820,002	20,553	11,732,877	67,573,432	633,685	68,207,117
Change in fair value of available-for-sale financial assets		-	(20,553)	-	(20,553)	-	(20,553)
Total other comprehensive income for the year		-	(20,553)	-	(20,553)	-	(20,553)
Net profit for the year		-	-	4,939,068	4,939,068	51,240	4,990,308
Total comprehensive income for the year		-	(20,553)	4,939,068	4,918,515	51,240	4,969,755
Contributions by and distribution to owners of the Company							
- Dividends paid	21	-	-	(1,116,400)	(1,116,400)	(45,391)	(1,161,791)
Changes in ownership interests in a subsidiary		-	-	(403,827)	(403,827)	(659,352)	(1,063,179)
Total transactions with owners of the Company		-	-	(1,520,227)	(1,520,227)	(704,743)	(2,224,970)
As 31 December 2012/1 January 2013		55,820,002	-	15,151,718	70,971,720	(19,818)	70,951,902
Total comprehensive income for the year		-	-	5,361,259	5,361,259	56,562	5,417,821
Contributions by and distribution to owners of the Company							
- Dividends paid	21	-	-	(1,674,600)	(1,674,600)	-	(1,674,600)
Changes in ownership interests in a subsidiary		-	-	254,991	254,991	245,009	500,000
Total transactions with owners of the Company		-	-	(1,419,609)	(1,419,609)	245,009	(1,174,600)
As 31 December 2013		55,820,002	-	19,093,368	74,913,370	281,753	75,195,123

The notes on pages 13 to 73 are an integral part of these financial statements.

Privasia Technology Berhad
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Statement of changes in equity for the year ended 31 December 2013

		Non-distributable	***Distributable***	
		Share	**Retained**	
		capital	**profits**	**Total**
Company	**Note**	**RM**	**RM**	**RM**
At 1 January 2012		55,820,002	397,779	56,217,781
Net profit/Total comprehensive income for the year		-	3,135,655	3,135,655
Contributions by and distributions to the owners of the Company				
- Dividends paid	21	-	(1,116,400)	(1,116,400)
Total transactions with the owners of the Company		-	(1,116,400)	(1,116,400)
At 31 December 2012/1 January 2013		55,820,002	2,417,034	58,237,036
Net profit/Total comprehensive income for the year		-	1,075,225	1,075,225
Contributions by and distributions to the owners of the Company				
- Dividends paid	21	-	(1,674,600)	(1,674,600)
Total transactions with the owners of the Company		-	(1,674,600)	(1,674,600)
At 31 December 2013		55,820,002	1,817,659	57,637,661
		Note 13		

The notes on pages 13 to 73 are an integral part of these financial statements.

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Statements of cash flows for the year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before tax	9,901,552	8,894,795	1,030,497	3,180,383
Adjustments for:				
Amortisation of intangible assets	1,729,534	1,535,121	-	-
Depreciation of investment property	47,767	68,815	-	-
Depreciation of property, plant and equipment	6,327,137	7,386,929	-	-
Development costs written off	63,294	18,224	-	-
Finance costs	1,145,269	1,582,040	-	-
Finance income	(285,541)	(169,457)	-	-
Gain on disposal of available-for-sale financial assets	-	(45,401)	-	-
Gain on disposal of property, plant and equipment	(12,297)	(13,576)	-	-
Impairment loss on trade receivables	72,509	332,753	-	-
Reversal of impairment loss on trade receivables	(45,495)	-	-	-
Loss on disposal of investment in subsidiary	-	49,999	-	-
Property, plant and equipment written off	1,346	941	-	-
Share of loss of equity accounted associate	30	-	-	-
Other receivables written off	-	600	-	-
Work-in-progress written off	-	118,000	-	-
Unrealised gain on foreign exchange	(154,137)	(16,764)	-	-
Operating profit before changes in working capital	18,790,968	19,743,019	1,030,497	3,180,383
Changes in working capital:				
Inventories	(827,906)	(50,223)	-	-
Work-in-progress	(1,846,496)	667,042	-	-
Trade and other receivables	7,304,566	(8,125,675)	(125,440)	(891,271)
Trade and other payables	(2,107,722)	4,653,925	1,317,923	(60,707)

Company No. 825092-U

Statements of cash flows for the year ended 31 December 2013 (continued)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash generated from operations		21,313,410	16,888,088	2,222,980	2,228,405
Interest received		172,321	167,280	-	-
Tax refund		17,695	-	-	-
Tax paid		(4,486,763)	(2,929,216)	-	-
Net cash generated from operating activities		17,016,663	14,126,152	2,222,980	2,228,405
Cash flows from investing activities					
Acquisition of intangible assets		(411,921)	(101,906)	-	-
Acquisition of property, plant and equipment		(10,757,444)	(3,678,397)	-	-
Acquisition of associate		(30)	-	-	-
Increase in investment in subsidiary		-	(1,113,179)	(350,000)	(1,113,179)
Proceeds from disposal of property, plant and equipment		62,682	13,621	-	-
Proceeds from disposal of intangible asset		458	-	-	-
Proceeds from disposal of investment in subsidiary		500,000	1	-	-
Proceeds from disposal of available-for-sale financial asset		-	1,075,904	-	-
Net cash used in investing activities		(10,606,255)	(3,803,956)	(350,000)	(1,113,179)
Cash flows from financing activities					
Dividends paid		(1,674,600)	(1,161,791)	(1,674,600)	(1,116,400)
Decrease/(Increase) in pledged deposits		142,072	(1,014,362)	-	-
Interest paid		(1,145,269)	(1,582,040)	-	-
Repayment of loan and borrowings		(8,414,290)	(2,681,648)	-	-
Net cash used in financing activities		(11,092,087)	(6,439,841)	(1,674,600)	(1,116,400)
Net (decrease)/increase in cash and cash equivalents		(4,681,679)	3,882,355	198,380	(1,174)
Cash and cash equivalents at beginning of year		11,078,907	7,196,552	2,253	3,427
Cash and cash equivalents at end of year	*(i)*	6,397,228	11,078,907	200,633	2,253

Company No. 825092-U

Statements of cash flows for the year ended 31 December 2013 (continued)

(i) Cash and cash equivalents

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

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash and bank balances		3,690,242	4,081,138	200,633	2,253
Deposits placed with licensed banks		4,637,000	9,069,855	-	-
	12	8,327,242	13,150,993	200,633	2,253
Less: Deposits pledged with licensed banks	12	(1,930,014)	(2,072,086)	-	-
		6,397,228	11,078,907	200,633	2,253

The notes on pages 13 to 73 are an integral part of these financial statements.

Privasia Technology Berhad

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Notes to the financial statements

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

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

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

The consolidated financial statements as at and for the financial year ended 31 December 2013 comprise the Company, its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2013 do not include other entities.

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

The financial statements were approved by the Board of Directors on 28 April 2014.

1. Basis of preparation

(a) Statement of compliance

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

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for IC Interpretation 21 which is no applicable to the Group and the Company.

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for amendments to MFRS 1 which is not applicable to the Group and the Company.

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

MFRS 9, *Financial Instruments*

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

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

(b) Basis of measurement

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

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

(i) Impairment of goodwill and intangible assets (Note 5)
(ii) Impairment losses on trade and other receivables (Note 8)
(iii) Deferred tax assets (Note 15)
(iv) Income taxes (Note 18)
(v) Contingencies (Note 29)

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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

(ii) Business combination

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combination (continued)

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

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

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

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

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

(iii) Acquisition of non-controlling interests

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

(iv) Loss of control

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates

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

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

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

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

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

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

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

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

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

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

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

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

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

Financial liabilities

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

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

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

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

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

(e) Leased assets

Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership, are classified as operating leases and the leased assets are not recognised on the statement of financial position.

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

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

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

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

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

(ii) Research and development

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

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

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

(iii) Other intangible assets

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

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as an expense as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value.

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

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

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

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

(g) Investment property

(i) Investment property carried at cost

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

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

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

2. Significant accounting policies (continued)

(g) Investment property (continued)

(ii) Reclassification to/from investment property

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

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

(h) Inventories

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

The cost of inventories is based on the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition and is determined on first in first out basis.

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

(i) Work-in-progress

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

(j) Cash and cash equivalents

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

2. Significant accounting policies (continued)

(k) Impairment

(i) Financial assets

All financial assets (except for investment in subsidiaries and investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

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

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

(ii) Other assets

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

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating units (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Statutory pension funds

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

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

2. Significant accounting policies (continued)

(o) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

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

(iii) Dividend income

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

(iv) Rental income

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

2. Significant accounting policies (continued)

(o) Revenue (continued)

(v) Finance income

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

(p) Borrowing costs

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

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

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

(q) Tax expense

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

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

2. Significant accounting policies (continued)

(q) Tax expense (continued)

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

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

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

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

(r) Earnings per ordinary share

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

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

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

2. Significant accounting policies (continued)

(s) Operating segments

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

(t) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(u) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

2. Significant accounting policies (continued)

(u) Fair value measurement (continued)

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

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

Company No. 825092-U

3. Property, plant and equipment

Group *Cost*	Buildings RM	Computer equipment RM	Office equipment RM	Telecommu-nication equipment RM	Renovation RM	Motor vehicles RM	Small value assets RM	Total RM
At 1 January 2012	8,000,000	15,774,577	2,048,925	10,593,642	561,273	3,245	57,769	37,039,431
Additions	-	1,345,790	403,539	1,825,303	8,650	84,110	11,005	3,678,397
Disposals	-	(324,517)	-	-	-	-	-	(324,517)
Written off	-	(40,181)	-	(1,064)	-	-	-	(41,245)
At 31 December 2012/ 1 January 2013	8,000,000	16,755,669	2,452,464	12,417,881	569,923	87,355	68,774	40,352,066
Additions	-	7,446,813	274,361	2,980,469	38,870	-	16,931	10,757,444
Transfer from investment property	2,000,000	-	-	-	-	-	-	2,000,000
Reclassification to intangible assets	-	(13,135)	-	-	-	-	-	(13,135)
Disposals	-	(195,560)	(51,353)	-	-	-	-	(246,913)
Written off	-	(2,199)	-	-	-	-	-	(2,199)
At 31 December 2013	10,000,000	23,991,588	2,675,472	15,398,350	608,793	87,355	85,705	52,847,263
Accumulated depreciation								
At 1 January 2012	84,211	6,878,522	1,452,875	3,099,536	534,240	2,119	52,869	12,104,372
Charge for the year	84,695	4,354,010	636,486	2,281,073	15,893	2,195	12,577	7,386,929
Disposals	-	(324,472)	-	-	-	-	-	(324,472)
Written off	-	(40,180)	-	(124)	-	-	-	(40,304)
At 31 December 2012/ 1 January 2013	168,906	10,867,880	2,089,361	5,380,485	550,133	4,314	65,446	19,126,525
Charge for the year	106,150	3,268,109	162,509	2,735,637	23,310	17,153	14,269	6,327,137
Transfer from investment property	42,226	-	-	-	-	-	-	42,226
Reclassification to intangible assets	-	(4,316)	-	-	-	-	-	(4,316)
Disposals	-	(169,174)	(27,354)	-	-	-	-	(196,528)
Written off	-	(853)	-	-	-	-	-	(853)
At 31 December 2013	317,282	13,961,646	2,224,516	8,116,122	573,443	21,467	79,715	25,294,191

3. Property, plant and equipment (continued)

Group *Carrying amounts*	**Buildings RM**	**Computer equipment RM**	**Office equipment RM**	**Telecommu-nication equipment RM**	**Renovation RM**	**Motor vehicles RM**	**Small value assets RM**	**Total RM**
At 1 January 2012	7,915,789	8,896,055	596,050	7,494,106	27,033	1,126	4,900	24,935,059
At 31 December 2012/ 1 January 2013	7,831,094	5,887,789	363,103	7,037,396	19,790	83,041	3,328	21,225,541
At 31 December 2013	9,682,718	10,029,942	450,956	7,282,228	35,350	65,888	5,990	27,553,072

At 31 December 2013, buildings of the Group with carrying amount of RM9,682,718 (2012: RM7,831,094) have been pledged as security for loan from a licensed bank (see Note 14).

4. Investment properties

	Group RM
Cost	
At 1 January 2012/31 December 2012/1 January 2013	6,500,000
Transfer to property, plant and equipment	(2,000,000)
At 31 December 2013	4,500,000
Accumulated depreciation	
At 1 January 2012	68,421
Charge for the year	68,815
At 31 December 2012/1 January 2013	137,236
Transfer to property, plant and equipment	(42,226)
Charge for the year	47,767
At 31 December 2013	142,777
Carrying amount	
At 1 January 2012	6,431,579
At 31 December 2012/1 January 2013	6,362,764
At 31 December 2013	4,357,223

Investment properties comprise a number of commercial properties that are leased or available for lease to third parties. Each of the leases contains an initial non-cancellable period of one to six months (see Note 25). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

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

	Group 2013 RM	Group 2012 RM
Rental income	204,115	287,223
Direct operating expenses	(94,857)	(133,154)

At 31 December 2013, investment properties of the Group with carrying amount of RM4,357,223 (2012: RM6,362,764) have been pledged as security for loan from a licensed bank (see Note 14).

4. Investment properties (continued)

Fair value information

Fair value properties are categorised as follows:

	<---------------- Fair value		---------------->		
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
2013					
Investment properties	-	4,500,000	-	4,500,000	4,357,223

	Fair value RM	**Carrying amount RM**
2012		
Investment properties*	6,500,000	6,362,764

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

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

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values
There is no transfer between Level 1 and 2 fair values during the financial year.

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

5. Intangible assets

Group	Goodwill RM	Development costs RM	Software costs RM	Total RM
Cost				
At 1 January 2012	36,005,230	7,367,232	2,503,142	45,875,604
Additions	-	44,628	57,278	101,906
Written off	-	(18,224)	-	(18,224)
At 31 December 2012/ 1 January 2013	36,005,230	7,393,636	2,560,420	45,959,286
Additions	-	-	411,921	411,921
Reclassification from property, plant and equipment	-	-	13,135	13,135
Disposal	-	-	(500)	(500)
Written off	-	(63,294)	-	(63,294)
At 31 December 2013	36,005,230	7,330,342	2,984,976	46,320,548
Accumulated amortisation				
At 1 January 2012	-	5,123,051	1,020,868	6,143,919
Amortisation for the year	-	960,919	574,202	1,535,121
At 31 December 2012/ 1 January 2013	-	6,083,970	1,595,070	7,679,040
Amortisation for the year	-	1,138,021	591,513	1,729,534
Reclassification from property, plant and equipment	-	-	4,316	4,316
Disposal	-	-	(42)	(42)
At 31 December 2013	-	7,221,991	2,190,857	9,412,848
Carrying amounts				
At 1 January 2012	36,005,230	2,244,181	1,482,274	39,731,685
At 31 December 2012/ 1 January 2013	36,005,230	1,309,666	965,350	38,280,246
At 31 December 2013	36,005,230	108,351	794,119	36,907,700

5.1 Amortisation

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

5. Intangible assets (continued)

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

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

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2013		2012	
		Discount rate		**Discount rate**
Group	**RM**	**%**	**RM**	**%**
Cash-generating unit				
Outsourcing and Consulting ("OSD")	24,043,836	9.00	24,043,836	11.00
E-procurement ("E-proc")	7,145,220	9.00	7,145,220	11.00
Information and Communication Technologies Distribution ("CDIST")	3,251,323	9.00	3,251,323	11.00
Information and Communication Technologies Services ("CSERV")	1,095,855	9.00	1,095,855	11.00
Satellite-based network services ("SAT")	468,996	9.00	468,966	11.00
	36,005,230		36,005,230	

The CGUs, having built technical expertise and reputation in the Information technology and telecommunications industry, would also be able to expand into more strategic business models serving their potential clientele by leveraging on each other's experience and resources.

The recoverable amounts of the CGU are based on their value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial forecasts approved by management. The key assumptions for the computation of value-in-use include the discount rates and growth rates applied. A discount rate of 9.00% (2012: 11.00%) was applied based on the post-tax weighted average cost of capital plus an appropriate risk premium at the date of assessment of the Group. The growth rate of revenue is based on the historical growth rates of the Group.

The cash flow projections are based on seven (7) years financial budgets approved by management. These represent management's assessment of future trends in the information technology industry and are based on both external sources and internal sources (historical data).

5. Intangible assets (continued)

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

The value-in-use calculation is particularly sensitive to changes in the key assumptions for revenue growth. A 5% decrease in revenue growth would have resulted in an impairment loss of approximately RM1.8 million.

Based on this review, the Directors are of the opinion that there is no evidence of impairment on the Group's goodwill.

6. Investment in subsidiaries

	Company	
	2013	**2012**
	RM	**RM**
At cost:		
Unquoted shares	58,283,179	57,933,179

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

		Effective ownership interest	
		2013	**2012**
Name of subsidiary	**Principle activities**	**%**	**%**
Privasia Sdn. Bhd.	Outsourcing, consultation, e-procurement and related functions	100	100
Privanet Sdn. Bhd.	Provision of total wireless and communication solutions	100	100
IPSAT Sdn. Bhd.	Providing high speed internet broadband access (satellite services)	100	100
Spring Reach Distribution Sdn. Bhd. (formerly known as Privanet Distribution Sdn. Bhd.)	Trading of electronic and telecommunication equipment	70	100

6. Investment in subsidiaries (continued)

Name of subsidiary	Principle activities	Effective ownership interest 2013 %	2012 %
Subsidiaries of Privasia Sdn. Bhd.:			
Privasia (Sabah) Sdn. Bhd.	Dormant	100	100
Privacom Sdn. Bhd.	Dealer in data processing equipment, computer systems and provision of telecommunication and computer network consultancy services, temporarily ceased operations	100	100
Subsidiary of Privanet Sdn. Bhd.:			
Privatel Sdn. Bhd.	Provision of mobile development and services multimedia content	75	75

All the subsidiaries are audited by KPMG.

Significant events affecting the Group's subsidiaries during the year are as follows:

a) *Subscription of additional equity interest in Spring Reach Distribution Sdn. Bhd. (formerly known as Privanet Distribution Sdn. Bhd.)*

On 18 March 2013, Spring Reach Distribution Sdn. Bhd. increased its authorised share capital from RM500,000 to RM1,000,000 ordinary shares of RM1.00 each through the creation of additional 500,000 ordinary shares of RM1.00 each.

Spring Reach Distribution Sdn. Bhd. also increased its issued and paid up share capital from RM500,000 to RM1,000,000 by way of bonus issue of 500,000 new ordinary shares of RM1.00 each.

b) *Acquisition of Spring Reach Distribution Sdn. Bhd. (formerly known as Privanet Distribution Sdn. Bhd.)*

On 18 July 2013, the Company acquired 700,000 ordinary shares of RM1.00 each in Spring Reach Distribution Sdn. Bhd. from Privanet Sdn. Bhd., a wholly-owned subsidiary of the Company. The acquisition represents 70% of the entire issued and paid up capital of Spring Reach Distribution Sdn. Bhd.

The remaining 300,000 ordinary shares of RM1.00 each in Spring Reach Distribution Sdn. Bhd. were disposed to third parties for a total cash consideration of RM500,000 and the sale was completed on 30 December 2013.

7. Investment in associate

	Group	
	2013	2012
	RM	RM
At cost:		
Unquoted shares	30	-
Share of post-acquisition reserves	(30)	-
	-	-

On 4 July 2013, Privanet Sdn. Bhd., a wholly-owned subsidiary of the Company acquired 30 ordinary shares of RM1 each in Infocrats Sdn. Bhd., representing 30% of the paid-up capital of Infocrats Sdn. Bhd. for a total consideration of RM30.

Details of the associate are as follows:

Name	Country of incorporation	Principle activities	Effective ownership interest 2013 %	2012 %
Infocrats Sdn. Bhd.	Malaysia	Provision of systems development in computer software solutions and packages.	30	-

The following table summarises the information of the associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2013	2012
	RM	RM
Summarised financial information		
As at 31 December		
Current assets	-	-
Current liabilities	(7,401)	-
Net liabilities	(7,401)	-
Year ended 31 December		
Total comprehensive loss	(7,501)	-

8. Trade and other receivables

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Trade					
Trade receivables		18,470,133	23,899,706	-	-
Allowance for impairment loss		(476,814)	(632,337)	-	-
		17,993,319	23,267,369	-	-
Non-trade					
Amount due from related companies	8.1	-	-	1,004,244	212,609
Amount due from subsidiaries	8.1	-	-	32,137	679,555
Other receivables		313,741	282,496	-	-
Deposits		426,694	372,418	2,000	2,000
Prepayments	8.2	726,984	2,602,675	7,950	26,727
		1,467,419	3,257,589	1,046,331	920,891
Total trade and other receivables		19,460,738	26,524,958	1,046,331	920,891

8.1 Amounts due from related companies and subsidiaries

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

8.2 Prepayments

Prepayments of the Group as at 31 December 2012 included RM2,099,529 of prepayment of deposits for computer equipment which were delivered and capitalised as assets in the current financial year.

9. Inventories

	Group 2013 RM	Group 2012 RM
At cost:		
Finished goods	2,482,226	1,654,320

10. Work-in-progress

	Group 2013 RM	Group 2012 RM
At cost:		
Work-in-progress	3,703,384	1,856,888

11. Tax recoverable

Tax recoverable is subject to approval by the Inland Revenue Board of Malaysia.

12. Cash and cash equivalents

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Deposits placed with licensed banks	4,637,000	9,069,855	-	-
Cash and bank balances	3,690,242	4,081,138	200,633	2,253
	8,327,242	13,150,993	200,633	2,253

12.1 Deposits placed with licensed banks pledged for a bank facility

Included in the deposits placed with licensed banks of the Group as at 31 December 2013 is RM1,930,014 (2012: RM2,072,086) pledged for a bank facility granted to the Group's subsidiaries.

13. Capital and reserves

	Group and Company			
	Amount 2013 RM	**Number of shares 2013**	**Amount 2012 RM**	**Number of shares 2012**
Ordinary shares of RM0.10 each				
Authorised:				
At 1 January/ 31 December	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued and fully paid:				
At 1 January/ 31 December	55,820,002	558,200,020	55,820,002	558,200,020

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14. Loans and borrowings

	Group 2013 RM	Group 2012 RM
Non-current		
Secured term loans from licensed banks	9,963,371	16,021,221
Current		
Secured term loans from licensed banks	5,734,470	8,090,910
Total	15,697,841	24,112,131

14.1 Security

The bank loans are secured over buildings in property, plant and equipment with a carrying amount of RM9,682,718 (2012: RM7,831,094) (see Note 3) and investment property with a carrying amount of RM4,357,223 (2012: RM6,362,764) (see Note 4).

As at 31 December 2013, deposits placed with licensed banks amounting to RM1,930,014 (2012: RM2,072,086) was pledged for term loans and bank guarantees granted to the Group (see Note 12).

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

14.2 Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM	Under 1 year RM	1 – 5 years RM	Over 5 years RM
2013					
Secured bank loans					
- licensed banks	2022	15,697,841	5,734,469	7,631,340	2,332,032
2012					
Secured bank loans					
- licensed banks	2022	24,112,131	8,090,910	8,876,602	7,144,619

15. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
Group						
Property, plant and equipment	-	80,047	(1,400,440)	(175,745)	(1,400,440)	(95,698)
Provisions	54,877	50,806	-	-	54,877	50,806
Tax assets/ (liabilities)	54,877	130,853	(1,400,440)	(175,745)	(1,345,563)	(44,892)
Set off of tax	-	(48,820)	-	48,820	-	-
Net tax assets/ (liabilities)	54,877	82,033	(1,400,440)	(126,925)	(1,345,563)	(44,892)

Movement in temporary differences during the year

Group	**At 1.1.2012 RM**	**Recognised in profit or loss RM**	**At 31.12.2012/ 1.1.2013 RM**	**Recognised in profit or loss RM**	**At 31.12.2013 RM**
Property, plant and equipment	115,438	(19,740)	95,698	1,304,742	1,400,440
Provisions	(41,149)	(9,657)	(50,806)	(4,071)	(54,877)
	74,289	(29,397)	44,892	(1,300,671)	1,345,563
		Note 18		Note 18	

Unrecognised deferred tax assets

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

	Group	
	2013 RM	**2012 RM**
Unutilised tax losses	19,081,510	18,298,646
Other deductible temporary differences	1,245,256	1,333,756
	20,326,766	19,632,402

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

16. Trade and other payables

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Trade					
Trade payables		6,368,846	9,464,495	-	-
Non-trade					
Amount due to subsidiaries	16.1	-	-	1,792,167	496,702
Other payables and accruals		4,251,580	3,263,653	100,315	77,857
		4,251,580	3,263,653	1,892,482	574,559
		10,620,426	12,728,148	1,892,482	574,559

16.1 Amount due to subsidiaries

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

17. Profit before tax

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Profit before tax is arrived at after charging :				
Amortisation of intangible assets	1,729,534	1,535,121	-	-
Auditors' remuneration				
- Statutory audit services	90,000	76,000	20,000	16,000
- Other services	35,000	63,200	35,000	36,000
Depreciation of investment property	47,767	68,815	-	-
Depreciation of property, plant and equipment	6,327,137	7,386,929	-	-
Development cost written off	63,294	18,224	-	-
Directors' remuneration	2,078,685	1,431,257	236,500	161,000
Finance costs	1,145,269	1,582,040	-	-
Loss on disposal of investment in subsidiary	-	49,999	-	-
Impairment loss on trade receivables	72,509	332,753	-	-
Other receivables write off	-	600	-	-
Personnel expenses				
- Contributions to Employees' Provident Fund	912,614	838,292	109,566	101,124
- Wages, salaries and others	6,441,123	6,344,947	805,246	744,833
Property, plant and equipment written off	1,346	941	-	-
Rental expenses	222,570	267,381	-	-
Work-in-progress write off	-	118,000	-	-
and after crediting:				
Gain on disposal of available-for-sale financial asset	-	45,401	-	-
Gain on disposal of property, plant and equipment	12,297	13,576	-	-
Interest income	285,541	169,457	-	-
Realised and unrealised gain on foreign exchange	154,137	16,764	-	-
Reversal of impairment loss on trade receivables	45,495	-	-	-
Rental income	204,115	287,223	-	-

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18. Tax expense

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Current tax expense				
- Current year	2,929,039	3,911,995	-	44,728
- Prior year	254,021	21,889	(44,728)	-
	3,183,060	3,933,884	(44,728)	44,728
Deferred tax expense				
- Reversal of temporary differences	1,230,471	(44,560)	-	-
- Under provision in prior year	70,200	15,163	-	-
	1,300,671	(29,397)	-	-
Total tax expense	4,483,731	3,904,487	(44,728)	44,728
Reconciliation of tax expense				
Profit before tax	9,901,552	8,894,795	1,030,499	3,180,383
Income tax calculated using Malaysia tax rate of 25%	2,475,388	2,223,699	257,625	795,096
Non-deductible expenses	1,352,465	603,954	19,309	145,684
Effect of deferred tax not recognised	173,591	59,772	158,066	-
Effect of deferred tax recognised	158,066	967,299	-	-
Taxation exempted	-	-	(435,000)	(896,052)
Others	-	12,711	-	-
Under/(over) provision in prior years	324,221	37,052	(44,728)	-
	4,483,731	3,904,487	(44,728)	44,728

The government of Malaysia awarded Multimedia Super Corridor ("MSC") status to the Company on 23 January 2002. With the granting of MSC status, the Company was exempted from tax on 100% of statutory income from qualifying activities for an initial period of 5 years. The extension of MSC status was approved by the authorities concerned for another 5 years to 23 January 2013. On 24 January 2013, the Company's MSC status had expired.

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19. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Directors:				
Allowance	20,500	17,000	20,500	17,000
Fees	216,000	144,000	216,000	144,000
Salaries	759,600	547,200	-	-
Employees' Provident Fund	114,166	87,096	-	-
Bonus	118,600	136,800	-	-
	1,228,866	932,096	236,500	161,000
Directors of the subsidiaries:				
Salaries	695,280	406,580	-	-
Employees' Provident Fund	97,851	36,180	-	-
Bonus	56,688	56,401	-	-
	849,819	499,161	-	-
Total short-term employee benefits	2,078,685	1,431,257	236,500	161,000

20. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2013	**2012**
	RM	**RM**
Profit attributable to ordinary shareholders	5,361,259	4,939,068
Weighted average number of ordinary shares		
At 1 January/31 December	558,200,020	558,200,020
Basic earnings per ordinary share (sen)	0.96	0.88
Diluted earnings per ordinary share (sen)	0.96	0.88

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

21. Dividends

Dividends recognised by the Company:

	Sen per share (net of tax)	Total amount RM	Date of payment
2013			
Final 2012 ordinary	0.30	1,674,600	18 July 2013
2012			
Final 2011 ordinary	0.20	1,116,400	30 July 2012

After the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in the subsequent financial period upon approval by the shareholders.

	Sen per share (net of tax)	Total Amount RM
2013		
Final 2013 ordinary	0.30	1,674,600

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

22. Operating segments

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

- Outsourcing and Consulting ("OSD")
  The OSD segment covers two main areas: IT infrastructure outsourcing and consultancy and systems integration.

- E-Procurement ("E-Proc")
  The E-Proc segment provides procurement management.

- Information and Communication Technologies Distribution ("CDIST")
  The CDIST segment provides wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for CDIST and mobile solutions providers and enterprises.

- Information and Communication Technologies Services ("CSERV")
  The CSERV segment provides Information and Communication Technologies.

- Satellite-based network services ("SAT")
  The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.

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

Segment assets and liabilities

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

22. Operating segments (continued)

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	Eliminations RM	Total RM
2013							
Total segment revenue	33,783,645	9,224,512	663,520	6,256,227	9,517,045	(989,080)	58,455,869
Segment results	10,180,645	8,477,947	152,187	1,691,363	3,186,557	(7,519)	23,681,180
Other income							465,805
Other operating expenses							(13,385,675)
Results from operating activities							10,761,310
Interest income							285,541
Finance costs							(1,145,269)
Share of loss of equity accounted associate							(30)
Tax expense							(4,483,731)
Net profit for the year							5,417,821
Segment assets	52,384,275	9,130,202	5,713,297	9,088,409	7,238,823	(37,826,839)	45,728,167
Unallocated assets							57,253,328
Total assets							102,981,495
Segment liabilities	21,133,972	-	4,861,454	11,767,473	3,567,971	(15,489,636)	25,841,234
Unallocated liabilities							1,945,138
Total liabilities							27,786,372

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22. Operating segments (continued)

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	Eliminations RM	Total RM
2012							
Total segment revenue	32,229,073	8,402,577	6,351,480	2,097,236	12,293,971	(727,647)	60,646,690
Segment results	8,534,081	7,261,980	1,337,915	843,743	4,074,829	(1,486,308)	20,566,240
Other income							328,091
Other operating expenses							(10,586,953)
Results from operating activities							10,307,378
Investment income							169,457
Finance cost							(1,582,040)
Tax expense							(3,904,487)
Net profit for the year							4,990,308
Segment assets	64,973,854	2,266,064	6,840,721	6,779,568	7,049,177	(37,618,716)	50,290,668
Unallocated assets							58,856,323
Total assets							109,146,991
Segment liabilities	31,845,705	-	4,791,234	14,497,127	3,893,137	(17,451,400)	37,575,803
Unallocated liabilities							619,286
Total liabilities							38,195,089

Geographical segments

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

23. Financial instruments

23.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R"); and
(b) Other financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R/ (FL) RM
Group		
2013		
Financial assets		
Trade and other receivables	18,733,754	18,733,754
Cash and cash equivalents	8,327,242	8,327,242
	27,060,996	27,060,996
Financial liabilities		
Loans and borrowings	(15,697,841)	(15,697,841)
Trade and other payables	(10,620,426)	(10,620,427)
	(26,318,267)	(26,318,268)
2012		
Financial assets		
Trade and other receivables	23,922,283	23,922,283
Cash and cash equivalents	13,150,993	13,150,993
	37,073,276	37,073,276
Financial liabilities		
Loans and borrowings	(24,112,131)	(24,112,131)
Trade and other payables	(12,728,148)	(12,728,148)
	(36,840,279)	(36,840,279)

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

Company	Carrying amount RM	L&R/ (FL) RM
2013		
Financial assets		
Trade and other receivables	1,038,381	1,038,381
Cash and cash equivalents	200,633	200,633
	1,239,014	1,239,014
Financial liabilities		
Trade and other payables	(1,892,482)	(1,892,482)
2012		
Financial assets		
Trade and other receivables	894,164	894,164
Cash and cash equivalents	2,253	2,253
	896,417	896,417
Financial liabilities		
Trade and other payables	(574,559)	(574,559)

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Net gains/(losses) on:				
Gain on disposal of available-for-sale financial assets	-	45,401	-	-
Loans and receivables				
- Impairment loss	(72,509)	(332,753)	-	-
- Reversal of impairment loss	45,495	-	-	-
- Realised and unrealised gain on foreign exchange	154,137	16,764	-	-
- Other receivables written off	-	(600)	-	-
- Interest income	285,541	169,457	-	-
Other liabilities				
- Interest expense	(1,145,269)	(1,582,040)	-	-
	(732,605)	(1,683,771)	-	-

23. Financial instruments (continued)

23.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

As at 31 December 2013, the Group has significant concentration of credit risk in the form of outstanding balances from 8 customers which amounted to RM11,973,374 representing 67% of total trade receivables. The Directors are of the opinion that the outstanding balances from these customers are fully recoverable based on the following:

- Significant payments have subsequently been received from 7 customers after the reporting period;
- The Directors have made assessments that all these customers have the ability to repay the balances outstanding; and
- The Directors have received correspondence and confirmation that all these customers will repay the balances outstanding within agreed timelines.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

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

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

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

	Group	
	2013	**2012**
	RM	**RM**
Malaysia	16,459,973	19,015,716
Indonesia	1,454,554	4,178,273
Hong Kong	78,792	73,380
	17,993,319	23,267,369

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

	Gross RM	Individual impairment RM	Net RM
2013			
Not past due	7,877,952	-	7,877,952
Past due 1 - 30 days	2,054,063	-	2,054,063
Past due 31 - 120 days	3,852,141	-	3,852,141
Past due more than 120 days	4,685,977	(476,814)	4,209,163
	18,470,133	(476,814)	17,993,319
2012			
Not past due	14,828,338	-	14,828,338
Past due 1 - 30 days	1,535,792	(7,812)	1,527,980
Past due 31 - 120 days	3,072,642	(23,438)	3,049,204
Past due more than 120 days	4,462,934	(601,087)	3,861,847
	23,899,706	(632,337)	23,267,369

The Directors have assessed the recoverability of trade and other receivables and are of the view that collective impairment is not required as at the year end.

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

	Group 2013 RM	Group 2012 RM
At 1 January	632,337	299,584
Impairment loss recognised	72,509	332,753
Impairment loss written off	(182,537)	-
Reversal of impairment loss	(45,495)	-
At 31 December	476,814	632,337

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

23. Financial instruments (continued)

23.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM1,930,014 (2012: RM2,072,086) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Intercompany balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk and credit quality

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

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

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

23. Financial instruments (continued)

23.4 Credit risk (continued)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

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

Cash and cash equivalents are placed with reputable financial institutions.

Exposure to credit risk and credit quality

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

Impairment losses

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

23.5 Liquidity risk

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

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

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM	Effective interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
2013						
Loans and borrowings	15,697,841	4.40 – 8.10	18,363,740	6,669,322	8,961,793	2,732,625
Trade and other payables	10,620,426	-	10,620,426	10,620,426	-	-
	26,318,267		28,984,166	17,289,748	8,961,793	2,732,625
2012						
Loans and borrowings	24,112,131	4.40 – 8.10	27,558,874	9,473,810	13,647,622	4,437,442
Trade and other payables	12,728,148	-	12,728,148	12,728,148	-	-
	36,840,279		40,287,022	22,201,958	13,647,622	4,437,442

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

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

23.6 Market risk

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

23.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

Group	***Denominated in USD*** **RM**
2013	
Trade receivables	2,089,417
Trade payables	(371,712)
Net exposure	1,717,705
2012	
Trade receivables	73,380
Trade payables	(1,667,454)
Net exposure	(1,594,074)

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.1 Currency risk (continued)

Currency risk sensitivity analysis

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

A 1 percent strengthening of the Ringgit Malaysia against the U.S Dollar at the end of the reporting period would have increased post-tax profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2013	**2012**
	RM	**RM**
USD	12,883	(11,956)

A 1 percent weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

23.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

	Group	
	2013	**2012**
	RM	**RM**
Fixed rate instruments		
Deposits placed with licensed banks	4,637,000	9,069,855
Floating rate instruments		
Loans and borrowings	15,697,841	24,112,131

Interest rate risk sensitivity analysis

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

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

	Profit or loss	
	50 bp increase	**50 bp decrease**
	RM	**RM**
2013		
Floating rate instruments	(58,867)	58,867
2012		
Floating rate instruments	(90,420)	90,420

23.7 Fair value information

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

23. Financial instruments (continued)

23.7 Fair value information (continued)

23.7.1 Fair value hierarchy (continued)

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

	Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
2013					
Financial liability					
Loans and borrowings	-	(17,048,493)	-	(17,048,493)	(15,697,841)
					Note 14

	Fair value	Carrying amount
	RM	RM
2012		
Financial liability		
Loans and borrowings*	(26,747,411)	(24,112,131)
		Note 14

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

23. Financial instruments (continued)

23.7 Fair value information (continued)

23.7.1 Fair value hierarchy (continued)

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

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfer between Level 1 and 2 fair values
There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

24. Capital management

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

24. Capital management (continued)

The debt-to-equity ratios at 31 December 2013 and 31 December 2012 were as follows:

	Note	Group 2013 RM	Group 2012 RM
Total loans and borrowings	14	15,697,841	24,112,131
Less : Cash and cash equivalents	12	(8,327,242)	(13,150,993)
Net debt		7,370,599	10,961,138
Total equity		75,195,123	70,951,902
Debt-to-equity ratio		0.10	0.15

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

Under the requirements of Bursa Malaysia Guidance Note 3, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement.

25. Operating leases

Leases as lessor

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

	Group 2013 RM	Group 2012 RM
Less than one year	204,115	287,223

26. Related parties

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

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

26. Related parties (continued)

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

	Group	
	2013	**2012**
	RM	**RM**
Subsidiaries		
Management fees	2,035,189	1,772,764
Secondment fees	2,071,647	1,686,157
Common Director		
Professional fees	26,917	18,500

27. Significant events during the year

27.1 On 18 March 2013, Spring Reach Distribution Sdn. Bhd. increased its authorised share capital from RM500,000 to RM1,000,000 ordinary shares of RM1.00 each through the creation of additional 500,000 ordinary shares of RM1.00 each.

Spring Reach Distribution Sdn. Bhd. also increased its issued and paid up share capital from RM500,000 to RM1,000,000 by way of bonus issue of 500,000 new ordinary shares of RM1.00 each.

27.2 On 4 July 2013, Privanet Sdn. Bhd., a wholly-owned subsidiary of the Company acquired 30 ordinary shares of RM1 each in Infocrats Sdn. Bhd. representing 30% of the paid up capital of Infocrats Sdn. Bhd. for a total consideration of RM30; and

27.3 On 18 July 2013, the Company acquired 700,000 ordinary shares of RM1.00 each in Spring Reach Distribution Sdn. Bhd. from Privanet Sdn. Bhd., a wholly-owned subsidiary of the Company. The acquisition represents 70% of the entire issued and paid up capital of Spring Reach Distribution Sdn. Bhd.

The remaining 300,000 ordinary shares of RM1.00 eacn Spring Reach Distribution Sdn. Bhd. were disposed to third parties for a total cash consideration of RM500,000 and the sale was completed on 30 December 2013.

28. Subsequent events

Subsequent to financial year end on 2 April 2014, the Company entered into an Investment Agreement with Hubwire Sdn. Bhd. for the subscription of 2,500 ordinary shares of RM1 each for a purchase consideration of RM500,000.

29. Contingencies

On 15 March 2013, the Group was served with a letter from the Industrial Relations Department of Malaysia, informing that the case involving a claim of wrongful dismissal by a former employee be referred to the Kuala Lumpur Industrial Court. The hearing was initially scheduled on 3 and 4 March 2014, but was vacated and to be fixed again on 30 April 2014.

The Directors are of the opinion that provisions are not required in respect of this matter as it is not probable that any future compensation payments will be required to be paid to the former employee.

30. Supplementary financial information on the breakdown of realised and unrealised profits or losses

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

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	8,364,004	360,157	1,817,659	2,417,034
- unrealised	(1,503,903)	2,375,818	-	-
	6,860,101	2,735,975	1,817,659	2,417,034
Total share of loss from associated company:				
- unrealised	(30)	-	-	-
Add: Consolidation adjustments	12,233,297	12,415,743	-	-
Total retained earnings	19,093,368	15,151,718	1,817,659	2,417,034

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

Privasia Technology Berhad
(Company No. 825092-U)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 6 to 72 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 73 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
Datuk Ali bin Abdul Kadir

....
Puvanesan a/l Subenthiran

Petaling Jaya,

Date: 28 April 2014

Privasia Technology Berhad
(Company No. 825092-U)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Chuan Mei Ling**, the officer primarily responsible for the financial management of Privasia Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 6 to 73 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 28 April 2014.

....
Chuan Mei Ling

Before me:

PESURUHJAYA SUMPAH
W493
LEE CHIN HIN
MALAYSIA

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

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Independent Auditors' Report to the members of Privasia Technology Berhad

(Company No. 825092-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Privasia Technology Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 72.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Company No. 825092-U

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 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 73 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Company No. 825092-U

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Approval number: 1745/12/15(J)
Chartered Accountant

Petaling Jaya

Date: 28 April 2014